



**TOWERS
PERRIN**

HR SERVICES

Tally Sheets

September 28, 2005

Purpose and scope of tally sheet

- Towers Perrin's Tally Sheet consists of 3 exhibits
 - Pay Structure
 - Stock Ownership
 - Termination Provisions
- We expect these sheets will be provided to the Compensation Committee for its information, rather than for inclusion in a company's proxy statement
 - However, the Compensation Committee Report in the proxy should state that the Committee reviewed a tally sheet (without including it)
- Each exhibit assumes that calculation is done at fiscal year-end
- Each tally sheet covers a single incumbent
 - If the committee is interested in multiple incumbents, separate tally sheets should be prepared
- The following pages provides details about each exhibit
 - Hypothetical illustration
 - Template provides substantial flexibility with respect to compensation components and benefits

Pay Structure

- 3 time periods
 - Most Recent Fiscal Year
 - Current Fiscal Year
 - Upcoming Fiscal Year (optional)
- Comprehensive overview of compensation
 - Base Salary
 - Bonus
 - LTI Components
 - Restricted Stock
 - Options
 - Performance Plans
 - Miscellaneous Compensation
 - Other Annual Compensation (as would be disclosed in Summary Compensation Table of proxy statement, without \$50,000 materiality threshold)
 - All Other Compensation (as would be disclosed in Summary Compensation Table of proxy statement, without \$50,000 materiality threshold)
 - Year-over-year increase in SERP

Illustration of Pay Structure page

Pay Structure						
Component	2005		2004		Proposed 2006	
	Value	% of Total	Value	Change To 2005	Value	Change From 2005
Total Cash Compensation						
Base Salary	\$ 1,192,308	5.04%	\$ 1,142,308	4.38%	\$ 1,242,308	4.19%
Bonus	\$ 4,200,000	17.76%	\$ 3,162,500	32.81%	\$ 4,124,772	-1.79%
Total	\$ 5,392,308	22.80%	\$ 4,304,808	25.26%	\$ 5,367,080	-0.47%
Long Term Incentive						
Restricted Stock	\$ 6,700,026	28.33%	\$ 13,134,437	-48.99%	\$ 6,325,016	-5.60%
LTIP Award	\$ -	0.00%	\$ -	#N/A	\$ 6,389,303	#N/A
Options	\$ 10,546,809	44.59%	\$ 11,271,189	-6.43%	\$ 4,949,415	-53.07%
Total	\$ 17,246,835	72.92%	\$ 24,405,626	-29.33%	\$ 17,663,734	2.42%
Miscellaneous Compensation						
Other Annual Compensation	\$ 82,861	0.35%	\$ 85,834	-3.46%	\$ 276,847	234.11%
All Other Compensation	\$ 269,595	1.14%	\$ 167,604	60.85%	\$ 624,550	131.66%
Total	\$ 352,456	1.49%	\$ 253,438	39.07%	\$ 901,397	155.75%
Year-to-Year Change in Lump Sum PV of SERP	\$ 659,690	2.79%			\$ 381,213	
Total Remuneration	\$ 23,651,289		\$ 28,963,872		\$ 24,313,424	
Lump Sum PV of SERP						
Year	Lump Sum PV					
Proposed 2006	\$ 2,565,563					
2005	\$ 2,184,350					
2004	\$ 1,524,660					

Stock Ownership

- 3 time periods
 - Most Recent Fiscal Year
 - Current Fiscal Year
 - Upcoming Fiscal Year (optional)
- Comprehensive overview of stock ownership
 - Unvested / Contingent ownership
 - Restricted stock
 - LTIP shares
 - 401(k) shares
 - Unvested stock options
 - Vested / Unrestricted ownership
 - Vested stock options
 - Shares owned outright

Illustration of Stock Ownership page

Stock Ownership			
Component	Lump Sum PV		
	2006	2005	2004
<i>Unvested / Contingent</i>			
Restricted Stock	\$ 37,675,705	\$ 36,346,219	\$ 27,479,025
LTIP Shares	\$ 6,217,260	\$ -	\$ -
401(k) Shares	\$ 1,333,580	\$ 1,370,483	\$ 1,156,617
Unexercisable Options	\$ 893,130	\$ 3,940,545	\$ 3,195,609
Total	\$ 46,119,675	\$ 41,657,247	\$ 31,831,251
<i>Vested / Unencumbered</i>			
Directly Owned Stock	\$ 4,032,861	\$ 3,788,078	\$ 2,743,433
Exercisable Options	\$ 3,643,787	\$ 3,254,645	\$ 3,195,609
Total	\$ 7,676,648	\$ 7,042,723	\$ 5,939,042
Total Stock Ownership	\$ 53,796,323	\$ 48,699,970	\$ 37,770,293
Fiscal Year-End Stock Price			
Year	Stock Price		
Hypothetical 2006	\$ 52.40		
Hypothetical 2005	\$ 53.85		
2004	\$ 47.80		

Termination Provisions

- 4 termination provisions
 - Voluntary termination
 - Termination by the company for cause
 - Termination by the company without cause
 - Termination in connection with a change in control
- Pay associated with each termination provision provided on a line-by-line basis
 - Bonus in year of separation
 - Cash severance
 - Cash LTIP award
 - Equity
 - Retirement benefits
 - Unvested deferred compensation
 - Other benefits
 - Excise tax gross-up

Illustration of Termination Provisions page

Termination Scenarios (assumes termination at end of Fiscal Year 2005)				
Component	Voluntary	For Cause	Without Cause	Change in Control
Bonus for Year of Separation	\$ -	\$ 4,200,000	\$ 4,200,000	\$ 4,200,000
Cash Severance	\$ -	\$ -	\$ 2,384,616	\$ 10,784,616
Cash LTIP Award	\$ -	\$ -	\$ -	\$ -
Equity				
Restricted Stock	\$ -	\$ -	\$ 36,346,219	\$ 36,346,219
LTIP Award	\$ -	\$ -	\$ -	\$ -
401(k) Shares	\$ -	\$ 1,370,483	\$ 1,370,483	\$ 1,370,483
Unexercisable Options	\$ -	\$ -	\$ 3,940,545	\$ 3,940,545
Total	\$ -	\$ 1,370,483	\$ 41,657,247	\$ 41,657,247
Retirement Benefits				
Qualified DB Plan	\$ 147,600	\$ 147,600	\$ 147,600	\$ 147,600
Non-Qualified DB Plan	\$ -	\$ 2,036,750	\$ 2,036,750	\$ 2,036,750
Qualified DC Plan	\$ -	\$ -	\$ -	\$ -
Non-Qualified DC Plan	\$ -	\$ -	\$ -	\$ -
Retiree Medical	\$ -	\$ -	\$ -	\$ -
Total	\$ 147,600	\$ 2,184,350	\$ 2,184,350	\$ 2,184,350
Unvested Deferred Compensation	\$ -	\$ 397,836	\$ 397,836	\$ 397,836
Other Benefits				
Health & Welfare	\$ -	\$ 15,000	\$ 30,000	\$ 30,000
Outplacement	\$ -	\$ -	\$ 50,000	\$ 50,000
Perquisites	\$ -	\$ -	\$ 25,000	\$ 25,000
Total	\$ -	\$ 15,000	\$ 105,000	\$ 105,000
Excise Tax Gross-Up				\$ 1,000,000
Total	\$ 147,600	\$ 8,167,669	\$ 50,929,049	\$ 60,329,049