

Impact of SEC Rule Changes on Proxy Statement Disclosure

On December 16, 2009, the Securities and Exchange Commission approved enhanced proxy disclosure requirements for public companies with respect to executive and director compensation, corporate governance, risk oversight and other matters under the Securities Act of 1933 and the Securities Exchange Act of 1934. The amendments will become effective on February 28, 2010. A summary of the amendments follows.

Company Compensation Policies

Companies are now required to disclose compensation policies and practices for employees, not just the named executive officers, that are reasonably likely to have a material adverse effect on the company. If any such policies and practices may cause risks to arise which may have a material adverse effect on the company, the company is expected to address the company's risk and management of such risk in its discussion. Smaller reporting companies will not be required to provide the new disclosure required as such smaller reporting companies may continue to provide the disclosure specified in Item 402(l)-(r). The amendments further require that the Summary Compensation Table and Director Compensation Table be revised to provide disclosure of stock awards and option awards showing the aggregate grant date fair value of such awards, replacing the dollar amount recognized for financial statement reporting purposes of such awards each as computed under FASB ASC Topic 718. Companies with fiscal years ending on or after December 20, 2009 will be required to recompute such compensation tables to include disclosure for each preceding fiscal year required to be included in such tables in order to provide investors with year-to-year comparisons.

Enhanced Director and Nominee Disclosure

The amendments require companies to disclose in proxy and information statements under Schedules 14A and 14C, annual reports on Form 10-K and registration statements on Form 10 under the Exchange Act and in registration statements under the Securities Act, each director's, and each nominee for director's, particular experience, qualifications, attributes or skills that qualified that person to serve as a director of the company and as a member of any committee that the person serves on or has been chosen to serve on, in light of the company's business. Any directorships at public companies or registered investment companies held by such director or nominee at any time during the past five years are also required to be disclosed. The amendment further lengthens the period of time, from five years to ten years, for disclosure of legal proceedings involving directors, nominees for director and executive officers. The types of legal proceedings to be disclosed have also been expanded to include:

- proceedings involving mail or wire fraud in connection with any business activity;
- proceedings based on any violation of federal or state securities, commodities, banking or insurance laws and regulations or any settlement to such actions; and
- disciplinary sanctions or orders imposed by stock, commodities or derivatives exchanges or other self-regulatory organizations.

Companies are also required to disclose whether, and if so how, a nominating committee considers diversity in indentifying nominees for director. If a diversity policy has been adopted, the rules require a discussion of how the board or nominating committee implements and assesses the effectiveness of its diversity policy.

Board Leadership Structure and Board's Role in Risk Oversight

Amendments to Item 407 of Regulation S-K and to Item 7 of Schedule 14A will require disclosure by the company as to whether and why the company has chosen to combine or separate the principal executive officer and board chairman positions and the reasons why the company believes that this board leadership structure is the most appropriate for the company. The company is required to describe its board's role in the oversight of risk.

Disclosure Regarding Compensation Consultants

Amendments to Item 407 of Regulation S-K require companies to provide disclosure related to any consultants and their affiliates that provide both executive compensation-related services and additional services if the fees for additional services exceeded \$120,000 during the company's last completed fiscal year. The amendments require disclosure of the aggregate fees paid to the consultant and its affiliates for such services as well as the aggregate fees paid for additional services. If the company's compensation committee engaged the consultant, the company must also disclose whether management made or recommended the decision to engage the consultant for additional services, and whether the board or compensation committee approved the additional services. For purposes of the compensation consultant disclosures, broad-based plans or the provision of general information, such as surveys, that is not tailored for the company or is based on parameters that are not developed by the consultant are not treated as compensation consulting services.

Reporting of Voting Results on Form 8-K

Companies will be required to disclose on Form 8-K shareholder vote results within four business days after the end of the meeting at which a vote was held. Reporting of such shareholder voting results are no longer required on Form 10-Q and Form 10-K.

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