



**svb&tcorporation**

**Administrative Offices: 1500 Main Street, Jasper, IN 47546**

**Phone: 800.843.4947**

**NOTICE OF ANNUAL MEETING OF  
SHAREHOLDERS TO BE HELD MAY 21, 2019**

To the Shareholders of SVB&T Corporation:

Notice is hereby given that the Annual Meeting of Shareholders of SVB&T Corporation will be held at the **French Lick Resort, located at 8670 IN 56, French Lick, Indiana 47432** on May 21, 2019 at 9:15 a.m., local time, for the following purposes:

1. To elect nine (9) directors to hold office for one year and until their successors are elected and have qualified, as set forth in the accompanying Proxy Statement;
2. To consider and vote upon adoption of the SVB&T Corporation 2019 Equity Incentive Plan;
3. To consider and act upon the ratification of BKD, LLP as the independent auditors for the Corporation for the fiscal year ending December 31, 2019; and
4. To consider and transact such other business as may properly come before the meeting.

Any action may be taken on the foregoing proposals at the Annual Meeting on the date specified above, or on any date or dates to which the Annual Meeting may be adjourned or postponed. Only shareholders of record at the close of business on March 15, 2019 are entitled to notice of and to vote at the Annual Meeting or any adjournments or postponements thereof.

All shareholders, whether or not they expect to attend the Annual Meeting in person, are requested to complete, date, sign and return the enclosed Proxy in the postage-paid envelope. The Proxy will not be used if you attend and vote at the Annual Meeting in person.

A Proxy Statement, a Proxy and a return envelope which requires no postage if mailed in the United States, accompany this notice. Selected Consolidated Financial Data of SVB&T Corporation is also enclosed. A copy of the Corporation's Audited Financial Statements and 2018 Annual Report are available online at **[www.svbt.com](http://www.svbt.com)**. A paper copy of the Corporation's 2018 Audited Financial Statement may also be requested by contacting Darrell Blocker, Treasurer and CFO of SVB&T Corporation, at **[dblocker@svbt.com](mailto:dblocker@svbt.com)**, by telephone at 812.634.4803 or by mail at P.O. Box 830, Jasper, Indiana 47547-0830.

**By Order of the Board of Directors**

French Lick, Indiana  
April 12, 2019

**James C. Tucker, Secretary**

**YOUR VOTE IS IMPORTANT**

**IN ORDER TO HAVE PROPER REPRESENTATION AT THE ANNUAL SHAREHOLDER MEETING, PLEASE VOTE PROMPTLY BY SIGNING, DATING AND MAILING YOUR PROXY IN THE ENCLOSED POSTAGE-PAID ENVELOPE. THE PROXY IS REVOCABLE AND WILL NOT AFFECT YOUR RIGHT TO VOTE IF YOU ATTEND THE MEETING IN PERSON.**



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**PROXY STATEMENT**

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**ANNUAL MEETING OF  
SHAREHOLDERS  
TO BE HELD May 21, 2019**

**at  
French Lick Resort  
8670 IN 56, French Lick, Indiana 47432**

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The Board of Directors of SVB&T Corporation (the "Corporation") is furnishing this Proxy Statement to solicit Proxies from the holders of the Corporation common stock for use at our Annual Meeting of Shareholders to be held on Tuesday, May 21, 2019 at 9:15 a.m., local time, or at any adjournment or postponement of the meeting. The Annual Meeting will be held at the **French Lick Resort located at 8670 IN 56, French Lick, Indiana 47432.**

The Corporation is the holding company for Springs Valley Bank & Trust Company (the "Bank").

At the Annual Meeting, shareholders are being asked to consider and vote upon the following proposals:

- the election of nine (9) directors to hold office for one year and until their successors are elected and have qualified;
- the adoption of the SVB&T Corporation 2019 Equity Incentive Plan;
- the ratification of BKD, LLP as the independent auditors for the Corporation for the fiscal year ending December 31, 2019; and
- the transaction of such other business as may properly come before the meeting.

As of the date of mailing of this Proxy Statement, we are not aware of any other business to be presented for consideration at the Annual Meeting other than the matters described above.

It is important that your shares of stock be represented at the Annual Meeting whether or not you plan to attend. Accordingly, you are asked to vote your shares by completing, signing, dating and returning your Form of Proxy in the enclosed postage-paid return envelope as promptly as possible. Shares cannot be voted at the meeting unless the shareholder is represented by Proxy or is present in person.

This Proxy Statement and the enclosed Form of Proxy will be mailed on or about April 12, 2019, to individuals who are shareholders of record on March 15, 2019.



## **PROXIES AND PROXY SOLICITATION**

If a shareholder properly executes the enclosed Proxy, the Proxies named will vote the shares of common stock represented by that Proxy at the Annual Meeting. Where a shareholder specifies a choice, the Proxy will be voted in accordance with the shareholder's instructions. Where no specific direction is given, the Proxies will vote the shares **"FOR"** the election of management's director nominees, **"FOR"** the adoption of the SVB&T Corporation 2019 Equity Incentive Plan, and **"FOR"** the ratification of the appointment of BKD, LLP as the Corporation's independent auditors for the fiscal year ending December 31, 2019. As to any other matters presented at the Annual Meeting, the shares for which Proxies have been received will be voted in accordance with the discretion of the appointed Proxies.

Any Proxy given pursuant to this solicitation or otherwise may be revoked by the shareholder giving it at any time before it is voted by (i) delivering to the Corporation's Secretary at the above address, on or before the taking of the vote at the Annual Meeting, a written notice of revocation bearing a later date than the Proxy or a later dated Proxy relating to the same shares of common stock, or (ii) attending the Annual Meeting and voting in person. Attendance at the Annual Meeting will not in itself constitute the revocation of a Proxy.

The Corporation will pay the cost of soliciting Proxies. In addition to solicitation by mail, the directors, officers and employees of the Corporation or the Bank may solicit Proxies personally or by email or telephone, without additional compensation.

### **Voting Rights: Vote Required**

Shareholders of record as of the close of business on March 15, 2019 will be entitled to one vote on each matter presented for a vote at the Annual Meeting for each share of the Corporation's common stock held on such date. Such vote may be exercised in person or by a properly executed Proxy as discussed above. A majority of the outstanding shares of the common stock present in person or represented by Proxy will constitute a quorum for purposes of the Annual Meeting. Abstentions and broker non-votes will be counted for purposes of determining a quorum.

Directors will be elected by a plurality of the votes cast. All other matters to come before the Annual Meeting, including the adoption of the SVB&T Corporation 2019 Equity Incentive Plan and the ratification of the appointment of BKD, LLP as the Corporation's independent auditors for the fiscal year ending December 31, 2019, will be approved if the votes cast favoring each proposal exceed the votes cast opposing that proposal.

With regard to the election of directors, votes may be cast in favor of or withheld from each nominee. Votes that are withheld will be excluded entirely from the vote and will have no effect on the voting results. Abstentions may be specified on all proposals except the election of directors and will be counted as present for purposes of determining the existence of a quorum regarding the item on which the abstention is noted. For the adoption of the SVB&T Corporation 2019 Equity Incentive Plan and the proposal to ratify the appointment of BKD, LLP as the Corporation's independent auditors, abstentions will not be counted as votes cast and therefore will have no effect on the voting results.

## **PROPOSAL 1: ELECTION OF DIRECTORS**

Our Board of Directors is currently composed of ten (10) members, but effective as of the Annual Meeting will be reduced to nine (9) directors (due to the decision of Mr. Sermersheim to not seek another term as a director, as described below). Directors are elected annually to serve for a one-year term and until their respective successors are elected and qualified.

One of our current directors, Ronald J. Sermersheim, has informed the Corporation that he will not seek another term as a director after having served as a director of the Corporation and/or the Bank since 1976. We wish to thank Mr. Sermersheim for his service and counsel over his distinguished tenure as a member of the Board of Directors.

The Board of Directors acting as the nominating committee has recommended and approved the nine (9) nominees identified in the following table, each of whom is currently serving as a Director of the Corporation and of the Bank. It is intended that the Proxies solicited on behalf of the Board of Directors (other than Proxies in which the vote is withheld as to a nominee) will be voted at the Annual Meeting **"FOR"** the election of the nominees identified below. If a nominee is unable to serve, the shares represented by all valid Proxies will be voted for the election of such substitute nominee as the Board of Directors may recommend. At this time, the Board of Directors knows of no reason why a nominee might be unable to serve if elected.

<b><u>Name and Principal Occupation</u></b>	<b><u>Age</u></b>	<b><u>Director Since*</u></b>
<b>Douglas A. Habig</b> Kimball International, Inc. (Retired) Chairman of the Board, Springs Valley Bank & Trust Corporation	72	1973
<b>John B. Habig</b> Kimball International, Inc. (Retired)	85	1959
<b>Karl Frank Hall</b> President Hall Bros. Transportation Corporation, Inc.	70	2012
<b>Tonya S. Heim</b> Vice President of Nursing Memorial Hospital & Health Care Center	70	2014
<b>Tracy Lorey, Ph.D.</b> Superintendent Greater Jasper Consolidated Schools	49	2016
<b>Robert F. Schneider</b> Kimball International, Inc. (Retired)	58	2019**
<b>Jamie R. Shinabarger</b> President & CEO Springs Valley Bank & Trust Corporation	61	2008
<b>Ronald J. Thyen</b> Kimball International, Inc. (Retired)	81	1999
<b>James C. Tucker</b> Attorney-at-Law Tucker & Tucker, P.C.	72	1989

The Board of Directors and executive officers as a group beneficially own 123,822 shares or 22.15% of the Corporation's outstanding stock.

\* Includes service as a Director of the Bank for years prior to 1982, which is the year the Corporation was formed.

\*\* Elected by the Board of Directors to fill the vacancy created by the resignation of Jason M. Kelly.

## **PROPOSAL 2: ADOPTION OF THE SVB&T CORPORATION 2019 EQUITY INCENTIVE PLAN**

A proposal will be presented at the Annual Meeting to approve the SVB&T Corporation 2019 Equity Incentive Plan (the "2019 Plan"). The Board of Directors approved the 2019 Plan on March 19, 2019, subject to shareholder approval. A summary of the material provisions of the 2019 Plan is set forth below. A copy of the 2019 Plan is set forth in Exhibit A. Capitalized terms not otherwise defined in this proxy statement will have the meanings ascribed to such terms in the 2019 Plan.

The 2019 Plan authorizes the issuance of up to Fifty Thousand (50,000) shares of the Corporation's common stock to Participants pursuant to the grant of stock options, the award of shares of restricted stock, the award of restricted stock units, and the awards of performance shares. The Board of Directors has adopted, subject to the approval of the stockholders, the 2019 Plan as a part of the compensation philosophy of the Corporation.

### ***Purpose***

In 2013, the Corporation adopted the SVB&T Corporation 2013 Phantom Stock Long Term Incentive Plan to motivate employees to contribute to the success of the Corporation, further align the interests of our employees and the shareholders, and assist in retaining employees. The 2019 Plan builds on this initiative and will, as described below, provide the Board of Directors with more alternative ways to accomplish these objectives. Specifically, the 2019 Plan is designed to promote the success and interests of the Corporation and the Bank by encouraging our officers and employees to continue their association with us by providing additional incentive and opportunity through stock ownership. We believe that by increasing their proprietary interest in the Corporation and their personal interest in its continued success and progress, we will be better able to promote the long-term financial success of the Corporation; and, better able to attract, retain and reward the employees who can contribute to such success, and further align their interests with those of our stockholders. Because we believe it is in the best interests of the Corporation and the Bank for employees to have an equity interest in Corporation, the Board of Directors has approved the 2019 Plan, and is now recommending it to stockholders for approval.

### ***General***

The 2019 Plan was adopted by the Board of Directors on March 19, 2019, subject to approval of the shareholders. If approved by the shareholders at the Annual Meeting, the 2019 Plan will have a term of 10 years and will automatically terminate on March 19, 2029. Awards granted under the 2019 prior to termination of the 2019 Plan will extend beyond the termination date.

The 2019 Plan provides that it will be administered by the Compensation Committee of the Board of Directors (the "Committee"). Under the terms of the 2019 Plan, the Committee must be comprised of three (3) or more members of the Board of Directors who are both non-employee directors and outside directors, as these terms are used in Rule 16b-3 of the Exchange Act and Section 162(m) of the Internal Revenue Code, respectively. The Committee will designate employees, the types of awards to be granted and the applicable terms, conditions, performance criteria, restrictions and other provisions of the awards.

The 2019 Plan provides for the grant of:

- non-qualified stock options;
- incentive stock options;
- shares of restricted stock;
- restricted stock units; and
- performance shares.

A maximum of Fifty Thousand (50,000) shares of the Corporation's stock may be issued to Participants or their beneficiaries under the 2019 Plan. The shares of stock with respect to which awards may be made under the 2019 Plan will be:

- shares currently authorized but unissued; or
- shares currently held or acquired by Corporation as treasury shares, including shares purchased in the open market or in private transactions.

In the event of a corporate transaction involving the stock of Corporation (including, without limitation, any stock dividend, stock split, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination or exchange of shares), the Committee may adjust awards to preserve the benefits or potential benefits of the awards.

Except as otherwise provided by the Committee, awards of non-qualified stock options under the 2019 Plan cannot be transferred, except as designated by the Participant by will or by laws of descent and distribution, and is only exercisable during the lifetime of the recipient of the non-qualified stock option by such recipient. Awards of incentive stock options cannot be transferred except as designated by the Participant by will or by laws of descent and distribution. Shares of restricted stock, restricted stock units, and performance share awards will be subject to the restrictions on transferability set forth in the award agreement by the Committee.

### ***Use of Proceeds***

Proceeds from the sale of Common Stock pursuant to Awards, or upon exercise thereof, shall constitute general funds of the Corporation.

### ***Clawback and Forfeiture***

The Committee may make retroactive adjustments to and the Participant will be required to reimburse the Corporation for any excess amount paid to the Participant where such compensation was predicated upon achieving certain financial results that were substantially the subject of a restatement, and as a result of the restatement it is determined that the Participant otherwise would not have been paid such compensation (regardless of whether the restatement resulted from the Participant's misconduct). Without limiting the foregoing, all Awards will be subject to reduction, cancellation, forfeiture or recoupment to the extent necessary to comply with applicable law.

### ***Unfunded Plan***

The Plan will be unfunded. Neither the Corporation, the Board, nor the Committee will be required to establish any special or separate fund or to segregate any assets to assure the performance of its obligations under the Plan.

### ***Eligibility***

All employees of the Corporation or its subsidiaries are eligible to become Participants in the 2019 Plan. As of March 31, 2019, the Corporation and its subsidiaries had approximately 98 employees. The Committee will determine the specific employees who, in the future, will be granted awards under the 2019 Plan and the type and amount of any such awards.

### ***Options***

The Committee may grant an incentive stock option or non-qualified stock option to purchase stock at a specified exercise price. The exercise price for an option cannot be less than the fair market value of the stock to which the option relates at the time the option is granted. The exercise price of an option may not be decreased after the date of grant nor may an option be surrendered to Corporation as consideration for the grant of a replacement option with a lower exercise price, except as approved by our stockholders or as adjusted for corporate transactions described above.

Options will be exercisable in accordance with the terms established by the Committee. The option exercise price must be paid either (a) in cash or by certified check at the time the option is exercised, or (b) at the discretion of the Committee, upon such terms as the Committee shall approve: (i) by delivery to the Corporation of other

shares of Corporation common stock with a fair market value on the date of delivery equal to the option exercise price (or portion thereof) due for the number of shares being acquired; (ii) by a "net exercise" procedure effected by withholding the minimum number of shares of common stock otherwise issuable in respect of an Option that are needed to pay the option exercise price; (iii) by any combination of the foregoing methods; or (iv) in any other form of legal consideration that may be acceptable to the Committee. Unless otherwise specifically provided in the option, the option exercise price that is paid by delivery to the Corporation of other common stock shall be paid only by shares of common stock that have been held for more than six months (or such longer or shorter period of time required to avoid a charge to earnings for financial accounting purposes).

### ***Restricted Stock and Restricted Stock Units***

A Restricted Award is an award of actual shares of Common Stock ("Restricted Stock") or an award of hypothetical Common Stock Units ("Restricted Stock Units") having a value equal to the fair market value of an identical number of shares of Common Stock.

Restricted Awards may, but need not, provide that such Restricted Award may not be sold, assigned, transferred or otherwise disposed of, pledged or hypothecated as collateral for a loan or as security for the performance of any obligation or for any other purpose for such period as determined by the Committee (the "Restricted Period"). The Committee shall have the authority to remove any or all of the restrictions on the Restricted Stock or Restricted Stock Units whenever it may determine that, by reason of changes in applicable law or other changes in circumstances arising after the award, such action is appropriate.

Each Participant who is granted Restricted Stock must execute an Award Agreement setting forth the restrictions and other terms and conditions applicable to such Restricted Stock. The Restricted Stock will be subject to forfeiture to the extent provided in the Award Agreement. Subject to the restrictions set forth in the Award Agreement, the Participant generally will have the rights and privileges of a shareholder as to such Restricted Stock, including the right to vote and the right to receive dividends. Dividends, if any, paid with respect to the Restricted Stock will be withheld by the Corporation for the Participant's account. The dividends so withheld will be distributed to the Participant in cash or, at the discretion of the Committee, in shares of Common Stock having a fair market value equal to the amount of such dividends upon the release of the restrictions on such Restricted Stock. If such Restricted Stock is forfeited, the Participant will have no right to such dividends.

The terms and conditions of a grant of Restricted Stock Units will be reflected in an Award Agreement. Restricted Stock Units awarded to a Participant shall be subject to forfeiture until the expiration of the Restricted Period and satisfaction of any applicable performance goals during such period, to the extent provided in the applicable Award Agreement. No shares of Common Stock shall be issued at the time a Restricted Stock Unit is granted, and the Corporation will not be required to set aside funds for the payment of any such Award. A Participant shall have no voting rights with respect to any Restricted Stock Units. To the extent provided in an Award Agreement, the holder of Restricted Stock Units shall be entitled to be credited with dividend equivalent payments (upon the payment by the Corporation of dividends, if any, on shares of Common Stock) either in cash or, at the sole discretion of the Committee, in shares of Common Stock having a fair market value equal to the amount of such dividends. The accumulated dividend equivalents will be payable to the Participant upon the release of restrictions on such Restricted Stock Units. If such Restricted Stock Units are forfeited, the Participant will have no right to such dividend equivalent payments.

### ***Performance Shares***

Each Performance Share Award granted under the Plan will be evidenced by an Award Agreement, which will include (i) the number of shares of Common Stock or stock-denominated units subject to a Performance Share Award; (ii) the applicable performance period; (iii) the conditions that must be satisfied for a Participant to earn the Award; and (iv) the other terms, conditions and restrictions of the Award as determined by the Committee. The number of Performance Shares earned by a Participant will depend on the extent to which the performance goals are attained within the applicable Performance Period, as determined by the Committee. No payout will be made with respect to any Performance Share Award except upon written certification by the Committee that the minimum threshold performance goal(s) have been achieved. Notwithstanding the satisfaction of any Performance Criteria, the amount to be paid under a Performance Share Award may be reduced or eliminated (but not increased)

by the Committee on the basis of such additional consideration as the Committee may determine. Unless otherwise provided in the applicable Award Agreement, a Participant must be employed by the Corporation on the last day of a Performance Period to be eligible for payment in respect of a Performance Share Award for such Performance Period. The Committee may, in its discretion, substitute actual Stock for the cash payment otherwise required to be made to a Participant pursuant to a Performance Unit Award.

### ***Change in Control***

In the event of a Change in Control, the Committee may, but is not obligated to:

- accelerate, vest or cause the restrictions to lapse with respect to all or any portion of any Award;
- cancel Awards and cause to be paid to the holders of vested Awards the value of such Awards, if any, as determined by the Committee, in its sole discretion;
- provide for the issuance of substitute Awards or the assumption or replacement of such Awards; or
- provide that for a period of at least ten (10) days prior to the Change in Control, such Awards shall be exercisable, to the extent applicable, as to all shares of Common Stock subject to such Awards and upon the occurrence of the Change in Control, any Awards not so exercised will terminate and be of no further force and effect.

The obligations of the Corporation under the 2019 Plan will be binding upon any successor corporation or organization resulting from the merger, consolidation or other reorganization of the Corporation, or upon any successor corporation or organization succeeding to all or substantially all of the assets and business of the Corporation and its Affiliates, taken as a whole.

“Change in Control” is defined in the 2019 Plan as:

- the acquisition (whether by purchase, merger, consolidation, combination or other similar transaction) by any person of beneficial ownership of more than 50% (on a fully diluted basis) of the combined voting power of the then outstanding voting securities of the Corporation; or
- the sale, transfer or other disposition of all or substantially all of the assets of the Corporation to any Person other than an Affiliate.

The following transactions are specifically excluded from the definition of “Change in Control”: (i) any acquisition of Common Stock by the Corporation or any affiliate of the Corporation, (ii) any acquisition by any employee benefit plan sponsored or maintained by the Corporation or any subsidiary, (iii) with respect to an Award held by a particular Participant, any acquisition by the Participant or any group of persons including the Participant; or (iv) the acquisition of securities pursuant to an offer made to the general public through a registration statement filed with the Securities and Exchange Commission or pursuant to Regulation A promulgated by the Securities and Exchange Commission under the Securities Act of 1933.

### ***Amendment and Termination***

The Board at any time, and from time to time, may amend or terminate the 2019 Plan. However, no amendment will be effective unless approved by the shareholders of the Corporation to the extent shareholder approval is necessary to satisfy any applicable law. Rights under any Award granted before amendment of the Plan will not be impaired by any amendment of the Plan unless (a) the Corporation requests the consent of the Participant and (b) the Participant consents in writing. In addition, the Committee at any time, and from time to time, may amend the terms of any one or more Awards; *provided, however*, that the Committee may not affect any amendment which would otherwise constitute an impairment of the rights under any Award unless (a) the Corporation requests the consent of the Participant and (b) the Participant consents in writing.



## ***United States Income Tax Considerations***

The following is a summary of the United States of America federal income tax consequences that may arise in conjunction with participation in the 2019 Plan.

*Non-Qualified Options.* The grant of a non-qualified stock option will not result in taxable income to the Participant. The Participant will realize ordinary compensation income at the time of exercise in an amount equal to the excess of the fair market value of the shares acquired over the exercise price for those shares; and, the Corporation will be entitled to a corresponding deduction. Gains or losses realized by the Participant on disposition of the shares will be treated as capital gains and losses, with the basis in such shares equal to the fair market value of the shares at the time of exercise.

*Incentive Stock Options.* The grant of an incentive stock option will not result in taxable income to the Participant. Likewise, the exercise of an incentive stock option will not result in taxable income to the Participant provided the Participant was, without a break in service, an employee of Corporation or a subsidiary during the period beginning on the date of the grant of the option and ending on the date three months prior to the date of exercise (one year prior to the date of exercise if the Participant is disabled, as that term is defined in the Code).

The excess of the fair market value of the shares at the time of the exercise of an incentive stock option over the exercise price is an adjustment that is included in the calculation of the Participant's alternative minimum taxable income for the tax year in which the incentive stock option is exercised. For purposes of determining the Participant's alternative minimum tax liability for the year of disposition of the shares acquired pursuant to the incentive stock option exercise, the Participant will have a basis in those shares equal to the fair market value of the shares at the time of exercise.

If the Participant does not sell or otherwise dispose of the shares within two years from the date of the grant of the incentive stock option or within one year after the transfer of the stock to the Participant on the exercise of the option, then, on disposition of the shares, any amount realized in excess of the exercise price will be taxed to the Participant as capital gain. A capital loss will be recognized to the extent that the amount realized is less than the exercise price.

If the foregoing holding period requirements are not met, the Participant will generally realize ordinary compensation income at the time of the disposition of the shares, in an amount equal to the lesser of (i) the excess of the fair market value of the shares on the date of exercise over the exercise price, or (ii) the excess, if any, of the amount realized on disposition of the shares over the exercise price; and, the Corporation will be entitled to a corresponding deduction. If the amount realized exceeds the value of the shares on the date of exercise, any additional amount will be capital gain. If the amount realized is less than the exercise price, the Participant will recognize no income, and a capital loss will be recognized equal to the excess of the exercise price over the amount realized on the disposition of the shares.

*Restricted Stock.* A Participant who has been granted an award of restricted stock will not realize taxable income at the time of grant, provided that the stock subject to the award is subject to restrictions that constitute a "substantial risk of forfeiture" for U.S. income tax purposes. On the vesting of restricted stock, the Participant will realize ordinary income in an amount equal to the then fair market value of those shares and Corporation will be entitled to a corresponding deduction. Gains or losses realized by the Participant upon disposition of such shares will be treated as capital gains and losses, with the basis in such shares equal to the fair market value of the shares at the time of delivery or vesting. Dividends paid to the holder during the restriction period, if so provided, will also be compensation income to the Participant and Corporation will be entitled to a corresponding deduction.

*Restricted Stock Units.* The grant of restricted stock units does not result in taxable income to the Participant, provided that such units are subject to restrictions that constitute a "substantial risk of forfeiture" for U.S. income tax purposes. The Participant will realize ordinary income upon the delivery of the shares in an amount equal to the fair market value of those shares at the time of vesting, and the Corporation will be entitled to a corresponding deduction. Gains or losses realized by the Participant upon disposition of such shares will be treated as capital gains and losses, with the basis in such shares equal to the fair market value of the shares at the time of

delivery or vesting. Dividends paid to the holder during the restriction period, if so provided, will also be compensation income to the Participant and Corporation will be entitled to a corresponding deduction.

*Performance Shares.* The grant of performance shares does not result in taxable income to the Participant. The Participant will realize ordinary income at the time the shares are delivered to the Participant in an amount equal to the then fair market value of the shares, and the Corporation will be entitled to a corresponding deduction. Gains or losses realized by the Participant upon disposition of such shares will be treated as capital gains and losses, with the basis in such shares equal to the fair market value of the shares at the time of delivery.

*Withholding Of Taxes.* The Corporation may withhold amounts from Participants to satisfy withholding tax requirements. Except as otherwise provided by the Committee, Participants may have shares withheld from awards (except in the case of incentive stock options) or may tender previously owned shares to Corporation to satisfy tax withholding requirements. The shares withheld from awards may only be used to satisfy the Corporation's minimum statutory withholding obligation.

*Change In Control.* Any acceleration of the vesting or payment of awards under the 2019 Plan in the event of a change in control in the Corporation may cause part or all of the consideration involved to be treated as an "excess parachute payment" under the Code, which may subject the Participant to a 20% excise tax and preclude deduction by Corporation

*Tax Advice.* The preceding discussion is based on U.S. tax laws and regulations presently in effect, which are subject to change, and the discussion does not purport to be a complete description of the U.S. income tax aspects of the 2019 Plan. A Participant may also be subject to state and local taxes in connection with the grant, exercise and vesting of awards under the 2019 Plan. Corporation suggests that Participants consult with their individual tax advisors to determine the applicability of the tax rules to the awards granted to them in their personal circumstances.

### ***Shareholder Vote Required to Approve the 2019 Plan***

Approval by the stockholders of the proposed 2019 Plan requires that the number of shares voted in favor of the proposed Plan exceed the number of shares voted against the proposed amendment.

**The Board of Directors unanimously recommends that the stockholders vote "FOR" the proposed amendment.**

### **PROPOSAL 3: RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS**

The Board is seeking shareholder ratification of its selection of BKD, LLP as the Corporation's independent auditors for the fiscal year ending December 31, 2019.

The Board of Directors recommends that shareholders vote "**FOR**" the ratification of the appointment of BKD, LLP as the Corporation's independent auditors for the fiscal year ending December 31, 2019.

### **OTHER MATTERS**

The Board of Directors is not aware of any business to come before the Annual Meeting other than the matters described above in this Proxy statement. However, if any other matters should properly come before the Annual Meeting, it is intended that holders of the Proxies will act in accordance with their best judgment.

**By Order of the Board of Directors,**

**James C. Tucker, Secretary**