



# SCIENCE APPLICATIONS INTERNATIONAL CORPORATION

## CORPORATE GOVERNANCE GUIDELINES

The Board of Directors (“Board”) of Science Applications International Corporation (the “Company”) recognizes the importance of strong corporate governance as a means of addressing the various needs of the Company’s stockholders, employees, customers and other stakeholders. As a result, the Board of Directors has adopted the following guidelines which, together with the Company’s certificate of incorporation, bylaws, committee charters and other key governance practices and policies, provide the framework for the Company’s corporate governance.

The Board recognizes that ensuring that the Company observes good corporate governance practices is an ongoing endeavor. As a result, the following guidelines are subject to annual review by the Board of Directors to determine whether they continue to promote the best interests of the Company and its stockholders and comply with all applicable laws, regulations and stock exchange requirements.

### **ROLE AND STRUCTURE OF BOARD OF DIRECTORS**

#### ***Role of the Board***

The Board of Directors governs and provides oversight over the affairs of the Company for the benefit of our stockholders, as well as our other stakeholders, particularly our employees, customers and the communities in which we do business.

The Board of Directors recognizes the central role that the Company’s culture has played in the growth and development of the Company and is committed to sustaining a culture that motivates our employees to think and act as owners.

The Board seeks to promote the success and continuity of the Company’s business by continuing to promote employee engagement, elect qualified management, oversee the Company’s business and activities, and develop a succession planning process and strategic plan. A fundamental goal of the Board is to build long-term value for the Company’s stockholders. The Board is committed to conducting our business in a legally responsible and ethical manner.

#### ***Board Structure***

The Board has determined that the optimal Board size is not less than seven (7) and not more than fourteen (14) members. The size of the Board may change from time to time depending upon the needs of the Board and the availability of qualified candidates.

#### ***Election of Directors at Annual Meeting and Failure to Receive the Required Vote***

Directors are elected annually by the stockholders at the annual meeting. In an uncontested election (i.e., an election in which the number of nominees does not exceed the number of directors to be elected), a nominee for director shall be elected upon receiving a majority of votes cast with respect to his or her election. For election of directors, a majority of the votes cast means that the number of votes cast “for” a nominee exceeds the votes cast “against” that nominee, without counting abstentions as votes cast. In a contested election, directors shall be elected by a plurality of votes cast such that the nominees receiving

the greatest number of “for” votes up to the number of authorized director slots shall be elected “for” his or her election.

In order for any incumbent director to become a nominee of the Board for further service on the Board, such person must submit an irrevocable resignation, contingent on (i) that person not receiving a majority of the votes cast in an election that is not a contested election and (ii) acceptance of that resignation by the Board. In the event an incumbent director fails to receive a majority of the votes cast in an election that is not a contested election, the Nominating and Corporate Governance Committee will consider whether or not to accept the resignation or to take some other action, taking into account the best interests of the Company and its stockholders, and communicate such recommendation to the Board. The Board will consider the Nominating and Corporate Governance Committee’s recommendation and take action within ninety (90) days from the date of the certification of the election results. Thereafter, the Board will promptly disclose its decision as to whether or not to accept the tendered resignation (and the reasons for rejecting the tendered resignation, if applicable) to the public in a press release, current report on Form 8-K filed with the Securities and Exchange Commission or some other public announcement.

While the Board is considering a director’s resignation, he or she shall remain active and engaged in Board and committee activities, but will not participate in any Nominating and Corporate Governance Committee or Board action regarding whether or not to accept the tendered resignation or to take some other action. In the event that a majority of members of the Nominating and Corporate Governance Committee have offered to resign, the remaining independent directors on the Board (as determined pursuant to these guidelines) will consider the tendered resignations and communicate their recommendation to the Board.

### ***Membership Criteria***

The Board has delegated to the Nominating and Corporate Governance Committee the responsibility for recommending nominees for membership on the Board consistent with the criteria established by the Board. In discharging this responsibility, the Committee receives input from the Chair of the Board and Chief Executive Officer and shall consider candidates recommended by stockholders. The Board believes its membership should reflect a broad range of experience, knowledge and judgment beneficial to the broad business diversity of the Company. The Company expects a high level of commitment from the directors and will review a candidate’s other commitments and service on other boards to ensure that the candidate has sufficient time to devote to the Company. In recommending nominees for membership on the Board, the Nominating and Corporate Governance Committee shall observe the following principles:

- A majority of directors must meet the independence criteria set forth below, subject to any applicable transition period.
- Based upon the desired Board size of 7 to 14 directors, no more than three directors may be employees of the Company (an “Employee Director”).
- Only full-time employees who serve as either the Chief Executive Officer or a direct report to the Chief Executive Officer will be considered as candidates for an Employee Director position.
- No director may be a consultant to the Company.

### ***Independence***

The Company defines an “independent” director in accordance with Section 303A.02 of the Listed Company Manual of the New York Stock Exchange (“NYSE”), which is included as Exhibit A to these guidelines for reference. No director will qualify as independent unless the Board affirmatively determines that the director has no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). The NYSE independence definition also includes a series of objective tests, such as that the director is not an employee of the Company and has not engaged in various types of business dealings with the Company. As required by SEC rules, the Company will describe in its proxy statement any transactions, relationships or arrangements that were considered by the Board in determining that a director is independent.

### ***Board Leadership***

The Board does not have a policy on whether the roles of Chair and Chief Executive Officer should be separate. The Board believes that it is in the best interests of stockholders for the Board to have the flexibility to determine the most qualified and appropriate individual to serve as Chair of the Board, whether that person is an independent director or the Chief Executive Officer. The Board determines the appropriate leadership structure based on its assessment of the Board’s and the Company’s needs and the people and situation involved. When the positions are combined, or if the Chair of the Board is not otherwise an independent director, the Nominating and Corporate Governance Committee shall nominate an independent director to serve as “Lead Director,” who shall be approved by a majority of the independent directors. The independent Chair or the Lead Director, as the case may be, shall have such duties and responsibilities assigned by the Board to maintain effective Board independence and oversight of management.

### ***Limit on the Number of Other Board Memberships***

Independent directors should not serve on more than four other boards of publicly traded companies in addition to the Company’s Board of Directors. In addition, the Nominating and Corporate Governance Committee considers each director’s other commitments as a factor in determining the nominees to be recommended for election or reelection. An Employee Director may not serve on the board of more than two other public companies. Any board membership of Employee Directors or other executive officers on the boards of other publicly traded companies must be approved in advance by the Chief Executive Officer, the Chairman of the Board or the Lead Director, as appropriate.

### ***Change of Responsibility of Director***

Any director who retires from his or her principal current employment, or who materially changes his or her current position, shall tender a letter of resignation that provides for the resignation only being effective upon Board acceptance. The Nominating and Corporate Governance Committee shall then recommend whether the Board should accept the resignation based on a review of whether the individual continues to satisfy the Board’s membership criteria.

### ***Resignation Policy for Employee Directors***

Employee Directors shall resign from the Board upon their resignation, removal or retirement as an officer of the Company or if they do not otherwise satisfy the criteria for Board membership.

### ***Retirement Age***

The Board has adopted a standard retirement age of 75 for independent directors and 65 for Employee Directors. It is the general policy of the Nominating and Corporate Governance Committee not to nominate candidates for re-election at any annual stockholder meeting to be held after he or she has attained the applicable retirement age.

### ***Term Limits***

The Board has considered but has decided not to impose arbitrary limits on the number of terms a director may serve. The Board believes that directors who have served on the Board for an extended period of time are able to provide valuable continuity and insights based on their experience and thorough understanding of the Company's history, practices and objectives. As an alternative to term limits, the Board believes that the evaluation and nomination process will ensure that the Company has a properly constituted and functioning Board.

## **BOARD MEETINGS**

### ***Agenda for Board Meetings***

The Chair of the Board shall establish the agenda for each Board meeting, after consulting with the Lead Director, if applicable. Board members are encouraged to submit their ideas for agenda items to the Chair as far in advance of a Board meeting as possible. In addition, at the beginning of the Company's fiscal year, the Chair of the Board, after consulting with the Lead Director, if applicable, will establish a tentative schedule of subjects to be discussed during the year. During at least one meeting each year, the Board shall review the Company's long-term strategic plans, succession plan and critical issues that the Company expects to confront in the future.

### ***Advance Distribution of Materials***

Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting should generally be distributed in writing or electronically to the directors before the meeting. The Secretary will endeavor to distribute meeting materials at least one week before each regularly scheduled Board meeting and as far in advance of special meetings as possible. Directors are responsible for reviewing these materials in advance of the meeting. The Board acknowledges that certain items to be discussed at a Board or committee meeting may be extremely confidential or time-sensitive, making the advance distribution of these materials inappropriate or impractical.

### ***Director Attendance at Board and Annual Meetings***

Directors are expected to attend regularly scheduled meetings of the Board of Directors and the Annual Meeting of Stockholders in person. Members are encouraged to attend Board meetings and meetings of committees of which they are members in person but may also attend such meetings by telephone or video conference.

### ***Executive Sessions of Independent Directors***

Each regularly scheduled Board meeting will include an executive session of the independent directors without Employee Directors or management personnel present. The independent directors will meet in executive session at other times at the request of any independent director. Matters to be discussed in executive session may include compensation, management performance, succession planning, corporate

governance and other sensitive topics. The independent Chair, or the Lead Director, as applicable, shall preside over the executive sessions of the independent directors.

## **DIRECTOR COMPENSATION**

### ***Role of Board and Human Resources and Compensation Committee***

The Human Resources and Compensation Committee will periodically review director compensation, with the assistance of an independent compensation advisor, and recommend the form and amount of director compensation for approval by the Board. The Board will approve the form and amount of director compensation in accordance with the policies and principles set forth below.

### ***Form of Compensation***

The Board believes that directors should be incentivized to focus on long-term stockholder value. Including equity-based compensation as a significant part of director compensation helps align the interest of directors with those of the Company's stockholders.

### ***Amount of Compensation***

The Company seeks to attract exceptional talent to its Board. Therefore, the Company's policy is to compensate independent directors competitively relative to comparable companies. In determining director compensation, the Human Resources and Compensation Committee and the Board of Directors understand that the independence of directors could be questioned if director compensation and perquisites exceed customary levels. The Human Resources and Compensation Committee shall, from time to time, present a director compensation report to the Board, comparing the Company's director compensation with that of comparable companies. The Board believes that it is appropriate for the independent Chair or Lead Director, Committee chairs and Committee members to receive additional compensation for their services in those positions if they are independent directors.

### ***Director Stock Ownership***

The Board believes that directors should acquire and hold shares of Company stock in an amount that is meaningful and appropriate. Directors may elect to defer some or all of any cash component of compensation to be paid in Company stock. To encourage directors to have a direct and material investment in Company stock, the Board has adopted stock ownership guidelines that encourage directors to hold shares of the Company's stock with a value of at least five times the annual retainer, to be achieved within three years of joining the Board.

### ***Employee Directors***

Employee Directors shall receive no additional compensation for Board or committee service.

## **COMMITTEE MATTERS**

### ***Key Committees and Structure of Committees***

The principal committees of the Board of Directors are the Audit Committee, Classified Business Oversight Committee, Human Resources and Compensation Committee, Ethics and Corporate Responsibility Committee and Nominating and Corporate Governance Committee. The Audit Committee,

Human Resources and Compensation Committee, and Nominating and Corporate Governance Committee shall be comprised entirely of independent directors.

#### ***Assignment of Committee Members and Committee Chairs***

The Nominating and Corporate Governance Committee is responsible for recommending to the Board of Directors the directors to be appointed to each committee of the Board and each committee Chair. The Nominating and Corporate Governance Committee annually considers the skills and qualifications of each director, as well as the interests of individual directors, in making these assignments, taking into account the desirability of rotation of committee members and chairs, the benefits of continuity and experience, and applicable legal, regulatory and stock exchange listing requirements. Committee membership and Chairs shall be recommended by the Nominating and Corporate Governance Committee and selected by the Board of Directors.

#### ***Committee Charters***

Each committee has its own charter. The charters will set forth the purposes, goals and responsibilities of the committees as well as qualifications for committee membership. The charters also will provide that each committee will annually evaluate its own performance. The Nominating and Corporate Governance Committee shall, from time to time as it deems appropriate, review and reassess the adequacy of each committee charter. After consulting with the committee chair, the Nominating and Corporate Governance Committee will recommend appropriate changes to the committee charters to the Board of Directors for approval.

#### ***Selection of Agenda Items***

The chair of each committee, in consultation with the members of the committee and appropriate members of management, will develop the committee's agenda. Meeting materials are prepared and provided to committee members sufficiently in advance of meetings to allow adequate time for meeting preparation.

#### ***Frequency and Length of Committee Meetings***

The chair of each committee, in consultation with the committee members, will determine the frequency and length of committee meetings consistent with any requirements set forth in the committee's charter.

#### ***Attendance at Committee Meetings***

Attendance of non-directors at Committee meetings is not allowed without the prior approval of the Committee Chair. Non-member directors may only attend meetings of the Audit, Classified Business Oversight, Human Resources and Compensation, Ethics and Corporate Responsibility, and Nominating and Corporate Governance Committees with the prior approval of the Committee Chair.

#### ***Reports to the Board***

Each committee will report material issues to the Board and will keep written minutes of its meetings and report regularly to the Board on its activities.

## **ACCESS TO MANAGEMENT, OUTSIDE ADVISORS AND THIRD PARTIES**

### ***Board Access to Management***

Directors have full and free access to officers and employees of the Company. Any meeting or contact that a director wishes to initiate may be arranged through the Chief Executive Officer or the Secretary or directly by the director. Directors shall use their judgment to ensure that such contact is not disruptive to the business operations of the Company.

### ***Attendance of Non-Directors at Board Meetings***

The Board welcomes attendance at Board meetings by selected senior executives of the Company. Senior executives, from time to time, may bring additional Company personnel into Board meetings who (i) can provide additional insight on the items being discussed because of personal involvement in these areas or (ii) appear to be persons with future potential who should be given exposure to the Board. Attendance of non-directors at Board meetings must be approved by the Chair of the Board and coordinated with the Secretary.

### ***Access to Outside Advisors***

The Board and each committee have the power to consult with legal, financial, compensation or other advisors, as they deem necessary or appropriate. No advance approval or consultation with an officer of the Company is required, but a Committee chair seeking to retain an advisor should consult with the Lead Director or Chair of the Board, as appropriate, before retaining the advisor. The Company shall pay the fees and expenses of such advisors.

### ***Board Interaction with Institutional Investors and the Press***

The Board believes that the Chief Executive Officer and his designees speak for the Company. Individual Board members should avoid making public comments or communicating to the press concerning matters involving the Company without prior coordination with the Chief Executive Officer. The Board will give appropriate attention to written communications submitted by stockholders and other interested parties and will respond if and as appropriate.

## **DIRECTOR ORIENTATION AND CONTINUING EDUCATION**

### ***Director Orientation***

The Company's management, as directed by the Board, shall conduct a mandatory orientation program for new directors. The agenda for the orientation shall be determined by the Chair of the Board, with input from the Nominating and Corporate Governance Committee, the Chief Executive Officer and the General Counsel. The orientation program shall include presentations by management to familiarize new directors with the Company's strategic and financial plans, any risk management issues, its legal responsibilities and compliance programs, its codes of conduct, its principal officers, and its internal and independent auditors. New directors are required to complete the Company's ethics training course and to comply with the Board's code of conduct. In addition, the orientation program shall include a review of the Company's expectations of its directors in terms of time and effort and a review of the directors' fiduciary duties.

### ***Continuing Education***

The Board and management will provide updates and presentations on new legal and compliance issues as warranted by developments in the law or by best practices. The Company expects directors to participate in continuing education opportunities on the Company's organization, business units, strategic plan, significant financial, accounting and risk-management issues, governance policies and ethics. Existing directors are expected to complete the Company's ethics training course upon reelection and to comply with the Board's code of conduct. The Company also expects each director to participate in external continuing director education programs as necessary to enable the director to better perform his or her duties and to recognize and deal appropriately with issues that arise. The Company shall pay all reasonable expenses related to continuing director education.

### ***Annual Performance Evaluation of the Board***

The Board will conduct an annual review of its performance to determine whether the Board and its committees are functioning effectively. The Nominating and Corporate Governance Committee will oversee the annual self-evaluation of the Board by determining the nature of the evaluation, supervising the conduct of the evaluation, preparing an assessment of the Board's performance, and discussing the results with the Board. These annual self-evaluations shall include an evaluation of whether the individuals sitting on the Board bring the necessary skill sets and experience to the Company, and whether the Board is working effectively as a group.

## **LEADERSHIP DEVELOPMENT**

### ***CEO and Executive Officer Performance Evaluation***

The Human Resources and Compensation Committee of the Board annually evaluates the performance of the Chief Executive Officer and other "Executive Officers" (meeting the definition of "officer" under Section 16 of the Securities Exchange Act of 1934, as amended) based on a specific set of performance objectives. The Human Resources and Compensation Committee shall determine and approve the Chief Executive Officer's compensation and shall report such determination to the Board.

### ***Succession Planning***

The Board of Directors believes it is critical to the success of the Company that continuity of leadership is ensured and that a succession plan exists for the Chief Executive Officer and other key officers. The Human Resources and Compensation Committee of the Board evaluates and makes recommendations to the Board on candidates for the position of Chief Executive Officer in the event that a vacancy arises or is anticipated to arise, including through the death, disability, retirement or resignation of the Company's Chief Executive Officer. The Human Resources and Compensation Committee is also responsible to ensure that processes are in place for management development and succession throughout the leadership ranks.

## **ETHICS AND CORPORATE RESPONSIBILITY**

### ***Ethics Policies***

All of the Company's employees, including executive officers, are required to comply with the Company's Code of Conduct, which describes our standards for, among other things, protecting the assets of the Company and its customers, fostering a safe and healthy work environment, dealing fairly with customers and others, conducting international business properly, reporting misconduct and protecting



employees from retaliation. This code forms the foundation of the Company's corporate policies and procedures designed to promote ethical behavior in all aspects of the Company's business. In addition, the principal executive officer and senior financial officers are also subject to the Company's Code of Conduct, which contains additional policy guidelines and procedures relating to legal and ethical standards for conducting business.

Directors are required to comply with the Code of Business Conduct intended to describe areas of ethical risk, provide guidance to directors and help foster a culture of honesty and accountability. This code addresses areas of professional conduct relating to service on the Company's Board, including conflicts of interest, protection of confidential information, fair dealing and compliance with all applicable laws and regulations.

### ***Conflicts of Interest***

The codes of conduct and other related policies of the Company provide that all employees, executive officers and directors must act in the best interests of the Company and refrain from engaging in any activity or having a personal interest that presents or creates the appearance of a "conflict of interest." The Board of Directors recognizes that actual or perceived conflicts of interest may raise questions among stockholders and others as to whether transactions are consistent with good corporate governance and are in the best interests of the Company and its stockholders. Accordingly, as a general matter, the preference of the Board is to avoid situations involving actual or perceived conflicts of interest. Nevertheless, it is also recognized that there are certain transactions and situations that may be in, or may not be inconsistent with, the best interests of the Company and its stockholders.

In the event that an executive officer of the Company has an unavoidable conflict of interest or seeks a waiver of a provision of the code of conduct, the executive officer shall notify the Secretary's office and/or the Ethics Department, which shall arrange for the Ethics and Corporate Responsibility Committee or Audit Committee of the Board, as appropriate, to consider the request. It is the policy of the Board generally not to waive a conflict of interest or a requirement of the Code of Conduct applicable to any executive officer. The waiver shall be granted only if such approval is obtained. The Ethics and Corporate Responsibility Committee or Audit Committee shall advise the Board whenever a request for a waiver of the Code of Conduct or conflict of interest issue has been considered by the committee and the results of the committee's evaluation of the issue.

With respect to members of the Board of Directors, because of the business relationships that a director may have outside of the Company, it is possible that actual or potential conflicts of interest may develop as a result of actions contemplated by the Company or another person. If a director becomes aware of an actual or potential conflict of interest with the Company, he or she should promptly inform the Chair of the Ethics and Corporate Responsibility Committee. If the director's independence could be impaired, the director should also notify the Chair of the Board and the Chair of the Nominating and Corporate Governance Committee to consider what action, if any, may be required. In the case of a material conflict of interest, the director may be required to tender his or her resignation.

### ***Interlocking Directorships***

Interlocking director relationships are prohibited. In other words, directors who are also officers of the Company cannot serve on another director's Board if that director is also an officer of that company.

### ***Communication with Directors***

Stockholders and employees may contact directors by writing to them either individually, the independent directors as a group, or the entire Board of Directors at the Company's headquarters located at 12010 Sunset Hills Road, Reston, VA 22102, Attention: Corporate Secretary. Anyone who has a concern about the Company's conduct, or about the Company's accounting, internal accounting controls or auditing matters, may communicate that concern to the Board of Directors, the independent directors, or the chair of the appropriate Board committee, such as the Audit Committee. Such communications may be confidential and anonymous, and may be reported by written communication, phone or email. The corporate address for written communications is listed above, and the toll-free phone number and email addresses are published on the Company's website. All such concerns will be promptly forwarded to the appropriate directors for their review. Communications addressed to all directors or the independent directors as a group may be forwarded to the independent Chair or the Lead Director, as applicable, who will determine if the communications should be distributed to additional directors based on the nature and content of the communication. The independent directors may direct special treatment, including the retention of outside advisors or counsel, for any concern addressed to them. The Company's Ethics Handbook prohibits any retaliation or adverse action being taken against anyone for raising an integrity concern.

## **CORPORATE GOVERNANCE GUIDELINES UPDATES**

### ***Revision to Corporate Governance Guidelines***

The Nominating and Corporate Governance Committee will review these governance principles at least annually and recommend appropriate changes to the Board of Directors for approval.

*December 13, 2017*

## APPENDIX A

### NYSE Listed Company Manual Excerpt:

#### “303A.02 Independence Tests

The following will be the operative text of Section 303A.02 effective commencing July 1, 2013:

In order to tighten the definition of "independent director" for purposes of these standards:

(a)(i) No director qualifies as "independent" unless the board of directors affirmatively determines that the director has no material relationship with the listed company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the company).

(ii) In addition, in affirmatively determining the independence of any director who will serve on the compensation committee of the listed company's board of directors, the board of directors must consider all factors specifically relevant to determining whether a director has a relationship to the listed company which is material to that director's ability to be independent from management in connection with the duties of a compensation committee member, including, but not limited to:

(A) the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by the listed company to such director; and

(B) whether such director is affiliated with the listed company, a subsidiary of the listed company or an affiliate of a subsidiary of the listed company.

Commentary: It is not possible to anticipate, or explicitly to provide for, all circumstances that might signal potential conflicts of interest, or that might bear on the materiality of a director's relationship to a listed company (references to "listed company" would include any parent or subsidiary in a consolidated group with the listed company). Accordingly, it is best that boards making "independence" determinations broadly consider all relevant facts and circumstances. In particular, when assessing the materiality of a director's relationship with the listed company, the board should consider the issue not merely from the standpoint of the director, but also from that of persons or organizations with which the director has an affiliation. Material relationships can include commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships, among others. However, as the concern is independence from management, the Exchange does not view ownership of even a significant amount of stock, by itself, as a bar to an independence finding.

When considering the sources of a director's compensation in determining his independence for purposes of compensation committee service, the board should consider whether the director receives compensation from any person or entity that would impair his ability to make independent judgments about the listed company's executive compensation. Similarly, when considering any affiliate relationship a director has with the company, a subsidiary of the company, or an affiliate of a subsidiary of the company, in determining his independence for purposes of compensation committee service, the board should consider whether the affiliate relationship places the director under the direct or indirect control of the listed company or its senior management, or creates a direct relationship between the director and members of senior management, in each case of a nature that would impair his ability to make independent judgments about the listed company's executive compensation.

Disclosure Requirement: The listed company must comply with the disclosure requirements set forth in Item 407(a) of Regulation S-K.

(b) In addition, a director is not independent if:

(i) The director is, or has been within the last three years, an employee of the listed company, or an immediate family member is, or has been within the last three years, an executive officer<sup>(1)</sup>, of the listed company.

Commentary: Employment as an interim Chairman or CEO or other executive officer shall not disqualify a director from being considered independent following that employment.

(ii) The director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from the listed company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service).

Commentary: Compensation received by a director for former service as an interim Chairman or CEO or other executive officer need not be considered in determining independence under this test. Compensation received by an immediate family member for service as an employee of the listed company (other than an executive officer) need not be considered in determining independence under this test.

(iii) (A) The director is a current partner or employee of a firm that is the listed company's internal or external auditor; (B) the director has an immediate family member who is a current partner of such a firm; (C) the director has an immediate family member who is a current employee of such a firm and personally works on the listed company's audit; or (D) the director or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on the listed company's audit within that time.

(iv) The director or an immediate family member is, or has been with the last three years, employed as an executive officer of another company where any of the listed company's present executive officers at the same time serves or served on that company's compensation committee.

(v) The director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the listed company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues.

Commentary: In applying the test in Section 303A.02(b)(v), both the payments and the consolidated gross revenues to be measured shall be those reported in the last completed fiscal year of such other company. The look-back provision for this test applies solely to the financial relationship between the listed company and the director or immediate family member's current employer; a listed company need not consider former employment of the director or immediate family member.

Disclosure Requirement: Contributions to tax exempt organizations shall not be considered payments for purposes of Section 303A.02(b)(v), provided however that a listed company shall disclose either on or through its website or in its annual proxy statement, or if the listed company does not file an annual proxy statement, in the listed company's annual report on Form 10-K filed with the SEC, any such contributions made by the listed company to any tax exempt organization in which any independent director serves as an executive officer if, within the preceding three years, contributions in any single fiscal year from the listed company to the organization exceeded the greater of \$1 million, or 2% of such tax exempt

organization's consolidated gross revenues. If this disclosure is made on or through the listed company's website, the listed company must disclose that fact in its annual proxy statement or annual report, as applicable, and provide the website address. Listed company boards are reminded of their obligations to consider the materiality of any such relationship in accordance with Section 303A.02(a) above.

General Commentary to Section 303A.02(b): An "immediate family member" includes a person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares such person's home. When applying the look-back provisions in Section 303A.02(b), listed companies need not consider individuals who are no longer immediate family members as a result of legal separation or divorce, or those who have died or become incapacitated.

In addition, references to the "listed company" or "company" include any parent or subsidiary in a consolidated group with the listed company or such other company as is relevant to any determination under the independent standards set forth in this Section 303A.02(b).

Amended: November 25, 2009 (NYSE-2009-89); January 11, 2013 (NYSE-2012-49).

(1) For purposes of Section 303A, the term "executive officer" has the same meaning specified for the term "officer" in Rule 16a-1(f) under the Securities Exchange Act of 1934."