



Tally Sheets Will Evolve

National Association of Stock Plan Professionals

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Tally Sheets – SEC Perspective

“I think you can look in the near future to the SEC for some improved rules on disclosure to make sure that, for example, shareholders can have one number, that the different kinds of executive compensation add up to a number that’s comparable executive to executive and company to company and at the same time that this information is provided in a timely way before rather than after the fact”.

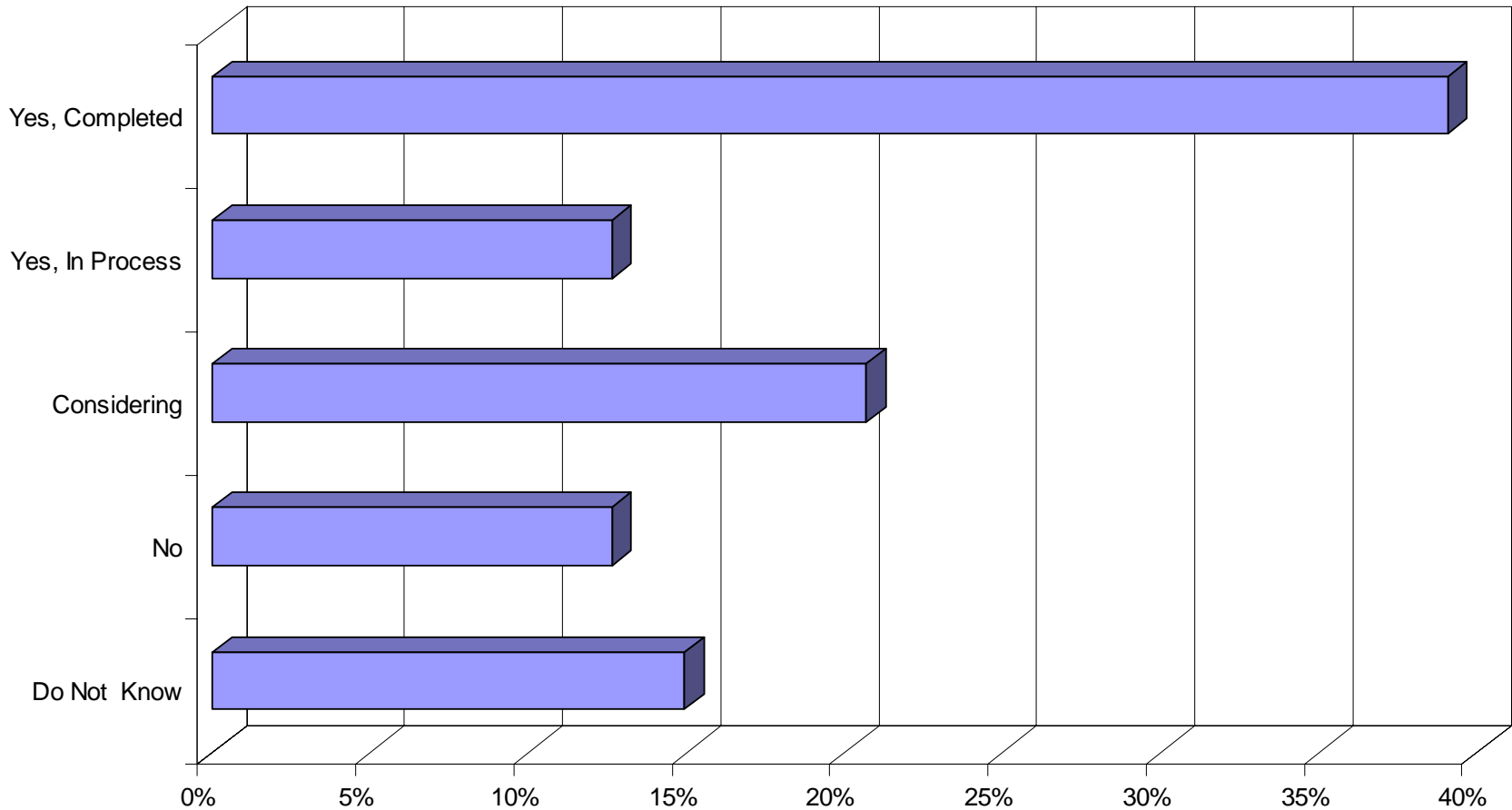
– SEC Chairman Chris Cox on the June 29, 2005 broadcast of PBS’ “Nightly Business Reports”

**We Need “One Number”
to Understand**

Tally Sheets – Survey Overview

- Pearl Meyer & Partners survey of executive tally sheet practices
- 102 cross-industry firms
- Survey data is current as of September 2005

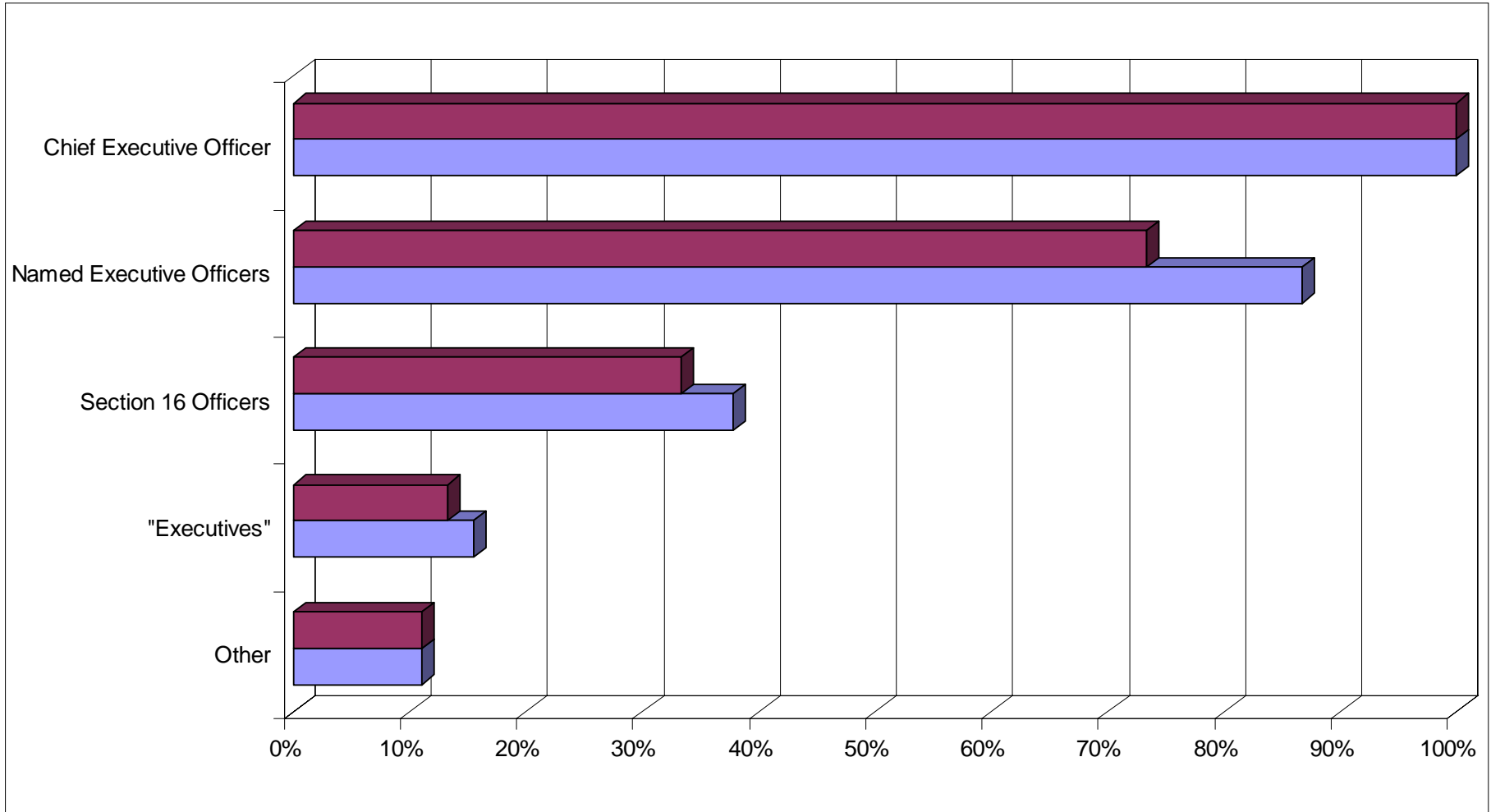
Tally Sheets – Prevalence



	Do Not Know	No	Considering	Yes, In Process	Yes, Completed
■ Percent Responding	14.9%	12.6%	20.7%	12.6%	39.1%

72% have done, are doing, or are considering

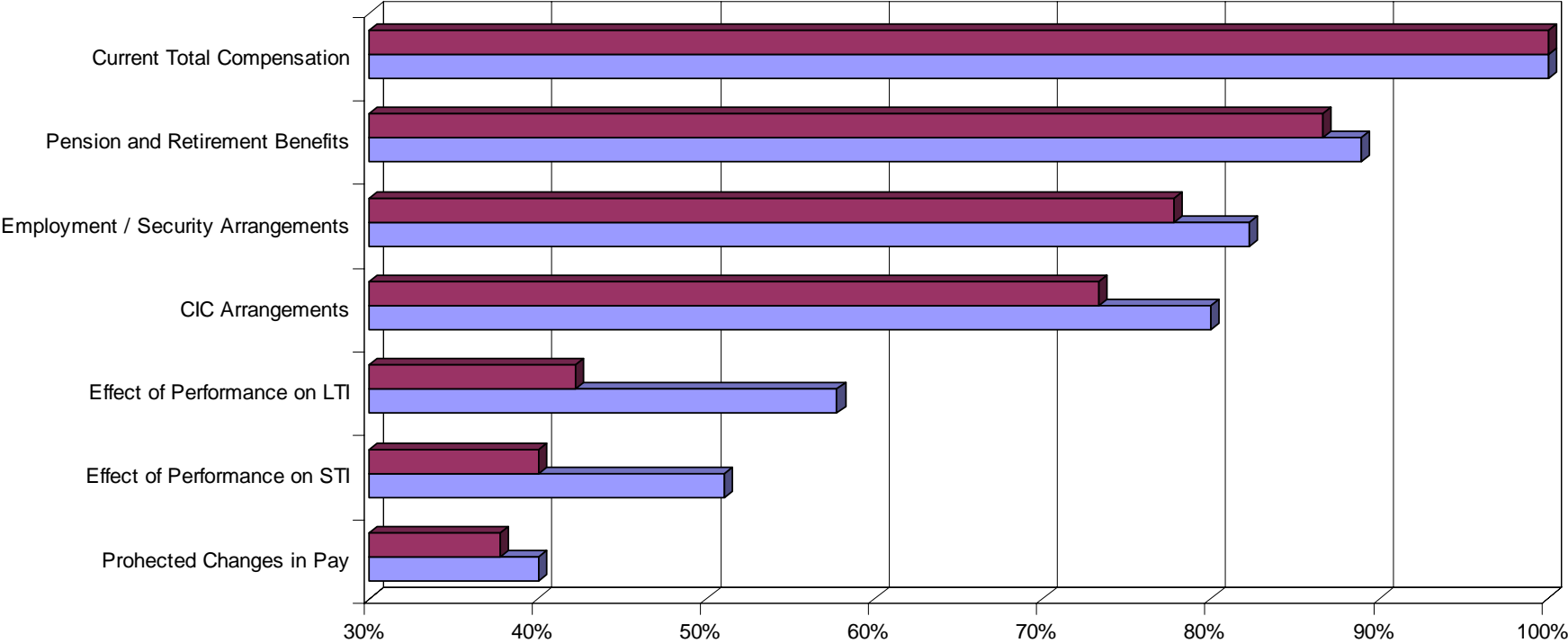
Tally Sheets – Positions Covered



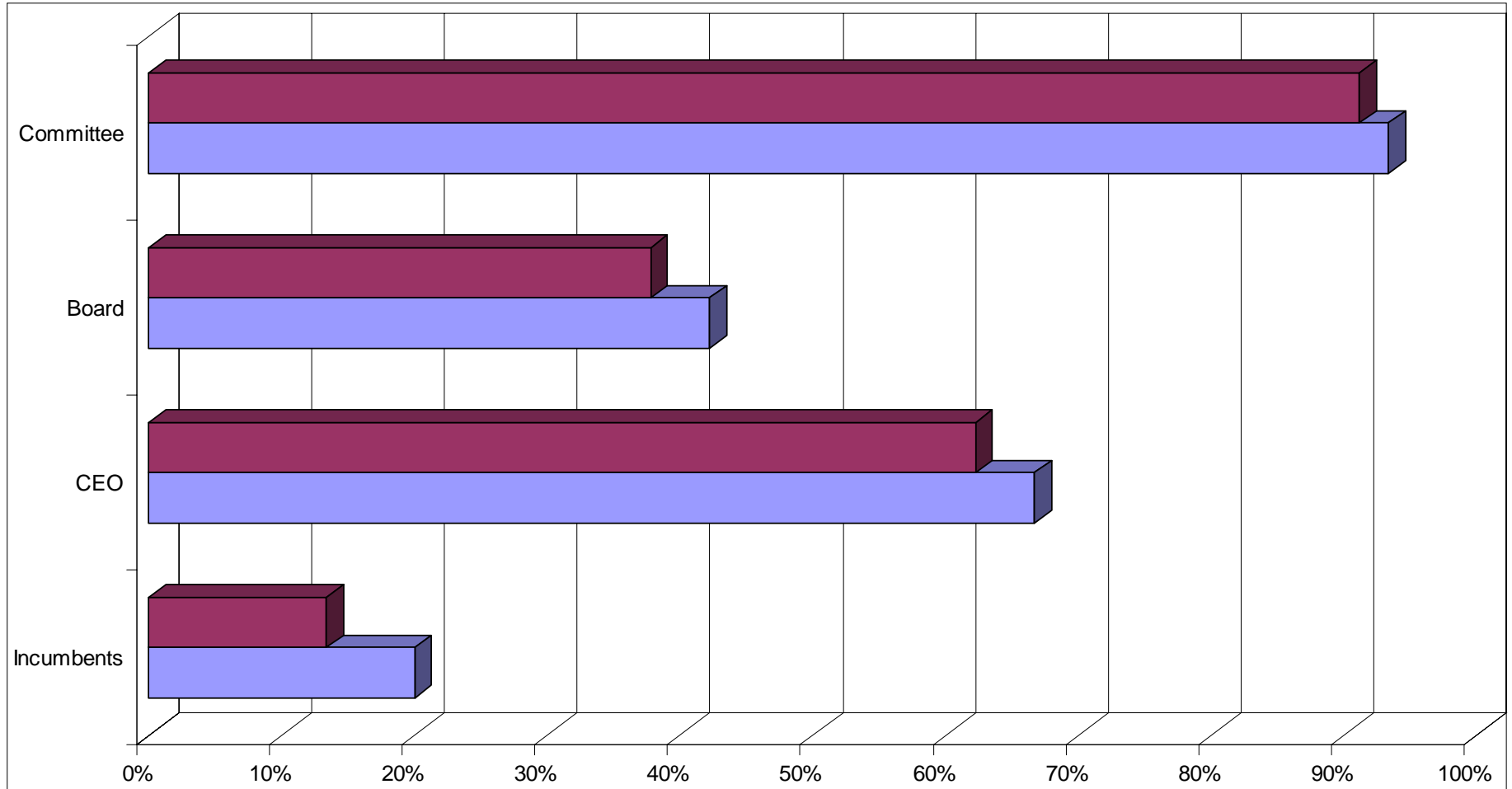
Biggest expected change: NEOs

Tally Sheets – Elements of Compensation Included

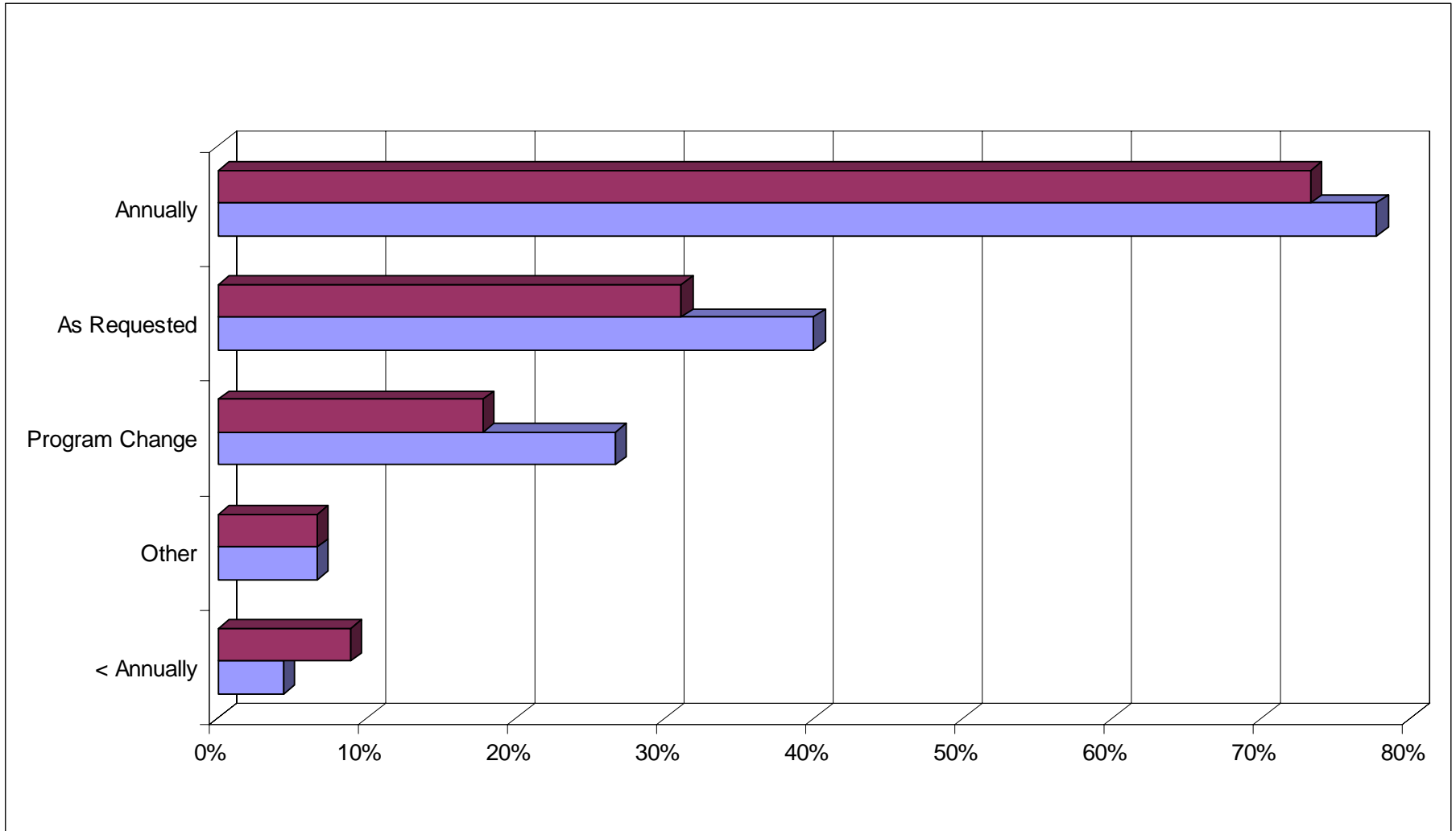
Focus on current pay and separation benefits



Tally Sheets – Who Sees Results



Tally Sheets – Frequency



Evolution of Tally Sheets

Audit

- **Do we have a Disney or NYSE on our hands?**
- **What's the “holy cow” number?**
- **Have we done our job?**

Analysis

Awareness

Assessment

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Awareness

- **How much!?**
- **Does it really work that way?**
- **Are you sure?**

Assessment

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Analysis

- **So what does it mean?**
- **What happens if (this) happens?**
- **What happens if we change (this)?**

Assessment

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Awareness

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Analysis

- So what does it mean?
- What happens if (this) happens?
- What happens if we change (this)?

Assessment

- **Should we change it?**
- **Should we understand this as we go?**
- **Are we more or less competitive?**