

**ALABAMA DEPARTMENT OF INSURANCE  
ADMINISTRATIVE CODE**

**CHAPTER 482-1-042  
PROXIES, CONSENTS AND AUTHORIZATIONS OF DOMESTIC STOCK INSURERS**

**482-1-042-AA      Schedule A.**

**SCHEDULE A**

**ITEM 1. REVOCABILITY OF PROXY.** State whether or not the person giving the proxy has the power to revoke it. If the right of revocation before the proxy is exercised, is limited, or is subject to compliance with any formal procedure, briefly describe such limitation or procedure.

**ITEM 2. DISSENTERS' RIGHTS OF APPRAISAL.** Outline briefly any rights of appraisal or similar rights of dissenters with respect to any matter to be acted upon and indicate any statutory procedure required to be followed by dissenting security holders in order to perfect such rights. Where such rights may be exercised only within a limited time after the date of adoption of a proposal, the filing of a charter amendment or other similar act, state whether the person solicited will be notified of such date.

**ITEM 3. PERSONS MAKING THE SOLICITATION.**

(a) Solicitations Not Subject to Rule 482-1-042-.14

(1) If the solicitation is made by the issuer, so state. Give the name of any director of the issuer who has informed the issuer in writing that he intends to oppose any action intended to be taken by the issuer and indicate the action which he intends to oppose.

(2) If the solicitation is made otherwise than by the issuer, so state and give the names of the persons by whom and on whose behalf it is made.

(3) If the solicitation is to be made otherwise than by the use of the mails, describe the methods to be employed. If the solicitation is to be made by specially engaged employees or paid solicitors, state (i) the material features of any contract or agreement for such solicitation and identify the parties, and (ii) the cost or anticipated cost thereof.

(4) State the names of the persons by whom the cost of solicitation has been or will be borne, directly or indirectly.

(b) Solicitations Subject to Rule 482-1-042-.14.

(1) State by whom the solicitation is made and describe the methods employed and to be employed to solicit security holders.

(2) If regular employees of the issuer or any other participant in a solicitation have been or are to be employed to solicit security holders, describe the class or classes of employees to be so employed, and the manner and nature of their employment for such purpose.

(3) If specially engaged employees, representatives or other persons have been or are to be employed to solicit security holders, state (i) the material features of any contract or arrangement for such solicitation and identify the parties, (ii) the cost or anticipated cost thereof, and (iii) the approximate number of such employees or employees of any other person (naming such other person) who will solicit security holders.

(4) State the total amount estimated to be spent and the total expenditures to date for or in connection with the solicitation of security holders.

(5) State by whom the cost of the solicitation will be borne. If reimbursement will be sought from the issuer, state whether the question of such reimbursement will be submitted to a vote of security holders.

(6) If any such solicitation is terminated pursuant to a settlement between the issuer and any other participant in such solicitation, describe the terms of such settlement, including the cost or anticipated cost thereof to the issuer.

**ITEM 4. INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON.**

(a) Solicitations Not Subject to Rule 482-1-042-.14. Describe briefly any substantial interest, direct or indirect of each of the following persons in any matter to be acted upon, other than elections to office:

(1) If the solicitation is made on behalf of the issuer, each current director or officer of the issuer.

(2) If the solicitation is made otherwise than on behalf of the issuer, any person who would be a participant in

a solicitation (except the issuer, or an officer, director, or nominee of the issuer).

(3) Each nominee for election as a director of the issuer.

(4) Each associate of the foregoing persons.

(b) Solicitations to Rule 482-1-042-.14

(1) Describe briefly any substantial interest, direct or indirect, of each participant (except the issuer) in any matter to be acted upon at the meeting, and include with respect to each participant the information or an adequate summary thereof, required by Items 2(a), 2(d), 3, 4(b), and 4(c) of Schedule B.

#### ITEM 5. VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF.

(a) State as to each class of voting securities of the issuer entitled to be voted at the meeting, the number of shares outstanding and the number of votes to which each class is entitled.

(b) Give the date as of which the record of security holders entitled to vote at the meeting will be determined. If the right to vote is not limited to security holders of record on that date, indicate the conditions under which other security holders may be entitled to vote.

(c) If action is to be taken with respect to the election of directors and if the persons solicited have cumulative voting rights, (1) make a statement that they have such rights, (2) describe such rights, (3) state the conditions precedent to the exercise thereof, and (4) if discretionary authority to cumulate votes is solicited, so indicate.

(d) Furnish the following information as of the most recent practicable date, in substantially the tabular form indicated, with respect to: (a) any person or group of persons who is known to be the beneficial owner of more than five percent of any class of securities, and (b) all directors and nominees, naming them, and directors and officers of the issuer as a group, without naming them.

(1) Title of Class	(2) Name of Beneficial Owner	(3) Amount and Nature of Beneficial Ownership	(4) Percent of Class
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(e) If, to the knowledge of the persons on whose behalf the solicitation is made, a change in control of the issuer has occurred since the beginning of its last fiscal year, state the name of the person(s) who acquired control, the amount and the source of the consideration used by such person or persons, the basis of the control, the date and a description of the transaction(s) which resulted in the change of control and the percentage of voting securities of the issuer now beneficially owned directly or indirectly by the person(s) who acquired control; and the identity of the person(s) from whom control was assumed. Describe any arrangements which may at a subsequent date result in a change of control of the issuer.

**ITEM 6. DIRECTORS AND EXECUTIVE OFFICERS.** If action is to be taken with respect to election of directors, furnish the following information, in tabular form to the extent practicable, with respect to each person nominated for election as a director and each person whose term of office will continue after the meeting. However, if the solicitation is made on behalf of persons other than the issuer, the information required need be furnished only as to nominees of the persons making the solicitation.

(a) Identification of directors and officers. List the names and ages of all directors and officers of the issuer, and all persons nominated or chosen to become directors or officers; indicate all positions and offices with the issuer held by each such person; state his term of office as director and/or officer and any period(s) during which he has served as such; briefly describe any arrangement or understanding between him and any other person or persons (naming such person(s)) pursuant to which he was or is to be selected as a director, officer, or nominee.

The information regarding officers need not be furnished in proxy or information statements provided that such information is furnished in a separate item in the issuer's annual report to stockholders.

(b) Family relationships. State the nature of any family relationship not more remote than first cousin between any director, officer, or person nominated or chosen by the issuer to become a director or officer and also any such family relationship between any such person and any officer or director of any of the issuer's parents, subsidiaries or other affiliates.

(c) Business experience. State the principal occupations and employment during the past five years of each director and each person nominated or chosen to become a director or officer and the name and principal business of any corporation or other organization in which such occupations and employment were carried on.

(d) Directorships. Indicate other directorships held by each director or person nominated or chosen to become a director.

(e) Involvement in certain legal proceedings. Describe any legal proceedings which have occurred during the past five years or which are pending which are material to an evaluation of the ability or integrity of any director, or person nominated to become a director or officer of the issuer.

(f) Describe any of the following relationships which exist:

(1) If the nominee or director is, or has within the last two full fiscal years been, an officer, director or employee of, or owns, or has within the last two fiscal years owned, directly or indirectly, in excess of a 1 percent equity interest in any firm, corporation or other business or professional entity:

(i) which has made payments to the issuer or its subsidiaries during the issuer's last full fiscal year or which proposes to make payments to the issuer or its subsidiaries during the current fiscal year in excess of 1 percent of the issuer's consolidated gross revenues for its last full fiscal year;

(ii) to which the issuer or its subsidiaries were indebted at any time during the issuer's last fiscal year in an aggregate amount in excess of 1 percent of the issuer's total consolidated assets at the end of such fiscal year;

(iii) to which the issuer or its subsidiaries have made payments during such entity's last fiscal year or to which the issuer or its subsidiaries propose to make payments during such entity's current fiscal year in excess of 1 percent of such entity's consolidated gross revenues for its last full fiscal year;

(iv) in order to determine whether payments made or proposed to be made exceed 1 percent of the consolidated gross revenues of any entity other than the issuer for such entity's last full fiscal year, it is appropriate to rely on information provided by the nominee or director;

(v) in calculating payments for property and services the following may be excluded: (A) Payments where the rates or charges involved in the transaction are determined by competitive bids, or the transaction involves the rendering of services as a public utility at rates or charges fixed in conformity with law or governmental authority; (B) payments which

arise solely from the ownership of securities of the issuer and no extra or special benefit not shared on a pro rate basis by all holders of the class of securities is received.

(vi) in calculating indebtedness for purposes of subparagraph (ii) above, debt securities which have been publicly offered, admitted to trading on a national securities exchange, or quoted on the automated quotation system of a registered securities association may be excluded.

(2) The nominee or director is a member or employee of, or is associated with, a law firm which the issuer has retained in the last two full fiscal years or proposes to retain in the current fiscal year where fees paid or anticipated to be paid by the issuer are material to either the law firm, the issuer, or both.

(3) The nominee or director is a director, partner, officer or employee of any investment banking firm which has performed services for the issuer other than as a participating underwriter in a syndicate in the last two full fiscal years or which the issuer proposes to have perform services in the current year; or

(4) The nominee or director is a control person of the issuer (other than solely as a director of the issuer).

(g)(1) State whether or not the issuer has standing audit, nominating, and compensation committees of the Board of Directors, or committees performing similar functions. If the issuer has such committees, however designated, identify each committee member, state the number of committee meetings held by each such committee during the last fiscal year and describe briefly the functions performed by such committees.

(2) If the issuer has a nominating or similar committee, state whether the committee will consider nominees recommended by shareholders and, if so, describe the procedures to be followed by shareholders in submitting such recommendations.

(h) State the total number of meetings of the board of directors (including regularly scheduled and special meetings) which were held during the last full fiscal year. Name each incumbent director who during the last full fiscal year attended fewer than 75 percent of the aggregate of (1) the total number of meetings of the board of directors (held during the period for which he has been a director) and (2) the total number of meetings held by all committees of the board on which he served (during the periods that he served).

(i) If a director has resigned or declined to stand for re-election to the board of directors since the date of the last annual meeting of shareholders because of a disagreement with the issuer on any matter relating to the issuer's operations, policies or practices, and if the director has furnished the issuer with a letter describing such disagreement and requesting that the matter be disclosed, the issuer shall state the date of resignation or declination to stand for re-election and summarize the director's description of the disagreement.

If the issuer believes that the description provided by the director is incorrect or incomplete, it may include a brief statement presenting its views of the disagreement.

(j) With respect to those classes of voting stock which participated in the election of directors at the most recent meeting at which directors were elected:

(1) state the percentage of shares present at the meeting and voting or withholding authority to vote in the election of directors; and

(2) disclose in tabular format, the percentage of total shares cast for and withheld from the vote for or, where applicable, cast against, each nominee, which, respectively, were voted for and withheld from the vote for, or voted against, such nominee. When groups of classes or series of classes vote together in the election of a director or directors, they shall be treated as a single class for the purpose of the preceding sentence.

#### Instructions.

(1) Calculate the percentage of shares present at the meeting and voting or withholding authority to vote in the election of directors, referred to in paragraph j(1), by dividing the total shares cast for and withheld from the vote for or, where applicable, voted against, the director in respect of whom the highest aggregate number of shares was cast by the total number of shares outstanding which were eligible to vote as the record date of the meeting.

(2) No information need be given in response to item 6(j) unless, with respect to any class of voting stock (or group of classes which voted together), 5 percent or more of the total shares cast for and withheld from the votes for or, where applicable, cast against any nominee were withheld from the vote for or cast against such nominee.

(3) If an issuer elects less than the entire board of directors annually, disclosure is required as to all directors if 5 percent or more of the total shares cast for and withheld from, the vote for, or, where applicable, cast against any incumbent director were withheld from, or cast against the vote for such director at the meeting at which he was most recently elected.

(4) No information need be given in response to item 6(j) if the issuer has previously furnished to its security holders a report of the most recent meeting of security holders at which directors were elected which includes:

(1) a description of each matter voted upon at the meeting and a statement of the percentage of the shares voting which were voted for and against each such matter; and (2) the information which would be called for by this item 6(j). If an issuer has previously furnished such results to its security holders, this fact should be set forth in a letter accompanying the filing of preliminary proxy materials with the Commissioner.

**ITEM 7. REMUNERATION OF DIRECTORS AND OFFICERS.** Furnish the following information if action is to be taken with regard to (i) the election of directors, (ii) any bonus, profit sharing or other remuneration plan, contract, or arrangement in which any director, nominee for election as a director, or officer of the issuer will participate, (iii) any pension or retirement plan in which any such person will participate or (iv) the granting or extension to any such person of any options, warrants or rights to purchase any securities, other than warrants or rights issued to security holders as such, on a pro rata basis. If the solicitation is made on behalf of persons other than the issuer, the information required need be furnished only as to nominees of the person making the solicitation and associates of such nominees.

(a) Current remuneration. Furnish the information required in the table below, in substantially the tabular form specified, concerning all remuneration of the following persons and groups for services in all capacities to the issuer and its subsidiaries during the issuer's last fiscal year, or, in specified instances, certain prior fiscal years:

(1) Five officers or directors. Each of the five most highly compensated officers or directors of the issuer as to whom the total remuneration required to be disclosed in Columns C1 and C2 below, would exceed \$50,000, naming each such person; and

(2) All officers or directors. All officers and directors of the issuer as a group, stating the number of persons in the group without naming them.

(3) Specified Tabular Format:



(A) Name of individual or number of persons in groups	(B) Capacities in which served	(C) Cash and cash-equivalent forms of remuneration	(D) Aggregate of contingent forms of remuneration
	(C1) Salaries, fees directors' fees, commissions, and bonuses	(C2) Securities or property, insurance benefits or reimbursements, personal benefits	

(4) Information to be Included. Columns C-1, C-2, and D of the table<sup>1</sup> should contain with respect to each person or group of persons specified in subparagraphs (a)(1) and (a)(2) of this Item 7 a dollar amount which reflects the total of all items of remuneration described in the heading to that column including, but not necessarily limited to, those items set forth in the subparagraphs of that column.

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<sup>1</sup> See end for table.

(5) Transactions with third parties. Item 7(a), among other things, includes transactions between the issuer and a third party when the primary purpose of the transaction is to furnish remuneration to the persons specified in Item 7(a). Other transactions between the issuer and third parties in which persons specified in Item 7(a) have an interest, or may realize a benefit, generally are addressed by other disclosure requirements concerning the interest of management and others in certain transactions. Item 7(a) does not require disclosure of remuneration paid to a partnership in which any officer or director was a partner; any such transactions should be disclosed pursuant to these other disclosure requirements, and not as a note to the remuneration table presented pursuant to Item 7(a).

(6) Other permitted disclosure. The issuer may provide additional disclosure through a footnote to the table, through additional columns, or otherwise, describing the components of aggregate remuneration in such greater detail as is appropriate.

(b) Proposed remuneration.

(1) Briefly describe all remuneration payments proposed to be made in the future, pursuant to any existing plan or arrangement to the persons and groups specified in Item 7(a). As to defined benefit or actuarial plans with respect to which amounts are not included in the table, include a separate table showing the estimated annual

benefits payable upon retirement to persons in specified remuneration and years-of-service classifications.

(2) Information need not be furnished with respect to any group life, health, hospitalization, or medical reimbursement plans which do not discriminate in favor of officers or directors of the issuer and which are available generally to all salaried employees.

(c) Remuneration of directors. Describe any standard or special arrangements, stating amounts, by which directors of the issuer are compensated for services as a director.

(d) Options, warrants, or rights.

(1) Furnish the information required by the following table as to all options to purchase securities from the issuer or its subsidiaries which were granted to or exercised by the persons and groups specified in Item 7(a) since the beginning of the issuer's last fiscal year, and as to all options held by such persons as of the latest practicable date:

The following tabulation shows as to certain directors and officers and as to all directors and officers as a group (i) the amount of options granted since the beginning of the issuer's last full fiscal year, (ii) the amount of shares acquired since that date through the exercise of options, (iii) the amount of shares of the same class sold during such period and (iv) the amount of shares subject to all unexercised options held as of the most recent practicable date.

	All directors and officers			
	Name	Name	Name	as a group
Title of Securities				
Granted-19__ to date:				
Number of shares	. . . .	. . . .	. . . .	. . . .
Average per share				
option price	\$. . . .	\$. . . .	\$. . . .	\$. . . .
Exercised-19__ to date:				
Number of shares	. . . .	. . . .	. . . .	. . . .
Aggregate option price				

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of options exercised	\$ . . . .	\$ . . . .	\$ . . . .	\$ . . . .
Aggregate market				
value of share on				
date options exercised	\$ . . . .	\$ . . . .	\$ . . . .	\$ . . . .
Sales-19__ to date: <sup>2</sup>				
Number of shares	. . . .	. . . .	. . . .	. . . .
Unexercised at 19__:				
Number of shares	. . . .	. . . .	. . . .	. . . .
Average per share				
option price	\$ . . . .	\$ . . . .	\$ . . . .	\$ . . . .

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<sup>2</sup> Sales by directors and officers who exercised options during the period 19\_\_ to date.

In addition, during the period employees were granted options for ... shares at an average price per share of \$..... .

**Instructions.**

(1) All figures should be adjusted, where applicable, in accordance with the terms of the options to reflect stock splits and to give effect to share dividends.

(2) Other tabular presentations are acceptable if they include the necessary data. Tabular presentation may not be needed if only a very few options have been granted.

(3)1.(i) Where the total market value on the granting dates of the securities called for by all options granted during the period specified does not exceed \$10,000 for any officer or director named in answer to Item 7(a), or \$40,000 for all officers and directors as a group, this Item need not be answered with respect to options granted to such person or group. (ii) Where the total market value on the dates of purchase of all securities purchased through the exercise of options during the period specified does not exceed \$10,000 for any such person or \$40,000 for such group, this Item need not be answered with respect to options exercised by such person or group. (iii) Where the total market value as of the latest practicable date of the securities called for by

all options held at such time does not exceed \$10,000 for any such person or \$40,000 for such group, this item need not be answered with respect to options held as of the specified date by such person or group.

2. The term "options" as used in this paragraph (d) includes all options, warrants or rights, other than those issued to security holders as such on a pro rata basis. Where the average option price per share is called for, the weighted average price per share shall be given.

3. The extension, regranting or material amendment of options shall be deemed the granting of options within the meaning of this paragraph.

4. If the options relate to more than one class of securities the information shall be given separately for each such class.

(e) Indebtedness of management.

(1) State as to each of the following persons who was indebted to the issuer or its subsidiaries at any time since the beginning of the last fiscal year of the registrant, (i) the largest aggregate amount of indebtedness outstanding at any time during such period, (ii) the nature of the indebtedness outstanding and the transaction in which it was incurred, (iii) the amount thereof outstanding as of the latest practicable date, and (iv) the rate of interest paid or charged thereon:

(a) Each director or officer of the issuer;

(b) Each nominee for election as a director; and

(c) Each associate of any such director, officer or nominee.

(2) The subparagraph (e) does not apply to: (a) any person whose aggregate indebtedness did not exceed \$10,000 or 1 percent of the issuer's total assets, whichever is less, at any time during the period specified or (b) indebtedness under an insurance policy.

(f) Transactions with management.

(1) Describe briefly any transaction since the beginning of the issuer's last fiscal year or any presently proposed transactions, to which the issuer or any of its subsidiaries was or is to be a party, in which any of the following persons had or is to have a direct or indirect material interest, naming such person and stating his

relationship to the issuer, the nature of his interest in the transaction and, where practicable, the amount of such interest.

(a) Any director or officer of the issuer:

(b) Any nominee for election as a director;

(c) Any security holder who is known to the issuer to own of record or beneficially more than ten percent of any class of the issuer's voting securities; and

(d) Any relative or spouse of any of the foregoing persons, or any relative of such spouse, who has the same home as such person or who is a director or officer of any parent or subsidiary of the issuer.

(2) Also, describe briefly any material legal proceedings to which any such person is a party adverse to the issuer or any of its subsidiaries or has a material interest adverse to the issuer or any of its subsidiaries.

(3) No information need be given in response to this Item 7(f) as to any remuneration or other transaction reported in response to Item 7(a), (b), (c), (d) or (e), or as to any transaction with respect to which information may be omitted pursuant to these Items.

(4) No information need be given in answer to this Item 7(f) as to any transaction where:

(a) The rates or charges involved in the transaction are determined by competitive bids, or at rates or charges fixed in conformity with law or governmental authority;

(b) The transaction involves services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services;

(c) The amount involved in the transaction or series of similar transactions, including all periodic installments in the case of any lease or other agreement providing for periodic payments or installments, does not exceed \$40,000; or

(d) The interest of the specified person arises solely from the ownership of securities of the issuer and the specified person receives no extra or special benefit not shared on a pro rata basis by all holders of securities of the class.

(5) It should be noted that this item calls for disclosure of indirect, as well as direct, material interests in transactions. A person who has a position or relationship with a firm, corporation, or other entity, which engages in a transaction with the issuer or its subsidiaries may have an indirect interest in such transaction by reason of such position or relationship. However, a person shall be deemed not to have a material indirect interest in a transaction within the meaning of this Item 7(f) where:

(a) the interest arises only (i) from such person's position as a director of another corporation or organization (other than a partnership) which is a party to the transaction, or (ii) from the direct or indirect ownership by such person and all other persons specified in Item 7(f) of less than 10 percent equity interest in another person (other than a partnership) which is a party to the transaction, or (iii) from both such position and ownership;

(b) the interest arises only from such person's position as a limited partner in a partnership in which he and all other persons specified in Item 7(f) had an interest of less than 10 percent; or

(c) the interest of such person arises solely from the holding of an equity interest (including a limited partnership interest but excluding a general partnership interest) or a creditor interest in another person which is a party to the transaction with the issuer or any of its subsidiaries and the transaction is not material to such other person.

#### Instructions.

1. In describing any transaction involving the purchase or sale of assets by or to the issuer or any of its subsidiaries, otherwise than in the ordinary course of business, state the cost of the assets to the purchaser and, if acquired by the seller within two years prior to the transaction, the cost thereof to the seller. Indicate the principle followed in determining the issuer's purchase or sale price and the name of the person making such determination.

2. Information shall be furnished in answer to this Item with respect to transactions not excluded above which involve remuneration from the issuer or its subsidiaries, directly or indirectly, to any of the specified persons for services in any capacity unless the interest of such persons arises solely from the ownership individually and in the aggregate of less

than 10% of any class of equity securities of another corporation furnishing the services to the issuer or its subsidiaries.

(g) Transactions with pension or similar plans.

(1) Describe briefly any transactions since the beginning of the issuer's last fiscal year, or any presently proposed transactions, to which any pension, retirement, savings or similar plan provided by the issuer, or any of its parents or subsidiaries was or is to be a party, in which any of the persons specified in Item 7(f) or the issuer or any of its subsidiaries had or is to have a direct or indirect material interest naming such person and stating his relationship to the issuer, the nature of his interest in the transaction and, where practicable, the amount of such interest.

(2) No information need be given in answer to paragraph (g) with respect to:

(a) payments to the plan, or payments to beneficiaries, pursuant to the terms of the plan:

(b) payment of remuneration for services not in excess of 5 percent of the aggregate remuneration received by the specified person during the issuer's last fiscal year from the issuer and its subsidiaries; or

(c) any interest of the issuer or any of its subsidiaries which arises solely from its general interest in the success of the plan.

Instructions.

1. Subparagraph 3 to Item 7(f) shall apply to this item 7(g).

2. Without limiting the general meaning of the term "transaction" there shall be included in answer to this item any remuneration received or any loans received or outstanding during the period, or proposed to be received.

**ITEM 8. MATTERS RELATED TO ACCOUNTING.** If the solicitation is made on behalf of the issuer and relates to an annual meeting of security holders at which directors are to be elected, or financial statements are included, furnish the following information:

(a) If the issuer's financial statements are not certified by independent public or certified accountants, so state.

(b) If the Board of Directors has no audit or similar committee, so state.

(c) If the issuer's financial statements are certified by independent public or certified accountants, so state and provide the following information:

(1) The name of the principal accountant selected or being recommended to shareholders for election, approval or ratification for the current year. If no accountant has been elected or recommended, so state and briefly describe the reasons therefor.

(2) The name of the principal accountant for the fiscal year most recently completed if different from the accountant selected or recommended for the current year or if no accountant has been elected or recommended for the current year.

(3) If a change or changes in accountants have taken place since the date of the proxy statement for the most recent annual meeting of shareholders, so state, and if in connection with such change(s) a material disagreement in connection with financial disclosure between the accountant and issuer has occurred, the disagreement shall be described. Prior to filing the preliminary proxy materials with the Commissioner which contains or amends such description, the issuer shall furnish the description of the disagreement to any accountant with whom the disagreement has occurred. If that accountant believes that the description of the disagreement is incorrect or incomplete, he may include a brief statement, not to exceed 200 words, in the proxy statement presenting his view of the disagreement. This statement shall be submitted to the issuer within ten business days of the date the accountant receives the issuer's descriptions.

(4) The proxy statement shall indicate whether or not representatives of the principal accountants for the current year and for the most recently completed fiscal year are expected to be present at the stockholders' meeting with the opportunity to make a statement if they desire to do so and whether or not such representatives are expected to be available to respond to appropriate questions.

(5) If any change in accountants has taken place since the date of the proxy statement for the most recent annual meeting of shareholders, state whether such change was recommended or approved by:



(A) any audit or similar committee of the Board of Directors, if the issuer has such a committee; or

(B) the Board of Directors, if the issuer has no such committee.

(d) For the fiscal year most recently completed, describe each professional service provided by the principal accountant and state the percentage relationship which the aggregate of the fees for all non-audit services bear to the audit fees, and, except as provided below, state the percentage relationship which the fee for each non-audit service bears to the audit fees. Indicate whether, before each professional service provided by the principal accountant was rendered, it was approved by, and the possible effect on the independence of the accountant was considered by, (1) any audit or similar committee of the Board of Directors and, (2) for any service not approved by an audit or similar committee, the Board of Directors.

Instructions.

1. For purposes of this subsection, all fees for services provided in connection with the audit function (e.g. reviews of quarterly reports) may be computed as part of the audit fees. Indicate which services are reflected in the audit fees computation.
2. If the fee for any non-audit service is less than 3 percent of the audit fees, the percentage relationship need not be disclosed.
3. Each service should be specifically described. Broad general categories such as "tax matters" or "management advisory services" are not sufficiently specific.
4. Describe the circumstances and give details of any services provided by the issuer's independent accountant during the latest fiscal year that were furnished at rates or terms that were not customary.
5. Describe any existing direct or indirect understanding or agreement that places a limit on current or future years' audit fees, including fee arrangements that provide fixed limits on fees that are not subject to reconsideration if unexpected issues involving accounting or auditing are encountered. Disclosure of fee estimates is not required.

**ITEM 9. BONUS, PROFIT SHARING AND OTHER REMUNERATION PLANS: PENSION AND RETIREMENT PLANS.** If action is to be taken with

respect to any bonus, profit sharing or other remuneration plan or any pension or retirement plan, furnish the following information:

(a) Describe briefly the material features of the plan, identify each class of persons who will participate therein, indicate the approximate number of persons in each such class and state the basis of such participation.

(b) Furnish such information, in addition to that required by this item and Item 7, as may be necessary to describe adequately the provisions already made pursuant to all bonus, profit sharing, pension, retirement, stock option, stock purchase, deferred compensation, or other remuneration or incentive plans, now in effect or in effect within the past five years, for (i) each director or officer named in answer to Item 7(a) who may participate in the plan to be acted upon; (ii) all present directors and officers of the issuer as a group, if any director or officer may participate in the plan, and (iii) all employees, if employees may participate in the plan.

(c) If the plan to be acted upon can be amended otherwise than by a vote of stockholders, to increase the cost thereof to the issuer or to alter the allocation of the benefits as between the directors and officers on the one hand and employees on the other state the nature of the amendments which can be so made.

(d) With regard to any bonus, profit sharing or other remuneration plan, on which action is to be taken, furnish the following information:

(1) State separately the amounts which would have been distributable under the plan during the last fiscal year of the issuer (1) to directors and officers and (2) to employees if the plan had been in effect.

(2) State the name and position with the issuer of each person specified in Item 7(a), who will participate in the plan and the amount which each such person would have received under the plan for the last fiscal year of the issuer if the plan had been in effect.

(e) With regard to any pension or retirement plan on which action is to be taken furnish the following information:

(1) State (a) the approximate total amount necessary to fund the plan with respect to past services, the period over which such amount is to be paid and the estimated annual payments necessary to pay the total amount over such period, (b) the estimated annual payment to be made with respect to current services and (c) the amount of

such annual payments to be made for the benefit of (i) directors and officers and (ii) employees.

(2) State (a) the name and position with the issuer of each person specified in Item 7(a) who will be entitled to participate in the plan, (b) the amount which would have been paid or set aside by the issuer and its subsidiaries for the benefit of such person for the last fiscal year of the issuer if the plan had been in effect, and (c) the amount of the annual benefits estimated to be payable to such person in the event of retirement at normal retirement date.

#### Instructions.

1. If action is to be taken with respect to the amendment or modification of an existing plan, the item shall be answered with respect to the plan as proposed to be amended or modified and shall indicate any material differences from the existing plan.

2. The following instruction shall apply to paragraph (b):

(a) Information need only be given with respect to benefits received or set aside within the past five years.

(b) Information need not be included as to payments made for, or benefits to be received from, group life or accident insurance, group hospitalization or similar group payments or benefits.

(c) If action is to be taken with respect to any plan in which directors or officers may participate, the information called for by Item 7(d) and shall be furnished for the last five fiscal years of the issuer and any period subsequent to the end of the latest such fiscal year, in aggregate amounts for the entire period for each such person and group. If any named person, or any other director or officer, purchased securities through the exercise of options during such period, state the aggregate amount of securities of that class sold during the period by such named person and such other directors and officers as a group. The information called for by this Instruction is in lieu of the information since the beginning of the issuer's last fiscal year called for by Item 7(d). If employees may participate in the plan to be acted upon, state the aggregate amount of securities called for by all options granted to employees during the five-year period and, if the options were other than "restricted" or

"qualified" stock options or options granted pursuant to an "employee stock purchase plan," as the quoted terms are defined in section 422 through 424 of the Internal Revenue Code, state that fact and the weighted average option price per share. The information called for by this instruction may be furnished in the form of the table set forth in Item 7(d).

3. If the plan to be acted upon is set forth in a written document, three copies thereof shall be filed with the Commissioner at the time preliminary copies of the proxy statement and form of proxy are filed.

4. The information called for by subparagraph (e)(1)(c) or (e)(2)(b) of this Item 7 need not be given as to payments made on an actuarial basis pursuant to any group pension plan which provides for fixed benefits in the event of retirement at a specified age or after a specified number of years of service.

**ITEM 10. OPTIONS, WARRANTS, OR RIGHTS.** If action is to be taken with respect to the granting or extension of any options to purchase securities of the issuer or any subsidiary, furnish the following information:

(a) State (i) the title and amount of securities called for or to be called for by such options; (ii) the prices, expiration dates and other material conditions upon which the options may be exercised; (iii) the consideration received or to be received by the issuer or subsidiary for the granting or extension of the options; (iv) the market value of the securities called for or to be called for by the options as of the latest practicable date; and (v) in the case of options, the Federal income tax consequences of the issuance and exercise of such option to the recipient and to the issuer.

(b) State separately the amount of options received or to be received by the following persons, naming each such person: (i) each director or officer named in answer to Item 7(a); (ii) each nominee for election as a director of the issuer; (iii) each associate of such directors, officers, or nominees; and (iv) each other person who received or is to receive 10% or more of such options. State, also, the total amount of such options received or to be received by all directors and officers of the issuer as a group, without naming them.

(c) Furnish such information, in addition to that required by this item and Item 7, as may be necessary to describe adequately the provisions already made pursuant to all bonus, profit sharing pension, retirement, stock option, stock purchase, deferred compensation, or other remuneration or incentive plans, now in effect or in effect within the past

five years, for (i) each director or officer named in answer to Item 7(a) who may participate in the plan to be acted upon; (ii) all present directors and officers of the issuer as a group, if any director or officer may participate in the plan, and (iii) all employees, if employees may participate in the plan.

Instructions.

1. For the purpose of this Item 10 the term option includes any option, warrant or right.
2. Paragraphs (b) and (c) do not apply to warrants or rights to be issued to security holders as such on a pro rata basis.
3. Instruction 2 to Item 9 shall also apply to paragraph (c) of this item.
4. If the options described in answer to this item are issued pursuant to a plan which is set forth in a written document, three copies thereof shall be filed with the Commissioner at the time preliminary copies of the proxy statement and form of proxy are filed.

**ITEM 11. AUTHORIZATION OR ISSUANCE OF SECURITIES OTHERWISE THAN FOR EXCHANGE.** If action is to be taken with respect to the authorization or issuance of any securities otherwise than for exchange for outstanding securities of the issuer, furnish the following information:

- (a) State the title and amount of securities to be authorized or issued.
- (b) If the securities are other than additional shares of common stock of a class outstanding, furnish a brief summary of the following, if applicable: dividend, voting, liquidation, preemptive, and conversion rights, redemption and sinking fund provisions, interest rate and date of maturity.
- (c) Describe briefly the transaction in which the securities are to be issued, including a statement as to (1) the nature and approximate amount of consideration received or to be received by the issuer, and (2) the approximate amount devoted to each purpose, as far as is determinable, for which the net proceeds have been or are to be used. If it is impracticable to describe the transaction in which the securities are to be issued, state the reason, indicate the purpose of the authorization of the securities, and state whether further authorization for the issuance of the securities by a vote of security holders will be solicited prior to such issuance.

If the securities are to be issued otherwise than in a general public offering for cash, state the reasons for the proposed authorization or issuance and the general effect thereof upon the rights of existing security holders.

**ITEM 12. MODIFICATION OR EXCHANGE OF SECURITIES.** If action is to be taken with respect to the modification of any class of securities of the issuer, or the issuance or authorization for issuance of securities of the issuer in exchange for outstanding securities of the issuer, furnish the following information:

(a) If outstanding securities are to be modified, state the title and amount thereof. If securities are to be issued in exchange for outstanding securities, state the title and amount of securities to be so issued, the title and amount of outstanding securities to be exchanged therefor and the basis of the exchange.

(b) Describe any material differences between the outstanding securities and the modified or new securities.

(c) State the reasons for the proposed modification or exchange and the general effect thereof upon the rights of existing security holders.

(d) Furnish a brief statement as to arrears in dividends or as to defaults in principal or interest in respect to the outstanding securities which are to be modified or exchanged and such other information as may be appropriate in the particular case to disclose adequately the nature and effect of the proposed action.

(e) Outline briefly any other material features of the proposed modification or exchange. If the plan of proposed action is set forth in a written document, file copies thereof with the Commissioner at the time the preliminary proxy material is filed.

**ITEM 13. MERGERS, CONSOLIDATIONS, ACQUISITIONS AND SIMILAR MATTERS.** Furnish the following information if action is to be taken with respect to any plan for (i) the merger or consolidation of the issuer, (ii) the acquisition by the issuer or any of its security holders of securities of another issuer, (iii) the acquisition by the issuer of any other going business or of the assets thereof, (iv) the sale or other transfer of all or any substantial part of the assets of the issuer, or (v) the liquidation or dissolution of the issuer:

(a) Outline briefly the material features of the plan. State the reasons therefor and the general effect thereof upon the rights of existing security holders. If the plan is set forth in a written document, file three copies thereof with the

Commissioner at the time preliminary copies of the proxy statement and form of proxy are filed.

(b) Furnish the following information as to the issuer and each person which is to be merged into the issuer or into or with which the issuer is to be merged or consolidated or the business or assets of which are to be acquired or which is the issuer of securities to be acquired by the issuer in exchange for all or a substantial part of its assets or to be acquired by security holders of the issuer. What is required is information essential to an investor's appraisal of the action proposed to be taken.

(1) Describe briefly the business of such person.

(2) State the location and describe the general character of the plants and other important physical properties of such person. The description is to be given from an economic and business standpoint, as distinguished from a legal standpoint. Portfolio or investment assets of an insurer need not be disclosed.

(3) Furnish a brief statement as to dividends in arrears of defaults in principal or interest in respect of any securities of the issuer or of such person, and as to the effect of the plan thereon and such other information as may be appropriate in the particular case to disclose adequately the nature and effect of the proposed action.

(4) Furnish a tabulation in columnar form showing the existing and the pro forma capitalization.

(5) Furnish in columnar form for each of the last five fiscal years an historical summary of earnings and show per share amounts of net earnings, dividends declared for each year and book value per share at the end of the latest period.

(6) Furnish the columnar form for each of the last five fiscal years a combined pro forma summary of earnings, as appropriate in the circumstances, indicating the aggregate and pre-share earnings for each such year and the pro forma book value per share at the end of the latest period. If the transaction establishes a new basis of accounting for assets of any of the persons included therein, the pro forma summary of earnings shall be furnished only for the most recent fiscal year and interim period and shall reflect appropriate pro forma adjustments resulting from such new basis of accounting.

(7) To the extent material for the exercise of prudent judgment in regard to the matter to be acted upon, furnish the historical and pro forma earnings data

specified in (5) and (6) above for interim periods of the current and prior fiscal years, if available.

Instructions.

1. Subparagraph (b) of this Item 13 shall not apply if the plan described in answer to paragraph (a) involves only the issuer and one or more of its totally-held subsidiaries.

(c) As to each class of securities of the issuer, or of any person specified in paragraph (b), which is admitted to dealing on a national securities exchange or with respect to which a market otherwise exists, and which will be materially affected by the plan, state the high and low sale prices (or, in the absence of trading in a particular period, the range of the bid and asked prices) for each quarterly period within two years. This information may be omitted if the plan involves merely the liquidation or dissolution of the issuer.

#### **ITEM 14. FINANCIAL STATEMENTS.**

(a) If action is to be taken with respect to any matter specified in Item 11, 12, or 13 above, furnish financial statements of the issuer and its subsidiaries complying with the requirements of Rule 482-1-042-.06(2)(a), (b) and (c) of the chapter including schedules of supplementary profit and loss information. Such statements may be omitted with respect to a plan described in answer to Item 13 if the plan involves only the issuer and one or more of its totally-held subsidiaries.

(b) If action is to be taken with respect to any matter specified in Item 13(b), furnish for each person specified therein, other than the issuer, financial statements complying with the requirements of Rule 482-1-042-.06(2)(a), (b) and (c) of the chapter.

(c) The Commissioner may, upon the request of the issuer, permit the omission of any of the statements herein required where such statements are not necessary for the exercise of prudent judgment in regard to any matter to be acted upon, or may permit the filing in substitution therefor of appropriate statements of comparable character. The Commissioner may also require the filing of other statements in addition to, or in substitution for, the statements herein required in any case where such statements are necessary or appropriate for an adequate presentation of the financial condition of any person whose financial statements are required, or whose statements are otherwise material for the exercise of prudent judgment in regard to any matter to be acted upon. In the usual case, financial statements are deemed material to the exercise of prudent judgment where the matter to be acted upon is



authorization or issuance of a material amount of senior securities, but are not deemed material where the matter to be acted upon is the authorization or issuance of common stock, otherwise than in an exchange, merger or consolidation, acquisition or similar transaction.

(d) The proxy statement may incorporate by reference any financial statements contained in an annual report sent to security holders with respect to the same meeting as that to which the proxy statement relates, provided such financial statements substantially meet the requirements of this item.

**ITEM 15. ACQUISITION OR DISPOSITION OF PROPERTY.** If action is to be taken with respect to the acquisition or disposition of any property, furnish the following information:

(a) Describe briefly the general character and location of the property.

(b) State the nature and amount of consideration to be paid or received by the issuer or any subsidiary. To the extent practicable outline briefly the facts bearing upon the question of the fairness of the consideration.

(c) State the name and address of the transferor or transferee as the case may be, and the nature of any material relationship or such person to the issuer or a affiliate of the issuer.

(d) Outline briefly any other material features of the contract or transaction.

**ITEM 16. RESTATEMENT OF ACCOUNTS.** If action is to be taken with respect to the restatement of any asset, capital, or surplus account of the issuer, furnish the following information:

(a) State the nature of the restatement and the date as of which it is to be effective.

(b) Outline briefly the reasons for the restatement and for the selection of the particular effective date.

(c) State the name and amount of each account (including any reserve accounts) affected by the restatement and the effect of the restatement thereon. Tabular presentation of the amounts shall be made when appropriate, particularly in the case of recapitalizations.

(d) To the extent practicable, state whether and the extent, if any, to which the restatement will, as of the date thereof, alter the amount available for distribution to the holders of equity securities.

**ITEM 17. ACTION WITH RESPECT TO REPORTS.** If action is to be taken with respect to any report of the issuer or of its directors, officers or committees or any minutes of meetings of its stockholders, furnish the following information:

(a) State whether or not such action is to constitute approval or disapproval of any of the matters referred to in such reports or minutes.

(b) Identify each of such matters which it is intended will be approved or disapproved and furnish the information required by the appropriate item or items of this Schedule with respect to each such matter.

**ITEM 18. MATTERS NOT REQUIRED TO BE SUBMITTED.** If action is to be taken with respect to any matter which is not required to be submitted to a vote of security holders, state the nature of such matter, the reasons for submitting it to a vote of security holders and what action is intended to be taken by the management in the event of a negative vote on the matter by the security holders.

**ITEM 19. AMENDMENT OF CHARTER, BYLAWS OR OTHER DOCUMENTS.** If action is to be taken with respect to any amendment of the issuer's charter, bylaws or other documents as to which information is not required above, state briefly the reasons for and general effect of such amendment.

Instruction. Where the matter to be acted upon is the classification of directors, state whether vacancies which occur during the year may be filled by the board of directors to serve only until the next annual meeting or may be so filled for the remainder of the full term.

**ITEM 20. OTHER PROPOSED ACTION.** If action is to be taken with respect to any matter not specifically referred to above describe briefly the substance of each such matter in substantially the same degree of detail as is required by Item 5 to 19, inclusive, above.

**ITEM 21. VOTE REQUIRED FOR APPROVAL.** As to each matter which is to be submitted to a vote of security holders, other than elections to office or the selection or approval of auditors, state the vote required for its approval.

## COLUMN C

Include all Cash and Cash Equivalent Forms of Remuneration received during the fiscal year and all such amounts accrued during the fiscal year which, with reasonable certainty, will be distributed or vested in the future.

## COLUMN D

Include all contingent forms of remuneration, vesting, and measurement of which is subject to future events. Report only amounts relating to the latest fiscal year, not amounts accrued in previous periods.

## COLUMN C-1

Salaries, Bonuses, Fees, and Commissions

## COLUMN C-2

Securities, Property, Insurance Benefits or Reimbursements, Personal Benefits (Perquisites)

1. All cash remuneration distributed or accrued in the form of salaries, commissions, bonuses, and fees for services rendered.

2. Compensation earned for services performed in the latest fiscal year even if it is deferred for future payment.

3. Payments received in the latest fiscal year but earned in prior years which were deferred until the latest year, if such amounts were not shown in an earlier proxy statement or annual report to stockholders.

1. Spread between, the acquisition price, if any, and fair market of securities or property acquired under any contract, plan or arrangement.

2. Cost of any life insurance premiums, health insurance premiums and medical reimbursement plans. Premiums for nondiscriminatory plans generally available to all salaried employees are excluded.

3. Personal benefits (perquisites) not directly related to job performance, excluding benefits provided on a non-discriminatory basis, valued on the basis of cost to the issuer of providing such benefits.

a. If reasonable effort or expense is required to determine the amounts of personal benefits, they may be omitted if their aggregate value does not exceed \$10,000 for each officer.

b. If the amount of personal benefits exceeds 10% of the amount of total remuneration or \$25,000, whichever is less, the amount and a brief description of the benefits must be disclosed in a footnote.

4. Vested company contributions to thrift, profit, sharing, pension, stock purchase and similar plans.

1. Amount expensed for financial reporting purposes representing non-vested contributions, payments, or accruals under any pension or retirement plans, annuities, employment contracts, for deferred compensation plans including IRS qualified plans, unless the amount for the individual cannot be separated in which case a footnote is required indicating the percentage which contributions to the plan bear to participant's total remuneration.

2. The amount expensed for financial reporting purposes under any incentive compensation plans (long-term income plans), such as stock appreciation rights, stock options, performance share plans, where payout is based on objective standards or stock values..

a. In subsequent years, if the corporation credits compensation expense for financial reporting purposes as a result of a decline in the value of contingent compensation, Column D may be reduced by a corresponding amount. A footnote explaining such action should be included.

3. The amount expensed for financial reporting purposes for any non-vested contribution payment or accrual to stock purchase plans, profit sharing, and thrift plans whether or not they are qualified under the Internal Revenue Code.

**Author:**  
**Statutory Authority:**  
**History:**