

NU SKIN ENTERPRISES INC
Form DEF 14A
April 17, 2019

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

SCHEDULE 14A INFORMATION

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

NU SKIN
ENTERPRISES,
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.

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(3) Filing Party:

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS OF
NU SKIN ENTERPRISES, INC.

June 6, 2019

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders (the “Annual Meeting”) of Nu Skin Enterprises, Inc., a Delaware corporation, will be held at 11:00 a.m., Mountain Daylight Time, on June 6, 2019, at our corporate offices, 75 West Center Street, Provo, Utah 84601, for the following purposes, which are more fully described in the Proxy Statement:

1. To elect the eight directors named in the Proxy Statement;
2. To hold an advisory vote to approve our executive compensation;
3. To ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2019; and
4. To transact such other business as may properly come before the Annual Meeting.

The Board of Directors has fixed the close of business on April 9, 2019, as the record date for determining the stockholders entitled to receive notice of and to vote at the Annual Meeting or any adjournment or postponement thereof.

You are cordially invited to attend the Annual Meeting in person. However, to ensure your representation at the Annual Meeting, please mark, sign, date and return the accompanying proxy as promptly as possible in the enclosed postage prepaid envelope. If you attend the Annual Meeting, you may, if you wish, withdraw your proxy and vote in person.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be Held on June 6, 2019: The proxy statement and annual report to stockholders are available at www.astproxyportal.com/ast/08684.

By Order of the Board of Directors,

STEVEN J. LUND
Chairman of the Board
Provo, Utah
April 17, 2019

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PROXY STATEMENT
NU SKIN ENTERPRISES, INC.
ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON JUNE 6, 2019

SOLICITATION OF PROXIES

The accompanying proxy is solicited on behalf of the Board of Directors of Nu Skin Enterprises, Inc. (“Nu Skin,” “we,” “us,” or “the company”) for use at the Annual Meeting of Stockholders (the “Annual Meeting”) at our corporate offices, 75 West Center Street, Provo, Utah 84601, on June 6, 2019, at 11:00 a.m., Mountain Daylight Time, and at any adjournment or postponement thereof, for the following purposes, which are more fully described in this Proxy Statement:

1. To elect the eight directors named in the Proxy Statement;
2. To hold an advisory vote to approve our executive compensation;
3. To ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2019; and
4. To transact such other business as may properly come before the Annual Meeting.

All shares represented by each properly executed, unrevoked proxy received in time for the Annual Meeting will be voted as directed by the stockholder. In the absence of specific instructions, proxies will be voted in accordance with the Board of Directors’ recommendations “FOR” the election of each director nominee and “FOR” Proposals 2 and 3. Although it is anticipated that each nominee will be able to serve as a director, should any nominee become unavailable to serve, proxies will be voted for such other person or persons as may be designated by the Board of Directors. If any other matters properly come before the Annual Meeting, including, among other things, consideration of a motion to adjourn the Annual Meeting to another time or place, the persons named in the accompanying proxy will vote on such matters in accordance with their best judgment.

This proxy statement and form of proxy are first being sent or given to our stockholders on or about April 25, 2019. We will bear the cost of solicitation of proxies. Expenses include reimbursements paid to brokerage firms and others for their expenses incurred in forwarding solicitation material regarding the Annual Meeting to beneficial owners of our voting stock. Our regular employees may further solicit proxies by telephone, by mail, in person or by electronic communication and will not receive additional compensation for such solicitation.

Any proxy duly given pursuant to this solicitation may be revoked by the person or entity giving it at any time before it is voted by delivering a written notice of revocation to our Corporate Secretary, by executing a later dated proxy and delivering it to our Corporate Secretary, or by attending the Annual Meeting and voting in person (although attendance at the Annual Meeting will not in and of itself constitute a revocation of the proxy). If you hold shares through a broker, bank or other nominee, you must follow the instructions of your broker, bank or other nominee to change or revoke your voting instructions, and if you wish to vote in person at the Annual Meeting you will be required to present a legal proxy from your broker, bank or other nominee. Directions to our Annual Meeting may be

obtained by calling (801) 345 1000.

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OUTSTANDING SHARES AND VOTING RIGHTS

Only stockholders of record at the close of business on April 9, 2019 are entitled to vote at the Annual Meeting. As of this record date, approximately 55,514,376 shares of our Class A Common Stock were issued and outstanding. Each outstanding share of Class A Common Stock will be entitled to one vote on each matter submitted to a vote of the stockholders at the Annual Meeting.

In order to constitute a quorum for the conduct of business at the Annual Meeting, a majority of the issued and outstanding shares of the Class A Common Stock entitled to vote at the Annual Meeting must be represented, either in person or by proxy, at the Annual Meeting. Under Delaware law, shares represented by proxy that reflect abstentions or “broker non votes” (which are shares held by a broker or nominee that are represented at the Annual Meeting, but with respect to which such broker or nominee is not empowered to vote on a particular proposal) will be counted as shares that are present and entitled to vote for purposes of determining the presence of a quorum. However, broker non votes will not be voted on proposals on which your broker or other nominee does not have discretionary authority to vote under the rules of the New York Stock Exchange (the “NYSE”), including Proposals 1 and 2.

The voting standards for the three matters to be acted upon at the meeting are as follows:

Proposal 1. To be elected in an uncontested election, such as at the 2019 Annual Meeting, director nominees must receive a majority of the votes cast, meaning a nominee must receive more “for” votes than “against” votes. If an incumbent director does not receive the required majority, the director shall resign pursuant to an irrevocable –resignation that was required to be tendered prior to his or her nomination and effective upon (i) such person failing to receive the required majority vote and (ii) the Board’s acceptance of such resignation. Within 90 days after the date of the certification of the election results, the Board will determine whether to accept or reject the resignation or whether other action should be taken, and the Board will publicly disclose its decision.

Proposals 2 and 3. Pursuant to our bylaws, approval of Proposals 2 and 3 will require the affirmative vote of a majority of the votes cast affirmatively or negatively.

Shares not represented in person or by proxy at the Annual Meeting, abstentions and broker non-votes will have no effect on the determination of any of the proposals. In addition, Proposals 2 and 3 are stockholder advisory votes and will not be binding on the Board of Directors.

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PROPOSAL 1:

ELECTION OF DIRECTORS

Directors are elected at each annual meeting of stockholders and hold office until their successors are duly elected and qualified at the next annual meeting of stockholders or until their earlier death, resignation or removal. Our Bylaws provide that the Board of Directors will consist of a minimum of three and a maximum of fifteen directors, with the number being designated by the Board. The current number of authorized directors is nine, but it will decrease to eight at the time of the director elections at the Annual Meeting.

Set forth below are the name, age as of April 1, 2019, business experience and other qualifications of each of our eight director nominees, listed in alphabetical order. All of our current directors were previously elected to their present term of office at our 2018 annual meeting of stockholders, and all of the director nominees are current directors of our company except for Laura Nathanson. Ms. Nathanson was recommended by Thomas Pisano, one of our independent directors. We are not aware of any family relationships among any of our directors, director nominees or executive officers.

Nevin Andersen and Neil Offen will not stand for reelection at the Annual Meeting. Our Board extends gratitude to Messrs. Andersen and Offen for their many years of service to Nu Skin.

Daniel W. Campbell

Director since 1997 Lead Independent Director

Audit Committee

Executive Compensation Committee

Daniel W. Campbell, 64, has been a Managing General Partner of EsNet, Ltd., a privately held investment company, since 1994. He has served on the Utah State Board of Regents for Higher Education since 2010 and served as its Vice Chair from 2012 to 2014 and as Chair from 2014 to 2018. From 1992 to 1994, Mr. Campbell was the Senior Vice President and Chief Financial Officer of WordPerfect Corporation, a software company, and prior to that was a partner of Price Waterhouse LLP. He received a B.S. degree from Brigham Young University.

Mr. Campbell is a recognized business leader with expertise in the areas of finance, accounting, transactions, corporate governance and management. In addition, through his experience as a partner of an international accounting firm, and later as Chief Financial Officer of a large technology company, Mr. Campbell has developed deep insight into the management, operations, finances and governance of public companies.

Andrew D. Lipman

Director since 1999 Executive Compensation Committee

Nominating and Corporate Governance Committee (Chair)

Andrew D. Lipman, 67, is a partner and head of the Telecommunications, Media and Technology Group at Morgan, Lewis & Bockius LLP, an international law firm that he joined in 2014. He previously held similar positions with Bingham McCutchen LLP from 2006 to 2014 and Swidler Berlin LLP from 1988 to 2006. From 2000 to 2013, Mr. Lipman served as a member of the board of directors of The Management Network Group, Inc., a telecommunications related consulting firm, and from 2007 to 2013, he served as a member of the board of directors of Sutron

Corporation, a provider of hydrological and meteorological monitoring products. He received a B.A. degree from the University of Rochester and a J.D. degree from Stanford Law School.

Mr. Lipman is a highly experienced senior lawyer and business advisor with over 35 years of experience dealing with international regulatory, technology and marketing issues in multiple countries. In addition, he has extensive experience in corporate governance and related legal and transactional issues. Mr. Lipman has worked closely with dozens of public companies, including service on the boards of a variety of companies in several industries. His experience also includes managing and implementing strategic initiatives and launching new products and markets globally in competitive industries.

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Steven J. Lund

Director since 1996

(includes three-year leave Executive Chairman of the Board of absence)

Steven J. Lund, 65, has served as the Chairman of the Board since 2012. Mr. Lund previously served as Vice Chairman of the Board from 2006 to 2012. Mr. Lund served as President, Chief Executive Officer and a director of our company from 1996, when our company went public, until 2003, when he took a three-year leave of absence. Mr. Lund was a founding stockholder of our company. Mr. Lund is a trustee of the Force for Good Foundation, a charitable organization that our company established in 1996 to help encourage and drive the philanthropic efforts of our company, its employees, its sales force and its customers to enrich the lives of others. Mr. Lund worked as an attorney in private practice prior to joining our company as Vice President and General Counsel. He received a B.A. degree from Brigham Young University and a J.D. degree from Brigham Young University's J. Reuben Clark Law School.

Mr. Lund brings to the Board over 30 years of company and industry knowledge and experience as a senior executive, including service as our General Counsel, Executive Vice President, and President and Chief Executive Officer. He played an integral role in managing our growth from start-up through his term as President and Chief Executive Officer. Mr. Lund also served on the executive board of the United States Direct Selling Association. A respected business and community leader, he currently serves on the Utah State Board of Regents for Higher Education and previously served as chairman of the board of trustees of Utah Valley University.

Laura Nathanson

Director nominee

Laura Nathanson, 61, has served for the past 21 years in sales and advertising positions with media divisions of The Walt Disney Company. Since 2017, she has served as Executive Vice President of Revenue and Operations at Disney Advertising Sales, and from 2002 to 2017, she served as Executive Vice President of Sales and Marketing at ABC Family/Freeform. Prior to 2002, she served in various other sales and advertising positions with ABC Network Sales, Fox Broadcasting and media agencies. She received a B.A. from Wesleyan University.

Ms. Nathanson is an experienced leader who brings to the Board her expertise in sales and advertising, as well as a strong customer focus that is built on a 40-year career in connecting with and communicating with customers. Business strategy is also one of Ms. Nathanson's strengths; during her career, she has recognized and understood shifts in the business landscape, such as the rise of the millennial demographic and the trend toward digital advertising, and has quickly adapted to these shifts, enabling her companies to capitalize on them at an early stage. She also has experience in streamlining business processes and in promoting sales through digital and social media.

Thomas R. Pisano

Director since 2008 Audit Committee

Executive Compensation Committee (Chair)

Thomas R. Pisano, 74, served as Chief Executive Officer and a director of Overseas Military Sales Corp., a marketer of motor vehicles, from 2005 until his retirement in 2010. From 1998 to 2004, he served as the Chief Operating Officer and a director of Overseas Military Sales Corp. From 1995 to 1997, he served as Vice President and Head of

the International Division for The Topps Company, Inc., a sports publications and confectionery products company. Prior to that, he served in various positions, including Vice President of Global New Business Development, for Avon Products, Inc., a direct seller of personal care products, from 1969 to 1994. He received a B.S. from the Georgia Institute of Technology and an M.B.A. from Dartmouth College.

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Mr. Pisano is an experienced senior executive who is an expert in the direct selling, personal care, beauty products and other consumer goods industries. During his 25-year career at Avon Products, Inc., he was responsible for global new business development, which included new geographic market openings and launching new product lines globally. He was also responsible for the operation of international businesses in Latin America, Europe and Asia. During his international business career at Avon, Topps and OMSC, he traveled to and conducted business in 50 countries.

Zheqing (Simon) Shen

Director since 2016

Zheqing (Simon) Shen, 39, is the founding member of ZQ Capital Limited, a boutique investment and advisory firm. Prior to founding ZQ Capital in 2015, Mr. Shen was managing director and head of the China Financial Institutions Business at Barclays from 2011 to 2015. From 2004 to 2010, he worked with Goldman Sachs as an investment banker in its New York and Hong Kong offices. In addition to his service on our Board, Mr. Shen has also served since 2016 on the board of directors and the Audit, Remuneration and Nomination Committees of KFM Kingdom Holdings Limited, a precision metals engineering and manufacturing company that is listed on the Hong Kong Stock Exchange. Mr. Shen has a B.A. in mathematics and economics from Wesleyan University.

Mr. Shen brings to the Board valuable expertise in helping global companies realize their growth potential in Mainland China, which is one of our company's key markets. He has spent much of his career working in Asia capital markets, and he has a strong network in Mainland China and valuable local knowledge of Mainland China. His depth of experience with financial and investment matters is also valuable to the Board.

Ritch N. Wood

Director since 2017

Ritch N. Wood, 53, was appointed to serve as our Chief Executive Officer in March 2017. He previously served as our Chief Financial Officer since 2002. He was named CFO of the Year by Utah Business Magazine in 2010. Mr. Wood joined our company in 1993 and served in various capacities before his appointment as Chief Financial Officer, including Vice President of Finance and Vice President of New Market Development. Mr. Wood is a trustee of the Force for Good Foundation, a charitable organization that our company established to help drive our philanthropic efforts. Prior to joining us, he worked for the accounting firm of Grant Thornton LLP. Mr. Wood earned a B.S. and a M.Acc. degree from Brigham Young University.

Mr. Wood brings to the Board expertise in accounting, finance, investor relations and management. With his service as our Chief Executive Officer and as our Chief Financial Officer for 14 years, Mr. Wood also has a deep understanding of our business globally, including our markets, financial matters, products and product development, personnel, compensation plans and sales force. He has played an important role in managing the growth of our business while prioritizing profitability and stockholder value; during his tenure as Chief Financial Officer from 2002 to 2017, our revenue more than doubled, our earnings per share tripled and our stock price increased fourfold. Mr. Wood's leadership has been integral to the success of several of our key initiatives in recent years.

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Edwina D. Woodbury

Director since 2015 Audit Committee (Chair)

Nominating and Corporate Governance Committee

Edwina D. Woodbury, 67, has been President and Chief Executive Officer of The Chapel Hill Press, Inc., a publishing services company, since 1999. Ms. Woodbury has over 20 years of experience in the direct selling and personal care products industries, having served at Avon Products, Inc. as Chief Financial and Administrative Officer and in other finance and operations positions from 1977 to 1998. From 1997 to 2015, Ms. Woodbury served as a member of the board of directors of RadioShack Corporation, a retail consumer electronics company. In addition, from 2005 to 2010, Ms. Woodbury served as a member of the board of directors of R.H. Donnelley Corporation, a publishing and marketing company, and from 2000 to 2005, she served as a director of Click Commerce, Inc., a research solutions company. Ms. Woodbury also served on the board of directors at the nonprofit Medical Foundation of North Carolina from 2009 to 2018. She received a B.S.B.A from the University of North Carolina.

Ms. Woodbury has extensive experience and understanding of our industry. While serving in various roles of increasing responsibility during her 21 years at Avon Products, Inc., she gained an in-depth understanding of the financial and internal control-related issues associated with global companies in our industry. She also brings to the Board valuable perspective from her service on other public company boards. While serving on the boards at Click Commerce, R.H. Donnelley and RadioShack, she (1) served on and chaired each board's audit committee; (2) served on the compensation committee at R.H. Donnelley and chaired it at RadioShack; and (3) served on the nominating and governance committee at Click Commerce and RadioShack.

Each nominee was recommended by the Nominating and Corporate Governance Committee for election and has agreed to serve if elected. Although we do not know of any reason for which any nominee might become unavailable to serve on the Board, if that should happen, the Board may designate a substitute nominee. Shares represented by proxies will be voted for any substitute nominee so designated.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" EACH OF THE EIGHT NOMINEES TO OUR BOARD OF DIRECTORS.

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CORPORATE GOVERNANCE

Corporate Governance Highlights

Board of Directors Independence and Committee Structure

— Separate Chairman of the Board and CEO. The positions of Chairman of the Board and CEO are filled by Mr. Lund and Mr. Wood, respectively.

— Lead Independent Director. Our independent directors have designated Mr. Campbell as Lead Independent Director.

— Limitation on Management Directors. All of our current directors are independent of the company and management except for Mr. Lund, who is one of our company's founders, and Mr. Wood, our CEO.

— Meetings of Independent Directors. All independent directors meet regularly in executive session. Mr. Campbell, the Lead Independent Director, chairs these sessions.

— Independent Committees. Only independent directors serve on our Audit, Executive Compensation, and Nominating and Corporate Governance Committees.

— Annual Board and Committee Performance Evaluations. The performance of the Board and each Board committee is evaluated at least annually.

Election of Directors

— Annual Election of Directors. All of our directors are elected annually; we do not have a staggered board.

Majority Voting in Uncontested Director Elections and Resignation Policy. Our Bylaws provide that director nominees must be elected by a majority of the votes cast in uncontested elections. For an incumbent director to be re-nominated for re-election, she or he must tender an irrevocable resignation that will be effective upon (i) the failure to receive the required vote for director election at the next annual meeting at which they face re-election and (ii) Board acceptance of such resignation.

Stock-Related Matters

Equity Retention Requirements. We have equity retention requirements that apply to our directors and executive officers, designed to align directors' and executive officers' interests with those of stockholders. For a description of these requirements, see "Executive Compensation: Compensation Discussion and Analysis—Equity Retention Guidelines."

Hedging Policy. Our directors and employees, including officers, are prohibited from engaging in any hedging transactions with respect to our securities, including through the use of short sales, put options and financial instruments such as prepaid variable forward contracts, equity swaps, collars and exchange funds. This prohibition applies regardless of whether the director's or employee's securities were granted as compensation and regardless of whether the director or employee holds the securities directly or indirectly.

— Pledging Policy. Our directors and employees, including officers, are prohibited from pledging their securities in our company.

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Director Independence

The Board of Directors has determined that each of the current directors listed below is an “independent director” under the listing standards of the NYSE. The Board also has determined that Laura Nathanson, who is a nominee not currently on the Board, will be an “independent director” under the listing standards of the NYSE if elected.

Nevin N. Andersen Daniel W. Campbell Andrew D. Lipman Neil H. Offen

Thomas R. Pisano Zheqing (Simon) Shen Edwina D. Woodbury

In assessing the independence of the directors, the Board determines whether or not any director has a material relationship with us (either directly or as a partner, stockholder or officer of an organization that has a relationship with us). The Board considers all relevant facts and circumstances in making independence determinations, including the existence and scope of any commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships. For information about the Board’s assessment of Mr. Shen’s independence, see “Related-Person Transactions.”

Board Leadership Structure

We currently separate the roles of Chairman of the Board and CEO. However, the Board has not adopted a policy with regard to whether the same person should serve as both the Chairman of the Board and CEO or, if the roles are separate, whether the Chairman of the Board should be selected from the non-employee directors or should be an employee. The Board believes it is most appropriate to retain the discretion and flexibility to make such determinations at any given point in time in the way that it believes best to provide appropriate leadership for the company at that time. We have determined that our current separation of the roles of Chairman of the Board and CEO is appropriate given the differences in the roles and duties of the two positions and the individuals currently serving in these positions.

The Board has created the Lead Independent Director position to provide independent leadership of the Board’s affairs on behalf of our stockholders and to promote open communication among the independent directors. Our Corporate Governance Guidelines provide that the Lead Independent Director (i) is designated by the non-management directors; (ii) consults with the Chairman of the Board and the CEO regarding agenda items for Board meetings; (iii) chairs executive sessions of the Board’s independent directors; and (iv) performs such other duties as the Board deems appropriate.

Risk Oversight

Our Board of Directors has primary responsibility for risk oversight. Except with regard to certain strategically significant risks, the Board administers its risk oversight function through the Audit Committee, Nominating and Corporate Governance Committee and Executive Compensation Committee. The committee charters include the following subject-matter parameters for risk oversight:

Audit Committee	Nominating and Corporate Governance Committee	Executive Compensation Committee
– Major financial risk exposures	– Corporate governance risks	– Compensation practices related risks
– Operational risks related to information systems and facilities	– Operational risks not assigned to the Audit Committee	– Human resources risks

- Public disclosure and investor related risks
- Compliance and regulatory risks
- Reputational risks

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The committees, or the Board in the case of risks it determines to oversee directly, are responsible for overseeing and discussing with management our risk assessment and risk management programs and plans. Management periodically reports to the Board or applicable committee on our risks and the internal processes, practices and controls attendant to the risks. Following these reports by management, the Audit Committee periodically receives reports regarding the Nominating and Corporate Governance Committee's and Executive Compensation Committee's risk-oversight efforts.