

Annex A

Summary of Final Amendments to Disclosure Requirements Under Regulation S-K<sup>1</sup>

<b>Current Item or Issue</b>	<b>Summary Description of Amended Rules</b>	<b>Principal Objective(s)</b>
<b>Item 301</b> <i>Selected financial data</i>	Registrants will no longer be required to provide five years of selected financial data.	Modernize disclosure requirement in light of technological developments and simplify disclosure requirements.
<b>Item 302(a)</b> <i>Supplementary financial information</i>	Registrants will no longer be required to provide two years of tabular selected quarterly financial data. The item will be replaced with a principles-based requirement for material retrospective changes.	Reduce repetition and focus disclosure on material information. Modernize disclosure requirement in light of technological developments.
<b>Item 303(a)</b> <i>MD&amp;A</i>	Clarify the objective of MD&A and streamline the 14 instructions.	Simplify and enhance the purpose of MD&A.
<b>Item 303(a)(2)</b> <i>Capital resources</i>	Registrants will need to provide material cash requirements, including commitments for capital expenditures, as of the latest fiscal period, the anticipated source of funds needed to satisfy such cash requirements, and the general purpose of such requirements.	Modernize and enhance disclosure requirements to account for capital expenditures that are not necessarily capital investments.
<b>Item 303(a)(3)(ii)</b> <i>Results of operations</i>	Registrants will need to disclose known events that are reasonably likely to cause a material change in the relationship between costs and revenues, such as known or reasonably likely future increases in costs of labor or materials or price increases or inventory adjustments.	Clarify item requirement by using a disclosure threshold of “reasonably likely,” which is consistent with the SEC’s interpretative guidance on forward-looking statements.
<b>Item 303(a)(3)(iii)</b> <i>Results of operations</i>	Clarify that a discussion of material <i>changes</i> in net sales or revenue is required (rather than only material <i>increases</i> ).	Clarify MD&A disclosure requirements by codifying existing SEC guidance.

<sup>1</sup> The information in this table is not comprehensive. It is intended to highlight only some of the significant aspects of the Amendments. It does not reflect all of the Amendments or all of the rules and forms that are affected. All changes are discussed in their entirety in the SEC’s final rule. This table should be read together with the SEC’s release.

<b>Current Item or Issue</b>	<b>Summary Description of Amended Rules</b>	<b>Principal Objective(s)</b>
<p><b>Item 303(a)(3)(iv)</b> <i>Results of operations</i></p> <p><b>Instructions 8 and 9</b> <b>(Inflation and price changes)</b></p>	<p>The item and instructions will be eliminated. Registrants will still be required to discuss these matters if they are part of a known trend or uncertainty that has had, or the registrant reasonably expects to have, a material favorable or unfavorable impact on net sales, or revenue, or income from continuing operations.</p>	<p>Encourage registrants to focus on material information that is tailored to a registrant's businesses, facts, and circumstances.</p>
<p><b>Item 303(a)(4)</b> <i>Off-balance sheet arrangements</i></p>	<p>The item will be replaced by a new instruction to Item 303. Under the new instruction, registrants will be required to discuss commitments or obligations, including contingent obligations, arising from arrangements with unconsolidated entities or persons that have, or are reasonably likely to have, a material current or future effect on such registrant's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, cash requirements, or capital resources even when the arrangement results in no obligation being reported in the registrant's consolidated balance sheets.</p>	<p>Prompt registrants to consider and integrate disclosure of off-balance sheet arrangements within the context of their MD&amp;A.</p>
<p><b>Item 303(a)(5)</b> <i>Contractual obligations</i></p>	<p>Registrants will no longer be required to provide a contractual obligations table. A discussion of material contractual obligations will remain required through an enhanced principles-based liquidity and capital resources requirement focused on material short- and long-term cash requirements from known contractual and other obligations.</p>	<p>Promote the principles-based nature of MD&amp;A and simplify disclosures.</p>
<p><b>Instruction 4 to Item 303(a)</b> <b>(Material changes in line items)</b></p>	<p>Incorporate a portion of the instruction into amended Item 303(b). Clarify in amended Item 303(b) that where there are material changes in a line item, including where material changes within a line item offset one another, disclosure of the underlying reasons for these material changes in quantitative and qualitative terms is required.</p>	<p>Enhance analysis in MD&amp;A. Clarify MD&amp;A disclosure requirements by codifying existing SEC guidance on the importance of analysis in MD&amp;A.</p>

<b>Current Item or Issue</b>	<b>Summary Description of Amended Rules</b>	<b>Principal Objective(s)</b>
<b>Item 303(b)</b> <i>Interim periods</i>	Registrants will be permitted to compare their most recently completed quarter to either the corresponding quarter of the prior year or to the immediately preceding quarter. Registrants subject to Rule 3-03(b) of Regulation S-X will be afforded the same flexibility.	Allow for flexibility in comparison of interim periods to help registrants provide a more tailored and meaningful analysis relevant to their business cycles.
<b>Critical Accounting Estimates</b>	Registrants will be explicitly required to disclose critical accounting estimates.	Facilitate compliance and improve resulting disclosure. Eliminate disclosure that duplicates the financial statement discussion of significant policies. Promote meaningful analysis of measurement uncertainties.

Annex B

Summary of New Structure of Item 303<sup>2</sup>

<b>Current structure</b>	<b>Amended Structure</b>
N/A	Item 303(a), <i>Objective</i>
Item 303(a), <i>Full fiscal years</i>	Item 303(b), <i>Full fiscal years</i>
Item 303(a)(1), <i>Liquidity</i> Item 303(a)(2), <i>Capital resources</i>	Item 303(b)(1), <i>Liquidity and Capital Resources</i> (i) Liquidity (ii) Capital Resources
Item 303(a)(3), <i>Results of operations</i> (i) Unusual or infrequent events (ii) Known trends or uncertainties (iii) Material increases (iv) Inflation and changing prices	Item 303(b)(2), <i>Results of operations</i> (i) Unusual or infrequent events (ii) Known trends or uncertainties (iii) Material changes
Item 303(a)(4), <i>Off-balance sheet arrangements</i> Instructions 1, 2, 3, 4, and 5 to Item 303(a)(4)	Replace with Instruction 8 to Item 303(b)
Item 303(a)(5), <i>Tabular disclosure of contractual obligations</i>	Eliminate (with some content incorporated into Item 303(b)(1) (Liquidity and Capital Resources) and Instruction 4 to Item 303(b))
2003 MD&A Interpretative Release, <i>Critical accounting estimates</i>	Item 303(b)(3), <i>Critical accounting estimates</i>
Instruction 1 to Item 303(a)	Instruction 1 to Item 303(b) (with amendments)
Instruction 2 to Item 303(a)	Eliminate (with content incorporated into Item 303(a))
Instruction 3 to Item 303(a)	Eliminate (with content incorporated into Item 303(a))
Instruction 4 to Item 303(a)	Instruction 2 to Item 303(b) (with amendments and some content incorporated into Item 303(b))
N/A	Instruction 3 to Item 303(b)
Instruction 5 to Item 303(a)	Instruction 4 to Item 303(b) (with amendments and content incorporated into Item 303(b)(1) (Liquidity and Capital Resources))
Instruction 6 to Item 303(a)	Instruction 5 to Item 303(b) (with minor amendments)

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<b>Current structure</b>	<b>Amended Structure</b>
Instruction 7 to Item 303(a)	Instruction 6 to Item 303(b)
Instruction 8 to Item 303(a)	Eliminate
Instruction 9 to Item 303(a)	Eliminate
Instruction 10 to Item 303(a)	Instruction 7 to Item 303(b)
Instruction 11 to Item 303(a)	Instruction 9 to Item 303(b) (with amendments)
Instruction 12 to Item 303(a)	Instruction 10 to Item 303(b) (with non-substantive amendments)
Instruction 13 to Item 303(a)	Eliminate
Instruction 14 to Item 303(a)	Eliminate
Item 303(b), <i>Interim periods</i> (1) Material changes in financial condition (2) Material changes in results of operations, Rule 3-03(b) of Regulation S-X matters	Item 303(c), <i>Interim periods</i> (1) Material changes in financial condition (2) Material changes in results of operations (i) Material changes in results of operations (year-to-date) (ii) Material changes in results of operations (quarter comparisons)
Instruction 1 to Item 303(b)	Instruction 1 to Item 303(c) (with amendments to reference Instructions 2, 3, 4, 6, 8, and 11 to proposed Item 303(b))
Instruction 2 to Item 303(b)	Eliminate
Instruction 3 to Item 303(b)	Eliminate
Instruction 4 to Item 303(b)	Instruction 2 to Item 303(c)
Instruction 5 to Item 303(b)	Eliminate
Instruction 6 to Item 303(b)	Eliminate
Instruction 7 to Item 303(b)	Eliminate
Instruction 8 to Item 303(b)	Instruction 11 to Item 303(b)
Item 303(c), <i>Safe harbor</i>	Eliminate
Item 303(d), <i>Smaller reporting companies</i>	Eliminate