

FACTSET RESEARCH SYSTEMS INC
Form DEF 14A
October 30, 2014
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement
Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
Definitive Proxy Statement
Definitive Additional Materials
Soliciting Material Pursuant to §240.14a-12

FACTSET RESEARCH SYSTEMS INC.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1. Title of each class of securities to which transaction applies:
2. Aggregate number of securities to which transaction applies:
3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
4. Proposed maximum aggregate value of transaction:
5. Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1. Amount Previously Paid:
 2. Form, Schedule or Registration Statement No.:
 3. Filing Party:
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-

October 30, 2014

Dear FactSet Stockholder:

You are cordially invited to attend the 2014 Annual Meeting of Stockholders of FactSet Research Systems Inc., which will be held at our corporate headquarters at 601 Merritt 7, Norwalk, Connecticut 06851 on Tuesday, December 16, 2014, at 3:00 p.m. Eastern Standard Time. I look forward to seeing you at the meeting.

Details of the business to be conducted at the Annual Meeting are given in the attached Notice of Annual Meeting and Proxy Statement. Your vote is important. Whether or not you plan to attend the meeting in person, you are requested to complete, sign, date, and promptly return the enclosed proxy card in the envelope provided. Your proxy will be voted at the Annual Meeting in accordance with your instructions. If you do not specify a choice on one of the proposals described in this proxy statement, your proxy will be voted as recommended by the Board of Directors. If you hold your shares through an account with a brokerage firm or other nominee or fiduciary such as a bank, please follow the instructions you receive from such brokerage firm or other nominee or fiduciary to vote your shares.

If you plan to attend the meeting in person, please respond affirmatively to the request by marking the box on the proxy card. You will be asked to present valid picture identification. Cameras, recording devices, and other electronic devices will not be permitted at the meeting.

On behalf of the Board of Directors, I would like to express our appreciation for your continued support and loyalty.

Sincerely,

Philip A. Hadley
Chairman of the Board and Chief Executive Officer

**FACTSET RESEARCH SYSTEMS INC.
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
December 16, 2014
3:00 p.m. Eastern Standard Time**

Dear Stockholder:

The 2014 Annual Meeting of Stockholders of FactSet Research Systems Inc. (“FactSet” or the “Company”), a Delaware corporation, will be held at the Company’s corporate headquarters at 601 Merritt 7, Norwalk, Connecticut 06851, on Tuesday, December 16, 2014, at 3:00 p.m. Eastern Standard Time for the following purposes:

1. To elect three directors to the Board of Directors, each for a three-year term.
2. To ratify the appointment of the accounting firm of Ernst & Young LLP as FactSet’s independent registered accounting firm for the year ended August 31, 2015.
3. To approve, by non-binding vote, the compensation of the Company’s named executive officers.
4. To approve the amendment and restatement of the FactSet 2008 Employee Stock Purchase Plan.

To act upon such other business as may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

These items are more fully described in the following pages, which are made part of this notice. Only stockholders of record at the close of business on October 20, 2014 are entitled notice of, and to vote at, this meeting.

The Company is pleased to take advantage of the Securities and Exchange Commission (“SEC”) rules again this year that allow FactSet to furnish these proxy materials, including its Annual Report on Form 10-K, to stockholders on the Internet. The Company believes that posting these materials on the Internet expedites stockholders’ receipt of the information that they need, while lowering the costs of printing and delivery and reducing the environmental impact of its Annual Meeting. The Company mailed to its stockholders of record and beneficial owners the Notice of Internet Availability of Proxy Materials containing instructions on how to access these proxy materials, including FactSet’s

Annual Report on Form 10-K, on the Internet, as well as how to vote by Internet and mail.

To request and receive a free paper copy of the Proxy materials, please call 1-866-641-4276 and follow the instructions to log in and order the materials by mail, or you may request a copy by email at investorvote@computershare.com with "Proxy Materials FactSet Research Systems Inc." in the subject line, or by logging onto www.envisionreports.com/FDS and click "Cast Your Vote" or "Request Materials." FactSet encourages you to record your vote via the Internet as it is convenient and saves on printing costs.

As a stockholder of FactSet, your vote is important. Whether or not you plan to attend the Annual Meeting in person, it is important that you vote as soon as possible to ensure that your shares are represented.

BY ORDER OF THE BOARD OF DIRECTORS

Rachel R. Stern
Senior Vice President, Strategic Resources, General Counsel and Secretary
Norwalk, Connecticut
October 30, 2014

TABLE OF CONTENTS

	<u>Page</u>
Annual Meeting Overview	1
Voting Information	2
Corporate Governance	
Board Leadership Structure	5
Business Experience and Qualifications of Board Members	5
Director Independence	7
Legal Proceedings	8
Board Responsibilities, Meetings and Committees	8
Additional Corporate Governance Information	9
Director Compensation Program	10
Director Summary Compensation Table	11
Director Nominations	12
Proposal 1: Election of Directors	12
Audit Committee Report	13
Proposal 2: Ratification of Independent Registered Public Accounting Firm	13
Executive Compensation	
Executive Officers	15
Compensation Discussion and Analysis	16
Compensation Committee Report	23
Summary Compensation Table	24
Grants of Plan-Based Awards	25
Outstanding Equity Awards at Fiscal Year-End	26
Option Exercises and Stock Vested	28
Nonqualified Deferred Compensation	28
Pension Benefits	28
Potential Payments upon Termination or Change in Control	28
Proposal 3: Advisory Vote on Executive Compensation	30
Security Ownership of Certain Beneficial Owners and Management	31
Equity Compensation Plan Information	33
Certain Relationships and Related Transactions	33
Other Matters	

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Proposal 4: Approve the Amendment and Restatement of the FactSet 2008 Employee Stock Purchase Plan	34
Proposals of Stockholders, Delivery of Documents and Other Business	36
Appendix	
Appendix A: Amended and Restated FactSet 2008 Employee Stock Purchase Plan	37

FACTSET RESEARCH SYSTEMS INC.
601 Merritt 7
Norwalk, Connecticut 06851

PROXY STATEMENT FOR THE 2014 ANNUAL MEETING

Purpose of Meeting

The Board of Directors of FactSet Research Systems Inc. (“FactSet” or the “Company”) delivers this Proxy Statement and voting instructions, in connection with the solicitation of proxies which will be voted at the Annual Meeting of Stockholders of FactSet (the “Meeting”). The Meeting will be held at 3:00 p.m. Eastern Standard Time on Tuesday, December 16, 2014, at 601 Merritt 7 Norwalk, Connecticut 06851, and any adjournment or postponement thereof, for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders. The Proxy Statement was made available to FactSet’s stockholders on October 30, 2014. The specific proposals to be considered and acted upon at the Meeting are summarized in the accompanying Notice of Annual Meeting of Stockholders. Each proposal is described in more detail in this Proxy Statement.

Record Date and Share Ownership

The only outstanding voting security of FactSet is its common stock, \$0.01 par value per share. Stockholders of record at the close of business on October 20, 2014 will be entitled to vote at the Meeting on the basis of one vote for each share of FactSet common stock held. On October 20, 2014, there were 41,747,436 shares of FactSet common stock outstanding.

Submitting and Revoking Your Proxy

If you complete and submit your proxy, the persons named as proxies will follow your instructions. If you submit a proxy card but do not fill out the voting instructions on the proxy card, the persons named as proxies will vote your shares as follows:

1. To elect three directors to the Board of Directors, each for a three-year term.
2. To ratify the appointment of the accounting firm of Ernst & Young LLP as FactSet’s independent registered accounting firm for the year ended August 31, 2015.

3. To approve, by non-binding vote, the compensation of the Company's named executive officers.

4. To approve the amendment and restatement of the FactSet 2008 Employee Stock Purchase Plan.

In addition, if other matters are properly presented for voting at the Meeting, the persons named as proxies will vote on such matters in accordance with their best judgment. FactSet has not received notice of other matters that may be properly presented for vote at the Meeting. Your stockholder vote is important. Stockholders of record may vote their proxies by Internet, telephone or mail. Stockholders who execute proxies may revoke them at any time before they are exercised by written notice to the Secretary of the Company at or prior to the Meeting by timely delivery of a valid, later-dated proxy or by voting by ballot at the Meeting. The cost of the solicitation of proxies will be borne by FactSet.

Expenses of Solicitation

FactSet will bear the entire cost of preparing, printing and mailing this Notice of Annual Meeting of Stockholders and Proxy Statement, the enclosed proxy card, the Company's 2014 Annual Report on Form 10-K and any additional solicitation material that FactSet may provide to stockholders which is estimated at approximately \$155,000. The solicitation of proxies will be conducted primarily by mail, but may also include telephone, facsimile or oral communications by directors, officers or regular employees of the Company acting without special compensation. If you hold your shares through a bank, broker or other holder of record and share a single address and same last name with another stockholder, you may have received notice that only one Proxy Statement and Annual Report will be sent to your address unless you instructed the holder of record to the contrary. This practice, known as "householding", reduces multiple mailings to your household and also reduces the Company's printing and postage costs. If you have any questions or wish to receive additional copies of FactSet's 2014 Proxy Statement or Annual Report, please contact the Company's Investor Relations Department at 1-203-810-1000. The mailing address is 601 Merritt 7, Norwalk, Connecticut 06851 and its website address is <http://investor.factset.com>.

Availability of FactSet's Fiscal 2014 Annual Report on Form 10-K

FactSet will mail upon written request and without charge, a copy of the Company's Fiscal 2014 Annual Report on Form 10-K, including the consolidated financial statements, schedule and list of exhibits. Requests should be sent to: FactSet Research Systems Inc., 601 Merritt 7, Norwalk, Connecticut 06851, Attn: Investor Relations. The Company's Fiscal 2014 Annual Report on Form 10-K is also available at <http://investor.factset.com>.

VOTING INFORMATION

Why am I receiving these proxy materials?

The Board of Directors of the Company is asking for your proxy for use at the Annual Meeting of the Company, to be held at its corporate headquarters at 601 Merritt 7 Norwalk, Connecticut 06851 on Tuesday, December 16, 2014 at 3:00 p.m. Eastern Standard Time, and at any adjournment or postponement of the Meeting. As a stockholder, you are invited to attend the Meeting and are entitled to and requested to vote on the items of business described in this proxy statement.

What is a proxy?

A proxy is another person you authorize to vote on your behalf. FactSet asks stockholders to instruct the proxy how to vote so that all common shares may be voted at the Meeting even if the holders do not attend the Meeting.

Who is soliciting my vote?

The Board of Directors of the Company is soliciting your vote.

When were the enclosed solicitation materials first given to stockholders?

FactSet initially mailed to stockholders of the Company the proxy statement, proxy card and notice on November 4, 2014.

What is the purpose of the Meeting?

The Annual Meeting will be held for the following purposes:

- To elect three directors to the Board of Directors, each for a three-year term;
- To ratify the appointment of the accounting firm of Ernst & Young LLP as FactSet's independent registered public accounting firm for the fiscal year ended August 31, 2015;
- To vote on a non-binding advisory resolution to approve the compensation of the Company's named executive officers;
- To approve the amendment and restatement of the FactSet 2008 Employee Stock Purchase Plan; and
- To act upon such other business as may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

What are the Board of Director's recommendations?

FactSet's Board of Directors recommends that you vote:

- FOR** the election of each director nominee named in this proxy statement (Proposal 1);
- FOR** the ratification of the appointment of Ernst & Young LLP as FactSet's independent registered accounting firm for the year ended August 31, 2015 (Proposal 2);
- FOR** the approval of the compensation awarded to the Company's named executive officers (Proposal 3); and
- FOR** the approval of the amendment and restatement of the FactSet 2008 Employee Stock Purchase Plan (Proposal 4).

How do I vote?

For stockholders whose shares are registered in their own names, as an alternative to voting in person at the Annual Meeting, you may vote via the Internet, by telephone or, for those stockholders who receive a paper proxy card in the mail, by mailing a completed proxy card. For those stockholders who receive a Notice of Internet Availability of Proxy Materials, it provides information on how to access your proxy card, which contains instructions on how to vote via the Internet or by telephone. For those stockholders who receive a paper proxy card, instructions for voting via the Internet or by telephone are set forth on the proxy card. Those stockholders who receive a paper proxy card and voting instructions by mail, and who elect to vote by mail, should sign and return the mailed proxy card in the prepaid and addressed envelope that was enclosed with the proxy materials, and your shares will be voted at the Annual Meeting in the manner you direct. If your proxy card is properly completed and received, and if it is not revoked, before the Meeting, your shares will be voted at the Meeting according to the instructions indicated on your proxy card. In the event that you return a signed proxy card on which no directions are specified, your shares will be voted **FOR** the election of each of the director nominees listed (Proposal 1), **FOR** the ratification of Ernst & Young LLP as FactSet's independent registered public accounting firm for the fiscal year ending August 31, 2015 (Proposal 2), **FOR** the approval of the fiscal 2014 compensation awarded to the Company's named executive officers (Proposal 3) and **FOR** the approval of the amendment and restatement of the FactSet 2008 Employee Stock Purchase Plan (Proposal 4). To the Company's knowledge, no other matters will be presented at the Meeting. However, if any other matters of business are properly presented, the proxy holders named on the proxy card are authorized to vote the shares represented by proxies according to their judgment.

If your shares are held in a brokerage account, you should receive instructions from your record holder that must be followed in order for your record holder to vote your shares per your instructions. Many banks and brokerage firms have a process for their beneficial holders to provide instructions via the Internet or over the telephone. If Internet or telephone voting is unavailable from your bank or brokerage firm, please complete and return the enclosed voting instruction card. If you are the beneficial owner of shares held in "street name" and you do not give instructions as to how to vote, your broker may have authority to vote your shares on certain discretionary items, but not other, non-discretionary items, as determined by the New York Stock Exchange. Proposal 1 (election of directors), proposal 3 (approval of compensation) and proposal 4 (amendment and restatement of the 2008 Employee Stock Purchase Plan) are considered non-discretionary items and thus brokers are not permitted to vote your shares in these matters unless you provide instructions to your broker on how to vote your shares. In other words, if you have not given your broker voting instructions, your broker will not be able to vote your shares with respect to any matter other than ratification of the appointment of FactSet's independent registered public accounting firm (proposal 2).

How many votes does it take to pass each matter?

If a quorum is present at the meeting, the approval of each proposal requires the number of votes described below:

Under our amended by-laws, the nominees for election as directors of the Company are elected by majority vote, meaning that in an uncontested director election when the number of votes cast “for” a director exceeds the number of votes cast “against” that director, the nominee will be elected as a director. If a director does not receive a majority vote in an uncontested election, the director shall not be elected and shall submit his or her offer of resignation for consideration by the Nominating and Corporate Governance Committee within 90 days from the date of the election. That Committee will then consider all of the relevant facts and circumstances and recommend to the Board the action to be taken with respect to such offer of resignation and in determining whether to accept such offer. An incumbent director who does not receive a majority vote will continue to serve as a director until the earlier of 1) a period of 90 days from the date of the election, 2) the date upon which the Board of Directors appoints an individual to fill the office held by that director, or 3) the date of that director’s resignation.

The ratification of Ernst & Young LLP as the Company’s independent registered public accounting firm for the year ended August 31, 2015 requires that a majority of the votes cast at the meeting (either in person or by proxy) be voted “for” this proposal.

The approval of a resolution approving the compensation of FactSet’s named executive officers as disclosed in this proxy statement is an advisory vote; however, the Company values the opinions of its stockholders and will take into account the outcome of this vote in considering future compensation arrangements.

The affirmative vote of a majority of the shares of FactSet common stock present or represented by proxy and voting at the annual meeting, together with the affirmative vote of a majority of the required quorum, is required “for” approval of proposal 4 (amendment and restatement of the 2008 Employee Stock Purchase Plan). If you own shares through a bank, broker or other holder of record, you must instruct your bank, broker or other holder of record, how to vote in order for your vote to be counted on this proposal.

Who is entitled to vote at the Meeting and how many votes do they have?

Only holders of record of FactSet common stock at the close of business on October 20, 2014 will be entitled to vote at the Meeting. Each share has one vote.

Who can attend the Meeting?

All stockholders as of October 20, 2014, or their duly appointed proxies, may attend the Meeting. In order to be admitted to the Meeting, a stockholder must own Company stock on the Record Date. If your shares are held in the name of a broker, bank, custodian, nominee, or other record holder (“street name”), you must obtain a proxy, executed in your favor, from the holder of record (that is, your broker, bank, custodian, or nominee) to be able to vote at the Meeting.

What is a quorum of stockholders?

If a majority of the shares outstanding and entitled to vote on the Record Date are present, either in person or by proxy, the Company will have a quorum at the Meeting. Any shares represented by proxies that are marked for, against, withhold, or abstain from voting on a proposal will be counted as present in determining whether there is a quorum. If a broker, bank, custodian, nominee, or other record holder of the Company's common stock indicates on a proxy card that it does not have discretionary authority to vote certain shares on a particular matter, and if it has not received instructions from the beneficial owners of such shares as to how to vote on such matters, the shares held by that record holder will not be voted on such matter (referred to as "broker non-votes") but will be counted as present for purposes of determining whether there is a quorum. Since there were 41,747,436 shares of common stock outstanding on October 20, 2014, the presence of holders of 20,873,719 shares is a quorum. FactSet must have a quorum to conduct the Meeting.

Vote Tabulation

The appointed inspector of elections from Computershare will tabulate votes cast by proxy or in person at the Meeting. If you abstain from voting on any or all proposals you will be included in the number of stockholders present at the Meeting for the purposes of determining the presence of a quorum.

What are broker non-votes?

If you hold shares beneficially in street name and do not provide your broker with voting instructions, your shares may constitute broker non-votes. Broker non-votes occur on a matter when a broker is not permitted to vote on that matter without instructions from the beneficial owner and instructions are not given. These matters are referred to as non-discretionary matters.

How are abstentions and broker non-votes treated?

Abstentions and broker non-votes count for purposes of determining the presence of a quorum. Abstentions and broker non-votes have no effect on the determination of whether a nominee or any of the proposals has received the vote of a majority of the shares of common stock present or represented by proxy and voting at the meeting. However, abstentions and broker non-votes could prevent the approval of a proposal where the number of affirmative votes, though a majority of the votes represented and cast, does not constitute a majority of the required quorum.

What does it mean if I receive more than one proxy card or instruction form?

If you receive more than one proxy card or instruction form, it means that you have multiple accounts with FactSet's transfer agent and/or a broker or other nominee or fiduciary or you may hold your shares in different ways or in multiple names (*e.g.*, joint tenancy, trusts, and custodial accounts). Please vote all of your shares.

How do I revoke my proxy and change my vote prior to the Meeting?

If you submit the enclosed proxy card, you may change your vote at any time before voting takes place at the Meeting. You may change your vote in one of four ways: (1) You may deliver to the Secretary of FactSet Research Systems Inc., Rachel Stern, 601 Merritt 7, Norwalk, Connecticut 06851, a written notice dated later than the proxy you want to revoke, stating that the proxy is revoked, (2) you may complete and send in another proxy card or voting instruction form with a later date, (3) you may attend the Meeting and vote in person, or (4) for shares you hold beneficially or in street name, you may change your vote by submitting a later dated voting instruction form to your broker or other nominee or fiduciary, or if you obtained a legal proxy form giving you the right to vote your shares, by attending the Meeting and voting in person.

Why did I receive a one-page notice in the mail regarding the Internet availability of proxy materials instead of a full set of printed proxy materials?

Pursuant to the notice and access rules adopted by the SEC, the Company is making this Proxy Statement and its Annual Report on Form 10-K available to its stockholders over the Internet. As a result, unless you have previously requested electronic access to FactSet's proxy materials or the receipt of paper proxy materials, you will receive a Notice of Internet Availability of Proxy Materials containing instructions on how to access this Proxy Statement and Annual Report on Form 10-K over the Internet, how to request a printed or e-mail copy of these materials and how to

vote by Internet and mail. The Company will mail the Notice of Internet Availability of Proxy Materials on or about November 4, 2014. The Notice of Internet Availability of Proxy Materials is not a proxy card and cannot be used to vote your shares. In addition, if you are voting online, you will be prompted to consent to receiving proxy materials electronically in future years. Choosing to receive your future proxy materials electronically will save the Company the cost of printing and mailing documents to you and will reduce the impact of its annual meetings on the environment. If you choose to receive future proxy materials electronically, you will receive an e-mail next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials electronically will remain in effect until you terminate it.

What is the difference between holding shares as a stockholder of record and as a beneficial owner?

Most FactSet stockholders hold their shares as a beneficial owner through a broker or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

Stockholder of Record - If your shares are registered directly in your name with the Company's transfer agent, Computershare Shareowner Services, you are considered, with respect to those shares, the *stockholder of record*, and the Notice was sent directly to you by FactSet. As the *stockholder of record*, you have the right to grant your voting proxy directly to FactSet or to vote in person at the Annual Meeting. If you requested to receive printed proxy materials, FactSet has enclosed or sent a proxy card for you to use. You may also vote on the internet or by telephone.

Beneficial Owner - If your shares are held in an account at a brokerage firm, bank, broker-dealer, trust, or other similar organization, like the vast majority of the Company's stockholders, you are considered the *beneficial owner* of shares held *in street name*, and the Notice was forwarded to you by that organization. As the beneficial owner, you have the right to direct your broker, bank, trustee, or nominee how to vote your shares, and you are also invited to attend the Annual Meeting. Since a beneficial owner is not the *stockholder of record*, you may not vote your shares in person unless you obtain a "legal proxy" from the broker, bank, trustee, or nominee that holds your shares giving you the right to vote the shares at the meeting.

CORPORATE GOVERNANCE

Board Leadership Structure

The Board believes that the Company's stockholders are best served if the Board retains the flexibility to adapt its leadership structure to applicable facts and circumstances, which necessarily change over time. Accordingly, the Company's Corporate Governance Principles provide that the Board may combine or separate the roles of the Chief Executive Officer and Chairman, as it deems advisable. The Board of Directors believe that Philip Hadley's service as both Chairman of the Board and Chief Executive Officer is in the best interest of FactSet and its stockholders. Mr. Hadley possesses detailed and in-depth knowledge of the issues, opportunities and challenges facing FactSet, and is thus best positioned to develop agendas that ensure that the Board's time and attention are focused on the most critical matters. His combined role enables decisive leadership, ensures clear accountability and enhances the Company's ability to communicate its message and strategy clearly and consistently to FactSet's stockholders, employees, clients and users.

The Company's current certificate of incorporation and bylaws provide that the Chairman of the Board of Directors may be an employee or officer of FactSet. On September 5, 2000, FactSet's Board of Directors unanimously appointed Philip Hadley as Chairman of the Board of Directors.

Each of the directors other than Philip Hadley and Michael DiChristina, are independent (see "Director Independence"), and the Board believes that the independent directors provide effective oversight of management. In addition, on September 19, 2005, the Board of Directors appointed James J. McGonigle as the Company's Lead Independent Director. As Lead Independent Director, Mr. McGonigle's responsibilities include:

Coordinating and moderating executive sessions of the Board of Directors' independent directors.

Advising the Chairman of the Board of Directors as to the quality, quantity, and timeliness of the flow of information from management that is necessary for the independent directors to effectively and responsibly perform their duties.

Confirming the agenda with the Chief Executive Officer for meetings of the Board of Directors.

Holding regular update sessions with the Chairman of the Board of Directors.

Acting as the principal liaison between the independent directors and the Chairman of the Board of Directors on sensitive issues.

Performing such other duties as the Board of Directors may from time to time delegate to the Lead Independent Director to assist the Board of Directors in the fulfillment of its responsibilities.

The Board believes that these responsibilities appropriately and ef