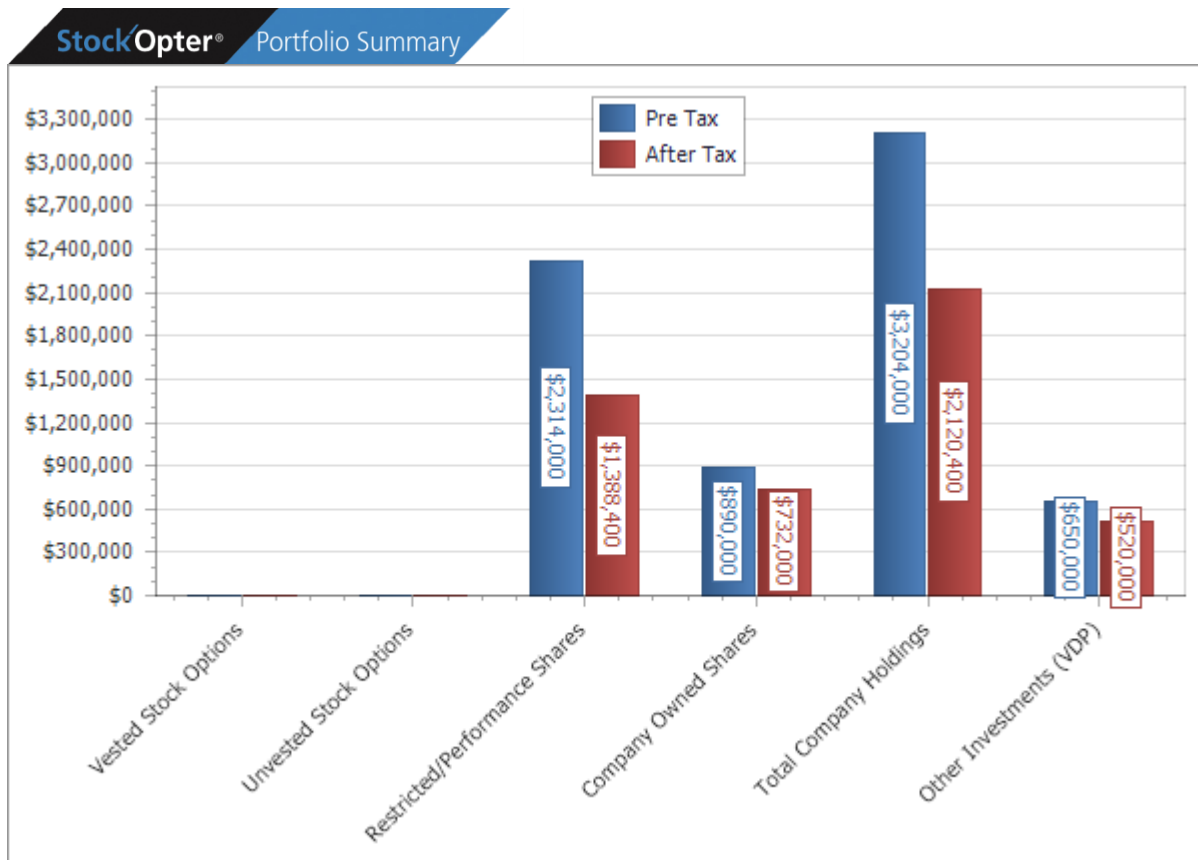


Dear **Sally A Sample Restricted-Owned**,

This is your **StockOpter® Personal Equity Compensation Profile** report. It is designed to provide you with unique and insightful perspectives on your equity compensation holdings. This information will enable you to make timely and informed diversification decisions regarding your restricted/performance share grants and your owned shares.

This report was created on **2/25/2019** using the assumptions provided in *Appendix A* and the grant data shown in *Appendix B*.

The following chart is a summary of your equity compensation portfolio at a current stock price of **\$89.00** for **NDAQ** using a combined (Federal + State) Income Tax Rate of **40.00 %** and a combined Capital Gains Rate of **20.00 %** (a table of this information is shown in *Appendix C*).



Your report is divided into 4 sections:

- **Company Stock Holdings:** Values your Restricted/Performance Stock Grants, Owned Shares and Total Forfeit Value.
- **Investment Risk/Reward:** Illustrates the upside and downside leverage in your holdings.
- **Personal Risk/Reward:** Contains financial goal, concentration and Value at Risk (VaR) analyses.
- **Decision Framework:** Identifies considerations for making informed diversification decisions regarding your owned shares.

**Here are the key findings in this report:**

- Your *Total Forfeit Value*® (includes all stock-based awards) is: **\$2,314,000**
- **83.13 %** of your investment assets are comprised of company owned shares and restricted stock.

Please let me know if you have any questions.

Sincerely,

Bill Dillhoefer  
Net Worth Strategies, Inc.  
Tel: 541-383-3899 - Email: [bdillhoefer@networthstrategies.com](mailto:bdillhoefer@networthstrategies.com)

## I. Company Stock Holdings for Sally A Sample Restricted-Owned

### Restricted/Performance Stock Award Value at a Stock Price of \$89.00

Your **NDAQ** holdings include Restricted and/or Performance Stock Awards (RSA/Us). These grants of company stock are subject to a variety of restrictions to ownership that may include period of employment, performance of the company/division or personal performance. Because you do not own this stock when it is first granted, you are not taxed on the value. However, when the stock vests you will recognize compensation income equal to the fair market value (FMV) of the stock at the time of vest less the amount you paid for the stock (if any).

StockOpter®		Restricted Stock Values			
Grant ID	Grant Type	Shares	Gross Value \$	Potential Tax \$	After Tax Value \$
PSG2018	PSG	8,000	712,000	284,800	427,200
RSA2015	RSA	5,000	445,000	178,000	267,000
RSU2016	RSU	6,000	534,000	213,600	320,400
RSU2017	RSU	7,000	623,000	249,200	373,800
		<b>26,000</b>	<b>2,314,000</b>	<b>925,600</b>	<b>1,388,400</b>

The “Gross Value” column represents the current value of each grant. It is calculated by multiplying the FMV by the number of shares. RSA/Us are taxable upon vesting so the tax is based on the FMV of **NDAQ** at that time. The “Potential Tax” column is determined using your estimated marginal income tax rate of **40.00 %** (unless an 83(b) was elected when granted in which case your tax rate will be the capital gains rate). Your projected “After-tax Value” for each grant is determined by subtracting your “Potential Tax” burden from the “Gross Value”.

StockOpter®		RSA Tax Liabilities							
Year	Shares Vesting	Tax Liability at: 56.96	Tax Liability at: 71.20	Tax Liability at: 89.00	Tax Liability at: 106.80	Tax Liability at: 128.16	Shares Required for Taxes	Shares Withheld for Taxes	Shares Remaining
2019	5,000	113,920	142,400	178,000	213,600	256,320	2,000	1,100	3,900
2020	6,000	136,704	170,880	213,600	256,320	307,584	2,400	1,320	4,680
2021	7,000	159,488	199,360	249,200	299,040	358,848	2,800	1,540	5,460
2022	8,000	182,272	227,840	284,800	341,760	410,112	3,200	1,760	6,240

A tax liability will be owed in the year that these grants vests. This liability is based on the amount you have paid for the stock (typically zero) and your estimated marginal income tax rate. The following table shows the tax liability you will owe in each upcoming year based on your current vesting schedule at various potential stock prices. The stock prices used in this table represent two increments of **20.00 %** up and down from the current stock price of **\$89.00**. The number of shares required to sell to cover your **40.00 %** tax rate is shown in the “Shares Required for Taxes” column. The “Shares Withheld for Taxes” column applies your company’s withholding rate of **22.00 %** to calculate the number of “Shares Remaining.” This analysis is designed to help you plan for these vesting events.

**Total Equity Compensation Forfeit Value at a Stock Price of \$89.00**

The Forfeit Value of your equity compensation is an estimate of the value you would leave behind if you were to leave the employ of your company. Your Total Forfeit Value is the intrinsic pre-tax value of your current restricted and performance stock awards.

➤ **Unvested Restricted/Performance Stock Awards (Pre-Tax):** **\$2,314,000**

**Owned Shares Value at a Stock Price of \$89.00**

The following table is a valuation summary of the company shares you own outright. The input for this table shown in Appendix A has been provided by you. The value of your owned shares is calculated by multiplying the number of shares times the Fair Market Value (FMV) or current stock price and subtracting the estimated cost basis (what you paid for the shares). The resulting taxable gain is then taxed using your **20.00 %** estimated Federal/State capital gains rate (assumes the shares have been held for at least 1 year). This potential tax is then subtracted from the gross value to determine the after-tax value of your owned shares. The values shown in the table below are factored into the other sections of this report.

StockOpter <sup>®</sup> Owned Shares Value	
Description	Amount
Number of Shares	10,000
Gross Value	890,000
Cost Basis	100,000
Taxable Gain	790,000
Potential Tax	158,000
After Tax Value	732,000

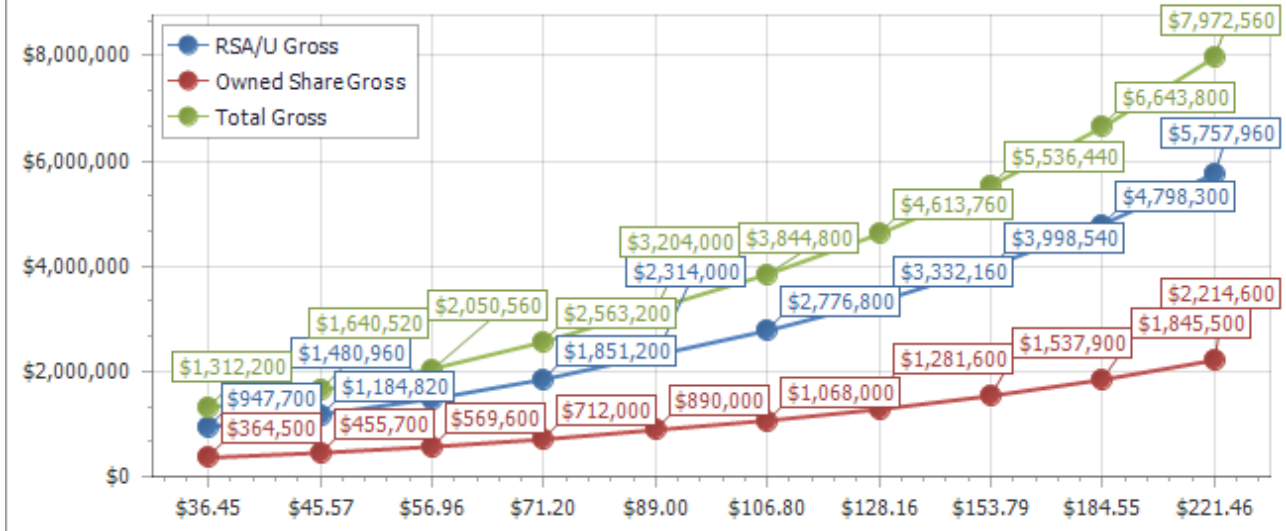
## II. Investment Risk/Reward for Sally A Sample Restricted-Owned

### Share Valuation Analysis at a Stock Price of \$89.00

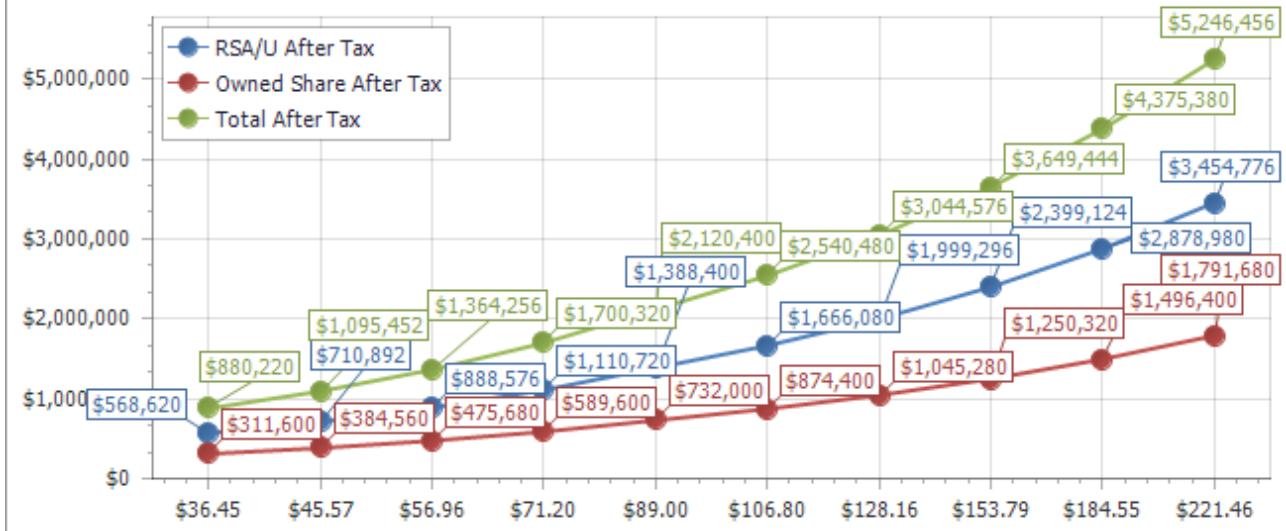
The following table and charts show the value of your restricted and/or performance stock awards (RSA/Us) and owned shares of **NDAQ** at hypothetical stock prices that are illustrated in **20.00 %** increments above and below the current stock price. This table calculates both the gross value and the after-tax values of your RSA/Us and the shares you own outright. The accompanying chart plots the after-tax values of your share grants and owned shares and totals these values at the different stock prices. The after-tax values are calculated by applying your estimated marginal income tax rate of **40.00 %** to your RSAs and your estimated marginal capital gains rate of **20.00 %** to your owned shares less their cost basis. Although these shares do NOT have leverage, this analysis can still be used to quantify the risk and reward that is inherent in your restricted/performance and company stock holdings.

		RSA/U		Owned		Owned	
Potential Stock Price	Increment Change	Gross Value \$	RSA/U After Tax Value \$	Share Gross Value \$	Share After Tax Value \$	Total Gross Value \$	Total After Tax Value \$
\$36.45	-20.00 %	947,700	568,620	364,500	311,600	1,312,200	880,220
\$45.57	-20.00 %	1,184,820	710,892	455,700	384,560	1,640,520	1,095,452
\$56.96	-20.00 %	1,480,960	888,576	569,600	475,680	2,050,560	1,364,256
\$71.20	-20.00 %	1,851,200	1,110,720	712,000	589,600	2,563,200	1,700,320
<b>\$89.00</b>	<b>0.00 %</b>	<b>2,314,000</b>	<b>1,388,400</b>	<b>890,000</b>	<b>732,000</b>	<b>3,204,000</b>	<b>2,120,400</b>
\$106.80	20.00 %	2,776,800	1,666,080	1,068,000	874,400	3,844,800	2,540,480
\$128.16	20.00 %	3,332,160	1,999,296	1,281,600	1,045,280	4,613,760	3,044,576
\$153.79	20.00 %	3,998,540	2,399,124	1,537,900	1,250,320	5,536,440	3,649,444
\$184.55	20.00 %	4,798,300	2,878,980	1,845,500	1,496,400	6,643,800	4,375,380
\$221.46	20.00 %	5,757,960	3,454,776	2,214,600	1,791,680	7,972,560	5,246,456

### RSA/U & Owned Share Gross Values \$89.00 & 20% Price Increments



### RSA/U & Owned Share After Tax Values \$89.00 & 20% Price Increments

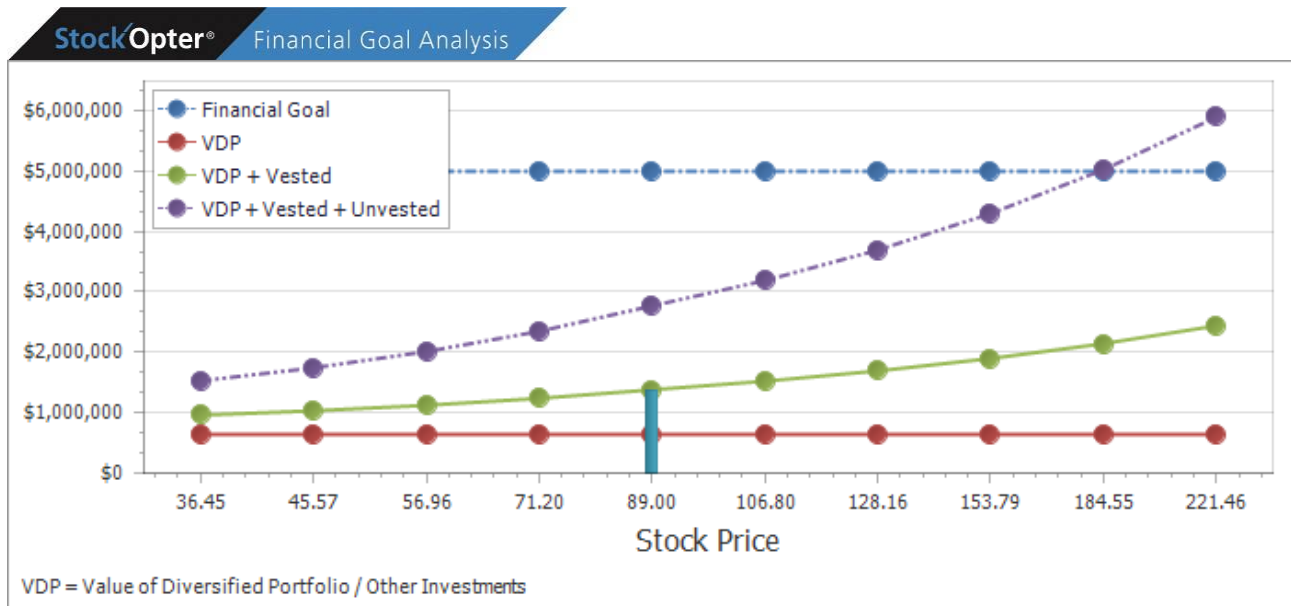


### III. Personal Risk/Reward for Sally A Sample Restricted-Owned

#### Financial Attainment Analysis at a Stock Price of \$89.00

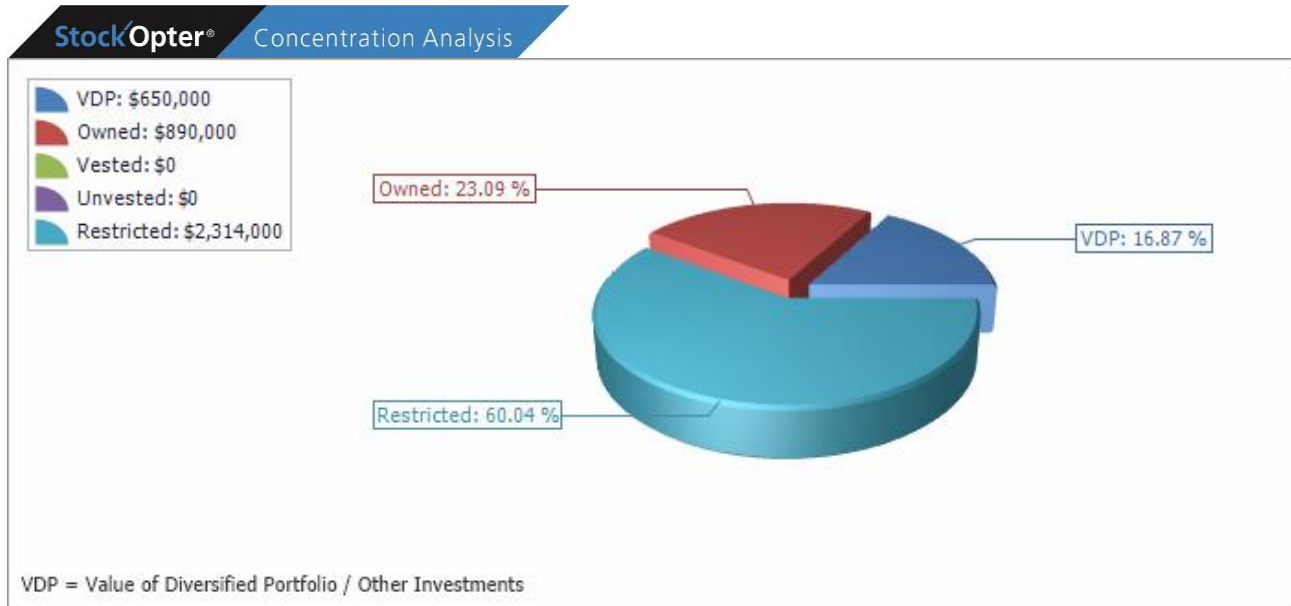
This section is designed to provide you with a personal context about the role your restricted/performance grants and owned shares play in achieving your financial goals. Your financial goal is achieved when you have secured, in a low risk investment portfolio, the amount of money required to meet the needs of you and your family. If your Financial Goal is already secured, then you can afford to take more risk by holding your owned shares. On the other hand, if your Goal is not secured, and particularly if you are approaching retirement, you may want to diversify some of your owned shares.

Based on input you provided; the following chart shows the current status of your Financial Goal in relation to your company stock holdings. The two horizontal lines are respectively your Goal and the *Value of your Diversified Portfolio (VDP/Other Investments)*. For this analysis, your VDP value does not change as a function of your company stock price because they are unrelated. This chart is a snap-shot of your current status, as indicated by the vertical blue line on the chart, which also includes hypothetical values assuming incremental prices for your company's stock. This analysis is in no way intended to represent potential future appreciation or depreciation in the value of your company's stock. It is solely designed to provide you with perspectives related to various stock prices. The line titled "VDP + Vested Holdings" adds the "cash out" value of your owned company shares to the *Value of your Diversified Portfolio* at these alternative stock prices. The line titled "VDP + Vested + Unvested Holdings" adds the value of your restricted/performance stock to the former giving a perspective on the total estimated after-tax value that would be realized at a given price for your company's stock.



**Concentrated Position Analysis at a Stock Price of \$89.00**

Even if your Financial Goal has been reached, you may still be at risk if your assets are highly concentrated in company stock. The chart below shows the asset allocation of the value of your diversified portfolio and the gross (pre-tax) values of any **NDAQ** owned shares and restricted/performance stock awards. The relationship between the gross values of your company stock and the value of your diversified portfolio represents the degree to which your wealth is concentrated. If you are in a highly concentrated position, declines in your company’s stock price can have a substantial impact on your total wealth.



**Total Value at Risk (VaR) Analysis at a Stock Price of \$89.00**

To further quantify and convey the risk in your company stock and option holdings, we have adopted the Value at Risk (VaR) methodology used by many financial institutions to determine their exposure to negative economic events. Your VaR is computed using a stock price volatility of **40.00 %**. The higher the volatility the greater the Value at Risk. Using the VaR methodology, the table below shows the estimated loss in value of your owned shares under normal market conditions **using a 5% probability over the next 30 days**. It then compares these VaR values to your In-the-Money values (ITMV) to quantify the risk in your holdings.

Description	VaR	Vested ITMV \$	VaR %
Vested Options	\$0	\$0	0.00 %
Owned Shares	\$157,825	\$890,000	17.73 %
Total	\$157,825	\$890,000	17.73 %



## V. Decision Framework for Sally A Sample Restricted-Owned

Your company stock portfolio have several moving parts that can change rapidly and dramatically affect the value of your holdings. In this section, a few of the most common issues that lead to action are discussed. These “key decision criteria” include events such as; future vesting events, and values such as; financial goal attainment, company stock price and share diversification rates. After reviewing these events and values for your equity compensation portfolio, you may consider taking action or just monitoring these events and values until the event draws closer or the value is more appropriate.

### Future Vesting Events at a Stock Price of \$89.00

For planning purposes, it is useful to know when your restricted/performance stock will vest giving you the opportunity to sell the shares. The table below shows vesting by month through the end of next year and annually thereafter.

StockOpter®		RSA Vestings		
Vesting Period	Number of Shares	Gross Value \$	Potential Tax \$	After Tax Value \$
10/2019	5,000	445,000	178,000	267,000
10/2020	6,000	534,000	213,600	320,400
2021	7,000	623,000	249,200	373,800
2022	8,000	712,000	284,800	427,200

### Financial Goal Percentage at a Stock Price of \$89.00

Your “Financial Goal Percentage” may be an important value to monitor because it indicates where you currently stand in achieving your overall financial goal. This percentage is calculated by adding the *Value of Your Owned Shares* to the *Value of your Diversified Portfolio* (**\$1,382,000**) and dividing by your *Financial Goal* (**\$5,000,000.00**). Your Financial Goal Percentage is: **27.64 %**.

### Stock Price

The price of your stock is the single most important determinant of the value of your company stock. However, stock price alone is not a good indicator of when to sell your company stock. You need to consider other factors such as the concentration level of your company stock over time.

### Share Diversification Analysis at a Stock Price of \$89.00

As your restricted stock or performance grants vest over time, you will have a higher concentration in your company stock. Concentrated company stock positions are inherently risky. Even the best of companies can suffer depressed stock prices due to external factors often beyond the control of management. Consequently, it is prudent to periodically diversify and reinvest some of these holdings in a balanced portfolio. Determining when and how much to diversify can be facilitated by simulating the future consequence of different levels of annual diversification.

The following tables and charts show the value of your company owned/long shares compared to the value of your diversified portfolio over time. This analysis will help you develop an owned share diversification strategy based on projected concentration. It uses the following assumptions:

- Diversification%: **15.00 %**
- Tax Withholding Rate: **22.00 %**
- Diversified Portfolio (VDP) Growth Rate: **5.00 %**
- Stock Price Growth Rate: **5.00 %**
- Income Tax Rate: **40.00 %**
- Capital Gains Tax Rate: **20.00 %**

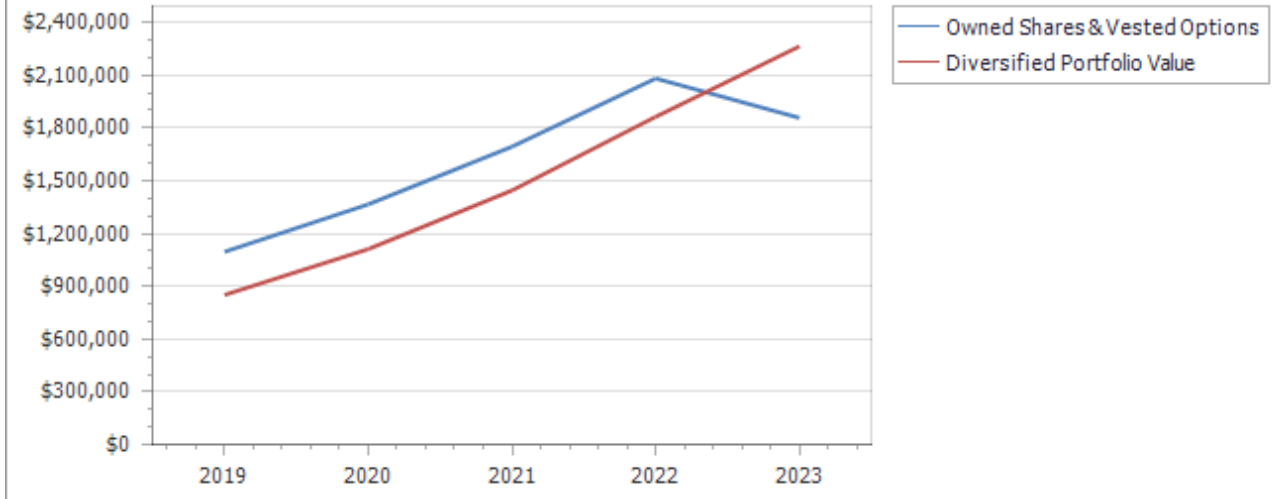
	2019	2020	2021	2022	2023
Share Price (Yr End)	\$92.77	\$97.41	\$102.28	\$107.39	\$112.76
Beg Yr Owned Shares + Net Restricted Shares Vesting	13,900	16,495	19,481	22,799	19,379
Avg. Cost Basis per Share Before Sale	\$33.22	\$51.43	\$65.69	\$77.10	\$77.10
Owned Shares to Sell	2,085	2,474	2,922	3,420	2,907
After Tax Proceeds of Shares Sold & Expiring Options	\$168,594	\$218,244	\$277,476	\$346,555	\$307,060
Pre Tax Value of Owned Shares & Vested Options	\$1,096,078	\$1,365,786	\$1,693,655	\$2,081,111	\$1,857,383
Pre Tax Value of Diversified Portfolio (VDP)	\$851,094	\$1,111,893	\$1,444,963	\$1,863,767	\$2,264,015
% Company Stock Holdings	56.29 %	55.12 %	53.96 %	52.75 %	45.07 %

This analysis models company share diversification strategies over a 5-year planning horizon. It calculates the year by year “Pre-Tax Value of the Diversified Portfolio” and the “Pre-Tax Value of Owned Shares” that result from the “Beginning Year Owned Shares + Net Restricted/Performance Shares Vesting” less the “Shares to Sell” (diversify). The various rows are calculated as follows:

- The **Share Price** row projects the year end company stock price using the current stock price and the estimated growth rate. The first year in this example is prorated based on the date of this analysis: 2/25/2019.
- The **Beginning Year Owned Shares + Net Restricted Shares Vesting** row shows how many shares are available to sell each year. This is the number of shares owned outright at the present time plus the number of restricted/performance shares that are scheduled to vest each year less shares that are withheld for taxes (applying the “Tax Withholding Rate”) and any shares that are sold that year.
- The **Average Cost Basis per Share Before Sale** row is derived from the original cost basis of the owned shares plus the estimated stock price of the shares vesting each year. Please note that [StockOpter Pro](#) can be used to calculate capital gains based on the cost basis for each tax lot.
- The **Owned Shares to Sell** values are calculated using the “Diversification Percentage” assumption.
- The **After-Tax Proceeds from Shares Sold & Expiring Options** is calculated using the share price, the cost basis and the “Capital Gains Rate” (this assumes the shares sold are held for at least 1 year). *This row CAN include the after-tax value of any vested options that expire each year at the assumed annual share price but this report assumes you have NO stock options.*
- The **Pre-Tax Value of Owned Shares & Vested Options** row calculates the value of the remaining company shares using the current “Share Price.” *This row CAN also include and the intrinsic value of any vested options but this report assumes you have NO stock options.*
- The proceeds from the shares sold are added to the **Pre-Tax Value of the Diversified Portfolio (VDP)** row and the “VDP Growth Rate” is applied to calculate the year-end totals.
- The **% Company Stock Holdings** row shows the percentage of the "Pre-Tax Value of the Owned Shares" to the "Pre-Tax Value of the Diversified Portfolio."

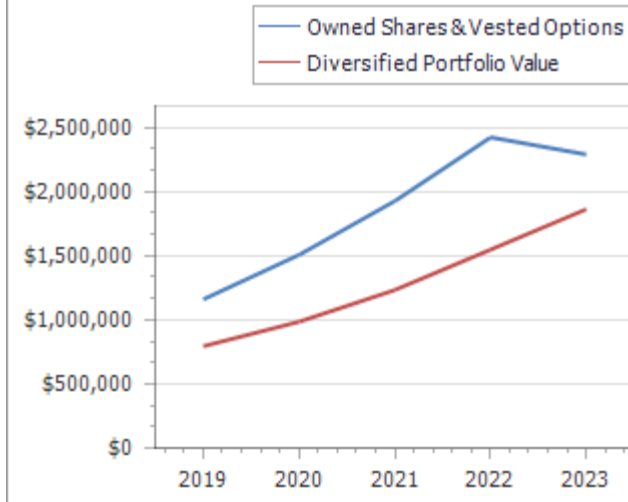
The table data is converted into a graph to illustrate the relationship between the value of the "Owned Shares" to the "Diversified Portfolio Value" over the 5-year period.

### 15 % Diversification

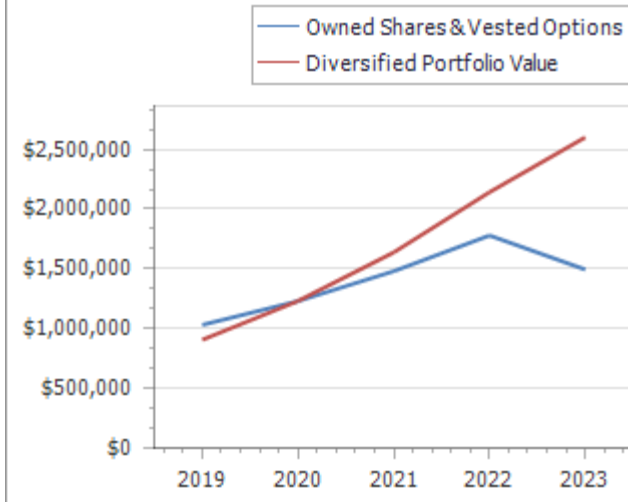


The following 2 graphs change the “Diversification %” in + and - increments of 5% to compare alternative diversification scenarios. This is to help you determine how much to diversify and reinvest each year.

### 10 % Diversification



### 20 % Diversification



## Additional Resources

This **StockOpter® Personal Equity Compensation Profile** and the accompanying review session were designed to give you a better understanding of the concepts, value and dynamics of your equity compensation portfolio, but they are only part of the process required to help you get the most out of your grants. You will need to make a series of decisions over time regarding diversifying any held shares and you will also need to consider taxes, cash-flow and reinvestment. Consequently, it is prudent to get assistance from a financial advisor who specializes in equity compensation planning. Here are a few of the many reasons you may want to enlist the assistance of an equity compensation planning specialist:

- You are planning on selling some company shares in the next year to fund a major purchase.
- You are considering retiring in 5 years and your equity compensation will be a major source of funding.
- You are highly concentrated in company stock and options right now.
- You would like to establish an annual diversification plan or a 10b5-1 plan to reduce your company stock holdings as restricted / performance grants vest over time.
- You want to discuss your equity compensation situation on a regular basis (i.e. quarterly).
- You would like an independent perspective regarding your equity compensation.

## Disclosures

Your **StockOpter® Personal Equity Compensation Profile** is based on the data and assumptions shown in Appendices A & B. This report is for illustration purposes only and you should not base your decisions solely on it. Nothing contained in your report should be construed as investment recommendations or advice. The financial calculations provided herein are to help you understand the value, risk, and potential of your equity compensation portfolio. The values and risks illustrated in your report in no way represent a guarantee that the portfolio will produce a particular result. Additionally, past performance of your company stock is no guarantee of future results.

## Appendix A: Summary of Assumptions for Sally A Sample Restricted-Owned

### Issuing Corporation Assumptions:

Ticker Symbol of Corporate Stock: \_\_\_\_\_ NDAQ  
 Current Share Price of Corporate Stock: \_\_\_\_\_ \$89.00  
 Est. Volatility of Corporate Stock: \_\_\_\_\_ 40.00 %

### Tax Rate Assumptions:

Est. Fed/State Income Tax: \_\_\_\_\_ 40.00 %  
 Est. Fed/State Cap Gains Rate: \_\_\_\_\_ 20.00 %  
 Tax Withholding Rate: \_\_\_\_\_ 22.00 %

### Portfolio Status Assumptions:

Financial Goal: \_\_\_\_\_ \$5,000,000.00  
 Value of Diversified Portfolio (VDP): \_\_\_\_\_ \$650,000.00  
 Number of Owned Shares: \_\_\_\_\_ 10,000  
 Cost basis of Owned Shares: \_\_\_\_\_ \$100,000  
 Stock Price Growth Rate: \_\_\_\_\_ 5.00 %  
 VDP Growth Rate: \_\_\_\_\_ 5.00 %  
 Diversification Percentage: \_\_\_\_\_ 15.00 %

**Appendix B: Grant Summary for Sally A Sample Restricted-Owned**

<b>StockOpter</b> <sup>®</sup>		<b>Grant Summary</b>					
<b>Grant ID</b>	<b>Grant Type</b>	<b>Grant Date</b>	<b>Exercise Price</b>	<b>Expire Date</b>	<b>Vested Options</b>	<b>Vesting Date</b>	<b>Shares Vesting</b>
RSA2015	RSA	10/1/2015	N/A	N/A	0	10/1/2019	5,000
RSU2016	RSU	10/1/2016	N/A	N/A	0	10/1/2020	6,000
RSU2017	RSU	10/1/2017	N/A	N/A	0	10/1/2021	7,000
PSG2018	PSG	10/1/2018	N/A	N/A	0	10/1/2022	8,000

**Appendix C: Equity Compensation Portfolio Table**

<b>StockOpter</b> <sup>®</sup> Portfolio Summary		<b>Pre Tax Value</b>	<b>Pre Tax Percent</b>	<b>After Tax Value</b>	<b>After Tax Percent</b>
<b>Asset</b>					
Vested Stock Options		0	0.00 %	0	0.00 %
Unvested Stock Options		0	0.00 %	0	0.00 %
Restricted/Performance Shares		2,314,000	60.04 %	1,388,400	52.58 %
Company Owned Shares		890,000	23.09 %	732,000	27.72 %
Other Investments (VDP)		650,000	16.87 %	520,000	19.69 %
		<b>3,854,000</b>	<b>100 %</b>	<b>2,640,400</b>	<b>100 %</b>