

Edgar Filing: State Auto Financial CORP - Form 8-K

State Auto Financial CORP  
Form 8-K  
November 08, 2016

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 8, 2016 (November 3, 2016)

STATE AUTO FINANCIAL CORPORATION  
(Exact name of Registrant as specified in its charter)

Ohio	000-19289	31-1324304
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

518 East Broad Street, Columbus, Ohio 43215-3976  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (614) 464-5000

Not Applicable  
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 2. Financial Information

Item 2.02. Results of Operations and Financial Condition.

On November 3, 2016, State Auto Financial Corporation (the "Company") issued a press release disclosing the Company's results of operations for the three- and nine- month periods ended September 30, 2016 (the "Release"). The full text of the Release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The Release included a non-GAAP financial measure, net income (loss) from operations per diluted share. Net income (loss) from operations differs from GAAP net income (loss) only by the exclusion of realized capital gains (losses), net of applicable taxes, on investment activity for the periods being reported. For the three-month periods ended September 30, 2016 and 2015, GAAP net income was \$0.24 per diluted share and \$0.50 per diluted share, respectively, while net income from operations was \$0.10 per diluted share and \$0.33 per diluted share for the same respective periods. For the three-month periods ended September 30, 2016 and 2015, realized capital gains, net of applicable taxes, impacted GAAP net income per diluted share by \$0.14 and \$0.17, respectively. For the nine-month period ended September 30, 2016 and 2015, GAAP net (loss) income was \$0.28 per diluted share and \$1.16 per diluted share, respectively, while net (loss) income from operations was \$0.54 per diluted share and \$0.85 per diluted share for the same respective periods. For the nine-month period ended September 30, 2016 and 2015, realized capital gains, net of applicable taxes, impacted the GAAP net income per diluted share by \$0.26 and \$0.31, respectively. Management uses net income (loss) from operations because it believes this calculation better indicates the Company's operating performance than GAAP net income (loss) in that net income (loss) from operations excludes the sometimes volatile realized capital gains/losses, net of applicable federal income taxes, that can produce inconsistent results.

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Section 7. Regulation FD

Item 7.01. Regulation FD Disclosure

The Company's management conducted a conference call on November 3, 2016, at approximately 11:00 a.m., ET, to review the Company's financial results for the three- and nine- month periods ended September 30, 2016, and to respond to questions from interested investors and financial analysts. A transcript of the conference call is furnished as Exhibit 99.2 to this Current Report on Form 8-K.

In addition to the Consolidated Statements of Income and reconciliation schedules included with the Release, the Company makes available on its website additional supplemental schedules containing financial information for the Company. This information is available at [www.stateauto.com](http://www.stateauto.com) by clicking "News Releases" under the "Investors" tab.

Section 9. Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits

(c) Exhibits.

Exhibit

No. Description of Exhibit

99.1 Press release issued by State Auto Financial Corporation on November 3, 2016, regarding results of operations for the three- and nine-month periods ended September 30, 2016.

99.2 Transcript of conference call held by management of State Auto Financial Corporation on November 3, 2016.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

STATE AUTO FINANCIAL CORPORATION

Date: November 8, 2016 /s/ Steven E. English  
Senior Vice President and Chief Financial Officer

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EXHIBIT INDEX

Exhibit No.	Description of Exhibit
99.1	Press release issued by State Auto Financial Corporation on November 3, 2016, regarding results of operations for the three- and nine-month periods ended September 30, 2016.
99.2	Transcript of conference call held by management of State Auto Financial Corporation on November 3, 2016.

imal places). If you close your account, the fractional share will be paid out to you in cash.

**6. How are shares purchased for my plan account?**

At our option, shares for your plan account are purchased either on the open market or directly from Constellation Energy.

**7. How is the price of shares bought or sold determined?**

Prices are calculated differently for shares:

bought in the open market,

bought directly from Constellation Energy, and

sold.

*Shares Bought in the Open Market*

For shares bought in the open market, the price will be calculated as the weighted average price of all shares bought for the investment date. The price will include any brokerage commission and fees.

*Shares Bought Directly From Constellation Energy*

For shares bought directly from Constellation Energy, the plan administrator will average the high and low sale prices of our common stock on the investment date. If our common stock is not traded on that date, the plan administrator will use the prices from the previous trading day. There are no brokerage commissions or fees when shares are purchased from us.

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*Shares Sold*

For shares sold, the price will be calculated as the weighted average price of all plan shares sold on the sale date. The price will include any brokerage commission and fees.

**8. When are dividends reinvested?**

We expect to reinvest dividends on the first business days of January, April, July and October.

**9. When are optional cash investments credited to my plan account?**

Optional cash investments will be credited to your account within five business days after receipt.

**10. Are there brokerage commissions and fees for buying or selling shares through the plan?**

Yes. Brokerage commissions and transaction fees are charged on shares bought or sold in the open market. These fees are based on the number of shares bought or sold and the price per share. Currently, brokerage commissions and related fees are expected to be no more than 12 cents per share. When the plan buys shares directly from Constellation Energy, there are no brokerage commissions.

**11. Are there any other fees for buying and selling shares through the plan?**

Yes. For a listing of charges for plan transactions see **PLAN COSTS**.

**12. When will I receive an account statement?**

The plan administrator will send you a statement every time there is activity in your plan account. Activity in your plan account includes when:

a dividend is reinvested for you,

you send in an optional cash investment,

you deposit shares under the custodial feature of the plan, or

you withdraw or transfer shares.

In addition, you will receive an annual statement in January detailing all account activity during the prior year. ***Please keep your statements. You will need them for tax purposes.***

**13. May I transfer shares from one account to another?**

Yes. The plan administrator will send you the required form upon request.

**14. Will the plan administrator issue a stock certificate for the shares in my account?**

Yes. The plan administrator will issue you a stock certificate if you request to receive one either on-line at [www.amstock.com](http://www.amstock.com) or by sending them a written request. They cannot issue a certificate for a fractional share.

**15. If my shares are held in street name by a stockbroker, may I participate in the plan?**

Yes. You may request your broker to participate on your behalf. However, by participating in this manner, you will only be able to reinvest dividends. You won't be able to participate in any other plan feature.

Alternatively, you may ask your broker to transfer shares into your name so you can participate directly in the plan and take advantage of ALL the plan features.

Different brokers have different conditions and procedures for participating in the plan on your behalf or for transferring shares into your name. You should contact your broker if you have questions about this.

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**16. Are Constellation Energy dividends taxable income?**

Yes. Dividends are taxable income whether reinvested or paid in cash. The plan administrator will send you an IRS Form 1099-DIV each January showing your dividend income for the previous year.

**17. May I receive dividends in cash for shares I hold in stock certificate form?**

Yes. You do not have to reinvest dividends on shares you hold in certificate form.

**18. May I receive dividends in cash for shares held in my plan account?**

Yes. You are not required to reinvest dividends on the shares held in your plan account.

**19. Is interest paid on any cash held by the plan prior to investment?**

No. The plan administrator does not pay interest on any funds held prior to investment. Investments in the plan are processed within five business days after receipt.

**20. May I determine at what price shares are bought and sold on my behalf?**

No. You will have no control over the price at which stock is bought whether in the open market or from us. Likewise, you will have no control over the price at which shares are sold by the plan administrator. You will bear the market risk associated with fluctuations in the price of our common stock.

**21. May I ask to have my money returned?**

The plan administrator will return your optional cash investment, if prior to the funds being invested they receive notification from you in writing that you want your funds returned. Once stock is purchased for your account with your optional cash investment, no refund will be made. You will have to withdraw the shares purchased from the plan or terminate your plan participation.

**HOW TO JOIN THE PLAN**

You may join the plan at any time by enrolling on-line at [www.amstock.com](http://www.amstock.com) or by completing and returning an authorization form, which you may obtain on-line at [www.amstock.com](http://www.amstock.com) or by contacting the plan administrator.

To join the plan you may choose one or more of the following:

Full reinvestment all dividends, both on your certificated shares and your plan shares, are reinvested;

Partial reinvestment only dividends on your plan shares are reinvested;

Making optional cash investments of up to \$100,000 per calendar year (minimum is \$25 per investment) to purchase additional common stock for your account; and/or



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Depositing your common stock certificates into the plan.

If you have more than one account, for example accounts registered John Smith and John Q. Smith, you must complete a separate enrollment for each account you wish to enroll in the plan.

You are not required to reinvest dividends in order to make optional cash investments or deposit your shares with us.

If your common stock is held for you in street name by your broker, you may be able to participate by asking your broker to join the plan on your behalf to reinvest dividends. If you participate in the plan through your broker, you will only be able to take advantage of the dividend reinvestment feature of the plan. You will not be able to participate in any of the other plan features.

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Alternatively, you may ask your broker to have your shares transferred into your own name, so you may participate in the plan directly and take advantage of all the plan features.

Contact your broker to find out what you must do for them to participate on your behalf or to have them transfer shares into your name.

### **REINVESTING DIVIDENDS**

#### **Reinvest All or Part of Your Dividends**

The following dividend reinvestment options are available to you:

Full reinvestment all dividends, both on your certificated shares and your plan shares, are reinvested, or

Partial reinvestment only dividends on your plan shares are reinvested.

Any dividends not reinvested will be paid out to you or, if authorized, electronically deposited into your bank account. You may authorize electronic deposit of your dividends on-line at [www.amstock.com](http://www.amstock.com) or by contacting the plan administrator for an authorization form.

**You may NOT elect to reinvest dividends on only a specific number of certificated or plan shares, or a percentage of your dividend amount, or on a specific dollar amount.**

#### **When Are Dividends Reinvested**

When our Board of Directors declares dividends they also set the record dates and payment dates. If declared, Constellation Energy expects to pay dividends quarterly. The record dates are normally the 10th day of the month before the dividend payment date.

In order for you to begin reinvesting your dividends by one of the dividend payment dates, you must enroll by the record date. If you do not enroll by the record date, you will receive your dividend payment for that quarter in the usual manner (either by check or electronically deposited in your bank account). Your dividends then will be reinvested beginning with the following dividend payment. Please note that the amount of any dividends reinvested will be reduced by any amount which is required to be withheld under applicable tax or other law, and by the applicable transaction fees listed in the chart under **PLAN COSTS**.

Dividends are used to purchase additional shares of common stock beginning on the payment date. The method for determining the price of the common stock purchased with reinvested dividends is explained under **PURCHASES AND SALES OF SHARES**.

### **CHANGING YOUR REINVESTMENT ELECTION**

You may change your reinvestment election by accessing your account on-line at [www.amstock.com](http://www.amstock.com) or by contacting the plan administrator for an authorization form. In order for a change to be effective for a particular dividend payment date, the plan administrator must receive your instructions on or before the record date relating to the dividend payment. If the plan administrator does not receive your instructions by that record date, your instructions will not become effective until the next dividend payment.

Dividend payment dates are expected to be the first business days of January, April, July and October, and dividend record dates are normally the tenth day of December, March, June and September, respectively.

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### **OPTIONAL CASH INVESTMENTS**

#### **How to Make**

Whether or not you reinvest dividends, you may purchase additional shares of common stock by making optional cash investments in any amount within the following guidelines:

Minimum Investment \$25

Maximum Investment \$100,000 per calendar year

You may make your first optional cash investment on-line at [www.amstock.com](http://www.amstock.com), or by sending your investment amount with your dividend reinvestment authorization form or with written instructions, including your account number to the plan administrator. If you are already a participant, optional cash investments may be made on-line at [www.amstock.com](http://www.amstock.com), or by sending your investments with the tear-off portion of your account statement or a purchase transaction advice that was mailed to you after a purchase is completed. Send your investments by check or money order payable to American Stock Transfer & Trust Company. All checks are subject to collection and must be in U.S. dollars. **DO NOT SEND CASH.**

#### **Investments of Less Than \$25 or More Than \$100,000**

If you send in an optional cash investment for less than \$25 it will be returned to you without interest as soon as practicable. Likewise, if you send in an optional cash investment for more than \$100,000 in any calendar year, the excess will be refunded to you without interest as soon as practicable.

#### **Automatic Monthly Investments**

You may authorize automatic monthly optional cash investments for a specified dollar amount, paid for by automatic withdrawal from your U.S. bank account by electronic funds transfer. Your authorization can be made when you complete your dividend reinvestment authorization form either on-line at [www.amstock.com](http://www.amstock.com) or by contacting the plan administrator for an appropriate form. To terminate automatic monthly optional cash investments, you must send signed instructions to the plan administrator.

Your optional cash investments will be reduced by the applicable transaction fee listed in the chart under **PLAN COSTS**, prior to the purchase of shares for your account.

#### **When Investments Are Made**

Your optional cash investments may be invested daily, but in any event, not later than five business days after receipt. The date on which shares are purchased with your investment is called the Investment Date. **Interest will not be paid on funds pending investment.**

Automatic monthly optional cash investments will be withdrawn from your U.S. bank account on the 10<sup>th</sup> day of each month (or the following business day if the 10<sup>th</sup> is not a business day).

#### **Refunds**

The plan administrator will return your optional cash investment, if prior to the funds being invested they receive notification from you in writing that you want your funds returned. Once stock is purchased for your account with your optional cash investment, no refund will be made. You will have to withdraw the shares purchased from the plan or terminate your plan participation.

#### **Checks Returned By the Bank as Unpaid**

If the check you submitted for investment is returned by the bank as unpaid, your account will immediately be charged a \$20.00 fee. The plan administrator will resell the shares purchased and liquidate additional shares as necessary to reimburse itself for any fees or loss incurred when selling the shares from your account.



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**PURCHASES AND SALES OF SHARES**

**Source of Purchased Shares**

The plan administrator may use either shares newly issued by us or shares purchased in the open market.

**No Control Over Prices for Shares Bought or Sold**

No one has the ability to determine the price at which shares are bought or sold. The price of our common stock may fluctuate daily depending on market conditions, and we have no control over this. You will bear the market risk associated with fluctuations in the price of our common stock. The plan administrator will purchase or sell shares in the open market as our independent agent.

**Price for Shares Purchased from Us**

Purchases of common stock from us will be made on the relevant Investment Date. The price of the shares will be calculated as the average of the high and low sales prices for shares of our common stock. In making the calculation the plan administrator will use the prices reported by the New York Stock Exchange for:

the Investment Date, or

the previous trading day if the Investment Date is not a day on which our common stock was traded.

**Price for Shares Bought or Sold on the Open Market**

*Purchase Price* The purchase price will be the weighted average price per share (plus brokerage commissions and fees) of the total number of shares purchased either with reinvested dividends or with optional cash investments for an Investment Date. Purchases may be made daily, but in any case, at least four times a month. Currently, the brokerage commissions and fees are expected to be no higher than 12 cents per share.

The number of shares of common stock credited to your account on a particular Investment Date (including a fractional share rounded to three decimal places) will be determined by dividing the total amount of your dividends or optional cash investments, less any applicable transaction fees (see **PLAN COSTS**), by the purchase price per share.

*Sales Price* The sales price will be the weighted average price per share (less brokerage commissions and fees) of the total number of shares sold. Usually, sale transactions are processed daily. Currently, the brokerage commissions and fees are expected to be no higher than 12 cents per share. In addition, you will be charged a \$15 processing fee for each sale you request from your plan account. The shares held in your plan account, together with all other shares held in the plan, are represented by one or more global certificates registered in American Stock Transfer's name as administrator of the plan.

**CUSTODY OF SHARES**

You may take advantage of the custodial feature of the plan at any time for a fee (see **PLAN COSTS**). To deposit your common stock certificates into the plan send the plan administrator the certificates, together with:

a check or money order payable to American Stock Transfer & Trust Company for the appropriate fee (see **PLAN COSTS**), and

a completed authorization form which you may obtain on-line at [www.amstock.com](http://www.amstock.com) or from the plan administrator.

Any certificates you send to the plan administrator for deposit should be sent **UNSIGNED** to the appropriate address indicated in **WHO ADMINISTERS THE PLAN**. *Since your stock certificates are valuable we urge you to use registered, insured mail when mailing your certificates.* Replacing lost certificates may require you to purchase a surety bond which can be expensive, generally 2% of the value of the lost

shares.

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### **Other Provisions of the Custody Feature**

When you use the custody feature of the plan, you join the plan and may elect to use any of its features. For example, we can elect to receive cash dividends or reinvest the dividends on the shares held in your plan account as directed on your authorization form.

The certificates you deposit with the plan administrator will be transferred into the plan administrator's name as custodian, and the number of shares represented by those certificates will be credited to your plan account. Thereafter, those shares will be treated in the same manner as any other shares held in your plan account.

The certificate(s) you deposit will be canceled. Therefore, we strongly recommend that before you send the plan administrator your certificate(s) for deposit, you make a permanent record of each certificate number, the date issued and the number of shares represented by the certificate. If you decide to sell the shares, this information may become important for tax purposes. The plan administrator is not responsible for providing this information once the shares are deposited with it.

## **WITHDRAWALS FROM THE PLAN**

### **For Cash or a Stock Certificate**

You may withdraw all or a portion of the whole shares held in your account at any time on-line at [www.amstock.com](http://www.amstock.com) or by completing the tear-off portion of one of your account statements. Withdrawal requests should be sent to the plan administrator at the appropriate address set forth in **WHO ADMINISTERS THE PLAN**.

You may elect to receive either a stock certificate for the whole shares withdrawn or the net proceeds from the sale of the shares. See **PURCHASES AND SALES OF SHARES**.

Generally, withdrawals are processed daily and the plan administrator will send you, normally within two weeks, a certificate for the shares withdrawn, or a check for the net sale proceeds, in accordance with your instructions. Please remember that the withdrawal of shares requires the signatures of all account owners.

### **To Transfer Shares**

The plan administrator will transfer all or part of your shares for you at no cost. You may:

transfer shares to an existing plan account; or

establish a new plan account; or

have a stock certificate issued in another person's name.

You may request a transfer of shares held in your account at any time. Transfer requests should be sent to the plan administrator at the appropriate address set forth in **WHO ADMINISTERS THE PLAN**.

Your request must be accompanied by an executed stock assignment form (or a stock power). All owners of the shares to be transferred must sign the stock assignment form and each signature must be guaranteed by a bank or broker who has a membership in an approved Signature Guarantee Medallion Program. The plan administrator can provide you with a stock assignment form, or they are available from your bank or broker.

The plan administrator cannot issue a certificate for a fractional share.





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If you transfer shares to an existing plan account, the plan administrator will reinvest dividends on the transferred shares in accordance with the reinvestment instructions previously given to it by the transferee. If the plan administrator has no reinvestment instructions, it will pay the dividends by check until the transferee makes a reinvestment election. If you transfer shares to a new plan account that you have established for someone else, the plan administrator will provide the new participant with an authorization form. Until the completed authorization form is returned to the plan administrator, all dividends on the transferred shares will be paid out by check.

### **EFFECT OF WITHDRAWALS AND TRANSFERS**

Your reinvestment election will not change unless you specifically elect to make a change by accessing your account on-line at [www.amstock.com](http://www.amstock.com) or by contacting the plan administrator for an authorization form.

**You may NOT elect to reinvest dividends on only a specific number of certificated or plan shares, or a percentage of your dividend amount, or on a specific dollar amount.**

### **TERMINATING PARTICIPATION**

#### **By You**

You may terminate your participation at any time on-line at [www.amstock.com](http://www.amstock.com) or by completing the tear-off portion of one of your account statements. Termination requests should be sent to the plan administrator at the appropriate address set forth in **WHO ADMINISTERS THE PLAN**.

You will need to indicate whether you would like a stock certificate for the whole shares in your plan or would like your shares sold. Generally, terminations are processed daily. The plan administrator will send you, normally within two weeks, a check for the net sale proceeds, or a stock certificate for the whole shares and a check for the fractional shares held in your plan account. See **PURCHASES AND SALES OF SHARES**. There is a \$15.00 transaction fee for terminating plan participation (see **PLAN COSTS**).

When you terminate participation in the plan, we pay all future dividends to you by check or, if you have authorized, electronically deposit them into your bank account.

#### **By Us**

If you do not have at least one whole share of stock in your plan account and (1) you are not reinvesting dividends on the stock you hold in certificate form, or (2) you no longer own shares registered in your name, your account may be terminated. The plan administrator may notify you in writing of the impending termination. You will then have 30 days to make changes needed to keep your account open by either electing to reinvest dividends, making an optional cash investment or depositing shares under the custody feature of the plan. Otherwise, the plan administrator will terminate your plan account.

### **PLAN REPORTS**

The plan administrator will mail you an account statement after any month in which there has been activity in your account. Activity in your plan account includes when:

a dividend is reinvested for you,

you remit an optional cash investment,

you deposit shares under the custodial feature of the plan, or

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you withdraw or transfer shares.

The plan administrator will **not** mail you an account statement after you terminate your plan participation.

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The statement will show all activity for the current calendar year to date and the total shares you hold in the plan. In addition, you will receive an annual account statement each January that summarizes all your plan transactions in the prior year.

Be sure to keep all of your annual statements. They provide the necessary information about the cost of your stock for tax purposes. The plan administrator will charge you a \$25 fee to replace an old statement. You may also access a record of your plan transactions on-line at [www.amstock.com](http://www.amstock.com).

You will receive through the plan administrator copies of all communications we send to our shareholders including our annual report, any interim reports, notice of annual meeting and proxy statement, and certain income tax information.

## **PLAN COSTS**

The following is a list of the brokerage commissions and fees, together with the transaction fees associated with plan participation. You are not charged brokerage commissions on shares of common stock purchased directly from Constellation Energy.

**Brokerage commissions** and related fees are expected to be no higher than 12 cents a share for shares purchased and sold in the open market for participants.

**Transaction fees** (per transaction):

Reinvestment of dividends = 2% of your dividend payment up to a maximum of \$2.50

Optional cash investments = \$2.50

Custody of certificated shares = \$7.50 (if a sale is not also requested)

Sale of shares = \$15.00

Termination of account = \$15.00

Replacement statements = \$25.00

## **FEDERAL INCOME TAX CONSEQUENCES**

### **Dividends**

Dividends are taxed as income whether you reinvest them or receive them in cash. Each January the plan administrator will send you a Form 1099-DIV reporting dividends we paid you in the prior year including dividends you reinvest and any federal income tax we withheld from the dividends. We will also file this form with the IRS. Your dividends are subject to income tax withholding if you do not provide a Form W-9 certifying (1) the accuracy of your taxpayer identification number or social security number and (2) that you either have not received a notice from the IRS stating that you are subject to income tax withholding, or that you are exempt from income tax withholding. Your dividends will also be subject to income tax withholding if for any reason we are instructed by the IRS to withhold taxes. If you are a foreign shareholder, your dividends are generally subject to U.S. tax withholding at a rate determined under tax law and treaty.

### **Sale of Shares**

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The tax basis of shares purchased under the plan is generally the purchase price per share including any brokerage commissions and fees. See **PURCHASES AND SALES OF SHARES**. The holding period for shares usually begins the day after the Investment Date.

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You may recognize a gain or loss when you sell shares from your plan account, including the fractional share. The amount of your gain or loss will be the difference between the amount you received for the shares when you sold them and the tax basis of the shares. The plan administrator will send to you each January a Form 1099-B that reports the proceeds from the sale of any shares (including a fractional share) and any federal income tax withheld. We will also file this form with the IRS.

Your sale proceeds will be subject to income tax withholding if you do not provide a Form W-9 indicating your taxpayer identification number or social security number, or we are instructed by the IRS to withhold taxes.

You will not recognize any taxable income when you receive certificates for whole shares of stock. You will only recognize a gain or loss when you sell those shares.

This general tax discussion is based upon our understanding of the tax laws currently in effect. It is not intended to be a comprehensive explanation of all possible income tax consequences related to your participation in the plan. You should consult your tax advisor for information that may affect your individual situation.

**MISCELLANEOUS**

**Assignment of Shares**

If you want to assign or pledge any shares held in your plan account to a creditor or use them as security for a loan you must withdraw them from the plan. See **WITHDRAWALS FROM THE PLAN**.

**Stock Dividends and Stock Splits**

The pl