

September 25, 2006

**Memorandum To Our U.S. Publicly-Held Clients**

**Complying with New SEC Rules Regarding Disclosure of  
Management Compensation, Related Person Transactions and Corporate Governance**

Final Securities and Exchange Commission rules significantly revising disclosure requirements for executive officer and director compensation (SEC Release Nos. 33-8732A; 34-54302A<sup>1</sup>) become effective on November 7, 2006. The amendments require significantly greater quantitative and qualitative disclosure of executive compensation by U.S. public companies, as well as additional disclosure regarding corporate governance and related person transactions. Calendar year companies will need to comply with the new disclosure rules in their next proxy statements.<sup>2</sup> Companies generally must comply with the rule changes in:

- Annual reports on Form 10-K for fiscal years ending December 15, 2006,
- Registration statements and proxy and information statements for filings made after December 15, 2006, and
- Form 8-Ks where the triggering event occurs on or after November 7, 2006.

Following is a brief summary of key aspects of the rule changes and principal action items to be addressed. The gathering of the data, assembly and presentation of the information and the legal and financial analyses needed will require substantial legal, finance, tax, human resources, benefits, actuarial and accounting input and companies should start to prepare for the upcoming proxy statement immediately. Commencing preparation of the 2007 proxy statement early will ensure disclosure and timing issues are identified and circulation of draft disclosure will timely inform management and board members as to the sweeping nature of the rules changes and possibly avoid, in the words of a senior SEC official, “unpleasant surprises.” To assist clients with the 2007 proxy statement, attached as Appendix A is an annotated template for preparing the new disclosure.

**Significant Rule Changes**

The most significant changes from the prior compensation disclosure requirements include:

- A new section entitled Compensation Discussion and Analysis (“CD&A”) that requires the company to provide detailed “principles-based” disclosure explaining the philosophy and practices underlying the compensation for executive officers

<sup>1</sup> Available at: [www.sec.gov/rules/final/2006/33-8732afr.pdf](http://www.sec.gov/rules/final/2006/33-8732afr.pdf).

<sup>2</sup> On September 22, 2006, the SEC issued Frequently Asked Questions, available at [www.sec.gov/divisions/corpfin/faqs/execcompqa.pdf](http://www.sec.gov/divisions/corpfin/faqs/execcompqa.pdf), with regard to voluntary early compliance with the new rules.

and directors that is reported in the proxy statement. The CD&A will be deemed filed for purposes of securities law liability and the CEO and CFO certifications will cover the CD&A. A Compensation Committee report, which will not be deemed filed for purposes of securities law liability, remains required only for confirming that the Committee has discussed the CD&A with management and approved its inclusion in the proxy statement and (typically through incorporation by reference) the annual report on Form 10-K.

- Additional disclosure related to the processes and procedures of the Compensation Committee, including the roles played by executive officers and compensation consultants in the determination of executive compensation.
- Expanded disclosure regarding stock option grants and grant policies, including any arrangement to time the grant of options in relation to the release of material non-public information.
- Expansion of the Summary Compensation Table to include grant date FAS 123(R) fair value of equity awards, year-to-year changes in accumulated pension benefits, above market annual earnings on nonqualified deferred compensation and every other element of annual compensation (except the value of a minor amount of perquisites and other personal benefits permitted to be excluded as noted below). The Summary Compensation Table will also feature a “Total Compensation” column.
- “Named executive officers” will include the CEO and CFO and, generally, three others who will be determined based on the new Total Compensation number, but adjusted to exclude accumulated pension benefits and earnings on nonqualified deferred compensation.
- A lower threshold (\$10,000) for disclosing and identifying perquisites and other personal benefits.
- Additional tables and narrative disclosure regarding pension and other retirement benefits, deferred compensation, severance and change of control payments.
- A new table specifying and totaling directors’ compensation.
- An overhaul of what is covered by related person transaction disclosure requirements.
- Disclosure of independent members of the Board of Directors and narrative discussion of any related transactions considered when determining independence.
- Revised Form 8-K disclosures regarding “material” changes to executive officer and director compensation.

## Planning Steps in Connection with the Implementation of the New Rules.

In addition to beginning now to prepare the 2007 proxy statement, companies should:

- **Identify the Disclosure Team and their Responsibilities.** A multidisciplinary effort within and outside the company will be needed to properly prepare the proxy disclosure. Identifying early who will be responsible to gather, track, assemble and present the relevant compensation data is important to sound disclosure controls and procedures.
- **Educate the Disclosure Team and Revise Disclosure Deadlines.** Disclosure Committees and human resource personnel need to be informed about the new disclosure rules, including the new standards for 8-K disclosure, to ensure that all filings are made on a timely basis and all required information is being compiled and sent to the appropriate persons. Companies should revise their existing timetable with respect to preparing their proxy statement, including additional responsibilities to collect the new data required by the new rules.
- **Review Compensation Committee Minutes.** Committee minutes contain information about compensation policies that will be relevant to answering CD&A questions, such as the process for reviewing executive performance, use of benchmarking, consideration of different types of compensation and use of stock ownership guidelines. Companies should make sure that the CD&A disclosure is consistent with Committee minutes and should ensure that going forward the minutes appropriately capture all relevant information.
- **Establish the Accuracy of Benchmarking Disclosure.** Compensation Committee reports have in the past often included statements to the effect that “we pay executives salary at the 50% percentile” or “our total compensation is not more than 75% of total compensation for comparable executives.” It will be necessary to demonstrate the basis for any such representations included in the CD&A going forward.
- **Review Whether Confidential Performance Goals Can be Protected.** The new proxy rules require that companies disclose performance targets for incentive compensation unless the company can satisfy Freedom of Information Act standards that permit exclusion of information that is both not material to investors and the disclosure of which would cause competitive harm to the company.
- **Review Policies for Stock Option and Other Equity Grants.** Option and other equity granting and documentation practices are currently an enforcement priority for the SEC and other government agencies and will continue to be scrutinized by auditors. It is important to review existing practices, particularly in light of a staff audit practice alert issued by the Public Company Accounting Oversight Board in July 2006. Compensation Committees may also want to adjust their policies

given the new disclosure rules. For example, any difference between the closing market value of a company's stock on a grant date and the exercise price must be disclosed in the proxy. Companies using the stock value on the date immediately before the grant might change methodologies in order to use the closing date value on the grant date. Any such change will likely require amendments to stock plans and other documents.

- **Inventory All Perquisites and Other Compensation.** The new rules explicitly require that all compensation must be disclosed unless exempted. The SEC has expanded their definition of perquisite (i.e., any item not generally available to all employees that conveys a benefit that has a personal aspect unless it is integrally and directly related to job performance) and lowered the threshold for disclosing perquisites and other personal benefits to \$10,000 in the aggregate. Annual director and officer questionnaires should include questions designed to ensure that no perquisites or other personal benefits are overlooked.
- **Determine if All Executive Officer Compensation is Approved by the Compensation Committee.** In any case where an executive officer's compensation is not "approved" by the Compensation Committee, this arrangement and the total amount of compensation must be reported as a related person "transaction".
- **Consider Charter Amendments.** Most companies will be required to amend their existing disclosure controls and procedures and the Disclosure Committee charter. It may also be appropriate to amend the Compensation Committee charter and Audit Committee charter. A company may want to amend the Compensation Committee charter to reflect corporate governance disclosure requirement regarding the Compensation Committee's authority and responsibility for executive officers compensation, consultant engagements and annual CD&A review. In addition, the Audit Committee or other committee charter may have to be amended with regard to review, approval or ratification of related person transactions.
- **Reevaluate Related Person Transactions and Independence of Board.** Companies should create or review existing policies and procedures in connection with related person transactions, as well as assuring the independence of non-employee directors serving on committees where independence is required under various rules or for purposes of majority independence requirements. Companies should also consider instances where they may not have followed existing procedures and prepare disclosure explaining why the company did not follow the procedure. In addition, D&O questionnaires will need to be revised so as to properly determine related person transactions and the independence of board members under the new rules.
- **Be Prepared to Track Compensation of Certain Highly-Paid Non-Executive Employees.** A proposed rule provision that would have required disclosure of up

to three employees who are not executive officers but who have adjusted Total Compensation greater than any of the NEOs has been re-proposed in revised form by the SEC to apply only to employees with significant responsibility for policy decisions. Companies (especially “large accelerated filers”, as the SEC has asked whether the rule should only apply to those companies) should consider how they would track data concerning potentially affected employees based on the proposed rule (SEC Release Nos. 33-8735; 34-54380<sup>3</sup>).

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<sup>3</sup> Available at: [www.sec.gov/rules/proposed/2006/33-8735.pdf](http://www.sec.gov/rules/proposed/2006/33-8735.pdf).

TEMPLATE FOR PORTIONS OF  
2007 PROXY STATEMENT OF  
[ ]

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As Required By SEC Rules

Regarding Executive Compensation, Related Person Transactions  
and Corporate Governance Matters  
Adopted July 26, 2006

(SEC Regulation S-K (“S-K”)<sup>1</sup> Items 402, 404 and 407)

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*[All of the disclosure outlined below must be in “plain English” as prescribed by applicable SEC rules.<sup>2</sup>]*

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

*[Below is the text of new S-K Item 402(b):*

*“(b) Compensation discussion and analysis.*

*(1) Discuss the compensation awarded to, earned by, or paid to the named executive officers. The discussion shall explain all material elements of the registrant’s compensation of the named executive officers. The discussion shall describe the following:*

*(i) The objectives of the registrant’s compensation programs;*

*(ii) What the compensation program is designed to reward;*

*(iii) Each element of compensation;*

*(iv) Why the registrant chooses to pay each element;*

*(v) How the registrant determines the amount (and, where applicable, the formula) for each element to pay; and*

*(vi) How each compensation element and the registrant’s decisions regarding that element fit into the registrant’s overall compensation objectives and affect decisions regarding other elements.*

*(2) While the material information to be disclosed under Compensation Discussion and Analysis will vary depending upon the facts and circumstances, examples of such information may include, in a given case, among other things, the following:*

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<sup>1</sup> Disclosure requirements, not covered by this template, under Regulation S-B are applicable to small business issuers.

<sup>2</sup> New Rules 13a-20 and 15d-20 under the Securities Exchange Act of 1934.

- (i) The policies for allocating between long-term and currently paid out compensation;*
- (ii) The policies for allocating between cash and non-cash compensation, and among different forms of non-cash compensation;*
- (iii) For long-term compensation, the basis for allocating compensation to each different form of award (such as relationship of the award to the achievement of the registrant's long-term goals, management's exposure to downside equity performance risk, correlation between cost to registrant and expected benefits to the registrant);*
- (iv) How the determination is made as to when awards are granted, including awards of equity-based compensation such as options;*
- (v) What specific items of corporate performance are taken into account in setting compensation policies and making compensation decisions;*
- (vi) How specific forms of compensation are structured and implemented to reflect these items of the registrant's performance, including whether discretion can be or has been exercised (either to award compensation absent attainment of the relevant performance goal(s) or to reduce or increase the size of any award or payout), identifying any particular exercise of discretion, and stating whether it applied to one or more specified named executive officers or to all compensation subject to the relevant performance goal(s);*
- (vii) How specific forms of compensation are structured and implemented to reflect the named executive officer's individual performance and/or individual contribution to these items of the registrant's performance, describing the elements of individual performance and/or contribution that are taken into account;*
- (viii) Registrant policies and decisions regarding the adjustment or recovery of awards or payments if the relevant registrant performance measures upon which they are based are restated or otherwise adjusted in a manner that would reduce the size of an award or payment;*
- (ix) The factors considered in decisions to increase or decrease compensation materially;*
- (x) How compensation or amounts realizable from prior compensation are considered in setting other elements of compensation (e.g., how gains from prior option or stock awards are considered in setting retirement benefits);*
- (xi) With respect to any contract, agreement, plan or arrangement, whether written or unwritten, that provides for payment(s) at, following, or in connection with any termination or change-in-control, the basis for selecting particular events as triggering payment (e.g., the rationale for providing a single trigger for payment in the event of a change-in-control);*
- (xii) The impact of the accounting and tax treatments of the particular form of compensation;*
- (xiii) The registrant's equity or other security ownership requirements or guidelines (specifying applicable amounts and forms of ownership), and any registrant policies regarding hedging the economic risk of such ownership;*
- (xiv) Whether the registrant engaged in any benchmarking of total compensation, or any material element of compensation, identifying the benchmark and, if applicable, its components (including component companies); and*
- (xv) The role of executive officers in determining executive compensation.*

**Instructions to S-K item 402(b).**

**1. The purpose of the Compensation Discussion and Analysis is to provide to investors material information that is necessary to an understanding of the registrant's compensation policies and decisions regarding the named executive officers.**

**2. The Compensation Discussion and Analysis should be of the information contained in the tables and otherwise disclosed pursuant to this Item. The Compensation Discussion and Analysis should also cover actions regarding executive compensation that were taken after the registrant's last fiscal year's end. Actions that should be addressed might include, as examples only, the adoption or implementation of new or modified programs and policies or specific decisions that were made or steps that were taken that could affect a fair understanding of the named executive officer's compensation for the last fiscal year. Moreover, in some situations it may be necessary to discuss prior years in order to give context to the disclosure provided.**

**3. The Compensation Discussion and Analysis should focus on the material principles underlying the registrant's executive compensation policies and decisions and the most important factors relevant to analysis of those policies and decisions. The Compensation Discussion and Analysis shall reflect the individual circumstances of the registrant and shall avoid boilerplate language and repetition of the more detailed information set forth in the tables and narrative disclosures that follow.**

**4. Registrants are not required to disclose target levels with respect to specific quantitative or qualitative performance-related factors considered by the compensation committee or the board of directors, or any other factors or criteria involving confidential trade secrets or confidential commercial or financial information, the disclosure of which would result in competitive harm for the registrant. The standard to use when determining whether disclosure would cause competitive harm for the registrant is the same standard that would apply when a registrant requests confidential treatment of confidential trade secrets or confidential commercial or financial information pursuant to Securities Act Rule 406 and Exchange Act Rule 24b-2, each of which incorporates the criteria for non-disclosure when relying upon Exemption 4 of the Freedom of Information Act and Rule 80(b)(4) thereunder. A registrant is not required to seek confidential treatment under the procedures in Securities Act Rule 406 and Exchange Act Rule 24b-2 if it determines that the disclosure would cause competitive harm in reliance on this instruction; however, in that case, the registrant must discuss how difficult it will be for the executive or how likely it will be for the registrant to achieve the undisclosed target levels or other factors.**

**5. Disclosure of target levels that are non-GAAP financial measures will not be subject to Regulation G and S-K Item 10(e); however, disclosure must be provided as to how the number is calculated from the registrant's audited financial statements."**

**Compensation Committee Report** [*S-K Item 402(b)*]:

We, the Compensation Committee of the Board of Directors of [\_\_\_\_\_ (the “Company”)], have reviewed and discussed the Compensation Discussion and Analysis set forth above with the management of the Company, and, based on such review and discussion, have recommended to the Board of Directors inclusion of the Compensation Discussion and Analysis in this Proxy Statement and [, through incorporation by reference from this Proxy Statement,] the Company’s Annual Report on Form 10-K for the year ended \_\_\_\_, 200\_\_.

Compensation Committee:

[Names of committee members]

*[Text of new S-K Item 402(b):*

*(i) The compensation committee (or other board committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) must state whether:*

*(A) The compensation committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) with management; and*

*(B) Based on the review and discussions referred to in paragraph (e)(5)(i)(A) of this Item, the compensation committee recommended to the board of directors that the Compensation Discussion and Analysis be included in the registrant’s annual report on Form 10-K, proxy statement on Schedule 14A or information statement on Schedule 14C.*

*(ii) The name of each member of the registrant’s compensation committee (or other board committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) must appear below the disclosure required by paragraph (e)(5)(i) of this Item.]*

**Summary Compensation Table** [S-K Item 402(c)]

The following table sets forth the information required by SEC Regulation S-K Item 402 as to the compensation paid or accrued by us for the year ended December 31, 2006<sup>3</sup> for services rendered in all capacities, by our Chief Executive Officer, our Chief Financial Officer and the three<sup>4</sup> other most highly compensated<sup>5</sup> executive officers during the fiscal year ended December 31, 2006 (the “named executive officers” [also referred to in annotations as “NEOs”]).

**Summary Compensation Table for Fiscal Year 2006<sup>6</sup>**

[Inapplicable columns may be deleted. (See Instruction 5 to Item 402(a)(3).) Any amounts deferred, whether pursuant to a plan established under section 401(k) of the Internal Revenue Code or otherwise, shall be included in the appropriate column for the fiscal year in which earned. See Instruction 4 to S-K Item 402(c).]

Name and Principal Position	Year	Salary (\$)(1)	Bonus (\$) (1)(2)	Stock Awards (\$) (3)	Option Awards (\$) (4)	Non-Equity Incentive Plan Compensation (\$) (5)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$) (6)	All Other Compensation (\$) (7)	Total (\$)
Chief Executive Officer[(8)]	2006							\$ _____ <sup>(7)</sup>	
Chief Financial Officer [(9)]	2006								

(1) [If an amount of salary or bonus earned in a covered fiscal year is not calculable at the latest practicable date for inclusion into the proxy statement, must disclose that fact in a footnote to the relevant column and provide the date that the amount of salary or bonus is expected to be determined, and such amount when determined must be disclosed in a filing under Item 5.02(f) of Form 8-K. See Instruction 1 to S-K Item 402(c)(2)(iii) and (iv).]

<sup>3</sup> Compliance with revised S-K Item 402(c) will be phased in; with 2006 information required in 2007; 2006 and 2007 information required in 2008; and thereafter the last three completed fiscal years.

<sup>4</sup> Disclosure is also required for all persons serving as principal executive officer and principal financial officer at any time during the last completed fiscal year (see S-K item 402(a)(3)(i) and (ii)) and up to two additional individuals for whom disclosure would have been provided but for the fact that the individual was not serving as an executive officer of the company at the end of the last completed fiscal year (see S-K Item 402(a)(3)(iii)).

<sup>5</sup> The determination of the most highly compensated executive officers is to be made by reference to “Total” compensation for the last completed fiscal year less the amount set forth in the “Change in Pension Value and Nonqualified Deferred Compensation Earnings” column (prior rules required that highly compensated executive officers be determined based only on salary and bonus). Disclosure is not required for an executive officer, other than a CEO or CFO, whose Total compensation as reduced does not exceed \$100,000. See Instruction 1 to S-K Item 402(a)(3).

<sup>6</sup> The general instruction to S-K Item 402 requires the applicable fiscal year be provided to the title of each table which calls for disclosure as of and for a completed fiscal year

- (2) [Include only bonus payments, if any, that are not properly disclosed in Non-Equity Incentive Plan Compensation column. ]
- (3) [Include in this column the value of all stock awards (the term 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); value based on aggregate grant date fair value determined pursuant to FAS 123R. Describe assumptions used in valuation of stock awards by reference to financial statements, notes thereto, or MD&A. Incremental fair value of any awards that are “repriced” or otherwise materially modified also required to be included. See Instructions 1 and 2 to S-K Item 402(c)(2)(v) and (vi).]
- (4) [Include in this column the value of all option awards (with or without tandem SARs) based on aggregate grant date fair value determined pursuant to FAS 123R. See Item 402(a)(6)(iii). The terms option means instruments such as stock options, stock appreciation rights and similar instruments with option-like features; and the term stock appreciation rights (“SARs”) refers to SARs payable in cash or stock, including SARs payable in cash or stock at the election of the company or an NEO. See S-K item 402(a)(6)(i). Describe assumptions used in valuation of option awards by reference to financial statements, notes thereto, or MD&A. Increase in fair value of any awards that are “repriced” or otherwise materially modified also required to be included. See Instructions 1 and 2 to S-K Item 402(c)(2)(v) and (vi).]
- (5) [Include in this column the value of earnings pursuant to awards under non-equity incentive plans and all earnings on any outstanding award. The term non-equity incentive plans is defined to mean an incentive plan under which awards are granted that do not fall within the scope of FAS 123R. See Item 402(a)(6)(iii). If a 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 are reportable for that fiscal year, even if not payable until a later date, and are not reportable again in the fiscal year when amounts are paid. All earnings on non-equity incentive plan compensation must be identified and quantified in a footnote to the column, whether the earnings were paid during the fiscal year, payable during the period but deferred at the election of the NEO, or payable by their terms at a later date. See Instructions 1 and 2 to S-K Item 402(c)(2)(vii).]
- (6) [Include in this column the sum of: (a) the aggregate year-to-year change (based on the pension plan measurement dates used for financial statement reporting purposes) in the actuarial present value of the NEO’s accumulated benefit under all defined benefit and actuarial pension plans, and (b) above-market or preferential earnings on compensation that is deferred on a basis that is not tax-qualified, including such earnings on nonqualified defined contribution plans. Applies to each plan that provides for the payment of retirement benefits, or benefits that will be paid primarily following retirement, excluding tax-qualified defined contribution plans and nonqualified defined contribution plans. Interest is above market only if the rate of interest exceeds 120% of the applicable federal long-term rate, compounded. Only the above-market portion of the interest must be included. Dividends and dividend equivalents on deferred compensation denominated in the company’s 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. Required to identify and quantify by footnote the separate amounts attributable to each of paragraphs (a) and (b). Where an amount pursuant to paragraph (a) is negative, that should be disclosed by footnote but not be reflected in the sum reported in column. See Instructions to S-K Item 402(c)(2)(viii).]
- (7) The compensation represented by the amounts for 2006 set forth in the All Other Compensation column for the named executive officers are detailed in the following table.

<u>Name</u>	<u>Qualified Savings Plan (a)</u>	<u>Group Term Life Insurance (b)</u>	<u>Company Contributions to Retirement Benefit Plan (c)</u>	<u>[Other] (d)</u>	<u>[Other] (e)</u>
CEO					
CFO					

(a)-(e) [Details.]

[Include in the All Other Compensation column the aggregate total of all other compensation not elsewhere disclosed in table (except (a) perquisites and other personal benefits if the aggregate amount of such perquisites and other personal benefits total less than \$10,000 (see item 402(c)(2)(ix)(A)) and (b) group life, health, hospitalization or medical reimbursement plans that do not discriminate in favor of executive officers or directors and are generally available to all salaried employees (the exclusion does not include relocation plans even available to all salaried employees)). See S-K Item 402(a)(6)(ii). Any item reported for an NEO in this column for the prior fiscal year that is not a perquisite or personal benefit and whose value exceeds \$10,000 must be identified and quantified in this footnote (see below regarding perquisites and other personal benefits). See Instruction 3 to S-K Item 402(c)(2)(ix). Items to be disclosed include (without limitation) the following:

(A) The value of perquisites and other personal benefits (unless such amount is less than \$10,000).

If the total value of all perquisites and personal benefits is \$10,000 or more, then each perquisite or personal benefit, regardless of its amount, must be identified by type. If perquisites and personal benefits are required to be reported, 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 NEO must be quantified and disclosed in a footnote. The requirements for identification and quantification apply only to compensation for the last fiscal year. Perquisites and other personal benefits shall be valued on the basis of the aggregate incremental cost to the company. With respect to the perquisite or other personal benefit for which footnote quantification is required, the company shall describe in the footnote its methodology for computing the aggregate incremental cost. Reimbursements of taxes owed with respect to perquisites or other personal benefits must be included in the All Other Compensation column and are subject to separate quantification and identification as tax reimbursements. See Instruction 4 to S-K Item 402(c)(2)(ix).

(B) All “gross-ups” or other amounts reimbursed during the fiscal year for the payment of taxes.

(C) discount stock purchases not under a plan generally available to all securities holders or salaried employees.

(D) amount paid or accrued under termination or change-in-control arrangements.

(E) company contributions to vested or unvested defined contributions plans.

(F) value of insurance premiums on life of NEO.

(G) The dollar value of any dividends or other earnings paid on stock or option awards, when those amounts were not factored into the grant date fair value required to be reported for the stock or option award in the table.

(8) [If an NEO is also a director who receives compensation for his or her services as a director, reflect that compensation in this table and provide a footnote identifying and itemizing such compensation and amounts. Use the categories required for the Director Compensation Table below. See Instruction 3 to S-K Item 402(c).]

(9) [Amounts for \_\_\_\_\_ in the salary, bonus and \_\_\_\_ columns that was earned in [identify any applicable foreign currency] dollars for [officer] has been converted at [describe rate and methodology used to convert]. See Instruction 2 to S-K Item 402(c).]

**Grants of Plan-Based Awards in 2006 Fiscal Year [S-K Item 402(d)]**

[Include in this table each grant of an award made to an NEO under any “Plan”. Defined terms include:

*Plan includes, but is not limited to, the following: any plan, contract, authorization or arrangement, whether or not set forth in any formal document, pursuant to which cash, securities, similar instruments, or any other property may be received. A plan may be applicable to one person. Information may be omitted regarding group life, health, hospitalization, or medical reimbursement plans that do not discriminate in scope, terms or operation, in favor of executive officers or directors and that are available generally to all salaried employees. See S-K Item 402(a)(6)(ii).*

*Incentive plan means any plan providing compensation intended to serve as incentive for performance to occur over a specified period, whether such performance is measured by reference to financial performance of the registrant or an affiliate, the registrant’s stock price, or any other performance measure.*

*Equity incentive plan is an incentive plan or portion of an incentive plan under which awards are granted that fall within the scope of FAS 123R. See S-K Item 402(a)(6)(iii).*

*Non-equity incentive plan is an incentive plan or portion of an incentive plan that is not an equity incentive plan. See S-K Item 402(a)(6)(iii).*

*Separate disclosure shall be provided for each grant of an award made to an NEO. If grants of awards were made to an NEO during the fiscal year under more than one plan, identify the particular plan under which each such grant was made. A tandem grant of two instruments, only one of which is granted under an incentive plan, such as an option granted in tandem with a performance share, need be reported in the table only in the appropriate column (for stock or option awards). For example, an option granted in tandem with a performance share would be reported only as an option grant, with the tandem feature noted. Disclose the dollar amount of consideration, if any, paid for an award in a footnote to the appropriate column. See Instructions to S-K Item 402(d).]*

Name	Grant Date (1)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (2)			Estimated Future Payouts Under Equity Incentive Plan Awards (3)			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)(5)
		Threshold (\$) (4)	Target (\$) (4)	Maximum (\$) (4)	Threshold (#) (4)	Target (#) (4)	Maximum (#) (4)			
CEO										
CFO										

(1) [The term grant date refers to the grant date determined for financial statement reporting purposes pursuant to FAS 123R. If such grant date is different than the date on which the compensation committee or equivalent body takes action to grant such awards, a separate, adjoining column shall be added showing such date.]

(2) [Include the dollar value of the estimated future payout upon satisfaction of the conditions in question under non-equity incentive plan awards granted in the fiscal year, or the applicable range of estimated payouts denominated

*in dollars (threshold, target and maximum amount). See S-K Item 402(d)(6)(iii). If non-equity incentive plan awards are denominated in units or other rights, a separate, adjoining column must be added quantifying the units or other rights awarded. See S-K Item 402(d)(2)(ii)].*

- (3) *[Include the number of shares of stock, or the number of shares underlying options to be paid out or vested upon satisfaction of the conditions in question under equity incentive plan awards granted in the fiscal year, or the applicable range of estimated payouts denominated in the number of shares of stock, or the number of shares underlying options under the award (threshold, target and maximum amount). See Instruction 6 to S-K Item 402(d)]*
- (4) *["Threshold" refers to the minimum amount payable for a certain level of performance under the plan. "Target" refers to the amount payable if the specified performance target(s) are reached. "Maximum" refers to the maximum payout possible under the plan. If the award provides only for a single estimated payout, that amount should be reported as the Target. Under the Target column, provide a representative amount based on the previous fiscal year's performance if the target amount is not determinable. See Instruction 2 to Item 402(d)]*
- (5) *[If the exercise or base price is less than the closing market price of the underlying security on the date of the grant, a separate, adjoining column showing the closing market price on the date of the grant must be added. In determining if the exercise or base price of an option is less than the closing market price of the underlying security on the date of the grant, the company may use either the closing market price, or if no market exists, any other formula prescribed for the security. Whenever the exercise or base price reported is not the closing market price, describe the methodology for determining the exercise or base price either by a footnote or accompanying textual narrative. See Instruction 3 to S-K Item 402(d)]*

***Discussion Concerning Summary Compensation and Grants of Plan-Based Awards Tables*** [S-K Item 402(e)(1)]

*Provide narrative disclosure of any material factors necessary to understand the Summary Compensation Table and the Grants of Plan-Based Awards Table. Examples of such factors include, without limitation, the following:*

- (i) material terms of NEO employment agreements or arrangements (whether or not in writing).*
- (ii) description of any repricing or other material modification of an outstanding equity award in past fiscal year. See S-K item 402(e)(1)(ii).*
- (iii) material terms of awards disclosed in the Grants of Plan-Based Awards table, including a general description of the formula or criteria to be applied in determining the amounts payable, and the vesting schedule. For example, if dividends will be paid on stock, disclose the applicable dividend rate and whether that rate is preferential. Describe any performance-based conditions, and any other material conditions, that are applicable to the award. Performance-based conditions include both performance conditions and market conditions, as those terms are defined in FAS 123R. See item 402(e)(1)(iii).*
- (iv) An explanation of the amount of salary and bonus in proportion to total compensation. See S-K Item 402(e)(1)(v).*

*Instructions 4 and 5 to S-K Item 402(b) (Compensation Discussion and Analysis – see page 3 above) apply regarding the required narrative description of target levels with respect to specific quantitative or qualitative performance-related factors considered by the compensation committee or the board of directors, or any other factors or criteria involving confidential trade secrets or confidential commercial or financial information, the disclosure of which would result in competitive harm for the registrant. See Instruction 2 to S-K Item 402(e)(1).*

**Outstanding Equity Awards At 2006 Fiscal Year-End [S-K Item 402(f)]**

	Option Awards					Stock Awards			
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Name	Number of Securities Underlying Unexercised Options (#) Exercisable (1)	Number of Securities Underlying Unexercised Options (#) Unexercisable (1)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#) (2)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)(3)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(4)	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 (\$)
CEO									
CFO									

[Instruction 5 to S-K Item 402(f)(2): Options or stock awarded under an equity incentive plan are reported in columns (d) or (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, options are reported in column (b) or (c), as appropriate, until they are exercised or expire, or stock is reported in columns (g) and (h) until it vests.]

- (1) [Award-by-award disclosure required. Include in columns (b) and (c) the number of securities that are not reported under column (d).]
- (2) [Award-by-award disclosure required.]
- (3) [Include in column (g) the total number of shares that have not vested and that are not reported under column (i).]
- (4) [Include in column (h) the aggregate market value of the total number of shares that have not vested and that are not reported under column (j).]

[Instructions to S-K Item 402(f)(2):

1. Identify by footnote any award that has been transferred other than for value, disclosing the nature of the transfer.
2. The vesting dates of options, shares of stock and equity incentive plan awards held at fiscal-year end must be disclosed by footnote to the applicable column where the outstanding award is reported.

3. *Compute the market value of stock reported in column (h) and equity incentive plan awards of stock reported in column (j) by multiplying the closing market price of the company's stock at the end of the last completed fiscal year by the number of shares or units of stock or the amount of equity incentive plan awards, respectively. The number of shares or units reported in columns (d) or (i), and the payout value reported in column (j), shall be based on achieving threshold performance goals, except that if the previous 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 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, registrants must provide a representative amount based on the previous fiscal year's performance.*

4. *Multiple awards may be aggregated where the expiration date and the exercise and/or base price of the instruments is identical. A single award consisting of a combination of options, SARs and/or similar option-like instruments shall be reported as separate awards with respect to each tranche with a different exercise and/or base price or expiration date.*

5. *Options or stock awarded under an equity incentive plan are reported in columns (d) or (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, options are reported in column (b) or (c), as appropriate, until they are exercised or expire, or stock is reported in columns (g) and (h) until it vests.]*

**Option Exercises and Stock Vested in Fiscal Year 2006 [S-K Item 402(g)]**

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$) (1)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$) (2)
CEO				
CFO				

- (1) *[Report the aggregate dollar value “realized” upon exercise of options, or upon the transfer of an award for value. Compute the dollar amount realized upon exercise by determining the difference between the market price of the underlying securities at exercise and the exercise or base price of the options. Do not include the value of any related payment or other consideration provided (or to be provided) by the company to or on behalf of an NEO, whether in payment of the exercise price or related taxes. (Any such payment or other consideration provided by the company is required to be disclosed in the All Other Compensation column in the Summary Compensation Table above.) For any amount realized upon exercise or vesting for which receipt has been deferred, provide a footnote quantifying the amount and disclosing the terms of the deferral. Instruction to S-K Item 402(g)(2).]*
- (2) *[Report the aggregate dollar value “realized” upon vesting of stock, or upon the transfer of an award for value. Compute the aggregate dollar amount realized upon vesting by multiplying the number of shares of stock or units by the market value of the underlying shares on the vesting date. For any amount realized upon exercise or vesting for which receipt has been deferred, provide a footnote quantifying the amount and disclosing the terms of the deferral. Instruction to S-K Item 402(g)(2).]*

**Pension Benefits** [S-K Item 402(h)]

*[The following table applies to all plans that provide for payments or other benefits to any of the NEOs at, following, or in connection with retirement, including but not limited to tax-qualified defined benefit plans and supplemental executive retirement plans, but excluding tax-qualified defined contribution plans and nonqualified defined contribution plans. See Instruction to S-K Item 402(h)(2).]*

<b>Name</b>	<b>Plan Name (1)</b>	<b>Number of years of Credited Service (#) (2)</b>	<b>Present Value of Accumulated Benefit (\$) (3)</b>	<b>Payments During Last Fiscal Year (\$) (4)</b>
CEO				
CFO				

- (1) *[Include separate row for each such plan in which an NEO participates. See Instruction 1 to S-K Item 402(h).]*
- (2) *[Number of years of service credited must be computed as of the same pension plan measurement date used for financial statement reporting purposes for the last completed fiscal year. If an NEO's number of years of credited service with respect to any plan is different from the number of actual years of service, must provide footnote disclosure quantifying the difference and any resulting benefit augmentation. See Instruction 4 to S-K Item 402(h).]*
- (3) *[The actuarial present value of accumulated benefit under the plan must be computed as of the same pension plan measurement date used for financial statement reporting purposes for the last completed fiscal year. For purposes of allocating the current accrued benefit between tax qualified defined benefit plans and related supplemental plans, apply the limitations applicable to tax qualified defined benefit plans established by the Internal Revenue Code and the regulations thereunder that applied as of the pension plan measurement date. See Instruction 3 to 402(h).]*
- (4) *[The dollar amount of any payments and benefits paid to the named executive officer during the company's last completed fiscal year. Must use the same assumptions used for financial reporting purposes under GAAP, except that retirement age shall be assumed to be the normal retirement age as defined in the plan, or if not so defined, the earliest time at which a participant may retire under the plan without any benefit reduction due to age. Must disclose in the accompanying textual narrative (see below) the valuation method and all material assumptions applied in quantifying the present value of the current accrued benefit. A benefit specified in the plan document or the executive's contract itself is not an assumption. May satisfy all or part of this disclosure by reference to a discussion of those assumptions in the company's financial statements, footnotes to the financial statements, or discussion in the Management's Discussion and Analysis. Any sections so referenced will be deemed part of the disclosure required by this item. See Instruction 2 to S-K Item 402(h).]*

***Discussion Concerning Pension Benefits Table*** [S-K Item 402(h)(3)]

*Provide a “succinct” narrative description of any material factors necessary to an understanding of each plan included in the table. Examples of such factors include, without limitation, the following:*

*(i) The material terms and conditions of payments and benefits available under the plan, including the plan’s normal retirement payment and benefit formula and eligibility standards, and the effect of the form of benefit elected on the amount of annual benefits. For this purpose, normal retirement means retirement at the normal retirement age as defined in the plan, or if not so defined, the earliest time at which a participant may retire under the plan without any benefit reduction due to age;*

*(ii) If any NEO is currently eligible for early retirement under any plan, identify that named executive officer and the plan, and describe the plan’s early retirement payment and benefit formula and eligibility standards. For this purpose, early retirement means retirement at the early retirement age as defined in the plan, or otherwise available to the executive under the plan;*

*(iii) The specific elements of compensation (e.g., salary, bonus, etc.) included in applying the payment and benefit formula, identifying each such element;*

*(iv) With respect to NEO participation in multiple plans, the different purposes for each plan; and*

*(v) the company’s policies with regard to such matters as granting extra years of credited service.*

**Nonqualified Defined Contribution and Other Deferred Compensation Plans [S-K Item 402(i)]**

*[The following table applies to all defined contribution or other plans that provide for the deferral of compensation on a basis that is not tax-qualified.]*

<b>Name</b>	<b>Executive Contributions in last FY (\$)</b>	<b>Registrant Contributions in last FY (\$)</b>	<b>Aggregate Earnings in last FY (\$)</b>	<b>Aggregate Withdrawals/ Distributions (\$)</b>	<b>Aggregate Balance at Last FYE (\$)</b>
CEO					
CFO					

*(1) [Include quantification of extent to which amounts in contributions and earning columns are reported as compensation in the year in question and other amounts reported in the table in the aggregate balance column were previously reported in the Summary Compensation table for previous years. See Instruction to S-K Item 402(i).]*

**Discussion Concerning Nonqualified Deferred Compensation Table [S-K Item 402(i)(3)]**

*[Provide a “succinct” narrative description of any material factors necessary to an understanding of each plan covered by the table. Examples of such factors include, without limitation, the following:*

- (i) The types of compensation permitted to be deferred, and any limitations on the extent to which deferral is permitted,*
- (ii) The measures for calculating interest or other plan earnings (including whether such measure(s) are selected by the executive or the company and the frequency and manner in which selections may be changed), quantifying interest rates and other earnings measures applicable during the company’s last fiscal year, and*
- (iii) Material terms with respect to payouts, withdrawals and other distributions.]*

## Termination of Employment and Change-in-Control Arrangements

Following is the text of new S-K Item 402(j):

***“(j) Potential payments upon termination or change-in-control. Regarding each contract, agreement, plan or arrangement, whether written or unwritten, that provides for payment(s) to a named executive officer at, following, or in connection with any termination, including without limitation resignation, severance, retirement or a constructive termination of a named executive officer, or a change in control of the registrant or a change in the named executive officer’s responsibilities, with respect to each named executive officer:***

***(1) Describe and explain the specific circumstances that would trigger payment(s) or the provision of other benefits, including perquisites and health care benefits;***

***(2) Describe and quantify the estimated payments and benefits that would be provided in each covered circumstance, whether they would or could be lump sum, or annual, disclosing the duration, and by whom they would be provided;***

***(3) Describe and explain how the appropriate payment and benefit levels are determined under the various circumstances that trigger payments or provision of benefits;***

***(4) Describe and explain any material conditions or obligations applicable to the receipt of payments or benefits, including but not limited to non-compete, non-solicitation, non-disparagement or confidentiality agreements, including the duration of such agreements and provisions regarding waiver of breach of such agreements; and***

***(5) Describe any other material factors regarding each such contract, agreement, plan or arrangement.***

### ***Instructions to Item 402(j).***

***1. The registrant must provide quantitative disclosure under these requirements, applying the assumptions that the triggering event took place on the last business day of the registrant’s last completed fiscal year, and the price per share of the registrant’s securities is the closing market price as of that date. In the event that uncertainties exist as to the provision of payments and benefits or the amounts involved, the registrant is required to make a reasonable estimate (or a reasonable estimated range of amounts) applicable to the payment or benefit and disclose material assumptions underlying such estimates or estimated ranges in its disclosure. In such event, the disclosure would require forward-looking information as appropriate.***

***2. Perquisites and other personal benefits or property may be excluded only if the aggregate amount of such compensation will be less than \$10,000. Individual perquisites and personal benefits shall be identified and quantified as required by Instruction 4 to paragraph (c)(2)(ix) of this Item. For purposes of quantifying health care benefits, the registrant must use the assumptions used for financial reporting purposes under generally accepted accounting principles.***

***3. To the extent that the form and amount of any payment or benefit that would be provided in connection with any triggering event is fully disclosed pursuant to paragraph (h) or (i) of this Item, reference may be made to that disclosure. However, to the extent that the form or amount of any such payment or benefit would be enhanced or its vesting or other provisions accelerated in connection with any triggering event, such enhancement or acceleration must be disclosed pursuant to this paragraph.***

***4. Where a triggering event has actually occurred for a named executive officer and that individual was not serving as a named executive officer of the registrant at the end of the last completed fiscal year, the disclosure required by this paragraph for that named executive officer shall apply only to that triggering event.***

***5. The registrant need not provide information with respect to contracts, agreements, plans or arrangements to the extent they do not discriminate in scope, terms or operation, in favor of executive officers of the registrant and that are available generally to all salaried employees.***

**Director Compensation in Fiscal Year 2006 [S-K Item 402(k)]**

*[For all non-NEO directors. Last fiscal year only. Two or more directors may be grouped in a single row in the table if all of their elements of compensation are identical as long as the names of the directors for whom disclosure is presented on a group basis is clear. As detailed in the revised rules, certain instructions applicable to the Summary Compensation Table apply to the columns or related required footnote disclosure in the Director Compensation Table that are analogous to the columns or related required footnote disclosure in the Summary Compensation Table.]*

Name	Fees Earned or Paid in Cash (\$)	Stock Awards \$(1)	Option Awards \$(2)	Non-Equity Incentive Plan Compensation \$(3)	Changes in Pension Value and Nonqualified Deferred Compensation Earnings \$(4)	All Other Compensation \$(5)	Total (\$)

- (1) *[Value based on grant date fair value determined pursuant to FAS 123R. Disclose in footnote the aggregate number of stock awards outstanding at fiscal year end.]*
- (2) *[Include in this column the value of all option (with or without tandem SARs) awards based on aggregate grant date fair value determined pursuant to FAS 123R. Disclose in footnote the aggregate number of option awards outstanding at fiscal year end].*
- (3) *[Include in this column the value of all earnings pursuant to non-equity incentive plans and all earnings on any outstanding awards.]*
- (4) *[Include in this column the sum of: (a) the aggregate year-to-year change (based on the pension plan measurement dates used for financial statement reporting purposes) in the actuarial present value of the director's accumulated benefit under all defined benefit and actuarial pension plans, and (b) above-market or preferential earnings on compensation that is deferred on a basis that is not tax-qualified, including such earnings on nonqualified defined contribution plans. value of all earnings pursuant to non-equity incentive plans and all earnings on any outstanding awards.]*
- (5) *[Includes (without limitation):*
  - (A) *The value of perquisites and other personal benefits, unless such amount is less than \$10,000.*

*If the total value of all perquisites and personal benefits is \$10,000 or more for any director, then each perquisite or personal benefit, regardless of its amount, must be identified by type. If perquisites and personal benefits are required to be reported for a director pursuant to this rule, 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 director must be quantified and disclosed in a footnote. Perquisites and other personal benefits shall be valued on the basis of the aggregate incremental cost to the company. With respect to the perquisite or other personal benefit for which footnote quantification is required, the company shall describe in the footnote its methodology for computing*

*the aggregate incremental cost. Reimbursements of taxes owed with respect to perquisites or other personal benefits must be included and 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 are required to be identified but are not required to be separately quantified. See Instruction 3 to S-K Item 402(k)(2)(viii)*

*(B) All “gross-ups” or other amounts reimbursed during the fiscal year for the payment of taxes.*

*(C) Discount stock purchases not under a plan generally available to all employees.*

*(D) Amounts paid or accrued under severance or change-in-control arrangements.*

*(E) Company contributions to qualified defined contributions plans.*

*(F) Consulting fees earned from, or paid or payable by the company and/or its subsidiaries (including joint ventures).*

*(G) The annual costs of payments and promises of payments pursuant to director legacy programs and similar charitable award programs; Programs in which the company agrees to make donations to one or more charitable institutions in a director’s name, payable by the registrant 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 the disclosure required. 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. See Instruction 1 to S-K Item 402(k)(2)(viii).*

*(H) Value of life insurance premiums and perquisites and other personal benefits.*

*(I) The dollar value of any dividends or other earnings paid on stock or option awards, when those amounts were not factored into the grant date fair value required to be reported for the stock or option award in the table.*

*Any item reported for a director that is not a perquisite or personal benefit and whose value exceeds \$10,000 must be identified and quantified in a footnote to this column. See Instruction 2 to S-K Item 402(k)(2)(vii).*

**Discussion Concerning Directors Compensation Table** [S-K Item 402(h)(3)]

*[Provide a narrative description of any material factors necessary to an understanding of the director compensation covered by the table, including without limitation (as applicable):*

*(i) A description of standard compensation arrangements (such as fees for retainer, committee service, service as chairman of the board or a committee, and meeting attendance), and*

*(ii) Whether any director has a different compensation arrangement, identifying that director and describing the terms of that arrangement.*

\* \* \* \* \*

## RELATED PERSON TRANSACTIONS

*[Text of revised S-K Item 404(a) (prior Item 404(b) with 5% thresholds for directors was eliminated):*

***“(a) Transactions with related persons. Describe any transaction, since the beginning of the registrant’s last fiscal year, or any currently proposed transaction, in which the registrant was or is to be a participant and the amount involved exceeds \$120,000, and in which any related person had or will have a direct or indirect material interest. Disclose the following information regarding the transaction:***

***(1) The name of the related person and the basis on which the person is a related person.***

***(2) The related person’s interest in the transaction with the registrant, including the related person’s position(s) or relationship(s) with, or ownership in, a firm, corporation, or other entity that is a party to, or has an interest in, the transaction.***

***(3) The approximate dollar value of the amount involved in the transaction.***

***(4) The approximate dollar value of the amount of the related person’s interest in the transaction, which shall be computed without regard to the amount of profit or loss.***

***(5) In the case of indebtedness, disclosure of the amount involved in the transaction shall include the largest aggregate amount of principal outstanding during the period for which disclosure is provided, the amount thereof outstanding as of the latest practicable date, the amount of principal paid during the periods for which disclosure is provided, the amount of interest paid during the period for which disclosure is provided, and the rate or amount of interest payable on the indebtedness.***

***(6) Any other information regarding the transaction or the related person in the context of the transaction that is material to investors in light of the circumstances of the particular transaction.***

*[The Instructions to 404(a) define “related person” as including all directors; executive officers; director nominees; 5% security holders; and “immediate family members” of the foregoing, which terms means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of such director, executive officer or nominee for director, and any person (other than a tenant or employee) sharing the household of such persons. A “transaction” is defined to include without limitation any financial transaction, arrangement or relationship (including any indebtedness or guarantee of indebtedness) or any series of similar transactions, arrangements or relationships.*

*Disclosure of an employment relationship or transaction involving an executive officer and any related compensation solely resulting from that employment relationship or transaction need not be provided pursuant to paragraph (a) of Item 404 if the compensation arising from the relationship or transaction is (A) reported pursuant to S-K Item 402 or (B) the executive officer is not an immediate family member and such compensation would have been reported under Item if the executive officer was an NEO and such compensation had been approved, or recommended to the board of directors of the registrant for approval, by the compensation committee of the board of directors (or group of independent directors performing a similar function) of the registrant.*

*Disclosure of compensation to a director need not be provided pursuant to paragraph (a) of this Item if the compensation is reported pursuant to Item 402(k).]*

*[Text of new S-K Item 404(b):*

***“(b) Review, approval or ratification of transactions with related persons.***

***(1) Describe the registrant’s policies and procedures for the review, approval, or ratification of any transaction required to be reported under paragraph (a) of this Item. While the material features of such policies and procedures will vary depending on the particular circumstances, examples of such features may include, in given cases, among other things:***

***(i) The types of transactions that are covered by such policies and procedures;***

***(ii) The standards to be applied pursuant to such policies and procedures;***

***(iii) The persons or groups of persons on the board of directors or otherwise who are responsible for applying such policies and procedures; and***

***(iv) A statement of whether such policies and procedures are in writing and, if not, how such policies and procedures are evidenced.***

***(2) Identify any transaction required to be reported under paragraph (a) of this Item since the beginning of the registrant’s last fiscal year where such policies and procedures did not require review, approval or ratification or where such policies and procedures were not followed.***

CORPORATE GOVERNANCE [S-K Item 407]

**Director Independence**

[Text of new S-K Item 407(a) provides in part as follows:

**“(a) Director independence. Identify each director and, when the disclosure called for by this paragraph is being presented in a proxy or information statement relating to the election of directors, each nominee for director, that is independent under the independence standards applicable to the registrant under paragraph (a)(1) of this Item. In addition, if such independence standards contain independence requirements for committees of the board of directors, identify each director that is a member of the compensation, nominating or audit committee that is not independent under such committee independence standards. If the registrant does not have a separately designated audit, nominating or compensation committee or committee performing similar functions, the registrant must provide the disclosure of directors that are not independent with respect to all members of the board of directors applying such committee independence standards.**

**(1) In determining whether or not the director or nominee for director is independent for the purposes of paragraph (a) of this Item, the registrant shall use the applicable definition of independence, as follows:**

**(i) If the registrant is a listed issuer whose securities are listed on a national securities exchange or in an inter-dealer quotation system which has requirements that a majority of the board of directors be independent, the registrant’s definition of independence that it uses for determining if a majority of the board of directors is independent in compliance with the listing standards applicable to the registrant. When determining whether the members of a committee of the board of directors are independent, the registrant’s definition of independence that it uses for determining if the members of that specific committee are independent in compliance with the independence standards applicable for the members of the specific committee in the listing standards of the national securities exchange or inter-dealer quotation system that the registrant uses for determining if a majority of the board of directors are independent. If the registrant does not have independence standards for a committee, the independence standards for that specific committee in the listing standards of the national securities exchange or inter-dealer quotation system that the registrant uses for determining if a majority of the board of directors are independent.**

**(ii) If the registrant is not a listed issuer, a definition of independence of a national securities exchange or of an inter-dealer quotation system which has requirements that a majority of the board of directors be independent, and state which definition is used. Whatever such definition the registrant chooses, it must use the same definition with respect to all directors and nominees for director. When determining whether the members of a specific committee of the board of directors are independent, if the national securities exchange or national securities association whose standards are used has independence standards for the members of a specific committee, use those committee specific standards.**

...

**(2) If the registrant uses its own definitions for determining whether its directors and nominees for director, and members of specific committees of the board of directors, are independent, disclose whether these definitions are available to security holders on the registrant’s Web site. If so, provide the registrant’s Web site address. If not, include a copy of these policies in an appendix to the registrant’s proxy statement or information statement that is provided to security holders at least once every three fiscal years or if the policies have been materially amended since the beginning of the registrant’s last fiscal year. If a current copy of the policies is not available to security holders on the registrant’s Web site, and is not included as an appendix to the registrant’s proxy statement or information statement, identify the most recent fiscal year in which the policies were so included in satisfaction of this requirement.**

**(3) For each director and nominee for director that is identified as independent, describe, by specific category or type, any transactions, relationships or arrangements not disclosed pursuant to Item 404(a), that were considered by the board of directors under the applicable independence definitions in determining that the director is independent.**

*[The instructions to Item 407(a) state that the description of the specific categories or types of transactions, relationships or arrangements required by paragraph (a)(3) of this Item must be provided in such detail as is necessary to fully describe the nature of the transactions, relationships or arrangements.]*

#### **Board Meetings and Committees; Annual Meeting Attendance**

*[Disclosure requirements unchanged from prior rules. Moved to S-K Item 407(b)]*

#### **The Compensation Committee**

*[Below is the text of new S-K Item 407(e):*

**(e) Compensation committee.**

**(1) If the registrant does not have a standing compensation committee or committee performing similar functions, state the basis for the view of the board of directors that it is appropriate for the registrant not to have such a committee and identify each director who participates in the consideration of executive officer and director compensation.**

**(2) State whether or not the compensation committee has a charter. If the compensation committee has a charter, provide the disclosure required by Instruction 2 to this Item regarding the compensation committee charter.**

**(3) Provide a narrative description of the registrant's processes and procedures for the consideration and determination of executive and director compensation, including:**

**(i)(A) The scope of authority of the compensation committee (or persons performing the equivalent functions); and**

**(B) The extent to which the compensation committee (or persons performing the equivalent functions) may delegate any authority described in paragraph (e)(3)(i)(A) of this Item to other persons, specifying what authority may be so delegated and to whom;**

**(ii) Any role of executive officers in determining or recommending the amount or form of executive and director compensation; and**

**(iii) Any role of compensation consultants in determining or recommending the amount or form of executive and director compensation, identifying such consultants, stating whether such consultants are engaged directly by the compensation committee (or persons performing the equivalent functions) or any other person, describing the nature and scope of their assignment, and the material elements of the instructions or directions given to the consultants with respect to the performance of their duties under the engagement.]**

#### **Compensation Committee Interlocks and Insider Participation**

*[Include if applicable. Disclosure requirements unchanged from prior rules. Moved to S-K Item 407(e)(4)]*

#### **The Nominating and Corporate Governance Committee**

*[Disclosure requirements unchanged from prior rules. Moved to S-K Item 407(c)]*

#### **The Audit Committee**

*[Disclosure requirements unchanged from prior rules. Moved to S-K Item 407(d)]*

#### **Shareholder Communications with Board of Directors**

*[Disclosure requirements unchanged from prior rules. Moved to S-K Item 407(f)]*