

## 10B5-1 TRADING PLANS FOR ISSUERS AND CORPORATE INSIDERS

Enhanced strategies for corporate buybacks and trading company stock



Corporate issuers and insiders can use 10b5-1 trading plans to enhance trading strategies and execution without triggering insider-trading liability.

Corporate insiders and issuers with access to insider information can use Securities and Exchange Commission (SEC) Rule 10b5-1 to help plan their securities trading and buyback activities and minimize the risk of triggering insider trading liability.

As one of the world's largest asset managers, Northern Trust can help you incorporate the 10b5-1 rule into a comprehensive investment program that complements your overall financial plan and manages risk. Corporate insiders and issuers, working with legal counsel, can develop a trading plan and enter into a binding contract with us to buy or sell securities through our affiliate, Northern Trust Securities, Inc. (NTSI).

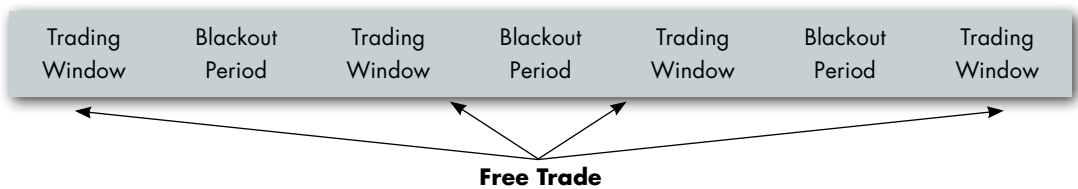
### INCREASED TRADING OPPORTUNITIES

Rule 10b5-1, created in October 2000, dramatically expanded the time period during which such trading could occur. As long as an insider or issuer established a trading plan while not in possession of material inside information, future trading can occur at any time, even during blackout periods.

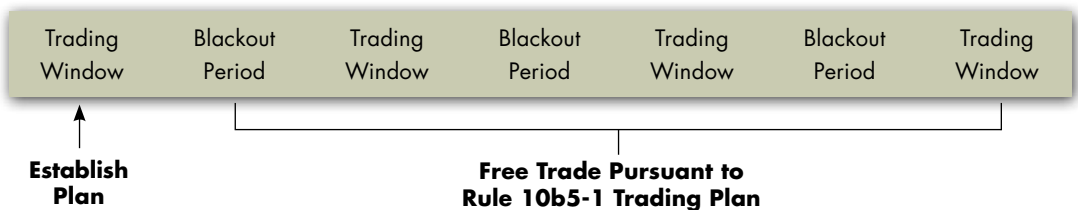
A 10b5-1 trading plan allows for the purchase and sale of stock at a predetermined time and price. Once established, the plan remains in effect even during times when you are aware of material, nonpublic information that might have influenced your trading decision.

Importantly, a properly executed 10b5-1 trading plan becomes a documented affirmative defense against allegations of insider trading.

**Without a 10b5-1 trading plan**, insider/issuer transactions generally are limited to open window periods. However, even during open window periods, awareness of insider information (i.e., significant corporate action) prevents an insider/issuer from trading company securities.



**With a 10b5-1 trading plan**, companies may amend trading policies to permit transactions outside open window periods, even when the insider/issuer later becomes aware of insider information.



## PROGRAM INDIVIDUALLY DESIGNED

Whether you are a corporate insider looking to trade company securities or an issuer planning a share repurchase program, our experts will work closely with you to analyze your financial goals and evaluate various potential strategies. For every plan, we develop a detailed roadmap of trading instructions including dates, prices and number of shares to buy or sell. Program flexibility allows you to structure a plan to meet your specific needs.

**Example 1:** You are a significant shareholder of Company X, looking to reduce your holdings of the company as part of your long-term investment strategy.

**Example 2:** Fortune 500 Company Z has posted strong profits the last several years and accumulated excess cash on its balance sheet that exceeds its investment and capital needs. Your board is planning a corporate share repurchase program to return a portion of this cash to your shareholders. To help your company execute its buyback, Northern Trust can help you devise a plan using specific procedures and operational processes for the repurchase of, and payment for, the shares received from shareholders.

## LEGAL COMPLIANCE OBLIGATIONS

Establishing a plan does not relieve you of legal obligations regarding insider-trading policies; you are still subject to regulatory requirements and restrictions. Our experts can work with your executives and legal team to create a trading program based on your specific needs using the standardized legal documents your company uses. By leveraging these combined efforts, we can help save you time and money in creating either trading plans for achieving your investment strategy as a significant shareholder or repurchase plans for the company itself.

## HIGH-QUALITY EXECUTION

Execution can make a significant difference in 10b5-1 trading plans. Whether you are a corporate insider planning to trade your investments or an issuer planning a share repurchase program, you may benefit from NTSI's comprehensive agency trading services. We emphasize execution quality, focusing on your objectives in a conflict-free environment, to support your unique needs. Our dedicated traders carefully handle your transactions using cutting-edge technology that provides anonymity, minimizes market disruption and adheres to SEC Rule 10b-18 guidelines for trading and reporting.

In providing you with an all-in-one solution, Northern Trust follows a quality institutional execution approach that takes into consideration:

- **Transaction Costs**
  - Execution price vs. benchmark
  - Commissions
- **Operational Efficiencies**
  - Confirmation
  - Delivery
  - Settlement
- **Delivering Service**
  - Trading strategy
  - Customer responsiveness
  - Industry-leading trade cost analytics

## ADVANTAGES

Properly implemented 10b5-1 trading plans offer a variety of potential advantages:

- May be used as an affirmative defense against violation of federal securities laws;
- May provide more certainty and discipline to a diversification program; and
- Depending on how structured, may provide frequent and consistent trading throughout the year that should
  - Reduce exposure to market fluctuations during limited window periods; and
  - May mitigate signaling issues generally associated with insider trading

## CONSIDERATIONS

10b5-1 trading plans should be implemented thoughtfully, taking into consideration:

- Corporate trading policies
- Specific trading instructions
- Other securities laws
- Public disclosure
- Legal counsel
- Tax implications
- Requirements of Rule 144, Section 16, and Section 13(d)

While 10b5-1 trading plans provide an affirmative defense against claims alleging violation of federal insider trading laws, state insider trading laws are not preempted by Rule 10b5-1 and must be considered on a case-by-case basis.

## FOR MORE INFORMATION

To determine whether a 10b5-1 trading plan is appropriate for your situation, you should consult your corporate, legal and tax advisors. To discuss how Northern Trust Securities, Inc., can help you design and implement a customized 10b5-1 trading plan, please contact your relationship manager or NTSI Institutional Sales at 1-800-433-8320.

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