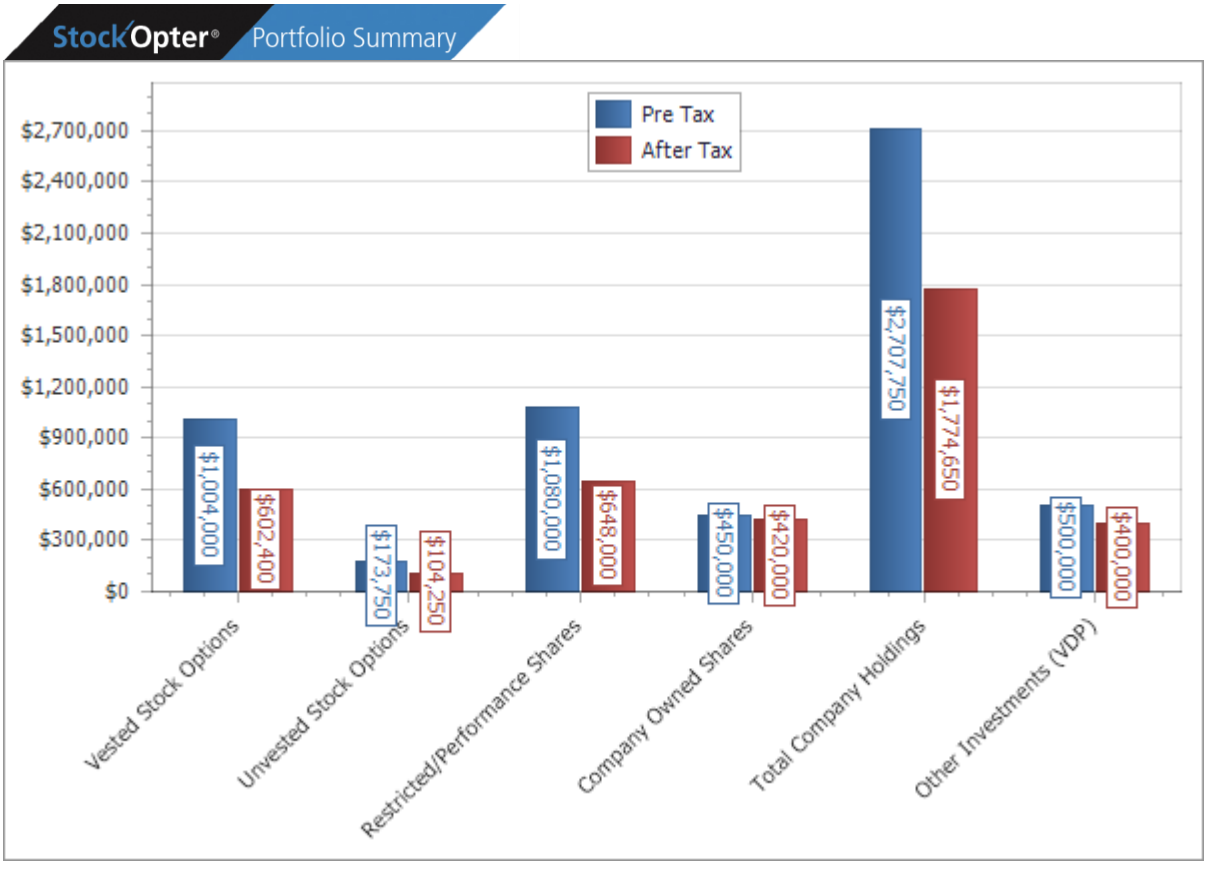
Dear **Sally B Sample**,

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 employee stock options and company stock holdings.

This report was created on **2/28/2019** 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 **$90.00** 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 5 sections:

- **Stock Option Valuation**: Includes your In-The-Money Values, Cash-Out Values, Full Option Values and Option Forfeit Value®.
- **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 vested options and owned shares.

Here are the key findings in this report:

- Your *Total Forfeit Value*® (includes all stock-based awards) is: **$1,807,805**
- If the price of **NDAQ** stock increases by **20.00 %**, the value of your stock options increases by **56.55 %**
- **84.41 %** of your investment assets are comprised of company stock and options.

Please let me know if you have any questions.

Sincerely,

Bill Dillhoefer
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I. Employee Stock Option Values for Sally B Sample

This section summarizes your current stock option holdings in **NDAQ** and is divided into 4 sections. Each section looks at the current value of your option portfolio in a different way. The four valuation methods are: 1) In-The-Money Value, 2) Cash-Out Value, 3) Full Option Value & Time Value, and 4) Forfeit Value®.

In-The-Money / Intrinsic Value of All Options at a Stock Price of $90.00

The table below shows the gross value (before tax) you would realize from exercising and selling your options, or the difference between the current "fair market value" (FMV) per share (the current stock price) and your exercise price times the number of options. This amount is called the "in-the-money" (ITM) value or "intrinsic" value. The table shows this value for both vested and unvested options. You cannot realize the value from your unvested options until they vest.

StockOpter® In-the-Money Values

Grant ID	Grant Type	Expire Date	Exercise Price	Vested Options	Vested ITMV $	Unvested Options	Unvested ITMV $	Total Options	Total ITMV $
N2013	NQSO	2/1/2023	$29.5000	8,000	484,000	0	0	8,000	484,000
N2015	NQSO	2/1/2025	$48.7500	9,000	371,250	0	0	9,000	371,250
N2017	NQSO	2/1/2027	$60.2500	5,000	148,750	5,000	148,750	10,000	297,500
I2019	ISO	2/1/2029	$87.5000	0	0	10,000	25,000	10,000	25,000
[redacted]				**22,000**	**1,004,000**	**15,000**	**173,750**	**37,000**	**1,177,750**

Cash-Out Value of Vested Options at a Stock Price of $90.00

The table below estimates the values generated by exercising and selling your vested stock options at the given FMV. The "Potential Tax" column is computed by applying your estimated marginal income tax rate of 40.00 % shown in Appendix A. The "Projected After-Tax Value" for each vested grant is determined by subtracting your potential tax burden from your estimated ITM value. The After-Tax Value for any vested Incentive Stock Options (ISOs) is computed as if they are sold at the time of exercise.

StockOpter® Cash-Out Values

Grant ID	Grant Type	Expire Date	Exercise Price	Vested Options	Vested ITMV $	Potential Tax $	After Tax Value $
N2013	NQSO	2/1/2023	$29.5000	8,000	484,000	193,600	290,400
N2015	NQSO	2/1/2025	$48.7500	9,000	371,250	148,500	222,750
N2017	NQSO	2/1/2027	$60.2500	5,000	148,750	59,500	89,250
I2019	ISO	2/1/2029	$87.5000	0	0	0	0
[redacted]				**22,000**	**1,004,000**	**401,600**	**602,400**

Full Option Value / Time Value of All Options at a Stock Price of $90.00

This section of the report explores two unique values of your Employee Stock Options: "Full Option Value" and "Time Value". These values can be used to help you make better decisions regarding your options. In this analysis, Full Option Value is calculated using the **Black-Scholes Merton** methodology. It represents the total value of a stock option and the Time Value represents the theoretical value using the following formula:

Full Option Value (FOV) = In-The-Money Value (ITMV) + Time Value (TV)

There are five key assumptions for calculating the Time Value of your options:

- **Expiration Date:** The greater the time until expiration, the greater the Time Value of the option.

- **Exercise Price:** Time Value decreases as the option's in-the-money value increases.
- **Stock Price Volatility:** An option whose price is highly volatile (fluctuates) will have greater Time Value than an option with low volatility because this reflects an increased potential upside.
- **Risk-Free Rate:** An employee stock option provides the holder with the right to own company stock at a certain price without having to purchase it. Therefore, an option's value is enhanced by the theoretical ability to earn the risk-free rate of return without investing any capital. Thus, the higher the risk-free rate of return, the higher the Time Value of the option.
- **Dividend:** The annual dividend of one's company stock can have a pronounced effect on Time Value depending on the calculation methodology used. StockOpter uses either Black-Sholes-Merton or Baroni-Adesi-Whaley. These formulas produce the exact same results when NO/0 dividend is applied. A dividend will reduce the Time Value for either methodology because the option holder is forgoing the dividend until the time of exercise. However, using Black-Sholes the dividend may produce negative Time Value based on how deep the option is In-the-Money. Using Baroni-Adesi, a dividend will reduce the Time Value, but it won't go below zero. More information on this can be found at stockopter.com.

Time Value is an important metric in determining when to exercise options because, as the Time Value decreases, so does the value of holding the option. The table below calculates your Full Option and Time Values using the **Black-Scholes Merton** methodology.

Dividend: $0.00 **Volatility:** 25.00 %
Risk Free Rate: 2.00 % **FOV Date:** 2/28/2019

StockOpter® Time & Full Option Values

Grant ID	Grant Type	Expire Date	Exercise Price	Vested TV $	Vested FOV $	Unvested TV $	Unvested FOV $	Total TV $	Total FOV $
N2013	NQSO	2/1/2023	$29.5000	18,340	502,340	0	0	18,340	502,340
N2015	NQSO	2/1/2025	$48.7500	67,613	438,863	0	0	67,613	438,863
N2017	NQSO	2/1/2027	$60.2500	72,178	220,928	72,178	220,928	144,357	441,857
I2019	ISO	2/1/2029	$87.5000	0	0	323,745	348,745	323,745	348,745
				158,132	**1,162,132**	**395,923**	**569,673**	**554,055**	**1,731,805**

Option Forfeit Value® at a Stock Price of $90.00

The "Forfeit Value" of your stock options could be viewed as the opportunity cost associated with leaving your company. This Forfeit Value® includes not only the ITM value of your unvested options, but also their Time Value (TV). As a result, your Forfeit Value® is the sum of the remaining Time Value of your vested options and the Full Option Value (FOV) of your unvested options.

- Full Option Value of your Unvested Options $569,673
- Time Value of the Vested Options $158,132
- **Your Option Forfeit Value®** **$727,805**

II. Company Stock Holdings for Sally B Sample

Restricted/Performance Stock Award Value at a Stock Price of $90.00

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 $
PSU2017	PSG	2,000	180,000	72,000	108,000
RSA2016	RSA	1,000	90,000	36,000	54,000
RSU2018	RSU	3,000	270,000	108,000	162,000
RSU2019	RSU	3,000	270,000	108,000	162,000
RSU2020	RSU	3,000	270,000	108,000	162,000
		12,000	**1,080,000**	**432,000**	**648,000**

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: 57.60	Tax Liability at: 72.00	Tax Liability at: 90.00	Tax Liability at: 108.00	Tax Liability at: 129.60	Shares Required for Taxes	Shares Withheld for Taxes	Shares Remaining
2019	3,000	69,120	86,400	108,000	129,600	155,520	1,200	660	2,340
2020	3,000	69,120	86,400	108,000	129,600	155,520	1,200	660	2,340
2021	3,000	69,120	86,400	108,000	129,600	155,520	1,200	660	2,340
2022	2,000	46,080	57,600	72,000	86,400	103,680	800	440	1,560
2023	1,000	23,040	28,800	36,000	43,200	51,840	400	220	780

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 **$90.00**. 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 $90.00

The Forfeit Value of your stock options is an estimate of the value you would leave behind if you were to leave the employ of your company. This amount does not include in-the-money value of your vested options because you would be able to exercise these prior to leaving. However, by exercising your vested options early, you will lose the remaining Time Value of those options. In addition, you will forfeit the Full Option Value (FOV) of your unvested options and the intrinsic value of your restricted/performance stock. Therefore, your Total Forfeit Value is the sum of the Time Value (TV) of your vested options, the Full Option Value of your unvested options and the Gross Value of your restricted and performance stock awards.

- Pre-Tax Vested and Unvested Stock Options (Includes Time Value): $727,805
- Unvested Restricted/Performance Stock Awards (Pre-Tax): $1,080,000
- **The Total Pre-Tax Forfeit Value of Your Equity Compensation: $1,807,805**

Owned Shares Value at a Stock Price of $90.00

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 help 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® Owned Shares Value

Description	Amount
Number of Shares	5,000
Gross Value	450,000
Cost Basis	300,000
Taxable Gain	150,000
Potential Tax	30,000
After Tax Value	420,000

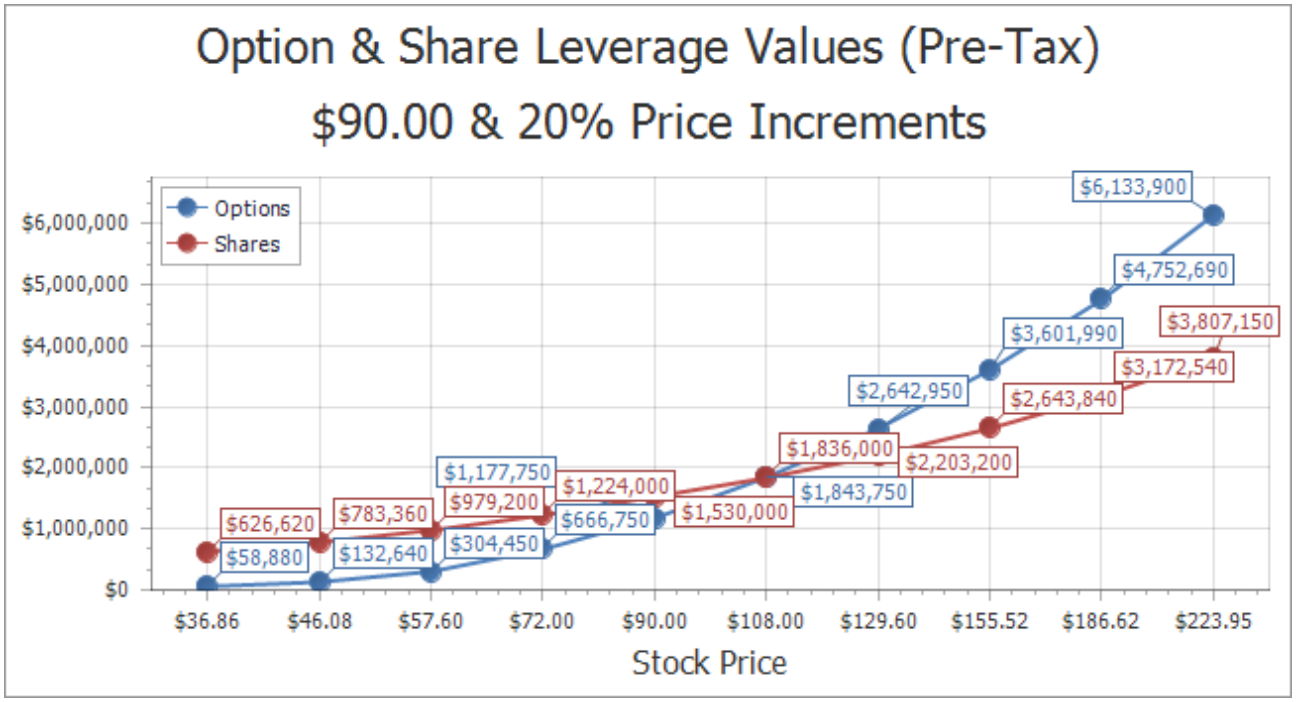
III. Investment Risk/Reward for Sally B Sample

Stock Option Leverage Analysis at a Stock Price of $90.00

An important dynamic to understand about your equity compensation is that Employee Stock Options have leverage and Owned/Long Shares and Restricted/Performance grants do not. The following tables and charts illustrate the leverage in your company stock and option holdings at different stock prices.

StockOpter® Leverage Analysis

Potential Stock Price	Increment Change	Option Value $	Option Value Change	RSA/U & Owned Shares $	RSA/U & Owned Change	Option, RSA/U & Owned $	Option, RSA/U & Owned
$36.86	-20.00 %	58,880	-55.61 %	626,620	-20.00 %	685,500	-25.16 %
$46.08	-20.00 %	132,640	-56.43 %	783,360	-20.00 %	916,000	-28.64 %
$57.60	-20.00 %	304,450	-54.34 %	979,200	-20.00 %	1,283,650	-32.11 %
$72.00	-20.00 %	666,750	-43.39 %	1,224,000	-20.00 %	1,890,750	-30.17 %
$90.00	0.00 %	1,177,750	0.00 %	1,530,000	0.00 %	2,707,750	0.00 %
$108.00	20.00 %	1,843,750	56.55 %	1,836,000	20.00 %	3,679,750	35.90 %
$129.60	20.00 %	2,642,950	43.35 %	2,203,200	20.00 %	4,846,150	31.70 %
$155.52	20.00 %	3,601,990	36.29 %	2,643,840	20.00 %	6,245,830	28.88 %
$186.62	20.00 %	4,752,690	31.95 %	3,172,540	20.00 %	7,925,230	26.89 %
$223.95	20.00 %	6,133,900	29.06 %	3,807,150	20.00 %	9,941,050	25.44 %



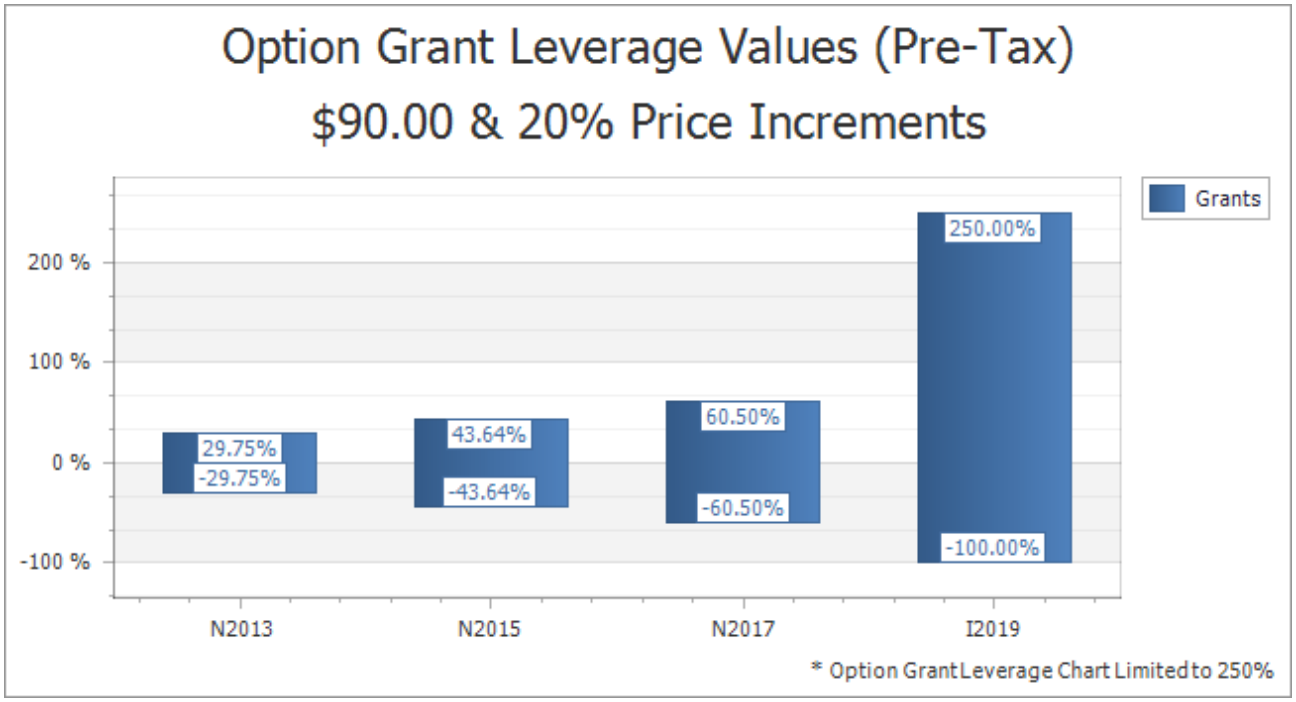
Depending on the details of your options, a **20.00 %** change in your company's stock price can result in a significantly higher percentage gain or loss in your option portfolio. This is the leverage effect. As the FMV of the stock rises further above the strike prices of your options, the relative percentage change of the option portfolio becomes increasingly closer to the percentage change in the stock price. However, the incremental change in the value of your owned shares and restricted stock always remains the same as the incremental change in the price of the company stock. The value of your combined options and shares will also show the

impact of the incremental leverage but less than if your equity portfolio had only options. A blended portfolio has less upside leverage but also less downside risk.

The following table and graph calculate and illustrate the leverage of your individual option grants. Note that the leverage values (both negative and positive) are higher for the grants with higher exercise prices. These values can exceed 250% but to keep the chart proportional it is limited to this amount.

StockOpter® Leverage Analysis

Grant ID	Grant Type	Exercise Price	Current Value	Price +20%	Value +20%	+ % Change	Price -20%	Value -20%	- % Change
N2013	NQSO	$29.50	484,000	$108.00	628,000	29.75 %	$72.00	340,000	-29.75 %
N2015	NQSO	$48.75	371,250	$108.00	533,250	43.64 %	$72.00	209,250	-43.64 %
N2017	NQSO	$60.25	297,500	$108.00	477,500	60.50 %	$72.00	117,500	-60.50 %
I2019	ISO	$87.50	25,000	$108.00	205,000	720.00 %	$72.00	0	-100.00 %

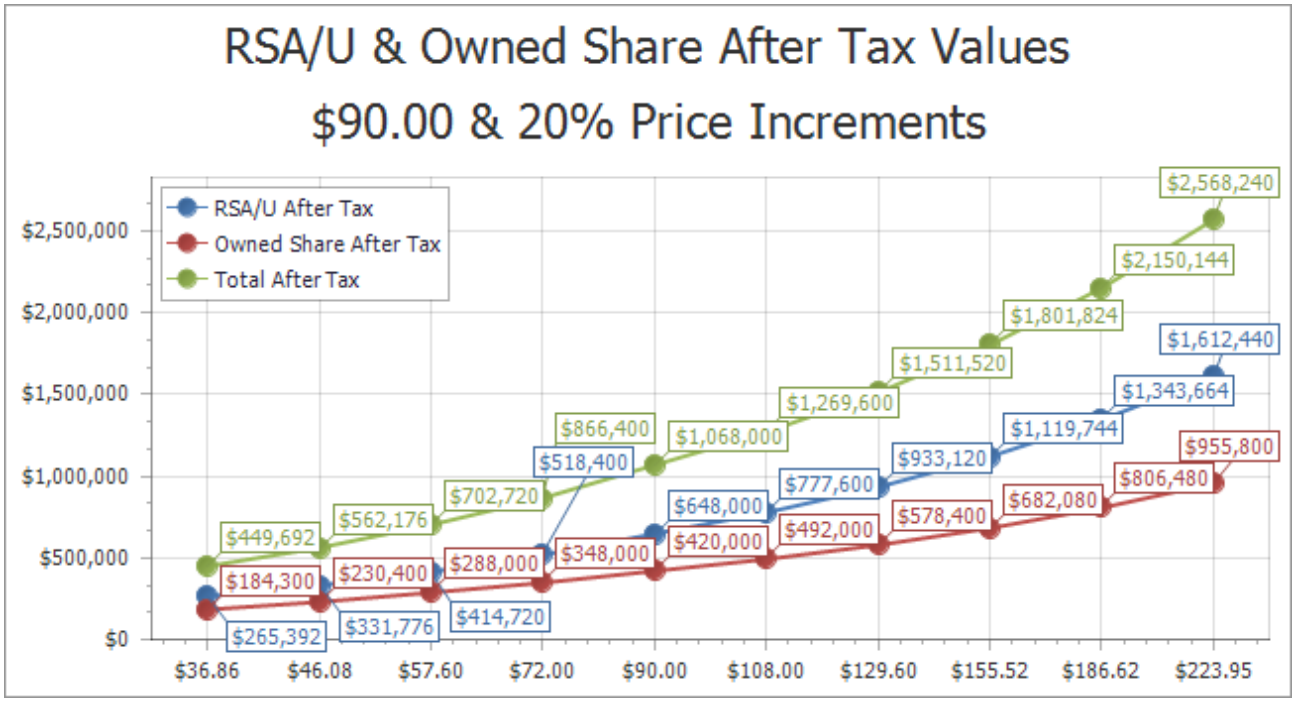


Share Valuation Analysis at a Stock Price of $90.00

The following table and chart 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.

StockOpter® Share Valuation Analysis

Potential Stock Price	Increment Change	RSA/U Gross Value $	RSA/U After Tax Value $	Owned Share Gross Value $	Owned Share After Tax Value $	Total Gross Value $	Total After Tax Value $
$36.86	-20.00 %	442,320	265,392	184,300	184,300	626,620	449,692
$46.08	-20.00 %	552,960	331,776	230,400	230,400	783,360	562,176
$57.60	-20.00 %	691,200	414,720	288,000	288,000	979,200	702,720
$72.00	-20.00 %	864,000	518,400	360,000	348,000	1,224,000	866,400
$90.00	0.00 %	1,080,000	648,000	450,000	420,000	1,530,000	1,068,000
$108.00	20.00 %	1,296,000	777,600	540,000	492,000	1,836,000	1,269,600
$129.60	20.00 %	1,555,200	933,120	648,000	578,400	2,203,200	1,511,520
$155.52	20.00 %	1,866,240	1,119,744	777,600	682,080	2,643,840	1,801,824
$186.62	20.00 %	2,239,440	1,343,664	933,100	806,480	3,172,540	2,150,144
$223.95	20.00 %	2,687,400	1,612,440	1,119,750	955,800	3,807,150	2,568,240

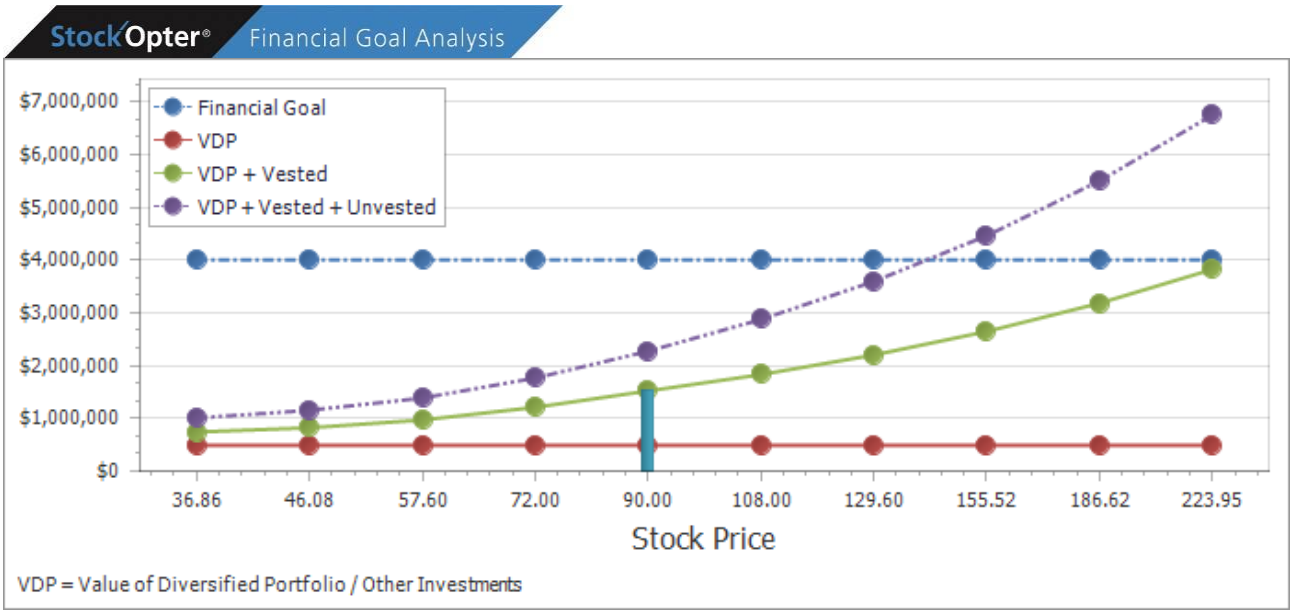


IV. Personal Risk/Reward for Sally B Sample

Financial Attainment Analysis at a Stock Price of $90.00

This section is designed to provide you with a personal context about the role your company stock and options 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 with your options (like holding them until expiration). On the other hand, if your Goal is not secured, and particularly if you are approaching retirement, you may want to secure the in-the-money value (ITMV) of your options.

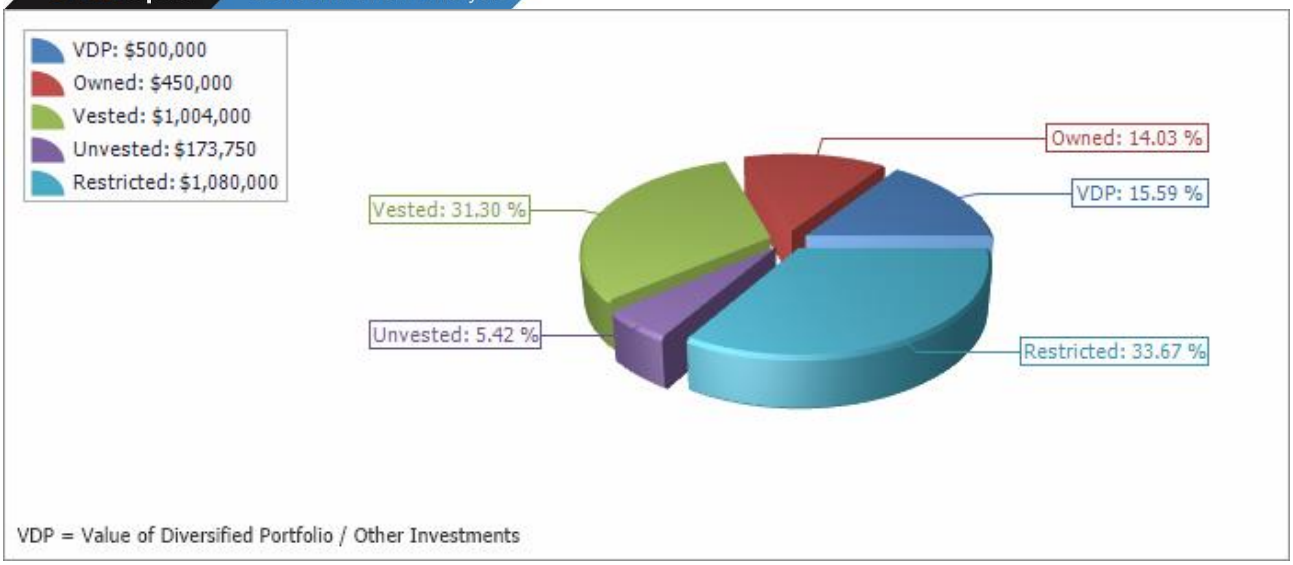
Based on input you provided; the following chart shows the current status of your Financial Goal in relation to your company stock and option holdings. The two horizontal lines are respectively your Goal and the *Value of your Diversified Portfolio (VDP/Other Investments)*. For this analysis, your *VDP* 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 held company shares and vested options to the *Value of your Diversified Portfolio* at these alternative stock prices. The line titled "*VDP + Vested + Unvested Holdings*" adds the theoretical "cash out" value of unvested options and 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 $90.00

Even if your Financial Goal has been reached, you may still be at risk if your assets are highly concentrated in company stock and options. 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, vested and unvested stock options and restricted/performance stock awards. The relationship between the gross values of your company stock and options 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 devastating impact on your total wealth.

StockOpter® Concentration Analysis



Total Value at Risk (VaR) Analysis at a Stock Price of $90.00

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. VaR is computed using the same volatility of **25.00 %** as in the Full Option Value calculations. 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 vested options and 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.

StockOpter® Total Value at Risk (VaR) Analysis

Description	VaR	Vested ITMV $	VaR %
Vested Options	$224,705	$1,004,000	22.38 %
Owned Shares	$51,069	$450,000	11.35 %
Total	$275,774	$1,454,000	18.97 %

V. Decision Framework for Sally B Sample

Your company stock and option 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, expiration, and values such as; financial goal attainment, company stock price, share diversification rates, and Insight or VaR Ratios. After reviewing these events and values for your equity compensation portfolio, you may consider taking action or just monitor these events and values until the event draws closer or the value is more appropriate.

Future Vesting Events and Option Expiration at a Stock Price of $90.00

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

StockOpter® Option Vestings

Vesting Period	Number of Shares	Unvested ITMV $	Potential Tax $	After Tax Value $
02/2020	5,000	80,625	32,250	48,375
2021	5,000	80,625	32,250	48,375
2022	2,500	6,250	2,500	3,750
2023	2,500	6,250	2,500	3,750

StockOpter® RSA Vestings

Vesting Period	Number of Shares	Gross Value $	Potential Tax $	After Tax Value $
11/2019	3,000	270,000	108,000	162,000
11/2020	3,000	270,000	108,000	162,000
2021	3,000	270,000	108,000	162,000
2022	2,000	180,000	72,000	108,000
2023	1,000	90,000	36,000	54,000

The expiration dates of your employee stock options are one of the most critical events to monitor. As expiration approaches, the Time Value of your stock options declines and your planning alternatives diminish substantially. If you wait until the last minute and your stock declines before you act, you may lose the opportunity for substantial wealth accumulation. It may be wise to consider a phased diversification strategy several years prior to expiration. The expiration dates for your grants are listed in the first section of this report and in Appendix B.

Financial Goal Percentage at a Stock Price of $90.00

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 Vested Options & Owned Shares* to the *Value of your Diversified Portfolio* (**$1,522,400)** and dividing by your *Financial Goal* (**$4,000,000.00).** Your Financial Goal Percentage is: **38.06 %.**

Stock Price

The price of your stock is the single most important determinant of the value of your company stock and options. However, stock price alone is not a good indicator of when to exercise your options and sell your company stock. You need to consider other factors such as the Time Value of your options and the

concentration level of your company stock over time. These considerations are explained in the next two segments.

Share Diversification Analysis at a Stock Price of $90.00

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 and vested stock options 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 %**

StockOpter® Share Diversification Analysis

	2019	2020	2021	2022	2023
Share Price (Yr End)	$93.77	$98.46	$103.38	$108.55	$113.98
Beg Yr Owned Shares + Net Restricted Shares Vesting	7,340	8,579	9,632	9,747	9,065
Avg. Cost Basis per Share Before Sale	$70.77	$78.32	$84.41	$88.27	$90.48
Owned Shares to Sell	1,101	1,287	1,445	1,462	1,360
After Tax Proceeds of Shares Sold & Expiring Options	$98,175	$121,534	$143,901	$152,771	$554,126
Pre Tax Value of Owned Shares & Vested Options	$1,671,971	$1,908,090	$2,144,732	$2,311,437	$1,733,936
Pre Tax Value of Diversified Portfolio (VDP)	$623,175	$775,868	$958,562	$1,159,261	$1,771,350
% Company Stock Holdings	72.85 %	71.09 %	69.11 %	66.60 %	49.47 %

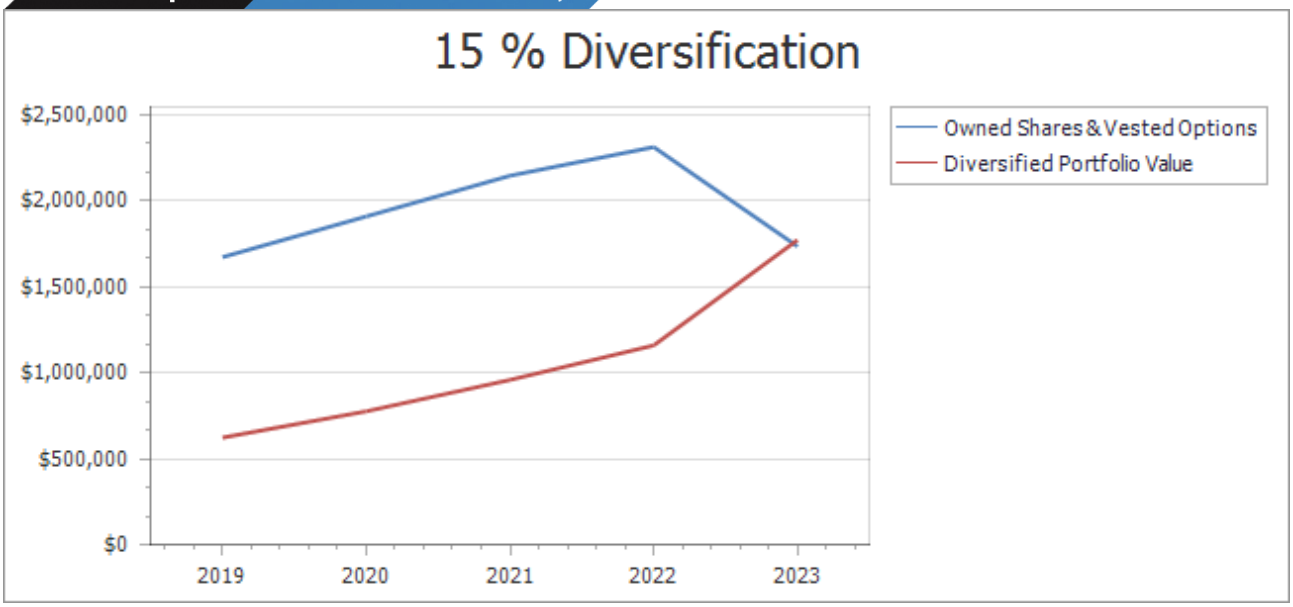
This analysis models company share diversification strategies over a 5-year planning horizon. It calculates the year by year “Pre-Tax Value of the Diversified Portfolio” and the “Pre-Tax Value of Owned Shares and Vested Options” that result from the “Beginning Year Owned Shares + Net Restricted/Performance 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: 2/28/2019.
- 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.

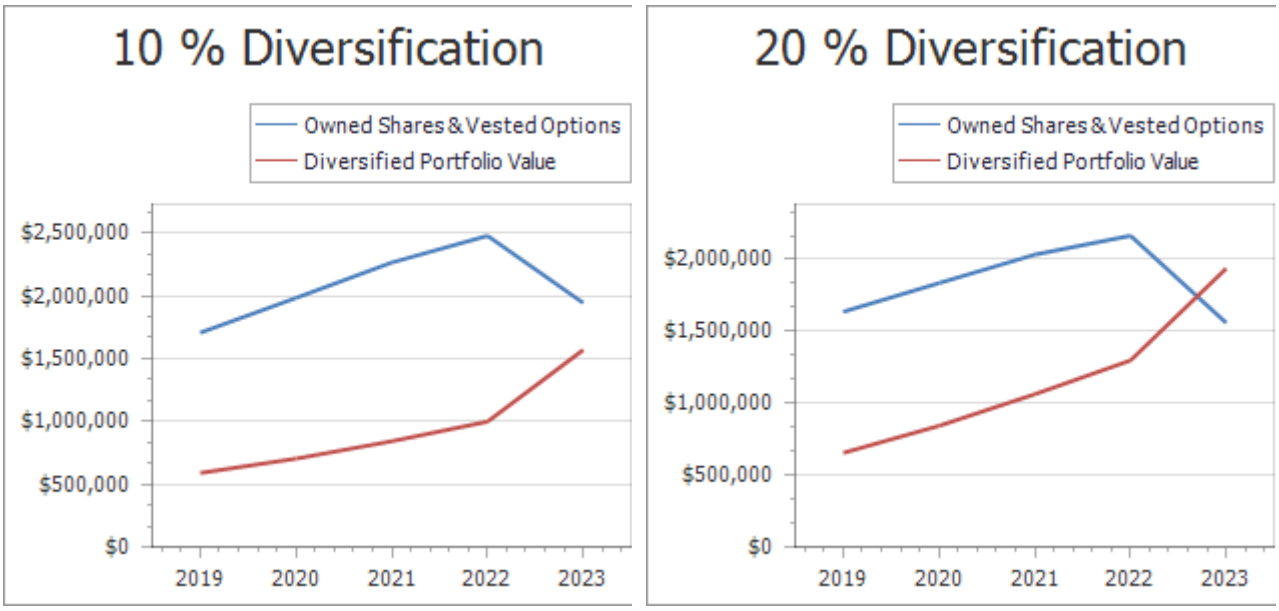
- The **After-Tax Proceeds from Shares Sold & Expiring Options** is calculated using the share price, the cost basis and the “Capital Gains Rate” (this assumes the shares sold are held for at least 1 year). This row also includes the after-tax value of any vested options that expire each year at the assumed annual share price.
- The **Pre-Tax Value of Owned Shares & Vested Options** row calculates the value of the remaining company shares and the intrinsic value of any vested options using the current "Share Price."
- 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 and Vested Options" 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 & Vested Options" to the "Diversified Portfolio Value" over the 5-year period.

StockOpter® Share Diversification Analysis



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.



Key Ratios at a Stock Price of $90.00

This final segment is designed to help you determine when to exercise your employee stock options and sell the shares. The table below shows two ratios that are highly correlated so you may consider selecting just one as your primary focus for establishing a decision-making framework. This table was calculated using the **Black-Scholes Merton** methodology and the assumptions below.

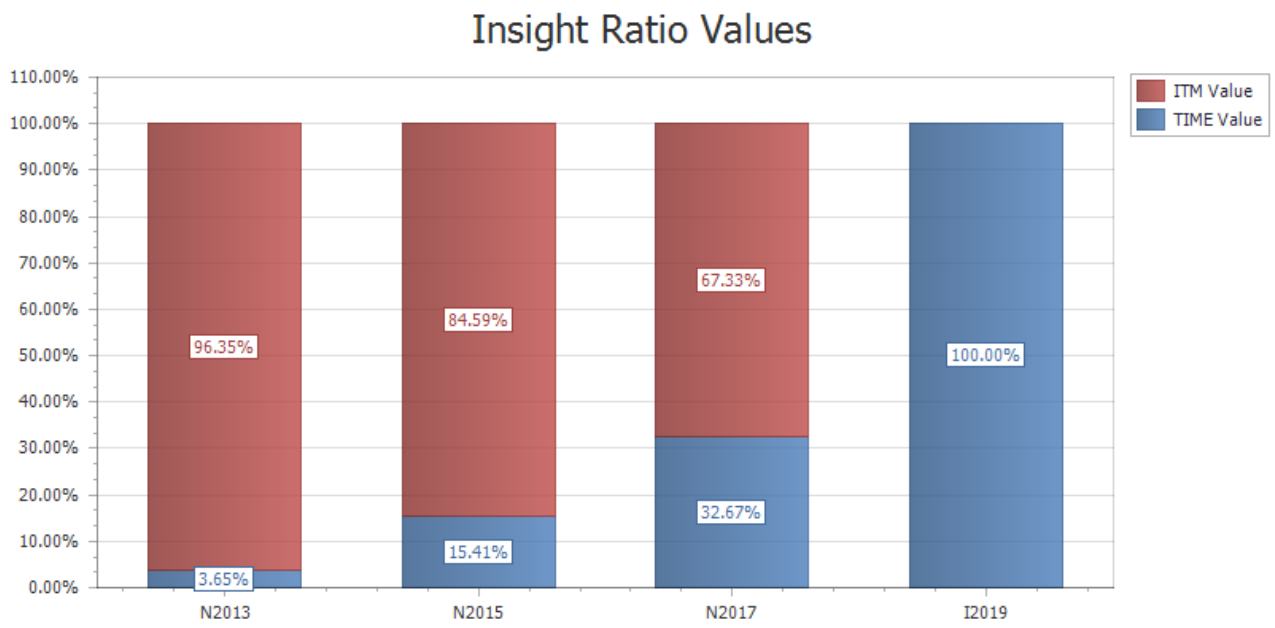
- **Insight Ratio®**: This ratio is the Time Value divided by the Full Option Value for each vested option. Consequently, your Insight Ratios represent the percentage of Time Value compared to the intrinsic (In-the-Money) value in each grant. As an option approaches expiration or increases in in-the-money value, the Time Value of the option will decrease thereby lowering the Insight Ratio®. An option with a low Insight Ratio® means that most of its value is in-the-money value. A ratio of 5% says that 95% of the option's full value is In-the-Money value which is at risk by continuing to hold the option.

- **VaR Ratio**: This ratio is the Time Value divided by the VaR (value at risk) for each vested option. It is a comparison of the theoretic value (Time Value) to the theoretic risk of the option at the current time. The lower the TV/VaR percentage, the more compelling is the argument for diversifying the option. For example, a ratio of 25% means that the theoretic risk is 4 times as large at the theoretic potential. Please note, while the value of this ratio could be infinitely large, a 1,000% ceiling has been asserted.

Dividend: $0.00 **Volatility:** 25.00 %
Risk Free Rate: 2.00 % **FOV Date:** 2/28/2019

StockOpter® Insight Ratios

Grant ID	Grant Type	Expire Date	Exercise Price	Vested ITMV $	Vested TV $	VaR Value	VaR Ratio	Vested FOV $	Insight Ratio
N2013	NQSO	2/1/2023	$29.5000	484,000	18,340	81,711	22.45 %	502,340	3.65 %
N2015	NQSO	2/1/2025	$48.7500	371,250	67,613	91,925	73.55 %	438,863	15.41 %
N2017	NQSO	2/1/2027	$60.2500	148,750	72,178	51,069	141.33 %	220,928	32.67 %
I2019	ISO	2/1/2029	$87.5000	0	0	0	1,000.00 %	0	100.00 %
				1,004,000	**158,132**	**224,705**		**1,162,132**	



If you are like many option holders, you are asking yourself, “At what ratio level should I exercise my options?” Unfortunately, there is no single rule to follow. You need to take into consideration your planning horizon and risk profile, and your upcoming cash flow needs are a good indicator of these. The more time you have before you need to fund major expenses such as retirement or college, the longer you can wait prior to taking action on your stock options. The following table is only a guide for establishing your decision framework.

Planning Horizon & Risk Profile	VaR Ratio	Insight Ratio
Short / Conservative	Less than150%	Less than 50%
Medium / Moderate	Less than 100%	Less than 30%
Long / Aggressive	Less than 50%	Less than 10%

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 exercising your vested options and 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 to exercise your options or 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 have one or more Insight Ratios that is less than 10%.
- You are considering exercising and holding an ISO grant for the 1-year period to get capital gain treatment.
- You would like assistance monitoring your Insight Ratios®.
- 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.

The Full Option Values (FOV) and the Time Values were calculated using the **Black-Scholes Merton** model with an estimated volatility of **25.00 %** for **NDAQ** to illustrate option value. Any estimate of the future volatility of a stock price is uncertain. Therefore, there is no guarantee that the volatility used accurately illustrates the Time Value of your employee stock options. In addition, the Black-Scholes Merton model was originally designed to value market traded options. Consequently, there are some inherent limitations to the Black-Scholes Merton methodology for valuing employee stock options. Because of these limitations, this model may overstate or understate the actual value of employee stock options. However, since there isn't a generally recognized methodology for adjusting its results for such issues, the estimated Full Option Value (FOV) and Time Value (TV) amounts contained in this report are the full, unadjusted Black-Scholes Merton model values.

Appendix A: Summary of Assumptions for Sally B Sample

Issuing Corporation Information and Black-Scholes Merton Model Assumptions:

Ticker Symbol of Corporate Stock:	NDAQ
Current Share Price of Corporate Stock:	$90.00
Annual Stock Dividend:	$0.00
Risk-Free Rate of Return:	2.00 %
Est. Volatility of Corporate Stock:	25.00 %
FOV Date:	2/28/2019

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:	$4,000,000.00
Value of Diversified Portfolio (VDP):	$500,000.00
Number of Owned Shares:	5,000
Cost basis of Owned Shares:	$300,000
Stock Price Growth Rate:	5.00 %
VDP Growth Rate:	5.00 %
Diversification Percentage:	15.00 %

Appendix B: Grant Summary for Sally B Sample

StockOpter® Grant Summary

Grant ID	Grant Type	Grant Date	Exercise Price	Expire Date	Vested Options	Vesting Date	Shares Vesting
N2013	NQSO	2/1/2013	$29.5000	2/1/2023	8,000		
N2015	NQSO	2/1/2015	$48.7500	2/1/2025	9,000		
RSA2016	RSA	11/1/2016	N/A	N/A	0	11/1/2019	1,000
N2017	NQSO	2/1/2017	$60.2500	2/1/2027	5,000	2/1/2020	2,500
N2017	NQSO	2/1/2017	$60.2500	2/1/2027	5,000	2/1/2021	2,500
PSU2017	PSG	11/1/2017	N/A	N/A	0	11/1/2019	1,000
PSU2017	PSG	11/1/2017	N/A	N/A	0	11/1/2020	1,000
RSU2018	RSU	11/1/2018	N/A	N/A	0	11/1/2019	1,000
RSU2018	RSU	11/1/2018	N/A	N/A	0	11/1/2020	1,000
RSU2018	RSU	11/1/2018	N/A	N/A	0	11/1/2021	1,000
I2019	ISO	2/1/2019	$87.5000	2/1/2029	0	2/1/2020	2,500
I2019	ISO	2/1/2019	$87.5000	2/1/2029	0	2/1/2021	2,500
I2019	ISO	2/1/2019	$87.5000	2/1/2029	0	2/1/2022	2,500
I2019	ISO	2/1/2019	$87.5000	2/1/2029	0	2/1/2023	2,500
RSU2019	RSU	11/1/2019	N/A	N/A	0	11/1/2020	1,000
RSU2019	RSU	11/1/2019	N/A	N/A	0	11/1/2021	1,000
RSU2019	RSU	11/1/2019	N/A	N/A	0	11/1/2022	1,000
RSU2020	RSU	11/1/2020	N/A	N/A	0	11/1/2021	1,000
RSU2020	RSU	11/1/2020	N/A	N/A	0	11/1/2022	1,000
RSU2020	RSU	11/1/2020	N/A	N/A	0	11/1/2023	1,000

Appendix C: Equity Compensation Portfolio Table

StockOpter® Portfolio Summary

Asset	Pre Tax Value	Pre Tax Percent	After Tax Value	After Tax Percent
Vested Stock Options	1,004,000	31.30 %	602,400	27.70 %
Unvested Stock Options	173,750	5.42 %	104,250	4.79 %
Restricted/Performance Shares	1,080,000	33.67 %	648,000	29.80 %
Company Owned Shares	450,000	14.03 %	420,000	19.31 %
Other Investments (VDP)	500,000	15.59 %	400,000	18.39 %
	3,207,750	100 %	2,174,650	100 %