

Year-End Tool Kit

**Executive Compensation  
Worksheet for Smaller  
Reporting Companies and  
Emerging Growth  
Companies**

2021-2022



**GOODWIN**

## **PREPARER NOTES:**

This document is provided with the understanding that it does not constitute the rendering of legal or other professional advice by Goodwin Procter LLP or its attorneys. This document (which is in Microsoft Word® format) may be saved and edited so that it can be modified for use by a specific company (for example, name of the company, name of the contact person, etc.). This document may also require other revisions to render it suitable for a specific company's circumstances. In the event this document is substantively modified (for example, to shorten or simplify), the preparer should verify that this document, as modified, will still gather the information necessary to assist the with preparation of annual reports on Form 10-K and proxy statements.

This document has been prepared for use by domestic public companies that are "smaller reporting companies" or "emerging growth companies" under SEC rules and choose to report executive compensation under the SEC's optional smaller reporting company disclosure rules. It is not appropriate for companies that are subject to different SEC requirements, including but not limited to asset backed issuers, foreign private issuers, investment companies, and other companies that are not an emerging growth company or a smaller reporting company. This document is intended to be used in connection with preparation of the company's Annual Report on Form 10-K and proxy statement and should not be used in connection with preparation of registration statements without further review and revision. This document is not a substitute for advice of qualified attorneys. We recommend that you consult with your regular Goodwin Procter LLP attorney prior to using this document.

**[EDIT: Insert Company Name]**

**Executive Officer and Director  
Compensation Worksheet – Smaller Reporting Companies and Emerging Growth Companies**

**Reporting Year: Fiscal Year Ended December 31, 2021**

This Executive Officer and Director Compensation Worksheet reflects current SEC rules and interpretations that are optionally applicable to smaller reporting companies as of December 2021. Prior versions of this document should not be used.

**General Instructions**

**The Purpose of This Worksheet**

This worksheet is intended to facilitate collection and disclosure of executive compensation in the Company's shareholder proxy communications and annual report on Form 10-K, as required by the rules of the Securities and Exchange Commission. **Please answer every question**, although some questions may not be relevant to the Company. If the answer to any question is "None" or "Not Applicable," please so indicate. If the space provided for answers is inadequate, please indicate this in the proper space on the worksheet and give your answer on an attached sheet with a reference to the corresponding question.

**Notes on the Scope of This Worksheet**

- **This worksheet is intended only to assist smaller reporting companies and emerging growth companies that are eligible to report SEC executive officer and director compensation disclosure requirements for proxy statements and Form 10-K annual reports under the SEC's optional smaller reporting company rules.** It does not reflect the requirements that apply to public companies that are not smaller reporting companies or emerging growth companies.
- This worksheet is intended to address the disclosure requirements for typical executive compensation arrangements. It does not cover all forms or types of compensation and the related disclosure requirements, nor should it be considered legal advice about SEC disclosure requirements. It should be used only in conjunction with qualified legal advice.
- Please note also that this worksheet addresses only the disclosure requirements of Item 402 of SEC Regulation S-K in connection with routine annual meetings at which directors will be elected. Accordingly, it does not address the "golden parachute" disclosure required in connection with a meeting of stockholders at which stockholders are asked to approve an acquisition, merger, consolidation or proposed sale or other disposition of all or substantially all the assets of the Company pursuant to Item 402(t) of Regulation S-K. Further, it does not address (among others) (1) the exhibit filing requirements of Item 601 of Regulation S-K, (2) the reporting or exhibit filing requirements of Form 8-K, (3) any applicable financial reporting requirements under SEC rules or generally accepted accounting principles, (4) any requirements under the Internal Revenue Code, (5) the voting policies of Institutional Shareholder Services Inc. (or ISS, formerly known as RiskMetrics) or individual institutional investors or (6) any corporate governance evaluation or rating services. Please contact your regular Goodwin Procter attorney for any assistance related to any questions that arise from any of the matters noted above.

## The Need for Accuracy and Completeness

Information filed with the SEC that is false or misleading in any material respect may create liability under federal and state securities laws. Therefore, persons using this worksheet should exercise due care in connection with the completion of this worksheet and **answer completely and accurately each part of this worksheet.**

If you do not understand the meaning or implication of any of the questions or are in doubt as to the significance of any information you have, please contact your regular attorney for assistance. If you learn of any information that would affect the accuracy or completeness of the information reported in the worksheet before the scheduled date of the annual meeting, please contact your regular attorney immediately.

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## What Years Are Covered?

**Two Years.** In most cases, SEC rules permit eligible public smaller reporting companies and emerging growth companies to provide executive compensation disclosure for the most recent two completed fiscal years (2020 and 2021 for companies with calendar year-end fiscal years).

## Whose Compensation Must Be Reported?

The determination of which executive officers are covered by SEC rules is based on total compensation, rather than by cash compensation only. This means that companies may need to monitor compensation information and changes during the year to anticipate which executive officers will be included in their executive compensation disclosure for that year.

**Persons Covered.** The executive compensation tables must present information for the following specified individuals:

- **Principal Executive Officer:** Each person who served as the Company's principal executive officer, or PEO, during the fiscal year, regardless of compensation;
- **Other Executive Officers:** The two most highly compensated executive officers (other than the PEO) who were serving as executive officers of the Company at the end of the fiscal year and whose total compensation (determined as described below) was greater than \$100,000; and
- **Former Executive Officers:** Up to two additional persons who served as executive officers (other than as the PEO) during the fiscal year but were not serving in that capacity at the end of the fiscal year if their total compensation<sup>1</sup> is higher than any of the other two named executive officers in the preceding group.

**"Total Compensation."** To determine total compensation for purposes of identifying executive officers who must be included in the tables, companies must use the total amounts reported for the most recent completed fiscal year in the "total" column of the Summary Compensation Table, after subtracting the amount reported as above-market earnings on deferred compensation in column (h) of the Summary Compensation Table. *Regulation S-K Item 402(m)(2), Instruction 1.* Note that the following may affect the determination of an executive officer's total compensation:

- **Severance Payments.** Large severance or other payments in connection with an executive officer's termination of employment will generally be included in "total compensation" for the fiscal year in which they are paid or accrued, which may affect which executive officers are included in the Summary Compensation Table.
- **Death.** If an executive officer died during the previous fiscal year, the proceeds of a Company-paid life insurance policy that are paid to the deceased executive officer's estate need not be included for purposes of determining whether the deceased executive officer is among the up to two additional executive officers for whom disclosure would be required under "Former Executive Officers" above.

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<sup>1</sup> **Executive Officers Who Became a Non-Executive Employee During the Last Completed Fiscal Year.** If an executive officer becomes a non-executive employee of the company during the preceding fiscal year, the company must use all compensation paid to the person during the **entire** fiscal year for purposes of determining whether the person is a named executive officer for that fiscal year. If the person thus would qualify as a named executive officer, the company must disclose all of the person's compensation for the full fiscal year, including compensation both for the period during which the person was an executive officer and the period during which the person was a non-executive employee. *SEC Compliance & Disclosure Interpretations, Regulation S-K, Interpretation 217.07*

- **Modification of Equity Awards.** If during the most recent fiscal year the Company granted to an executive officer an equity award and that award is subsequently forfeited during that year because the executive officer leaves the Company, the grant date fair value<sup>2</sup> of that award must be included for purposes of determining total compensation for that year and identifying named executive officers for that year.

If during the most recent fiscal year the Company granted to an executive officer an equity award that did not provide for accelerated vesting upon termination of employment, and the Company modified the award to provide for vesting upon departure, the grant date fair value of the award must be included for purposes of determining total compensation for that year and identifying named executive officers for that year (as in the preceding bullet), but the following additional requirements apply:

- If the award was modified in the year in which it was granted, both the original grant date fair value and the incremental fair value of the modified award, computed as of the modification date in accordance with **FASB ASC Topic 718**, must be included in calculating that year's total compensation for purposes of identifying named executive officers for that year.
- If the award was modified in a year subsequent to the year in which it was originally granted, the incremental fair value of the award as modified must be included in calculating total compensation for that subsequent year for purposes of identifying named executive officers for that subsequent year.<sup>3</sup>
- For additional information concerning valuation of certain equity incentive plan awards, refer to "*Equity incentive plan awards with multi-year performance periods that are subject to compensation committee discretion to reduce the amount earned pursuant to the award consistent with Section 162(m) of the Internal Revenue Code*" under the [Instructions for Note C and Note D](#) to "The Summary Compensation Table" section below.

**Executive Officers of Subsidiaries.** It may be appropriate for the Company to include as named executive officers one or more executive officers or other employees of subsidiaries in its executive compensation disclosure. Under SEC rules, an executive officer of a subsidiary may be deemed an executive officer of the parent company if that officer performs policy making functions for the parent. *Rule 3b-7 under the Securities Exchange Act of 1934 and Regulation S-K Item 402(m)(2), Instruction 2*

**Overseas Compensation.** It may be appropriate in limited circumstances for the Company to exclude an individual, other than its PEO, from its executive compensation disclosure if that person would be one of the Company's most highly compensated executive officers as a result of cash compensation relating to an overseas assignment that is attributable predominantly to that assignment. *Regulation S-K Item 402(m)(2), Instruction 3*

### What Compensation Must Be Reported?

**All Compensation Required.** SEC rules require clear, concise and understandable disclosure of *all plan and non-plan compensation* awarded to, earned by, or paid to the named executive officers (determined as described above) and each of the Company's directors by *any person for all services rendered in all capacities* to the Company and its subsidiaries, unless otherwise specifically excluded from disclosure by SEC rules. *Regulation S-K Item 402(m)(1)*

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<sup>2</sup> See "Definitions" for definitions of terms shown in **bold underscored text**.

<sup>3</sup> In addition, in the case of both awards granted and modified in a single year and awards granted in one year and modified in a subsequent year, the original grant date fair value of the award and the incremental fair value as modified would **each** be included in column (e) of the Summary Compensation Table for the relevant year.

**Full Fiscal Year Compensation Required.** All compensation for the full fiscal year must be shown for each person listed in the Summary Compensation Table, even if that person served as PEO or another executive officer during only a part of the fiscal year. *Regulation S-K Item 402(m)(3)*

**No Duplication in Multiple Years.** Amounts reported as compensation for one fiscal year do not need be reported as the same type of compensation for a subsequent fiscal year. However, SEC rules may require the Company to report amounts previously reported as compensation for one fiscal year to be reported in a different manner in a subsequent year. *Regulation S-K Item 402(m)(1)*

**Newly Designated Named Executive Officers.** If a person who was not a named executive officer in fiscal year 1 becomes a named executive officer in fiscal year 2, SEC rules require only compensation information for fiscal year 2 to be disclosed in the Summary Compensation Table for that person.

**Compensation Disclosure May Overlap Other Disclosure.** Companies are required to report all compensation under the SEC's executive compensation rules, even if other SEC rules would also require disclosure of a payment or transaction, including transactions between the Company and a third party where a purpose of the transaction is to furnish compensation to a named executive officer or director.

### Preliminary Notes on the Tables

**Indicate Fiscal Years in Table Titles.** The applicable fiscal year should be included in the title of each table that presents disclosure as of or for a completed fiscal year. *Regulation S-K Item 402, General Instruction to Item 402*

**Changing Tables; Omitting Columns or Tables.** SEC rules do not allow companies to change the format of the compensation tables or column headings. However, companies may omit a table or column if there has been no compensation awarded to, earned by or paid to any of the named executive officers or directors required to be reported in that table or column in any fiscal year covered by that table. *Regulation S-K Item 402(m)(4)*

**Show Amounts in Dollars.** All compensation values shown as dollar amounts in the Summary Compensation Table and other tables (columns with a \$ in the heading) must be reported in dollars and rounded to the nearest dollar. Compensation values must be reported numerically, providing a single numerical value for each grid in the table. Where compensation was paid to or received by a named executive officer in a different currency, a footnote must be provided to identify that currency and describe the rate and methodology used to convert the payment amounts to dollars. *Regulation S-K Item 402(n), Instruction 2*

**Named Executive Officers Who Serve as Directors.** If a named executive officer is also a director who receives compensation for his or her services as a director, the Company should reflect that compensation in the Summary Compensation Table and provide a footnote identifying and itemizing any such compensation and amounts using the categories in the Director Compensation Table. *Regulation S-K Item 402(n), Instruction 3*

### Definitions

The following terms used in the *Executive Compensation Worksheet* have the meanings provided below. Please note that these terms are shown throughout the *Executive Compensation Worksheet* in **bold underscored text**.

**Stock** means instruments such as common stock, restricted stock, restricted stock units, phantom stock, phantom stock units, common stock equivalent units or any similar instruments that do not have **option**-like features.

**Option** means instruments such as stock options, **stock appreciation rights** and similar instruments with option-like features.

**Stock appreciation rights** or **SARs** refers to **SARs** payable in cash or **stock**, including **SARs** payable in cash or **stock** at the election of the Company or a named executive officer.

**Equity** refers generally to **stock** and/or **options**.

**Plan** includes, but is not limited to, the following: any plan, contract, authorization or arrangement pursuant to which cash, securities, similar instruments, or any other property may be received. **Plan** also includes arrangements that are not contained in any formal document. A **plan** may apply to only one person. Companies may omit information regarding group life, health, hospitalization or medical reimbursement plans that (1) do not discriminate in favor of their executive officers or directors in scope, terms or operation and (2) are available generally to all salaried employees of the Company.

**Incentive plan** means any **plan** providing compensation that the Company intends to serve as incentive for performance to occur over a specified period, whether such performance is measured by reference to financial performance of the Company or an affiliate, the Company's **stock** price or any other performance measure. The term **incentive plan award** means an award provided under an **incentive plan**.

**Equity incentive plan** means an **incentive plan** (or a portion of an **incentive plan**) under which awards are granted that fall within the scope of Financial Accounting Standards Board Accounting Standards Codification Topic 718 – *Stock Compensation*, as modified or supplemented ("FASB ASC Topic 718"). A **non-equity incentive plan** is an **incentive plan** or portion of an **incentive plan** that is not an **equity incentive plan**.

**Date of grant** or **grant date** refers to the grant date determined for financial statement reporting purposes pursuant to **FASB ASC Topic 718**.

**Grant date fair value** means the **grant date fair value** of an award as determined under **FASB ASC Topic 718** for financial reporting purposes.

**Closing market price** means the price at which the Company's relevant security was last sold in the principal United States market for that security as of the date for which the **closing market price** is determined. Note that **closing market price** is *not* the average of the high and low prices during the trading day, nor is it the closing market price on the prior trading day.

Citation: Regulation S-K Item 402(m)(5)

### **General Information**

Based on the criteria explained in "Whose Compensation Must Be Reported?" above, the PEO and the two (or fewer) executive officers whose compensation must be reported are:

	<u>Name</u>	<u>Principal Position(s)</u>
PEO:	_____	CEO; _____
Officer #2:	_____	_____
Officer #3:	_____	_____

As explained above, the Company may need to report compensation information for up to two additional executive officers. If applicable, the names and principal position(s) of those executive officers are:

Officer #4:	_____	_____
Officer #5:	_____	_____

## The Summary Compensation Table

### **Introduction**

The Summary Compensation Table is the principal disclosure vehicle for executive compensation. For smaller reporting companies and emerging growth companies that are already public, SEC rules require disclosure of executive compensation for the most recent two completed fiscal years on a “total compensation” basis. This is intended to provide the Company’s directors, investors and others with information that facilitates comparability of compensation among different companies.

Citation: *Regulation S-K Item 402(n)*

## Summary Compensation Table – 2021

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary (\$)</u>	<u>Bonus (\$)</u>	<u>Stock Awards (\$)</u>	<u>Option Awards (\$)</u>	<u>Non-Equity Plan Compensation (\$)</u>	<u>Nonqualified Deferred Compensation Earnings (\$)</u>	<u>All Other Compensation (\$)</u>	<u>Total (\$)</u>
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
<i>PEO</i> <u>Note A</u>	<u>Note B</u>	<u>Note C</u>	<u>Note D</u>	<u>Note E</u>	<u>Note F</u>	<u>Note G</u>	<u>Note H</u>	<u>Note I</u>	<u>Note J</u>
Officer #2	—	—	—	—	—	—	—	—	—
Officer #3	—	—	—	—	—	—	—	—	—

## Notes – Summary Compensation Table

**Narrative Disclosure Requirement.** The Summary Compensation Table must be accompanied by the narrative disclosure described in the next section under “Narrative Disclosure Requirement for Summary Compensation Table.” *Regulation S-K Item 402(o)*

**Report Deferred Amounts in Year Earned, Not Received.** Any amounts deferred, whether pursuant to a plan established under Section 401(k) of the Internal Revenue Code, or otherwise, must be included in the appropriate column for the fiscal year in which earned. *Regulation S-K Item 402(n), Instruction 4*

**Footnote Disclosures.** Where SEC instructions call for footnote disclosure but do not specifically limit the footnote disclosure to compensation for the Company’s most recently completed fiscal year, footnote disclosure for the other year reported in the Summary Compensation Table is required if the disclosure would be material to an investor’s understanding of the compensation reported in the Summary Compensation Table for the Company’s most recently completed fiscal year.

**IPO Companies.** Information with respect to fiscal years prior to the most recent fiscal year will not be required if the Company was not a reporting company under Section 13(a) or 15(d) of the Securities Exchange Act of 1934 at any time during that year, except that the Company will be required to provide information for any such year if that information previously was required to be provided in response to an SEC filing requirement. *Regulation S-K Item 402(n), Instruction 1*

### Name and Principal Position – Note A

Insert the name and principal position of the named executive officer in column (a).

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### Year – Note B

Insert the fiscal year(s) covered in column (b). Companies with calendar fiscal year ends should include compensation disclosure for 2020 and 2021 in the tables.

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### Salary – Note C

Insert the dollar value of cash and non-cash base salary earned by the named executive officer during the fiscal year covered in column (c).

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### Bonus – Note D

Insert the dollar value of any cash and non-cash bonus earned by the named executive officer during the fiscal year covered in column (d). A discretionary cash bonus that was not based on any performance criteria should be reported in the Bonus column (column (d)), and not in the Non-Equity Incentive Plan Compensation column (column (g)).

Instructions for Note C and Note D:

In response to requests for guidance as to what distinguishes items reportable as non-equity incentive plan compensation from those reportable as bonuses under the new rules, the SEC has stated that an award would be considered “intended to serve as an incentive for performance to occur over a specified period” if the outcome with respect to the relevant performance target is substantially uncertain at the time the performance target is established and the target is communicated to the executive. Compensation pursuant to a non-equity award that satisfies these conditions should be reported in the Summary Compensation Table as non-equity incentive plan compensation. In contrast, a cash award that was based on satisfaction of a performance target would be reportable in the Summary Compensation Table as a bonus if either (1) the performance target was not pre-established and communicated to the executive or (2) the outcome of the performance target was not substantially uncertain. Bonuses that are paid in stock should be reported as stock awards in column (e). See Note E to this table.

*Annual Incentive Plan Awards With/Without Embedded Stock Settlement Terms.*

- If the Company grants an annual incentive plan award that does not provide any right to stock settlement in the terms of the award to a named executive officer, the award is not within the scope of **FASB ASC Topic 718** and is therefore a non-equity incentive plan award as defined in Rule 402(a)(6)(iii). If the named executive officer elects to receive the award in stock, the Company should report the award in the non-equity incentive plan award column (column (g)) of the Summary Compensation Table, reflecting the compensation the Company awarded, with footnote disclosure of the stock settlement.
- If the Company grants an annual incentive plan award that does provide a right to elect payment of the award for that fiscal year's performance in Company stock rather than cash, with the election to be made during the first 90 days of that fiscal year, the award should be reported as follows:
  - If a named executive officer elects stock payment, the award is reported in the Summary Compensation Table as an equity incentive award for the year in which the Company granted the award. This is the case even if the amount of the award is not determined until early in the following year, because all Company decisions necessary to determine the value of the award were made in the prior year.
  - If a named executive officer receives cash payment, the award is reported in the Summary Compensation Table as a non-equity incentive plan award.

*Equity incentive plan awards with multi-year performance periods that are subject to compensation committee discretion to reduce the amount earned pursuant to the award consistent with Section 162(m) of the Internal Revenue Code.*

- Under **FASB ASC Topic 718**, the fact that the compensation committee has the right to exercise “negative” discretion may, in certain circumstances, cause the grant date of the award to be deferred until the end of the multi-year performance period, after the compensation committee has determined whether to exercise its negative discretion. Use of grant date fair value reporting in Item 402 generally assumes that, as stated in **FASB ASC Topic 718**, “[t]he service inception date usually is the grant date.”

The service inception date may precede the grant date, however, if the equity incentive plan award is authorized but service begins before a mutual understanding of the key terms and conditions is reached. In a situation in which the compensation committee's right to exercise “negative” discretion may preclude, in certain circumstances, a grant date for the award during the year in which the compensation committee communicated the terms of the award and performance targets to the executive officer and in which the service inception date begins, the award should be reported in the Summary Compensation Table as compensation for the year in which the service inception date begins because the SEC staff has determined that this better reflects the compensation committee's decisions with respect to the award. The amount

reported in the table should be the fair value of the award at the service inception date, based upon the then-probable outcome of the performance conditions.

As described under “Whose Compensation Must Be Reported – Total Compensation” above, the same amount should be included in total compensation for purposes of determining whether an executive officer is a named executive officer for the year in which the service inception date occurs.

If the Company cannot calculate the amount of salary or bonus earned in a given fiscal year through the latest practicable date, include a footnote (1) disclosing that the amount of salary or bonus is not calculable through the latest practicable date and (2) providing the date on which the Company expects to determine the amount of salary or bonus. **The Company must file a Current Report on Form 8-K to disclose this amount under Item 5.02(f) of Form 8-K. The Form 8-K report must be filed not later than four business days after the amount is determinable *in whole or in part*. There is no safe harbor for late filing of this information, so a late filing may cause the Company to lose eligibility to use Form S-3, among other consequences.**

The salary column (column (c)) and bonus column (column (d)) must include any cash salary or bonus that a named executive officer forgoes pursuant to a Company program under which **stock**, equity-based or other forms of non-cash compensation have been received instead of a portion of annual cash compensation earned in the covered fiscal year. However, the receipt of any non-cash compensation instead of the cash salary or bonus earned for a covered fiscal year must be disclosed in a footnote to the appropriate column of the Summary Compensation Table corresponding to that fiscal year.

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#### Stock Awards – Note E

Insert the aggregate grant date fair value computed in accordance with **FASB ASC Topic 718** in column (e). Note that awards or arrangements that are payable in Company **stock** must be treated as **equity incentive plan awards** and reported as a Stock Award in column (e), even if they are denominated in dollars or payable in cash or **stock** at the election of the executive or the Company, because these awards are subject to **FASB ASC Topic 718**. *Regulation S-K Item 402(n)(2)(v) and (vi)*

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#### Option Awards – Note F

Insert the aggregate grant date fair value computed in accordance with **FASB ASC Topic 718** for any awards of **options**, with or without tandem **SARs**, in column (f). Both **incentive plan awards** and **equity** awards with time-based vesting should be included. Column (f) must include any awards received by the named executive officer, even if the award was subsequently transferred. *Regulation S-K Item 402(n)(2)(v) and (vi)*

Instructions for Note E and Note F:

The Stock Awards column and the Option Awards column will reflect the aggregate grant date fair value computed in accordance with **FASB ASC Topic 718**. The amounts reported should exclude the effect of estimated forfeitures, regardless of whether the award is subject to performance conditions or time-based vesting conditions.

The Company must disclose all assumptions made in the valuation of any award reported in column (e) or (f) by reference to a discussion of those assumptions in the Company’s financial statements, the footnotes to the financial statements or the Management’s Discussion and Analysis section. The sections so referenced are deemed part of the disclosure provided pursuant the Summary Compensation Table.

If at any time during the last completed fiscal year the Company has “repriced” equity awards – that is, adjusted or amended the exercise price of options or SARs that the Company previously awarded to a named executive officer, whether through amendment, cancellation or replacement grants, or any other means, or otherwise has materially modified such awards, the Company must include, as awards required to be reported in column (f), the incremental fair value, computed as of the repricing or modification date in accordance with FASB ASC Topic 718, with respect to that repriced or modified award.

If during the most recent fiscal year the Company granted to a named executive officer an equity award that did not provide for accelerated vesting upon termination of employment, and the Company modified the award to provide for vesting upon the executive officer’s departure, the following disclosure requirements apply:

- If the award was modified in the year in which it was granted, *both* the original grant date fair value and the incremental fair value of the modified award, computed as of the modification date in accordance with FASB ASC Topic 718, must be included in column (e) of the Summary Compensation Table for that year.
- If the award was modified in a year subsequent to the year in which it was originally granted, the original grant date fair value must be reported in the stock column for the year in which originally granted, and the incremental fair value of the award as modified would be included in column (e) of the Summary Compensation Table for the year in which modified.

For any awards that are subject to performance conditions, report the value at the grant date based upon the probable outcome of such conditions. This amount should be consistent with the estimate of aggregate compensation cost to be recognized over the service period determined as of the grant date under FASB ASC Topic 718, excluding the effect of estimated forfeitures. In a footnote to the table, disclose the value of the award at the grant date assuming that the highest level of performance conditions will be achieved if an amount less than the maximum was included in the table. Even if the actual outcome of the performance conditions, and therefore the actual value of the award, is known at the time of filing, the value reported must be the grant date fair value based on probable outcome of performance conditions as of the grant date. *Regulation S-K Interpretation 119.28*

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#### Non-Equity Incentive Plan Compensation – Note G

Insert the dollar value of (1) all earnings for services performed during the most recent completed fiscal year pursuant to awards under non-equity incentive plans and (2) all earnings on any outstanding awards under such plans. The SEC has stated that awards that are tied to performance measures such as return on assets, return on equity, the performance of a Company division or any other performance measure should be included in column (g). See Note D and the related instructions above.

Instructions for Note G:

Awards are deemed to have been earned if the relevant performance measure was satisfied during the fiscal year (including for a single year in a plan with a multi-year performance measure), and award amounts earned during that fiscal year must be reported as compensation for that fiscal year, even if not payable until a later date. These amounts are *not* reported again in a later fiscal year when these are actually paid to the named executive officer.

All earnings on non-equity incentive plan compensation must be identified and quantified in a footnote to column (g), whether the earnings were paid during the fiscal year, became payable during the fiscal year but were deferred at the election of the named executive officer, or will be payable by their terms at a later date.

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## Nonqualified Deferred Compensation Earnings – Note H

- Insert the above-market or preferential earnings on compensation that is deferred on a basis that is not tax-qualified, including any such earnings on nonqualified defined contribution plans.

Instructions for Note H:

Interest on deferred compensation is above-market only if the rate of interest exceeds 120% of the applicable federal long-term rate, with compounding (as determined under section 1274(d) of the Internal Revenue Code) at the rate that corresponds most closely to the rate under the Company's plan at the time the interest rate or formula is set. If there is a discretionary reset of the interest rate, this calculation must be made on the basis of the interest rate at the time of the reset, rather than when originally established. Only the above-market portion of the interest must be included. If the applicable interest rates vary depending upon conditions such as a minimum period of continued service, the reported amount should be calculated assuming satisfaction of all conditions to receiving interest at the highest rate. Dividends (and dividend equivalents) on deferred compensation denominated in the Company's **stock** ("deferred stock") are preferential only if earned at a rate higher than dividends on the Company's common stock. Only the preferential portion of the dividends or equivalents must be included. The Company must explain its criteria for determining any portion considered to be above-market in footnote or narrative disclosure. Instruction to *Regulation S-K, Item 402(n)(2)(viii)*

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## All Other Compensation – Note I

Insert the sum of all other compensation for the covered fiscal year that the Company cannot properly report in any other column of the Summary Compensation Table in column (i). Each such compensation item must be included in column (i), regardless of amount.

*Threshold for Additional Disclosure.* Each item that is reported for a named executive officer in column (i) that is not a perquisite or personal benefit must be identified and quantified in a footnote to column (i) if its value exceeds \$10,000. Perquisites are subject to different requirements that are described below. The requirement to identify and quantify these non-perquisite items in a footnote applies only to compensation for the most recent fiscal year. Note that even if footnote identification and quantification are not required, the Company must include the sum of all items of compensation in amounts shown in the Summary Compensation Table except where SEC rules specifically permit nondisclosure.

The compensation items to be reported in column (i) must include, but are not limited to, the following:

- Perquisites* and other personal benefits, or property, unless the aggregate amount of such compensation is less than \$10,000.

*Test for Perquisites.* When it adopted the new executive compensation rules, the SEC prescribed a two step test for determining whether an item is a perquisite or not.

- Under the SEC test, an item is not a perquisite or personal benefit if it is integrally and directly related to the performance of the executive's duties. If an item is integrally and directly related to the performance of the executive's duties, the SEC has stated that no further analysis is required – that item is not a perquisite or personal benefit, and no compensation disclosure is required. This result is not affected by the existence of a less expensive alternative. (For example, the difference between flying first class rather than coach class on a business trip is not a perquisite for an executive, even if other Company personnel are required to fly in coach class.)

- If, on the other hand, an item does confer a direct or indirect benefit that has a personal aspect, it is a perquisite or personal benefit, without regard to whether the Company provided it for a business reason or solely for the Company's convenience, unless the same benefit is generally available on a non-discriminatory basis to all Company employees. Examples of perquisites given by the SEC include the following: club memberships not used exclusively for business entertainment purposes; personal financial or tax advice; personal travel using vehicles owned or leased by the company; personal travel otherwise financed by the company; personal use of other property owned or leased by the company; housing and other living expenses (including but not limited to relocation assistance and payments for the executive or director to stay at his or her personal residence); security provided at a personal residence or during personal travel; commuting expenses (whether or not for the company's convenience or benefit); and discounts on the company's products or services not generally available to employees on a non-discriminatory basis. The treatment of an item for tax purposes does not determine whether or not the item is a perquisite for these purposes. There is no exception for non-discriminatory relocation expenses; as a result, relocation expenses will generally be reported as compensation.

*Disclosure Thresholds for Perquisites.* Disclosure of perquisites in the Summary Compensation Table is subject to the following requirements:

- If the total value of all perquisites and personal benefits for a named executive officer is **less than \$10,000**, the Company may exclude the perquisites and personal benefits from the Summary Compensation Table.
- If the total value of all perquisites and personal benefits is **\$10,000 or more** for a named executive officer, then each perquisite or personal benefit, regardless of its amount, must be identified by type in a footnote to the Summary Compensation Table, but is not required to be separately quantified. If a perquisite or other personal benefit has no aggregate incremental cost (for example, spousal travel on a private plane) it must still be specifically identified by type.
- If perquisites and personal benefits are required to be reported for a named executive officer, then each perquisite or personal benefit that exceeds **the greater of \$25,000 or 10% of the total amount of perquisites and personal benefits** for that officer must be quantified and disclosed in a footnote. The requirement to identify and quantify perquisites applies only to compensation for the most recent fiscal year.
- An item for which a named executive officer has actually fully reimbursed the Company should not be considered a perquisite or other personal benefit. For example, if the Company pays for country club annual dues as well as for meals and incidentals and an executive officer reimburses the cost of meals and incidentals, then the Company need not report meals and incidentals as perquisites, although it would continue to report the country club annual dues. If there was no such reimbursement, then the Company would also need to report the meals and incidentals as perquisites.
- *Valuation of Perquisites.* Perquisites and other personal benefits must be valued based on the aggregate incremental cost to the Company. If the Company is required to quantify any perquisite in a footnote, the Company must also describe its methodology for computing the aggregate incremental cost in the footnote.
- *Tax Gross-Ups:* all tax "gross-ups" or other amounts paid or reimbursed during the fiscal year or payable in a succeeding year in respect of taxes on perquisites or other compensation or personal benefits provided during such year should be included. These amounts must be included in column (i) and are **subject to separate quantification and identification** as tax reimbursements even if the associated perquisites or other personal benefits are (1) not required to be included because the total amount of all perquisites or personal benefits for an individual named executive officer is less than \$10,000 or (2) are required to be identified but are not required to be separately quantified.

- *Discount Securities*: the compensation cost, if any, computed in accordance with **FASB ASC Topic 718**, of any security of the Company or its subsidiaries purchased from the Company or its subsidiaries (through deferral of salary or bonus, or otherwise) at a discount from the market price of such security at the date of purchase, unless that discount is available generally, either to all security holders or to all salaried employees of the Company (for example, because the securities were purchased under a Section 423 plan).
- *Termination or Change of Control*: the amount paid or accrued to any named executive officer pursuant to a plan or arrangement in connection with:
  - (1) Any termination, including without limitation as a result of retirement, resignation, severance or constructive termination (including a change in responsibilities) of such executive officer's employment with the Company and its subsidiaries; or
  - (2) A change in control of the Company.

For purposes of paragraphs (1) and (2), an amount is "accrued" if payment has become due, even if not yet paid. For example, if the named executive officer has completed all performance necessary to earn an amount, but payment is subject to a six-month delay in order to comply with Section 409A of the Internal Revenue Code, the full amount should be disclosed. In contrast, if an amount will be payable two years after a termination event if the named executive officer complies with a covenant not to compete, the amount is not reportable because the executive officer's performance is still necessary for the payment to become due. Benefits paid pursuant to defined benefit plans should not be reported in column (i) unless accelerated as a result of a change in control; information concerning these plans is reportable in the additional narrative disclosure described below under "Additional Narrative Disclosure."

- *Company contributions* or other allocations to vested and unvested defined contribution plans (both qualified and non-qualified).
- All *insurance premiums* paid by, or on behalf of, the Company during the covered fiscal year with respect to life insurance for the benefit of a named executive officer.<sup>4</sup>
- Any *dividends or other earnings paid on stock or option awards*, if those amounts were not factored into the **grant date fair value** required to be reported for the **stock** award or **option** award in column (e) or (f). Both (1) **non-equity incentive plan** awards and earnings and (2) earnings on **stock** and **options** are required to be reported in column (g) and should not be reported in column (i), except as specified in the preceding sentence. If the Company credits stock dividends on unvested restricted stock awards but does not actually pay the dividends until the restricted stock vests, those dividends should be reported in the year credited, rather than the year vested and actually paid.

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## Total – Note J

Insert the dollar value of total compensation for the covered fiscal year in column (j). For each named executive officer, disclose the sum of all amounts reported in columns (c) through (i).

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<sup>4</sup> Note that if an executive officer died during the previous fiscal year, the proceeds of a company-paid life insurance policy that are paid to the deceased executive officer's estate need not be reported in the Summary Compensation Table.

## **Narrative Disclosure Requirement for Summary Compensation Table**

The Summary Compensation Table and the Director Compensation Table must be accompanied by narrative disclosure that describes any material factors necessary to understand the information in the tables.

This section describes the narrative disclosure requirements that apply to the Summary Compensation Table. Examples of material factors that may be necessary to understand the information disclosed in these tables could include the following, among others:

- The material terms of each named executive officer's employment agreement or arrangement, whether written or unwritten.
- A description of any repricing or other material modification of any outstanding option or other equity-based award (for example, by extension of exercise periods, a change of vesting or forfeiture conditions, a change or elimination of applicable performance criteria, or a change of the bases upon which returns are determined) that occurred at any time during the most recent completed fiscal year.<sup>5</sup>
- The waiver or modification of any specified performance target, goal or condition to payout with respect to any amount included in non-equity incentive plan compensation or payouts reported in column (g) of the Summary Compensation Table, stating whether the waiver or modification applied to one or more of the specified named executive officers or to all compensation subject to the target, goal or condition.
- The material terms of each grant, including but not limited to the date of exercisability, any conditions to exercisability, any tandem feature, any reload feature, any tax reimbursement feature, and any condition that could cause the exercise price to be lowered.
- The material terms of any non-equity incentive plan award made to a named executive officer during the last completed fiscal year, including a general description of the formula or criteria to be applied in determining the amounts payable and vesting schedule.
- The method of calculating earnings on nonqualified deferred compensation plans including nonqualified defined contribution plans.
- Identification to the extent material of any item included in the All Other Compensation column. Identification of an item shall not be considered material if it does not exceed the greater of \$25,000 or 10% of all items included in the specified category. All items of compensation are required to be included in the Summary Compensation Table without regard to whether such items are required to be identified.

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<sup>5</sup> Note that this would not apply to a repricing that occurs through a pre-existing formula or anti-dilution mechanism in the plan or award that results in the periodic adjustment of the option or SAR exercise or base price or in connection with a recapitalization or similar transaction equally affecting all holders of the class of securities underlying the options or SARs.

## The Outstanding Equity Awards at Fiscal Year-End Table

### Introduction

The “Outstanding Equity Awards at Fiscal Year-End Table” shows **option** grants and **stock** awards held by named executive officers as of the end of the fiscal year. The SEC has stated that the purpose of this table is to provide a full understanding of potential compensation opportunities for named executive officers. In particular, with respect to out of the money awards, this table is intended to show investors the amount by which the Company’s stock price must rise, and the amount of time remaining for it to happen, in order for named executive officers to benefit from outstanding awards.

Citation: *Regulation S-K Item 402(p)*

## Outstanding Equity Awards at Fiscal Year-End – 2021

Name	Option Awards					Stock Awards				
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value Of Unearned Shares, Units or Other Rights That Have Not Vested (\$)	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	
PEO <u>Note A</u>	<u>Note B</u>	<u>Note C</u>	<u>Note D</u>	<u>Note E</u>	<u>Note F</u>	<u>Note G</u>	<u>Note H</u>	<u>Note I</u>	<u>Note J</u>	
Officer #2										
Officer #3										

## Notes – Outstanding Equity Awards at Fiscal Year-End

**Disclose Awards Transferred As Gifts, Etc.** The table must include any awards that have been transferred other than for value (for example, transfers to an estate planning vehicle or gifts to family members). These awards must be identified in a footnote and the nature of such transfer must be disclosed. *Regulation S-K Item 402(p)(2), Instruction 1*

**Disclose Vesting Dates.** The Company must disclose the vesting dates of options, shares of stock and equity incentive plan awards held at fiscal-year end in a footnote to the applicable column in which the outstanding award is reported. *Regulation S-K Item 402(p)(2), Instruction 2*. The SEC permits a company to comply with this instruction by including a column in this table showing the grant date of each award reported and including a statement of the standard vesting schedule that applies to the reported awards, but requires that if there is any different vesting schedule applicable to any of the awards, then the table would also need to include disclosure about each such vesting schedule.

**Disclose Multi-Tranche Awards.** Multiple awards may be aggregated only if the expiration dates and the exercise and/or base prices of the instruments are identical. A single award consisting of a combination of options, SARs and/or similar option-like instruments must be reported as separate awards with respect to each tranche with a difference exercise and/or base price or expiration date. *Regulation S-K Item 402(p)(2), Instruction 4*

**Performance Conditions.** Options or stock awarded under an equity incentive plan are reported in column (d) or columns (i) and (j), respectively, until the relevant performance condition has been satisfied. Once the relevant performance condition has been satisfied, even if the option or stock award is subject to forfeiture conditions tied to future service, (1) options are reported in column (b) or (c), as appropriate, until they are exercised or expired, and (2) stock is reported in columns (g) and (h) until service-based vesting conditions are satisfied. *Regulation S-K Item 402(p)(2), Instruction 5 and Regulation S-K Interpretation 122.03*

**Options with “Early Exercise” Feature.** Options with an “early exercise” feature are options that may be exercised prior to vesting, subject to the Company’s right to repurchase the shares (at the exercise price) if the optionee terminates employment prior to the vesting date(s). Options with an “early exercise” feature should be reported as exercisable options (column (b)) with a footnote to explain the “early exercise” feature. If options with an “early exercise” feature have been exercised prior to vesting, the award should no longer be reported as an Option Award. However, the unvested shares received should be reported as Stock Awards that have not vested (like restricted stock) (columns (g) and (h)) and should continue to be reported as such until the repurchase restrictions lapse and the shares vest. Footnotes should be used to clarify these grants.

### Name – Note A

Insert the name of the executive officer.

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### Exercisable Options – Note B

On an award-by-award basis, insert the number of securities underlying unexercised options that are vested/exercisable and that are not reported in column (d), including options that have been transferred other than for value (see explanation above). Show separate awards on separate lines.

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## Unexercisable Options – Note C

On an award-by-award basis, insert the number of securities underlying unexercised **options** that are unvested/unexercisable and that are not reported in column (d), including **options** that have been transferred other than for value (see explanation above). Show separate awards on separate lines.

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## Unearned Options Granted Under Equity Incentive Plans – Note D

On an award-by-award basis, insert the total number of shares underlying unexercised **options** awarded under any **equity incentive plan** that have not been earned. Show separate awards on separate lines. The number of shares or units reported shall be based on achieving threshold performance goals unless the previous fiscal year's performance has exceeded the threshold. In that case, the disclosure should be based on the next higher performance measure (target or maximum) that exceeds the previous fiscal year's performance. If the award provides only for a single estimated payout, that amount should be reported. If the target amount is not determinable, the Company must provide a representative amount based on the previous fiscal year's performance. *Regulation S-K Item 402(p)(2), Instruction 3*

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## Option Exercise Price – Note E

Insert the exercise or base price for each instrument reported in columns (b), (c) and (d), as applicable.

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## Option Expiration Date – Note F

Insert the expiration date for each instrument reported in columns (b), (c) and (d), as applicable.

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## Unvested Stock – Note G

Insert the total number of shares of **stock** with time (i.e., service- ) based vesting that have not vested and that are not reported in column (i). Include both shares of **stock** and any share dividends or share dividend equivalents earned but not vested during the fiscal year, even if the number is determined after the end of the previous fiscal year. This information, as well as the information in columns (h), (i) and (j), can be shown on an aggregate basis on a single line of the table.

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## Market Value of Unvested Stock – Note H

Insert the aggregate market value of shares of **stock** with time-based vesting that have not vested and that are not reported in column (j). Compute the market value of **stock** reported by multiplying the **closing market price** of the Company's **stock** at the end of the most recent completed fiscal year by the number of shares or units of **stock**. *Regulation S-K Item 402(p)(2), Instruction 3*

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## Unearned Unvested Stock Granted Under Equity Incentive Plans – Note I

Insert the total number of shares of **stock**, units or other rights with performance vesting awarded under any **equity incentive plan** that have not vested and that have not been earned, and, if applicable the number of shares underlying any such unit or right. The number of shares or units reported shall be based on achieving threshold performance goals, except that if the last completed fiscal year's performance has exceeded the threshold, the disclosure shall be based on the next higher performance measure (target or maximum) that exceeds the last completed fiscal year's performance. If the award provides only for a single estimated payout, that amount should be reported. If the target amount is not determinable, the Company must provide a representative amount based on the last completed fiscal year's performance. *Regulation S-K Item 402(p)(2), Instruction 3*

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### Multi-Year Awards:

A 2010 SEC interpretation provides that in cases where shares are subject to **performance-based** conditions over a multi-year period and are then subject to **time-based (service-based)** vesting, the options or shares underlying the award should be reported in columns (i) and (j) for fiscal years with respect to which **performance-based** conditions apply. To the extent that the performance conditions have been satisfied at the end of the performance period and then remain subject to **time-based** conditions, the shares underlying the awards should be reported in columns (g) and (h), even if the actual number of shares to be awarded is not determined until after the end of the fiscal year in which the performance conditions are satisfied.

The following SEC interpretation applies to cases where the Company has an **equity incentive plan** pursuant to which awards will vest, if at all, based on total shareholder return over a 3-year performance period, and awards were granted in Year 1 ("Year 1 Awards") that will vest based on the Company's total shareholder return from the beginning of Year 1 through the end of Year 3. For purposes of this SEC interpretation, assume that performance during Year 1 was well above the maximum level, but performance during Year 2 was below the threshold level, and the combined performance for Year 1 and Year 2 would result in a payout at target if the performance period had ended at the end of Year 2. Under those circumstances, the Company's disclosure should be based on the actual multi-year performance to date (that is, through the end of the last completed fiscal year). Specifically, the number of shares or units reported in columns (d) or (i), and the payout value reported in column (j), should be based on achieving target performance goals.

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## Market Value of Unearned Unvested Incentive Stock – Note J

Insert the aggregate market or payout value of shares of **stock**, units or other rights with performance vesting awarded under any **equity incentive plan** that have not vested and that have not been earned. Compute the market value of **equity incentive plan** awards of **stock** by multiplying the **closing market price** of the Company's **stock** at the end of the last completed fiscal year by the amount of **equity incentive plan** awards. The payout value reported shall be based on achieving threshold performance goals, except that if the last completed fiscal year's performance has exceeded the threshold, the disclosure shall be based on the next higher performance measure (target or maximum) that exceeds the last completed fiscal year's performance. If the award provides only for a single estimated payout, that amount should be reported. If the target amount is not determinable, the Company must provide a representative amount based on the last completed fiscal year's performance. *Regulation S-K Item 402(p)(2), Instruction 3*

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## **Additional Narrative Disclosure**

To the extent material, the Company must provide a narrative description of the following:

- The material terms of each plan that provides for the payment of retirement benefits, or benefits that will be paid primarily following retirement, including but not limited to tax-qualified defined benefit plans, supplemental executive retirement plans, tax-qualified defined contribution plans and nonqualified defined contribution plans.
- For each named executive officer, the material terms of each written or unwritten contract, agreement, plan or arrangement that provides for payment(s) to a named executive officer at, following, or in connection with the resignation, retirement or other termination of the named executive officer, or a change in control of the Company, or a change in the named executive officer's responsibilities following a change in control.

Citation: *Regulation S-K Item 402(q)*

## The Director Compensation Table

### Introduction

The Director Compensation Table and accompanying narrative disclosure are meant to provide a clearer picture of total director compensation and its elements for directors for the most recent completed fiscal year. SEC rules require companies to disclose director compensation information in a table that is similar to the Summary Compensation Table for named executive officers, and also require narrative disclosure of additional material information about director compensation. The Director Compensation Table presents information only with respect to the Company's most recently completed fiscal year.

Citation: *Regulation S-K Item 402(r)*

Director Compensation Table – 2021

<u>Name</u>	<u>Fees Earned or Paid in Cash (\$)</u>	<u>Stock Awards (\$)</u>	<u>Option Awards (\$)</u>	<u>Non-Equity Incentive Plan Compensation (\$)</u>	<u>Nonqualified Deferred Compensation Earnings</u>	<u>All other Compensation (\$)</u>	<u>Total (\$)</u>
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Director #1 <u>Note A</u>	<u>Note B</u>	<u>Note C</u>	<u>Note D</u>	<u>Note E</u>	<u>Note F</u>	<u>Note G</u>	<u>Note H</u>
Director #2							
Director #3							
Director #4							
Director #5							
[Insert or delete rows as needed]							

## Notes – Director Compensation Table

**Table Includes Directors Not Serving at Fiscal Year End.** The table should include compensation information for each person who served as a director at any time during the most recent completed fiscal year. This includes directors whose term ended or who resigned or otherwise left the board of directors before the end of the fiscal year. SEC C&DI Question 127.01

**Report Deferred Amounts in Year Earned, Not Received.** Any amounts deferred must be included in the appropriate column for the fiscal year in which earned. *Instruction to Regulation S-K Item 402(r)*

**Narrative Disclosure Requirement.** The Company must provide narrative disclosure to accompany the Director Compensation Table. The narrative disclosure should disclose any material factors necessary to the understanding of the Director Compensation Table. Material factors will vary depending upon the facts of a particular company, but may include (without limitation) a description of standard compensation agreements and whether any director has a different compensation arrangement, identifying that director and describing the terms of that arrangement.

### Name – Note A

Insert the name of the director in column (a). Do not list directors who also serve as executive officers and whose compensation for service as a director is fully reflected in the Summary Compensation Table. Two or more directors may be grouped in a single row if all elements of their compensation are identical. The names of the directors for whom disclosure is presented on a group basis should be clear from the table. *Instruction to Regulation S-K Item 402(r)(2)*

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### Fees Earned or Paid in Cash – Note B

Insert the dollar amount of all fees earned or paid in cash for services as a director in column (b), including annual retainer fees, committee and/or chairmanship fees and meeting fees.

Instructions for Note B:

If the Company cannot calculate the amount of fees earned in a given fiscal year through the latest practical date, include a footnote (1) disclosing that the amount of fees is not calculable through the latest practicable date and (2) providing the date on which the Company expects to determine the amount of fees. The Company must file a Form 8-K Report to disclose this amount under Item 5.02(f) of Form 8-K. The Form 8-K is due not later than four business days after the amount is determinable. There is no safe harbor for late filings of this information, so the Company may lose eligibility to use Form S-3, among other consequences.

The fees column (column (b)) must include any fees which a director forgoes pursuant to a Company program under which **stock**, **equity**-based or other forms of non-cash compensation have been received instead of a portion of cash fees earned in the covered fiscal year. However, the receipt of any non-cash compensation instead of cash fees for a covered fiscal year must be disclosed in a footnote to the appropriate column of the Director Compensation Table corresponding to that fiscal year (for example, **stock** awards must be shown in column (c); **option** awards must be shown in column (d)).

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## Stock Awards – Note C

Insert the grant date fair value for any stock awards in accordance with **FASB ASC Topic 718**, in column (c). Note that awards or arrangements that are payable in Company stock must be treated as equity incentive plan awards and reported as a stock award in column (c), even if they are denominated in dollars or payable in cash or stock at the election of the director or the Company, because these awards are subject to **FASB ASC Topic 718**.

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## Option Awards – Note D

Insert the grant date fair value for any awards of options, with or without tandem SARs, computed in accordance with **FASB ASC Topic 718**, in column (d). Column (d) must include any awards received by the director, even if the award was subsequently transferred.

Instructions for Note C and Note D:

For each director, disclose by footnote to the appropriate column, the aggregate number of unvested stock awards and the aggregate number of unexercised option awards (whether or not exercisable) outstanding at fiscal year end.

The Stock Awards column and the Option Awards column will reflect the aggregate grant date fair value computed in accordance with **FASB ASC Topic 718**. The amounts reported should exclude the effect of estimated forfeitures, regardless of whether the award is subject to performance conditions or time-based vesting conditions.

The Company must disclose all assumptions made in the valuation of any award reported in column (c) or (d) by reference to a discussion of those assumptions in the Company's financial statements, the footnotes to the financial statements or the Management's Discussion and Analysis section. The sections so referenced are deemed part of the disclosure provided pursuant the Director Compensation Table.

For additional information concerning disclosure related to (1) annual incentive plan awards with/embedded stock settlement terms and (2) equity incentive plan awards with multi-year performance periods that are subject to compensation committee discretion to reduce the amount earned pursuant to the award, refer to [Instructions for Note C and Note D](#) to "The Summary Compensation Table" above.

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## Non-Equity Incentive Plan Compensation – Note E

Insert the dollar value of all earnings for services performed during the fiscal year pursuant to non-equity incentive plans, and all earnings on any outstanding awards under such plans in column (e).

Instructions for Note E:

If the relevant performance measure is satisfied during the fiscal year (including for a single year in a plan with a multi-year performance measure), the earnings must be reported as compensation for that fiscal year, even if not payable until a later date or subject to vesting based on continued service. These amounts are not reported again in a subsequent fiscal year when amounts are paid to the director.

All earnings on non-equity incentive plan compensation must be identified and quantified in a footnote to column (e), whether the earnings were paid during the fiscal year, became payable during the fiscal year but were deferred at the election of the director or will be payable by their terms at a later date.

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### Nonqualified Deferred Compensation Earnings – Note F

Insert the above-market or preferential earnings in nonqualified deferred compensation plans.

Instructions for Note F

Interest on deferred compensation is above-market only if the rate of interest exceeds 120% of the applicable federal long-term rate, with compounding (as determined under section 1274(d) of the Internal Revenue Code) at the rate that corresponds most closely to the rate under the Company's plan at the time the interest rate or formula is set. If there is a discretionary reset of the interest rate, this calculation must be made on the basis of the interest rate at the time of the reset, rather than when originally established. Only the above-market portion of the interest must be included. If the applicable interest rates vary depending upon conditions such as a minimum period of continued service, the reported amount should be calculated assuming satisfaction of all conditions for receiving interest at the highest rate. Dividends (and dividend equivalents) on deferred compensation denominated in the Company's stock ("deferred stock") are preferential only if earned at a rate higher than dividends on the Company's common stock. Only the preferential portion of the dividends or equivalents must be included. The Company should explain its criteria for determining any portion considered to be above-market in footnote or narrative disclosure.

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### All Other Compensation – Note G

Insert the sum of all other compensation for the covered fiscal year that the Company cannot properly report in any other column of the Director Compensation Table in column (g). Each such compensation item must be included in column (g), regardless of amount.

*Threshold for Additional Disclosure.* Each item that is reported for a director in column (g) that is not a perquisite or personal benefit must be identified and quantified in a footnote to column (g) if its value exceeds the greater of \$25,000 or 10% of all items included in column (g). Perquisites are subject to different requirements that are described below. Note that even if footnote identification and quantification is not required, the Company must include the sum of all items of compensation in amounts shown in the Director Compensation Table except where SEC rules specifically permit nondisclosure.

The compensation items to be reported in column (g) must include, but are not limited to, the following:

- *Perquisites* and other personal benefits, or property, unless the aggregate amount of such compensation is less than \$10,000.
- *Valuation of Perquisites.* Perquisites and other personal benefits must be valued based on the aggregate incremental cost to the Company. If the Company is required to quantify any perquisite in a footnote, the Company must also describe its methodology for computing the aggregate incremental cost in the footnote.
- *Tax Gross-Ups.* All tax "gross-ups" or other amounts reimbursed during the fiscal year for the payment of taxes. Reimbursements of taxes owed with respect to perquisites or other personal benefits must be included in column (g) and (1) are subject to separate quantification and identification as tax reimbursements even if the associated perquisites or other personal benefits are not required to be included because the total amount of all perquisites or personal benefits for an individual director is less than \$10,000 or (2) are required to be identified but are not required to be separately quantified.

- *Discount Securities*: the compensation cost, if any, computed in accordance with **FASB ASC Topic 718**, of any security of the Company or its subsidiaries purchased from the Company or its subsidiaries (through deferral of salary or bonus, or otherwise) at a discount from the market price of such security at the date of purchase, unless that discount is available generally, either to all security holders or to all salaried employees of the Company (for example, because the securities were purchased under a Section 423 plan).
- *Termination or Change of Control*: the amount paid or accrued to any director pursuant to a plan or arrangement in connection with:
  - (1) the resignation, retirement or any other termination of such director; or
  - (2) a change in control of the Company.
- *Company contributions* or other allocations to vested and unvested defined contribution plans.
- *Consulting fees* earned from, or paid or payable by the Company and/or its subsidiaries (including joint ventures).
- Any *annual costs of payments and promises of payments* pursuant to director legacy programs and similar charitable award programs.
- Note that programs in which the Company agrees to make donations to one or more charitable institutions in a director's name, payable by the Company currently or upon a designated event, such as the retirement or death of the director, are charitable awards programs or director legacy programs for purposes of this disclosure, regardless of whether or not the program is available to all employees. The Company must provide footnote disclosure of the total dollar amount payable under the program and other material terms of each such program for which tabular disclosure is provided.
- Any *insurance premiums* paid by, or on behalf of, the Company during the covered fiscal year with respect to life insurance for the benefit of a director.
- Any *dividends or other earnings paid on stock or option awards*, if those amounts were not factored into the grant date fair value for the stock or option award.

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#### Total – Note H

Insert the dollar value of total compensation for the covered fiscal year in column (h). For each director, disclose the sum of all amounts reported in columns (b) through (g).

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