

March 3, 2010

To Our Clients and Friends:

Since the start of 2009, there have been material changes to the form and content of periodic reports and proxy statements. This memorandum outlines the changes in the federal securities laws and New York Stock Exchange (“**NYSE**”) rules since January 2009 that impact the form and content of 2009 Forms 10-K and 2010 proxy statements for domestic issuers subject to Regulation S-K.

I. Disclosure Rules for Executive Compensation and Corporate Governance

On December 16, 2009, the Securities and Exchange Commission (“**SEC**”) adopted amendments to its rules affecting disclosure of executive compensation and corporate governance matters that will be effective for most companies for the 2010 proxy season. If a company’s fiscal year ends on or after December 20, 2009, and its Form 10-K and/or proxy statement is filed on or after February 28, 2010, it must meet the new disclosure requirements. Below is a summary of the rule changes:

- *Compensation-Related Risk Management.* A company must discuss its compensation policies and practices if the compensation policies and practices create risks that are reasonably likely to have a material adverse effect on the company. This disclosure applies for all employees, not only named executive officers. A company may disclose that it does not believe that its compensation policies and practices create risks that are reasonably likely to have a material adverse effect on the company, but is not required to do so. Smaller reporting companies are not required to provide this disclosure.
- *Stock and Option Award Values.* Companies must now value the dollar amounts for stock and option awards that are disclosed in the Summary Compensation Table and Director Compensation Table based on the aggregate grant date fair value, rather than the dollar amount recognized for financial statement reporting purposes for each fiscal year.¹ Because total compensation is the basis for determining which executive officers must be named in the proxy statement, the amendment may affect the company’s named executive officers. The amendments also clarify the reporting of performance awards (those awards that are subject to achievement of specified performance conditions) and clarify that disclosure is only required for awards granted during (rather than for) the fiscal year. Companies providing executive compensation disclosure for a fiscal year ending on or after December 20, 2009 must present re-computed stock and option awards values in the Summary Compensation Table for each preceding fiscal year, but are not required to include different named executive officers for any preceding fiscal year based on re-computing total compensation for those years or to amend previously filed executive compensation disclosure.
- *Compensation Consultants.* Certain disclosure is required if any compensation consultant is retained to provide advice or recommendations on executive and director compensation and the consultant or its affiliates also provide other services to the company and the fees for those other services exceed \$120,000 in a fiscal year. The company must disclose: (i) the aggregate fees paid for services related to executive and director compensation; (ii) the aggregate fees paid for any non-executive compensation consulting services; (iii) whether the decision to engage the consultant or its affiliates for non-executive compensation consulting services was made or recommended by management; and

¹ This amount must be computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation—Stock Compensation (formerly FAS 123R).

(iv) whether the board, compensation committee or other persons performing the equivalent functions have approved the non-executive compensation consulting services. No disclosure is required where the board retains a separate compensation consultant or for consultation services involving only broad-based non-discriminatory plans or the provision of information, such as surveys, that are not customized for the company, or are customized based on parameters that are not developed by the consultant.

- *Director and Nominee Qualifications.* Companies must disclose, for each director and nominee, the particular experience, qualifications, attributes or skills, that led the board to conclude that the person should serve as a director. The amendments require the disclosures to be specific as to the skills and attributes of the director, rather than a general description or area of expertise, but allow companies flexibility in determining what information should be disclosed about each director's or nominee's skills and qualifications. The disclosure must be made on an individual basis for each director, including directors on classified boards not up for re-election, and must be current at the time of filing. The amendments also require disclosure of any public company directorships held by each director and nominee during the previous five years.
- *Legal Proceedings.* The amendments add disclosure for new types of legal actions involving a company's directors, nominees and executive officers. They also lengthen to ten years, as compared to the existing five-year look back, the time frame for disclosure of all legal proceedings involving directors, nominees and executive officers.
- *Diversity in the Nominating Process.* Companies must disclose whether, and if so how, the nominating committee (or the board) considers diversity in identifying nominees for director. If the company has a diversity policy in identifying director nominees, it must disclose how the policy is implemented and how the nominating committee (or the board) assesses the effectiveness of the policy. Companies are free to define "diversity" as they deem appropriate. Thus, diversity may be considered expansively to include differences of viewpoint, professional experience, education, skill and other individual qualities and attributes that contribute to board heterogeneity. Companies may also choose to focus on diversity concepts such as race, gender and national origin.
- *Company Leadership Structure.* Companies must describe the leadership structure of the board, including why such structure is appropriate. A company must disclose whether and why it has chosen to combine or separate the principal executive officer (CEO) and board chairman positions, including why it believes this structure is the most appropriate structure at the time of filing. If the CEO and board chairman roles are combined, the company must disclose whether and why the company has a lead independent director, as well as the specific role the lead independent director plays in the leadership of the company.
- *Board Role in Risk Oversight.* Companies must disclose the board's role in the oversight of risk, such as credit risk, liquidity risk and operational risk. The disclosure should include information about how the company perceives the board's role in risk management and the relationship between the board and senior management in managing material risks.

The new rules also require disclosure of shareholder voting results on Form 8-K within four business days after the end of the meeting at which the vote was held. Companies must disclose preliminary voting results within four business days after the end of the meeting, and must disclose final results within four business days after the final results are known. If final voting results are known within four business days after the end

of the meeting, they may be disclosed in lieu of preliminary results. *As part of this change, Item 4 of Form 10-K and Form 10-Q should now be marked "Reserved."*

II. Broker Voting Rules

On July 1, 2009, the SEC approved a NYSE proposed rule making the election of directors a non-routine matter. This change affects the ability of brokers to vote shares for which they have not received voting instructions from the beneficial owners (i.e., "**uninstructed shares**"). Brokers are only permitted to vote uninstructed shares on matters considered "routine." Prior to the rule change, the election of directors in an uncontested election was deemed a routine matter.²

The inability of brokers to vote uninstructed shares in the election of directors may create more difficulties in corporations with majority voting rules. Additionally, corporations may have difficulty achieving a quorum at their annual meetings unless they have at least one routine matter to be voted upon at the meeting, such as the ratification of independent auditors.

III. Reserve Reporting Requirements

Disclosures filed after December 31, 2009 must comply with the SEC's Financial Reporting Release No. 78, *Modernization of Oil and Gas Reporting* (Release No. 33-8995), which overhauls 25-year-old oil and gas reporting requirements. The updated requirements follow the recommendations of the Petroleum Resources Management System ("**PRMS**") of the Society of Petroleum Engineers. These changes added new rules to existing regulations and definitions in Rule 4-10(a) of Regulation S-X and Regulation S-K.

On October 26, 2009, the SEC's Division of Corporation Finance released "Compliance and Disclosure Interpretations: Oil and Gas Rules" setting forth the SEC's interpretations of some of the new oil and gas rules in Regulation S-X and Regulation S-K.

The new disclosure requirements include:

- *Proved Reserves and "Reasonable Certainty."* Under old rules, companies were required to use actual production or flow test data to meet the "reasonable certainty" standard to establish proved reserves. Under the updated rules, new technologies are allowed to prove reserves if the technologies have been empirically demonstrated to be reliable in establishing reserves in the specific area. While proprietary details of the new technology do not have to be revealed, a succinct description of technologies used when the reserves are first booked must be disclosed.
- *Unconventional Sources of Oil.* Previously, only conventional sources of reserves could be reported as proved, generally being only those sources that could be produced from an oil and gas well. Since 1982, new technologies have made the production of unconventional sources of hydrocarbons—oil tar sands, coalbed methane, steam extraction techniques, etc.—all economically viable alternatives to traditional plays. Under the new rules, companies will be able to disclose these non-traditional/unconventional deposits as reserves provided they disclose the technology used to establish the additional reserves.

² An election in which there is a shareholder campaign to vote "No" or "Withhold" is not deemed to be a contested election according to the current NYSE rules.

- *P-3 Reporting.* Under old SEC rules, only estimates of proved reserves could be included in SEC reports. Under the revised rules, companies may choose to include estimates of probable and possible reserves in their SEC reports. The definitions used for each of these reserve categories are similar to the reserve definitions already used in the PRMS promulgated by the Society of Petroleum Engineers.
- *Proved Undeveloped Reserves.* Under the revised rules, the definition of proved undeveloped locations (“**PUDs**”) has been changed to permit the classification of reserves as proved or probable even if the reserves are not immediately adjacent to existing wells. Therefore, provided that engineering and geoscience data show that a play can be extended one or more spacing units away from a producing well with the use of new technology, those reserves can be disclosed.
- *Five-Year Development Limit.* The revised rules stipulate that undeveloped locations can only be classified as having reserves if a “development project” has been adopted allowing development of the reserves within five years. In October 2009, the SEC clarified the rules, making clear that the PUDs cannot be carried for longer than five years except under rare circumstances. Therefore, a reserve portfolio comprised of such PUDs could be subject to a significant write-down in five years. The effect of omitting these assets from SEC disclosures may affect borrowing base redeterminations for credit facilities unless the terms of such facilities allow for omitted reserves to be counted.
- *Definition of “Development Project.”* Also in October 2009, the SEC specified that “Development Projects” typically are individual engineering activities with a definite cost estimate and schedule. The SEC stressed, however, that the mere existence of a development plan is not enough to keep including undeveloped oil and gas reserves as reserves, but that a “final investment decision” must also be in place. The exact meaning of “final investment decision” remains ambiguous.
- *Possible and Probable Reserves in Fields with no Proved Reserves.* The revised rules largely disallow reporting of possible and probable reserves unless associated proved reserves were found in the area. Reporting of such reserves is allowable only in exceptional cases, such as when all preliminary development efforts were complete except for regulatory approval, a pipeline is not quite finished which will provide a market, or during the interval before a development project responded to secondary or tertiary recovery efforts.
- *Price Sensitivity Analysis.* Under the new rules, companies may provide tabular disclosure of the sensitivity their reserve estimates have in relation to price fluctuations. While the SEC did not mandate a range of prices that companies must use, companies are required to provide disclosure of the assumptions underlying the varying reserve estimate scenarios.
- *Twelve-Month Average Pricing.* Rather than base reserve prices on the last day of the year, the revised rules provide instead for a twelve-month pricing methodology, using an unweighted average of the price on the first day of each month. Alternatively, reported prices can be based on existing contractual arrangements.
- *Contents of Third-Party Reserve Reports, Qualifications of Evaluators and Corporate Objectivity.* If a company uses a third party to prepare their reserve estimates, the new rules require disclosing the reserve engineer’s qualifications. For all estimates, whether made by independent or in-house engineers, the disclosure must contain not only the engineer’s qualifications, but also a description of the safeguards maintained to protect the objectivity and integrity of the reporting process, and the methodology and assumptions that went into making the reserve calculations.

IV. **Additional Extension of Compliance Date of Auditor Attestation Requirement for Non-Accelerated Filers**

On October 2, 2009, the SEC extended by six months the compliance date for non-accelerated filers to provide in their annual reports on Form 10-K an auditor attestation report on internal control over financial reporting. Those attestation reports would have been required for fiscal years ending on or after December 15, 2009. Now, non-accelerated filers must file the independent auditor's attestation report in their annual reports for fiscal years ending on or after June 15, 2010.

Non-accelerated filers should continue to include a statement in substantially the following form in their Form 10-K:

"This annual report does not include an attestation report of the company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the company to provide only management's report in this annual report."

V. **Mandatory XBRL and New Check Box on Cover Page of Form 10-K**

1. **Mandatory XBRL**

As a result of rule changes issued by the SEC on January 30, 2009, most public companies will eventually be required to file financial statements with the SEC in eXtensible Business Reporting Language ("**XBRL**"). Interactive data in XBRL format permits users of financial information to automatically download financial data directly into documents and analytical tools.

Companies will include XBRL data in an exhibit to many SEC filings that include financial statements. XBRL exhibits will contain the entire financial statements, footnotes and applicable schedules. Companies also must post the same interactive data on the investor information pages of their public websites.

The XBRL disclosure requirements will be phased in over three years. The only filers to whom the requirements are applicable for the 2009 Form 10-K are a group of approximately 500 of the largest public company filers using U.S. Generally Accepted Accounting Principles ("**GAAP**"), who became subject to the new requirements for fiscal periods ending on or after June 15, 2009.

All other large accelerated filers using U.S. GAAP will be subject to the XBRL requirements for fiscal periods ending on or after June 15, 2010. All remaining filers using U.S. GAAP, and all foreign private issuers using International Financial Reporting Standards, will be subject to the XBRL requirements beginning with their first periodic report on Form 10-Q, Form 20-Q or Form 40-F for fiscal periods ending on or after June 15, 2011. Companies may voluntarily make XBRL filings at any time before they are required to do so by the rules.

2. **New Check Box on Cover Page**

Include the following language below on the cover page of the Form 10-K:

“Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No”

In accordance with SEC guidance, a company should leave both check boxes blank until it is required to comply with the XBRL requirements.

VI. **New Accounting Codification**

On June 29, 2009, the Financial Accounting Standards Board (“**FASB**”) released a codification of all non-governmental accounting standards that supersedes all existing U.S. GAAP accounting standards documents. The Codification applies to all interim and annual reporting periods ending after September 15, 2009. The Codification also includes selected guidance issued by the SEC, but is not a comprehensive source of governmental regulation. Updates to accounting standards will now be in the form of an amendment to the Codification, and will be issued by the FASB. References to accounting standards and interpretations should be updated to refer to the appropriate section of the Codification.

VII. **NYSE Governance Rule Changes**

On November 25, 2009, the SEC approved changes to the corporate governance listing standards set forth in Section 303A of the NYSE Listed Company Manual. These changes took effect on January 1, 2010. Below is a brief summary of the major changes that relate specifically to disclosures in proxy statements and Forms 10-K:

- *Section 303A.00 – Introduction.* The changes specify that disclosures may be incorporated by reference into a company’s proxy statement or Form 10-K from another document filed with the SEC to the extent permitted by applicable SEC rules.
- *Section 303A.02 – Independence Tests.* The changes replace the old independent director disclosure requirements with a reference to the disclosure requirements of Item 407(a) of Regulation S-K, which are substantively the same. The changes also allow a listed company to disclose contributions to tax exempt organizations either on or through its website or in its proxy statement or, if it does not file a proxy, in its Form 10-K. If disclosure is made solely on or through the company’s website, the company must so state in its proxy statement or Form 10-K and provide the website address.
- *Section 303A.03 – Executive Sessions.* The changes provide companies with the option of holding regular executive sessions of independent directors in lieu of meetings of non-management directors. The changes also clarify that all interested parties, not only shareholders, must have a means to communicate their concerns regarding the company to the presiding director or the non-management/independent directors as a group. A listed company may disclose the method of

communication to the presiding director or group of directors either on or through its website or in its proxy statement or, if it does not file a proxy, in its Form 10-K. If disclosure is made solely on or through the company's website, the company must so state in its proxy statement or Form 10-K and provide the website address.

- *Section 303A.05 – Compensation Committee.* The changes require that the compensation committee produce a report to reflect the disclosure required by Item 407(e)(5) of Regulation S-K regarding compensation of executive officers.
- *Section 303A.07 – Audit Committee Additional Requirements.* The changes clarify the disclosure requirement regarding a director's service on more than three public company audit committees and allow companies the option of making this disclosure either on or through its website or in its proxy statement or, if it does not file a proxy, in its Form 10-K. If disclosure is made solely on or through the company's website, the company must so state in its proxy statement or Form 10-K and provide the website address. The changes also replace the audit committee charter requirement for the audit committee to prepare an audit committee report with the requirement to prepare the disclosure required by Item 407(d)(3)(i) of Regulation S-K.
- *Section 303A.10 – Code of Business Conduct and Ethics.* The changes revise the disclosure regarding website postings to just require a company to disclose in its proxy statement or Form 10-K that the applicable committee charters, corporate governance guidelines and code of business conduct and ethics are available on the company's website, and to provide the company's website address. This conforms the committee charter disclosure requirement to Instruction 2 to Item 407 of Regulation S-K. The changes also eliminate the NYSE requirement for a company to disclose in its proxy statement or Form 10-K that its audit, nominating and compensation committee charters, corporate governance guidelines and code of business conduct and ethics are available in print to any shareholder who requests them. Additionally, the changes specify that any waiver of the code of business conduct and ethics granted to an executive officer or director must be disclosed to shareholders within four business days of such determination and that the disclosure must be made by distributing a press release, providing website disclosure or filing a current report on Form 8-K with the SEC.
- *Section 303A.12 – Certification Requirements.* The changes eliminate the requirement that a listed company disclose whether it filed the certifications required by the NYSE and Section 302 of the Sarbanes-Oxley Act.

VIII. Say on Pay

Section 111(e) of the Emergency Economic Stabilization Act of 2008 ("**EESA**") requires companies that have received financial assistance under the Troubled Asset Relief Program ("**TARP**") to permit a separate shareholder advisory vote to approve the compensation of executives, as disclosed pursuant to the SEC compensation disclosure rules, during the period in which any obligation arising from financial assistance provided under the TARP remains outstanding. This separate shareholder vote will only be required on a proxy solicited for an annual (or special meeting in lieu of the annual) meeting of security holders for which proxies will be solicited for the election of directors. On January 12, 2010, the SEC adopted amendments to these rules to specify that TARP recipients would not be required to file a preliminary proxy statement as a consequence of providing the required shareholder vote on executive compensation.

In the proxy statement, TARP recipients will be required to disclose that they are providing a separate shareholder vote on executive compensation pursuant to the requirements of EESA, and to briefly explain the general effect of the vote, such as whether the vote is non-binding. The SEC did not adopt additional disclosure requirements regarding TARP recipients' compensation policies and decisions beyond those of Item 402 of Regulation S-K. However, under existing SEC rules, a TARP recipient must consider various disclosures regarding its participation in TARP. For example, a TARP recipient must consider whether the impact of TARP participation on compensation is required to be discussed in its Compensation Discussion and Analysis in order to provide investors with material information that is necessary to an understanding of the company's compensation policies and decisions regarding named executive officers.

IX. Disclosure Regarding Provisions and Allowances for Loan Losses

In August 2009, the SEC sent a letter to certain public financial institutions identifying a number of disclosure issues they should consider in preparing Management's Discussion and Analysis. The provisions of the letter are described below, and may provide helpful guidance for financial institutions whether or not they received the letter.

- *Higher-Risk Loans.* Certain types of loans, such as option ARM products, junior lien mortgages, high loan-to-value ratio mortgages, interest only loans, subprime loans, and loans with initial teaser rates, can have a greater risk of non-collection than other loans. The SEC recommends providing additional information about higher-risk loans, which may be useful to an understanding of the risks associated with a company's loan portfolio and to evaluating any known trends or uncertainties that could have a material impact on its result of operations. With regard to higher-risk loans, the SEC suggests that companies consider disclosing: (i) the carrying value of higher-risk loans by loan type, for example, junior lien mortgages, and, to the extent feasible, allowance data for these loans; (ii) current loan-to-value ratios by higher-risk loan type, further segregated by geographic location to the extent the loans are concentrated in any areas (including how the ratios are calculated and the source of the underlying data used); (iii) the amount and percentage of refinanced or modified loans by higher-risk loan type; (iv) asset quality information and measurements, such as delinquency statistics and charge-off ratios by higher-risk loan type; (v) the company's policy for placing loans on non-accrual status when a loan's terms allow for a minimum monthly payment that is less than interest accrued on the loan (including how this policy impacts non-performing loan statistics); (vi) the expected timing of adjustment of option ARM loans and the effect of the adjustment on future cash flows and liquidity, taking into consideration current trends of increased delinquency rates of ARM loans and reduced collateral values due to declining home prices; and (vii) the amount and percentage of customers that are making the minimum payment on their option ARM loans.
- *Changes in Practices.* Because changes in the practices followed to determine allowance for loan losses can impact that amount and an understanding of the credit quality information presented, the SEC recommends that if a company changed its practices, it should discuss why it made the change and, to the extent possible, quantify the effect of those changes. The SEC also suggests considering disclosing and discussing changes in: (i) the historical loss data used as a starting point for estimating current losses; (ii) how economic factors affecting loan quality are incorporated into allowance estimates; (iii) the level of specificity used to group loans for purposes of estimating losses; (iv) non-accrual and charge-off policies; (v) the application of loss factors to graded loans; and (vi) any other estimation methods and assumptions used.

- *Declines in Collateral Value.* Because a decline in the value of assets serving as collateral for a company's loans may impact its ability to collect on those loans, the SEC recommends disclosing: (i) the approximate amount (or percentage) of residential mortgage loans as of the end of the reporting period with loan-to-value ratios above 100%; (ii) how housing price depreciation, and the homeowners' loss of equity in the collateral, are taken into consideration in allowance for loan losses for residential mortgages (including discussion of the basis for assumptions about housing price depreciation); and (iii) the timing and frequency of appraisals, identifying the sources of those appraisals for collateral-dependent loans.
- *Other.* The SEC also recommends that, to the extent relevant and material, companies should consider disclosure regarding: (i) any risk mitigation transactions used to reduce credit risk exposure, such as insurance arrangements, participation in the U.S. Treasury Home Affordable Modification Program, credit default agreements or credit derivatives (including how these transactions impact the financial statements); (ii) the reasons why key ratios (such as non-performing loan ratio) changed from period to period, and how this information and other relevant credit statistics was considered in determining whether the allowance for loan losses was appropriate; and (iii) how a company's accounting for an acquisition under SFAS 141R or its accounting for loans under SOP 03-3 affects trends in its allowance for loan losses, including non-performing asset statistics, charge-off ratios, and allowance for loan loss to total loans.
- *Recognition of Credit Losses.* The SEC also stated that, although determining allowance for loan losses requires the exercise of judgment, it would be inconsistent with GAAP to delay recognizing credit losses that can be estimated based on current information and events, and where the SEC believes a financial institution's financial statements are inconsistent with GAAP, it will take appropriate action.

X. Disclosure Regarding Climate Change

On February 2, 2010, the SEC issued an interpretive release regarding disclosure obligations related to climate change. There are four items of Regulation S-K that potentially cover the effect of climate change:

- Item 101 of Regulation S-K relates to the description of a company's business, including the material effects on the company's capital expenditures, earnings and competitive positions as a result of complying with environmental laws.
- Item 103 of Regulation S-K requires disclosure of certain proceedings relating to environmental laws that (i) are material to the company's business or financial condition, (ii) involve damages or monetary sanctions, capital expenditures, deferred charges or charges to income of greater than 10% of the current assets of the company or (iii) include a governmental authority as a party to the proceeding unless the company reasonably believes any resulting monetary sanctions will be less than \$100,000.
- Item 303 of Regulation S-K relates to management's discussion and analysis of financial condition and results of operations ("*MD&A*"). MD&A includes disclosing any known trends, events, demands, commitments and uncertainties that are reasonably likely to have a material adverse effect on the financial condition or operating performance of the company. The future time period for which such disclosure must be made is not specified and varies by company depending on its particular facts and circumstances. The company must determine if any known trends, demands, commitments, events or uncertainties are reasonably likely to come to fruition. If so, the company must disclose any

reasonably likely material consequences therefrom. If a company has difficulty in determining the effect of the amount and timing of uncertain events and the time periods in which resolution of the uncertainties is anticipated, the company must disclose this difficulty if it is material.

- Item 503(c) of Regulation S-K requires a discussion of the most significant risks in investing in a company.

The interpretive release identifies several topics related to climate change that may trigger either positive or negative disclosure under one of the four items of Regulation S-K described above.

- Existing or pending legislation and regulation regarding climate change could require disclosure under one or more of the above-mentioned items. Any risk factors should be specific to the company and generic risk factors should be avoided as companies in different industries will be affected by legislation and regulation in different manners. The interpretive release notes that two industries likely to be impacted – energy and transportation – face significantly different risks. In addition, certain companies that have positive consequences from legislation or regulation should explain the opportunities that are available to them. For example, some companies would profit from a “cap and trade” system if one is put in place through the sale of excess allowances for emissions.
- Treaties or international accords related to climate change could necessitate disclosure in the same manner as existing or pending legislation or regulation.
- Indirect consequences or opportunities from regulation or business trends should be examined. These indirect consequences or opportunities may require disclosure in MD&A or risk factors. If the indirect consequences or opportunities have a material enough impact on the business, they may require disclosure under Item 101. Indirect consequences may include changes in demand for goods based upon their green house gas emissions. The interpretive release also notes that another potential indirect risk is the potential reputational risk to a company based upon the public’s perception of the company’s greenhouse gas emissions data.
- Climate change could have physical impacts such as increasing the severity of weather (hurricanes and floods), rising sea levels, the arability of farmland and the availability and quality of water. These physical impacts could have a direct or indirect impact on companies.

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