

INVESTORS TITLE CO
Form DEF 14A
April 15, 2019

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

INVESTORS TITLE COMPANY

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:



121 North Columbia Street, Chapel Hill, North Carolina 27514
(919) 968-2200

April 15, 2019

Dear Shareholders:

You are cordially invited to attend the Annual Meeting of Shareholders (the “Annual Meeting”) of Investors Title Company (the “Company”) to be held at The Siena Hotel, 1505 East Franklin Street, Chapel Hill, North Carolina on Wednesday, May 15, 2019 at 11:00 a.m. EDT.

The Annual Meeting will begin with a review of the activities of the Company for the past year and a report on current operations during the first quarter of 2019, followed by discussion and voting on the matters set forth in the accompanying Notice of Annual Meeting and Proxy Statement.

Whether or not you plan to attend the meeting, I urge you to review the Proxy Statement and vote as soon as possible to ensure that your shares are represented at the meeting. The Proxy Statement explains more about proxy voting, so please read it carefully.

Cordially,

J. Allen Fine
Chief Executive Officer

121 North Columbia Street, Chapel Hill, North Carolina 27514
(919) 968-2200

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 15, 2019

The Annual Meeting of Shareholders of Investors Title Company will be held at The Siena Hotel, 1505 East Franklin Street, Chapel Hill, North Carolina, on Wednesday, May 15, 2019 at 11:00 a.m. EDT, for the following purposes:

- (1) To elect the three directors nominated by the Board of Directors for three-year terms or until their successors are elected and qualified;
- (2) To hold an advisory vote to approve executive officer compensation;
- (3) To hold an advisory vote on the frequency of the advisory vote to approve executive officer compensation;
- (4) To consider and act upon a proposal for the approval of the 2019 Stock Appreciation Rights Plan;
- (5) To ratify the appointment of Dixon Hughes Goodman LLP as the Company's independent registered public accounting firm for 2019; and
- (6) To consider any other business that may properly come before the meeting.

Shareholders of record of common stock of the Company at the close of business on April 1, 2019 are entitled to notice of and to vote at the meeting and any adjournments or postponements thereof.

By Order of the Board of Directors:

W. Morris Fine
Secretary
April 15, 2019

IMPORTANT – Please vote by Internet, telephone or mail as soon as possible so your shares will be voted promptly, even if you plan to attend the meeting in person. Additional information about voting is included in the accompanying Proxy Statement and on your proxy card.

TABLE OF CONTENTS

	Page
<u>GENERAL INFORMATION</u>	1
<u>Proxy Solicitation by the Board of Directors</u>	1
<u>Annual Report to Shareholders</u>	1
<u>Submitting and Revoking a Proxy</u>	1
<u>Voting Securities</u>	2
<u>Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be Held on May 15, 2019</u>	2
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	2
<u>General Information</u>	2
<u>CORPORATE GOVERNANCE</u>	2
<u>Code of Business Conduct and Ethics</u>	2
<u>Shareholder Communications with Directors</u>	3
<u>Independent Directors</u>	3
<u>Executive Sessions</u>	3
<u>Compensation Committee Interlocks and Insider Participation</u>	3
<u>Board of Directors and Committees</u>	3
<u>Identification of Director Candidates</u>	5
<u>Board Leadership Structure</u>	6
<u>The Board's Role in Risk Oversight</u>	7
<u>COMPENSATION OF DIRECTORS</u>	7
<u>STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	9
<u>PROPOSALS REQUIRING YOUR VOTE</u>	11
<u>Proposal 1 - Election of Directors</u>	11
<u>Information Regarding Nominees for Election as Directors</u>	12
<u>Information Regarding Directors Continuing in Office</u>	13
<u>Proposal 2 – Advisory Vote to Approve Executive Compensation</u>	14
<u>Proposal 3 – Advisory Vote on Frequency of Advisory Vote to Approve Executive Compensation</u>	15
<u>Proposal 4 – Approval of the 2019 Stock Appreciation Rights Plan</u>	16
<u>Proposal 5 - Ratification of Appointment of Independent Registered Public Accounting Firm</u>	18
<u>Audit and Non-Audit Fees</u>	19
<u>Audit and Non-Audit Services Pre-Approval Policy</u>	19
<u>AUDIT COMMITTEE REPORT</u>	20
<u>COMPENSATION COMMITTEE REPORT</u>	20
<u>EXECUTIVE COMPENSATION</u>	21
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	35
<u>SHAREHOLDER PROPOSALS FOR 2020 ANNUAL MEETING</u>	35

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS OF
INVESTORS TITLE COMPANY

To Be Held on May 15, 2019

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Investors Title Company (the “Company”) of proxies to be voted at the Annual Meeting of Shareholders (the “Annual Meeting”) to be held at The Siena Hotel, 1505 East Franklin Street, Chapel Hill, North Carolina, on May 15, 2019 at 11:00 a.m. EDT, and at all adjournments or postponements thereof. Shareholders of record at the close of business on April 1, 2019 are entitled to notice of and to vote at the meeting and any adjournments or postponements thereof.

GENERAL INFORMATION

Proxy Solicitation by the Board of Directors. The solicitation of proxies is made on behalf of the Company’s Board of Directors and will be made either by mail or, as described below, by electronic delivery. The cost of solicitation of proxies will be borne by the Company. Copies of proxy materials and the Company’s 2018 Annual Report will be provided to brokers, dealers, banks and voting trustees or their nominees for the purpose of soliciting proxies from the beneficial owners, and the Company will reimburse these record holders for their out-of-pocket expenses.

Annual Report to Shareholders. A copy of the Company’s 2018 Annual Report including financial statements and the independent registered public accounting firm’s opinions, along with the Notice of Annual Meeting, Proxy Statement and proxy card, are being first mailed to the Company’s shareholders on or about April 15, 2019.

Submitting and Revoking a Proxy. If you complete and submit your proxy, whether by mail, by telephone or by Internet voting, the persons named as proxy holders will vote the shares represented by your proxy in accordance with your instructions. If you are a shareholder of record and submit a proxy but do not fill out the voting instructions, the persons named as proxy holders will vote your shares in the manner recommended by the Board of Directors on all matters presented in this proxy statement. In addition, if other matters are properly presented for voting at the meeting, the persons named as proxies will vote on such matters in accordance with their best judgment. The Company has not received notice of other matters that may be properly presented for voting at the meeting.

To ensure that your vote is recorded properly, please vote your shares as soon as possible, even if you plan to attend the meeting in person.

You may vote your shares by any of the following methods:

- By Internet. You may vote by proxy via the Internet by following the instructions on the proxy card provided.
- By Telephone. You may vote using the directions on your proxy card by calling the toll-free telephone number printed on the card.
- By mail. You may vote by proxy by signing and returning the proxy card provided.
- In person. Shareholders of record and beneficial shareholders with shares held in street name may vote in person at the meeting. If you hold shares in street name, you must also obtain a legal proxy from your broker to vote in person at the meeting.

If you vote by Internet or by telephone, please have your proxy card available. The control number appearing on your card is necessary to process your vote. An Internet or telephone vote authorizes the named proxy holders in the same manner as if you marked, signed and returned a proxy card by mail. Each proxy executed and returned by a shareholder may be revoked at any time thereafter except as to any matter or matters upon which, prior to such revocation, a vote shall have been cast pursuant to the authority conferred by such proxy. Shareholders with shares registered directly in their names may revoke their proxy by (1) sending written notice of revocation to the Corporate Secretary, P.O. Box 2687, Chapel Hill, North Carolina 27515-2687, (2) submitting a subsequent proxy or (3) voting in person at the meeting. If you plan to attend the meeting and you require directions, please call the Company at (919) 968-2200. Attendance at the meeting will not by itself revoke a proxy. A shareholder wishing to change his or her vote who holds shares through a bank, brokerage firm or other nominee must contact the record holder.

Voting Securities. On April 1, 2019, the Company had a total of 2,180,358 shares of common stock, no par value per share (“Common Stock”) outstanding, its only class of issued and outstanding capital stock. Of these shares, 1,888,682 shares are entitled to one vote per share and 291,676 shares are held by a subsidiary of the Company and, pursuant to North Carolina law, are not entitled to vote. A majority of the shares entitled to vote at the meeting, represented at the meeting in person or by proxy, will constitute a quorum.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be Held on May 15, 2019. The Notice of Annual Meeting and Proxy Statement and the Company’s 2018 Annual Report (collectively, the “Proxy Materials”) are available on the Company’s website at <http://www.invtile.com/investors-proxy-materials>. Shareholders that have arranged through their broker to receive the Proxy Materials electronically may also receive them online. Shareholders that hold their shares in a brokerage account may have the opportunity to receive future Proxy Materials electronically. Please contact your broker for information regarding the availability of this service.

Section 16(a) Beneficial Ownership Reporting Compliance. Section 16(a) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), requires directors, executive officers and all persons who beneficially own more than 10% of the Company’s securities to file reports with the Securities and Exchange Commission (the “SEC”) with respect to beneficial ownership of the Company’s securities. Based solely upon a review of copies of the filings that the Company received with respect to the fiscal year ended December 31, 2018, or written representations from certain reporting persons, the Company believes that all reporting persons filed all reports required by Section 16(a) in a timely manner during fiscal 2018.

General Information. A copy of the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2018, as filed with the SEC, including copies of the exhibits to the Form 10-K, can be obtained without charge by contacting Investor Relations at investorrelations@invtile.com or P.O. Box 2687, Chapel Hill, North Carolina 27515-2687.

CORPORATE GOVERNANCE

Code of Business Conduct and Ethics

The Company has a Code of Business Conduct and Ethics that is applicable to all of the Company’s employees, officers and directors, including its Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer. This Code addresses a variety of issues, including conflicts of interest, the protection of confidential information, insider trading and employment practices. It also requires strict compliance with all laws, rules and regulations governing the conduct of the Company’s business.

The Code of Business Conduct and Ethics is posted in the Corporate Governance area of the Investor Relations section of the Company’s website at www.invtile.com. The Company intends to disclose future substantive amendments to or waivers from the Code of Business Conduct and Ethics on its website within two business days

after such amendment or waiver.

2

Shareholder Communications with Directors

Shareholders can communicate with members of the Company's Board of Directors in one of two ways. Shareholders may mail correspondence to the attention of the Corporate Secretary, P.O. Box 2687, Chapel Hill, North Carolina 27515-2687. Any correspondence sent via mail should clearly indicate that it is a communication intended for the Board of Directors. Shareholders may also use electronic mail to contact the Board of Directors at boardofdirectors@invtitle.com. The Corporate Secretary regularly monitors this email account. Any communication that is intended for a particular Board member or committee should clearly state the intended recipient.

The Corporate Secretary will review all communications sent to the Board of Directors via mail and email and will forward all communications concerning Company or Board matters to the Board members within five business days of receipt. If a communication is directed to a particular Board member or committee, it will be passed on only to that member or the members of that committee. Otherwise, relevant communications will be forwarded to all Board members.

Independent Directors

The Board of Directors has determined that the following directors and nominees for director are independent directors within the meaning of the applicable listing standards of The Nasdaq Stock Market LLC ("Nasdaq") and the Company's Board of Directors Independence Standards: David L. Francis, Richard M. Hutson II, R. Horace Johnson, H. Joe King, Jr., James R. Morton and James H. Speed, Jr. The Board of Directors Independence Standards can be found on the Company's website at www.invtitle.com/investors-independence-standards.

Executive Sessions

Executive sessions that include only the independent members of the Board of Directors are held periodically.

Compensation Committee Interlocks and Insider Participation

Richard M. Hutson II, James R. Morton and James H. Speed, Jr. served on the Compensation Committee in the fiscal year ended December 31, 2018. None of the directors who served on the Compensation Committee in fiscal 2018 served as one of our employees in fiscal 2018 or has ever served as one of our officers. During fiscal 2018, none of our executive officers served as a director or member of the compensation committee (or other committee performing similar functions) of any other entity of which an executive officer served on our Board of Directors or Compensation Committee.

Board of Directors and Committees

During the fiscal year ended December 31, 2018, the Board of Directors held four meetings. All incumbent directors and nominees attended 75% or more of the aggregate number of meetings of the Board of Directors and committees of the Board on which they served. The Company expects each of its directors to attend the Annual Meeting unless an emergency prevents them from attending. All of the Board members were present at the 2018 Annual Meeting.

The Company's Board of Directors has a standing Audit Committee, Compensation Committee and Nominating Committee.

The Audit Committee. During fiscal 2018, the Audit Committee was composed of Mr. Francis, Mr. Johnson and Mr. King. The Audit Committee met eleven times during fiscal 2018.

The Audit Committee is directly responsible for overseeing the Company's accounting and financial reporting processes and appointing, retaining, compensating and overseeing the Company's independent registered public accounting firm and reviewing the scope of the annual audit proposed by the independent registered public accounting firm. In addition, the Audit Committee reviews and approves related party transactions and potential conflicts of interest and periodically consults with the independent registered public accounting firm on matters relating to internal financial controls and procedures. The Audit Committee is responsible for establishing and administering complaint procedures related to accounting and auditing matters.

The Audit Committee operates under a written charter adopted by the Board of Directors, a copy of which is posted on the Company's website at www.invtile.com/investors-committees. The Audit Committee reviews and assesses the adequacy of the charter on an annual basis.

The Board of Directors has determined that each member of the Company's Audit Committee is "independent" as defined under applicable Nasdaq listing standards and SEC rules, including the special independence requirements applicable to Audit Committee members. The Board of Directors has also determined that all of the current Audit Committee members—Mr. Francis, Mr. Johnson and Mr. King—are "audit committee financial experts" as defined under applicable SEC rules. See "Audit Committee Report" below for the formal report of the Audit Committee for fiscal 2018.

The Compensation Committee. During fiscal 2018, the Compensation Committee was composed of Mr. Hutson, Mr. Morton and Mr. Speed. The Compensation Committee met two times during fiscal 2018. The Board of Directors has determined that each member of the Compensation Committee is "independent" as defined under applicable Nasdaq listing standards.

The Compensation Committee operates under a written charter that can be found on the Company's website at www.invtile.com/investors-committees. The Compensation Committee reviews and assesses the adequacy of the charter on an annual basis.

The Compensation Committee makes all compensation decisions for the Company's executive officers and approves recommendations regarding equity awards for all of the Company's elected officers. The Compensation Committee may not delegate these responsibilities. Decisions regarding non-equity compensation of all other officers and employees are made by the Company's executive officers.

The Company's Chief Executive Officer annually reviews the performance of each of the other executive officers with respect to achievement of the Company's objectives. Based on those reviews, the Chief Executive Officer makes recommendations with respect to compensation to the Compensation Committee. The Compensation Committee then can exercise its discretion in modifying any recommended adjustments or awards to those executive officers based upon its evaluation of their performance as well as other aspects of our compensation objectives.

The Compensation Committee's review of the Chief Executive Officer's compensation is subject to separate procedures. The Compensation Committee evaluates the Chief Executive Officer's performance, reviews the Compensation Committee's evaluation with him and, based on that evaluation and review, determines the amount of his salary adjustment and bonus award. Consistent with the requirements of applicable Nasdaq listing standards, the Chief Executive Officer is excused from meetings of the Compensation Committee during voting deliberations regarding his compensation.

The Compensation Committee does not currently retain or use an executive compensation consultant for determining or recommending the amount or form of executive officer compensation. In making compensation decisions, the Compensation Committee is guided by the objectives of our compensation program, the Compensation Committee's own judgment and other information that it considers relevant. Based on the cyclical nature of the Company's business, the Compensation Committee believes that compensation of the executive officers should not be based on

fixed formulas and that the prudent use of discretion in determining compensation is generally in the best interest of the Company and its shareholders.

4

See “Compensation Committee Report” below for the formal report of the Compensation Committee for fiscal 2018. Decisions regarding the compensation of the Company’s directors are made by the Board of Directors, as described under “Compensation of Directors” below.

The Nominating Committee. During fiscal 2018, the Nominating Committee was composed of Mr. Speed, Mr. Hutson and Mr. Johnson. The Nominating Committee met two times during fiscal 2018.

The Nominating Committee operates under a written charter that can be found on the Company’s website at www.invttitle.com/investors-committees. The Nominating Committee reviews and assesses the adequacy of the charter on an annual basis.

The Board of Directors has determined that each member of the Company’s Nominating Committee is “independent” as defined under applicable Nasdaq listing standards.

The Nominating Committee is responsible for identifying, evaluating and recommending to the Board of Directors candidates for election to the Board of Directors as well as appropriate members for the Audit and Compensation Committees. The slate of director nominees to be presented to shareholders is recommended to the Board of Directors by the Nominating Committee and determined by at least a majority vote of the members of the Board of Directors whose terms do not expire during the year in which the election of directors will occur.

Identification of Director Candidates

In recommending proposed nominees to the full Board, the Nominating Committee is charged with building and maintaining a Board that has an appropriate mix of talent and experience to achieve the Company’s business objectives. In particular, the Nominating Committee considers all aspects of a candidate’s qualifications in the context of the needs of the Company at that point in time with a view to creating a Board with a diversity of experience and perspective.

At a minimum, the Nominating Committee believes that a director nominee must demonstrate character and integrity, have an inquiring mind, possess substantial experience at a strategy or policy-setting level, demonstrate an ability to work effectively with others, possess either high-level managerial experience in a relatively complex organization or experience dealing with complex problems, have sufficient time to devote to the affairs of the Company and be free from conflicts of interest with the Company and its subsidiaries.

Other factors the Nominating Committee considers when evaluating a potential director nominee are:

1. Whether the candidate would assist in achieving a diversity of background and perspective among Board members, including but not limited to, with respect to age, gender, race, place of residence and specialized experience;
2. The extent of the candidate’s business experience, technical expertise and specialized skills or experience;
3. Whether the candidate, by virtue of particular experience relevant to the Company’s current or future business, will add specific value as a Board member; and
4. Any other factors related to the ability and willingness of a candidate to serve, or an incumbent director to continue his or her service to, the Company.

While the Nominating Committee does not have a formal policy regarding diversity, the Nominating Committee believes that diversity is an important attribute and strives to nominate candidates with a mix of backgrounds, experiences, perspectives and skills so that, as a group the Board will possess an appropriate level of talent, skill and experience to fulfill the duties and responsibilities of the Board of Directors. The Nominating Committee has determined that adding a female director would contribute to the overall mix represented on the Board and intends to identify appropriate candidates for potential future nomination to the Board.

The Nominating Committee believes that a majority of the members of the Company's Board of Directors should be "independent" as defined under applicable Nasdaq listing standards and, as a result, it also considers whether a potential director nominee meets such independence standards. The Committee also requires that all members of the Audit Committee be financially literate pursuant to applicable Nasdaq listing standards and that at least one member of the Audit Committee be an "audit committee financial expert" as defined under SEC rules. Therefore, the Nominating Committee considers whether a potential director nominee meets these criteria when evaluating his or her qualifications.

It is the policy of the Nominating Committee to consider all director candidates recommended by shareholders, provided that such recommendations are made in accordance with the procedures outlined below. The Nominating Committee evaluates such candidates in accordance with the same criteria it uses to evaluate all other director candidates.

Any shareholder that wishes to recommend a director candidate to be considered for the 2020 Annual Meeting of Shareholders should send his or her recommendation to the attention of the Corporate Secretary, Investors Title Company, P.O. Box 2687, Chapel Hill, North Carolina 27515-2687, no later than December 14, 2019. The candidate's name, age, business address, residential address, principal occupation, qualifications and the number of shares of Common Stock beneficially owned by the candidate must be provided with the recommendation. The shareholder must also provide a signed consent of the candidate to serve, if elected, as a director of the Company, and shall include all other information that would be required under the rules of the SEC in the proxy statement soliciting proxies for election of the director candidate.

The Company's Bylaws provide that nominations for election to the Board of Directors may be made at any annual meeting by any shareholder of record entitled to vote on such election. Such nominations must be submitted in writing to our Corporate Secretary at our principal office not later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the first anniversary of the preceding year's annual meeting, and in accordance with the procedures specified in our Bylaws. The Company or the presiding officer at the annual meeting of shareholders may refuse to accept the nomination of any person that is not submitted in compliance with such procedures.

Board Leadership Structure

J. Allen Fine serves as both the Chairman of the Board of Directors and the Chief Executive Officer of Investors Title Company, and Richard M. Hutson II serves as the Lead Independent Director.

The Board of Directors does not have a general policy regarding the separation of the roles of Chairman and Chief Executive Officer. Our bylaws permit these positions to be held by the same person, and the Board of Directors believes that it is in the best interests of the Company to retain flexibility in determining whether to separate or combine the roles of Chairman and Chief Executive Officer based on our circumstances.

The Board has determined that it is appropriate for Mr. Fine to serve as both Chairman and Chief Executive Officer (1) in recognition of his status as the founder of the Company and (2) because it provides an efficient structure that permits us to present a unified vision to our constituencies.

The Board of Directors has elected Mr. Hutson to serve as its Lead Independent Director. The duties of the Lead Independent Director include presiding at the executive sessions of the independent directors, serving as liaison between the Chairman of the Board of Directors and the independent directors, approving information, meeting agendas and schedules for the Board of Directors and calling meetings of the independent directors.

The Board's Role in Risk Oversight

Management is responsible for managing the risks that the Company faces. The Board of Directors is responsible for overseeing management's approach to risk management. Management identifies material risks facing the Company on an ongoing basis and discusses those risks and the management of those risks with the Board of Directors or its committees, as appropriate. While the Board of Directors has ultimate responsibility for overseeing management's approach to risk management, various committees of the Board assist in fulfilling that responsibility. In particular, the Audit Committee assists the Board in its oversight of risk management in the areas of financial reporting and internal controls.

COMPENSATION OF DIRECTORS

Directors who are not employees of the Company receive an annual retainer for Board services of \$5,000 and an attendance fee of \$2,500 for each meeting of the Board of Directors attended, in addition to actual travel expenses related to the meetings. Non-employee directors also receive a \$750 fee for participating in a committee meeting, provided that the committee meeting is held on a day other than the regularly scheduled Board meeting date. The Audit Committee Chairperson receives an additional annual retainer of \$500. Directors who are employees of the Company are paid no fees or other remuneration for service on the Board or on any Board committee.

On May 16, 2018, the date of the Company's 2018 Annual Meeting of Shareholders, each non-employee director was granted 750 stock appreciation rights ("SARs") under the Company's 2009 Stock Appreciation Rights Plan (the "2009 Plan") with an exercise price of \$188.71. Upon exercise of each SAR, a director is entitled to receive an amount (payable in shares of Common Stock) equal to the difference between the closing price of Common Stock on the business day immediately preceding the date of exercise and the exercise price. The number of shares paid on exercise is determined by dividing this amount by the closing price of Common Stock on the business day immediately preceding the date of exercise. These SARs vest and become exercisable in four quarterly installments beginning June 30, 2018 and will expire on May 16, 2025.

The Board of Directors makes all decisions regarding the compensation of the members of the Board of Directors. The Chief Executive Officer makes periodic recommendations regarding director compensation, and the Board of Directors may exercise its discretion in modifying any recommended compensation adjustments or awards to the directors. The Board of Directors does not use a compensation consultant for determining or recommending the amount or form of director compensation. The following table shows the compensation earned by each non-employee director for fiscal 2018:

2018 Director Compensation

Name ⁽¹⁾	Fees Earned or Paid In Cash (\$)	Stock Awards (\$) ⁽²⁾	Option Awards (\$) ⁽³⁾	Total (\$)
David L. Francis	20,250	-	54,605	74,855
Richard M. Hutson II	15,000	-	54,605	69,605
R. Horace Johnson	20,250	-		