

**2715.7770 REMUNERATION OF DIRECTORS AND OFFICERS.**

Furnish the information required by items A to G if action is to be taken with respect to the election of directors; 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 insurer will participate; any pension or retirement plan in which any such person will participate; or 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 persons making the solicitation and associates of the nominees.

A. Current remuneration: furnish the information required in item B, in substantially the tabular form specified, concerning all remuneration of the persons and groups in subitems (1) and (2) 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) Furnish the required information concerning 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 of item B would exceed \$50,000, naming each person.

(2) Furnish the required information concerning all officers and directors of the issuer as a group, stating the number of persons in the group without naming them.

(3) The provisions of subitems (1) and (2) include transactions between the issuer and a third party when the primary purpose of the transaction is to furnish remuneration to the persons specified in that paragraph. Other transactions between the issuer and third parties in which persons specified in subitems (1) and (2) 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. This item does not require disclosure of remuneration paid to a partnership in which any officer or director was a partner; any such transaction should be disclosed pursuant to other disclosure requirements and not as a note to the remuneration table presented pursuant to item A.

(4) 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. Current remuneration:

(A)	(B)	(C)	(D)
Name of individual or number of persons in group	Capacities in which served	Cash and cash equivalent forms of remuneration	Aggregate of contingent forms of remuneration

(C1)	(C2)
Salaries, fees, directors' fees, commissions, and bonuses	Securities or property, insurance benefits, reimbursement, or personal benefits

Columns (C1), (C2) and (D) should contain with respect to each person or group of persons specified in item A, subitems (1) and (2) a dollar amount which reflects the total of all items of remuneration described in the heading to that column including those items set forth in the subparagraphs of that column.

COLUMN (C)	COLUMN (D)
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.	Include all contingent forms of remuneration the distribution, 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 (C1)	COLUMN (C2)	COLUMN (D)
Salaries, bonuses, fees, and commissions	Securities, property, insurance benefits or reimbursement, personal benefits (Perquisites)	Amount expended for financial reporting purposes representing nonvested contributions, payments, or accruals under any pension or retirement plans, annuities, employment contracts, deferred compensation plans including Internal Revenue Service qualified plans, unless the amount for the individual cannot be separated in which
1. All cash remuneration distributed or accrued in the form of salaries, commissions, bonuses and fees for services rendered.	1. Spread between the acquisition price, if any, and fair market price of securities or property acquired under any contract, plan or arrangement.	1. Amount expended for financial reporting purposes representing nonvested contributions, payments, or accruals under any pension or retirement plans, annuities, employment contracts, deferred compensation plans including Internal Revenue Service qualified plans, unless the amount for the individual cannot be separated in which

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| 2. Compensation earned for services performed in the latest fiscal year even if it is deferred for future payment.   | 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.          | <p>case a footnote is required indicating the percentage which contributions to the plan bear to participant's total remuneration.</p> <p>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 value.</p> <p>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.</p> |
| 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. | 3. Personal benefits (perquisites) not directly related to job performance, excluding benefits provided on a nondiscriminatory basis, valued on the basis of cost to the issuer of providing these benefits. | 3. The amount expensed for financial reporting purposes for any nonvested contribution payment or accrual to stock purchase plans, profit sharing, and thrift plans whether or not they are qualified under the Internal Revenue Code.   |

- a. If unreasonable 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 ten percent 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.

C. 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 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.

D. Remuneration of directors: Describe any standard or special arrangements by which directors of the issuer are compensated for services as a director. State the amount of compensation.

## E. Options, warrants, or rights:

(1) Furnish the information required by subitem (2) 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 A, subitem (1) 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.

(2) Shows as to certain directors and officers and as to all directors and officers as a group:

(a) the amount of options granted since the beginning of the issuer's last full fiscal year;

(b) the amount of shares acquired since that date through the exercise of options;

(c) the amount of shares of the same class sold during the period; and

(d) the amount of shares subject to all unexercised options held as of the most recent practicable date.

(3) Options to purchase securities from issuer or subsidiaries:

	Name	Name	Name	All Directors and Officers as a Group
Title of securities				
Granted - .... to date:				
Number of shares	_____	_____	_____	_____
Average per share option price	\$ _____	\$ _____	\$ _____	\$ _____
Exercised - .... to date:				
Number of shares	_____	_____	_____	_____
Aggregate option price of options exercised	\$ _____	\$ _____	\$ _____	\$ _____
Aggregate market value of shares on date options exercised	\$ _____	\$ _____	\$ _____	\$ _____
Sales - .... to date:				
Number of shares	_____	_____	_____	_____

(Sales by directors and officers who exercised options during the month, day, and year to the date of the proxy material.)

Unexercised at ....:

Number of shares \_\_\_\_\_

Average per share option price \$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_

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

(4) Instructions:

(a) All figures in subitem (3) should be adjusted, where applicable, in accordance with the terms of the options to reflect stock splits and to give effect to share dividends.

(b) Other tabular presentations are acceptable if they include the necessary data. Tabular presentation shall not be needed if options granted do not exceed five percent of the outstanding shares.

(c) 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 A, or \$40,000 for all officers and directors as a group, this part need not be answered with respect to options granted to the person or group.

(d) 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 person or \$40,000 for a group, this part need not be answered with respect to options exercised by the person or group.

(e) Where the total market value as of the latest practicable date of the securities called for by all options held at that time does not exceed \$10,000 for any person or \$40,000 for a group, this part need not be answered with respect to options held as of the specified date by the person or group.

(f) The term "options" as used in this item 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.

(g) The extension, regranteeing or material amendment of options shall be deemed the granting of options within the meaning of unit (f).

(h) If the options relate to more than one class of securities the information shall be given separately for each class.

F. 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 the largest aggregate amount of indebtedness outstanding at any time during that period; the nature of the indebtedness outstanding and the transaction in which it was incurred; the amount of the indebtedness outstanding as of the latest practicable date; and the rate of interest paid or charged on it:

- (a) each director or officer of the issuer;
- (b) each nominee for election as a director; and
- (c) each associate of the director, officer or nominee.

(2) The requirements of item E do not apply to any person whose aggregate indebtedness did not exceed \$10,000 or one percent of the issuer's total assets, whichever is less, at any time during the period specified, or indebtedness under an insurance policy.

G. 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 the person and stating the relationship to the issuer, the nature of the person's interest in the transaction and, where practicable, the amount of the 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 the spouse, who has the same home as the person or who is a director or officer of any parent or subsidiary of the issuer.

(2) Describe briefly any material legal proceedings to which the 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 as to any remuneration or other transaction reported in response to items A to E, or as to any transaction with respect to which information may be omitted pursuant to those provisions.

(4) No information need be given in answer to this item 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 part 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 the transaction by reason of the position or relationship. A person does not have a material indirect interest in a transaction within the meaning of this paragraph where:

(a) the interest arises only from the person's position as a director of another corporation or organization, other than a partnership, which is a party to the transaction; or from the direct or indirect ownership by the person and all other persons specified in this paragraph of less than a ten percent equity interest in another person, other than a partnership, which is a party to the transaction; or from both the position and ownership;

(b) the interest arises only from the person's position as a limited partner in a partnership in which the person and all other persons specified in this paragraph had an interest of less than ten percent; or

(c) the interest of the 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 the other person.

(d) Instructions:

i. 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 of them to the seller. Indicate the principle followed in determining the issuer's purchase or sale price and the name of the person making the determination.

ii. Information shall be furnished in answer to this part 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 the persons arises solely from the ownership individually and in the aggregate of less than ten percent of any class of equity securities of another corporation furnishing the services to the issuer or its subsidiaries.

H. 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 F or the issuer or any of its subsidiaries had or is to have a direct or indirect material interest naming the person and stating the relationship to the issuer, the nature of the person's interest in the transaction and, where practicable, the amount of the interest.

(2) No information need be given in answer to this item 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 five 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.

(3) Instructions:

(a) The provisions of item F, subitem (4) shall apply to this subitem.

(b) 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.

**Statutory Authority:** *MS s 60A.22*

**History:** *17 SR 1279; L 1998 c 254 art 1 s 107*

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