Table of Contents

- 1. History of Executive Compensation Disclosure Rules
- 2. Disclosure Controls & Procedures
- 3. Determination of "Named Executive Officers"
- 4. Compensation Discussion & Analysis
- 5. Compensation Committee Report
- 6. Summary Compensation Table
- 7. Perks & Other Personal Benefits
- 8. Equity Tables
- 9. Post-Employment: Pension Benefits & Non-Qualified Deferred Compensation Tables
- 10. Post-Employment: Change-in-Control & Severance Disclosures
- 11. Director Compensation
- 12. Related-Party Transactions: Interplay of Items 402 & 404
- 13. Compensation Committee Disclosure
- 14. Equity Compensation Plan Information
- 15. Plan Disclosure When Seeking Shareholder Action
- 16. Stock Performance Graph
- 17. Form 8-K
- 18. Compensation-Related Risk Disclosure
- 19. Say-on-Pay Solicitation Strategies
- 20. Say-on-Pay Disclosure Issues
- 21. Executive Summary for the CD&A
- 22. Proxy Statement Summary
- 23. 10-K & 10-Q Exhibits
- 24. Pay Ratios
- 25. Hedging Disclosure

Appendix A—Regulation Text for Executive Compensation Disclosures

Other exhibits are posted on CompensationStandards.com as part of the online version of this Treatise.

Detailed Table of Contents: Volume 1

Chap	ter 1 History of Executive Compensation Disclosure Rules
I. III. IV. V. VII.	Rule Changes During the 1930s 1-2 Rule Changes During the 1940s 1-3 Rule Changes During the 1950s 1-4 Rule Changes During the 1960s 1-5 Rule Changes During the 1970s 1-5 Rule Changes During the 1980s 1-7 Rule Changes During the 1990s 1-8 a. 1992 Revisions 1-8 b. 1993 Interpretive Release 1-10 c. 1995 Proposals 1-11
VIII.	Rule Changes During the 2000s 1-11 a. Executive Compensation in the News 1-11 b. 2006 Proposals 1-12 c. Mid-2006 Rule Changes 1-14 d. 2006 Re-Proposal 1-15 e. Late 2006 Rule Changes 1-16 f. Fall 2007 SEC Staff Targeted Review and Comment Letters 1-17 g. October 2007 SEC Staff Report 1-18 h. Reacting to the 2008 Global Economic Crisis 1-19 i. 2009 Rule Changes 1-22
IX.	Rule Changes During the 2010s1-23a. Dodd-Frank Wall Street Reform and Consumer Protection Act1-23b. 2010 Concept Release on U.S. Proxy System1-31c. Jumpstart Our Business Startups Act1-32d. Nasdaq's Golden Leash Disclosure Standard1-33e. Elimination of "Performance-Based" Tax Deduction1-33
X.	Rule Changes During the 2020s 1-34 a. IRS Regulations Clarifying Section 162(m) 1-34 b. Proxy Solicitation Rules Governing Proxy Voting Advice 1-36 c. SEC Proposes Temporary Rules to Facilitate "Platform Workers" Participation in Compensatory Offerings 1-37

Chapter 2 Disclosure Controls & Procedures

I.	History	2-3
II.	SEC Rules and Regulations	2-4
III.	SEC Staff Guidance	2-8
	a. Compliance and Disclosure Interpretations	2-8
	Controls and Procedures for Interactive Data	
	2. Voluntary Filer's Obligation to Disclose Effectiveness of Controls	
	3. Exclusion of Acquired Company from Disclosure Controls Evaluation	
	4. No Limitation on Scope of Disclosure Controls Conclusion	
	5. Disclosure Controls for Classified Boards	
	6. Disclosure Controls for Form 8-K Triggering Events	2-11
	b. Comment Letters	2-11
	1. Reasonable, Not Absolute, Assurance	
	2. "Adequate" Rather Than "Effective" Controls	
	3. Prior Period Restatements	2-12
	4. Lacking the "Full Story"	. 2-12
	5. Defining Disclosure Controls and Procedures	. 2-12
IV.	How the Rule Works	2-13
	a. Disclosure Controls and Procedures Generally	. 2-13
	- "Proper" Controls	
	Disclosure Controls vs. Internal Controls	2-13
	- Disclosure Controls Need Not Be in Writing	2-13
	- PEO & PFO Must Sign-Off on Controls and Procedures	. 2-14
	Need to State More Than Merely "Effective"	. 2-14
	Describing Disclosure Controls	. 2-14
	 Relationship of Certifications to Disclosure Controls 	
	 Sub-Certifications Supporting Disclosure Controls. 	
	- Role of Disclosure Committee.	
	Composition of Disclosure Committee	
	Disclosure Committee Meetings	. 2-16
	b. Disclosure Controls and Procedures Relating to Executive Compensation	
	Disclosures.	. 2-16
	- Practices Vary Among Companies	
	 Early Steps In Preparing Executive Compensation Disclosures 	
	- Process for Determining NEO Status	
	 Next Steps In Preparing Executive Compensation Disclosures 	
	- Final Steps In Preparing Executive Compensation Disclosures	
	- Compensation Committee Oversight.	
	 Role of Audit Committee/Independent Auditor in Compensation Disclosures 	
	- Disclosing Material Weaknesses	
	- Control Issues Raised by Untimely Form 8-K Compensation Disclosures	
	 Control Issues Raised by Restatements in Prior Periods 	2-21

		- Potential Liability for Deficient Controls	
		- Know Litigation Risks When Documenting	
	c.	Disclosure Controls & Procedures for Other Compensation Disclosures	
		- Compensatory Arrangements as Related Party Transactions	. 2-21
V.	\mathbf{C}_{0}	ommon Questions and Our Analysis	. 2-22
	a.	Disclosure Committees	. 2-22
		1. Need for Disclosure Committees	. 2-22
		2. Disclosure Committee Chairs	. 2-22
		3. Disclosure Committee Charter	. 2-23
		4. Minutes for Disclosure Committee Meetings	. 2-23
	b.	Coverage of Disclosure Controls	. 2-23
		1. Controls for Newly Acquired Company	
	c.	Disclosure Control Weaknesses	. 2-24
		1. Late Filings as Defective Disclosure Control	. 2-24
		2. Back-Up Certifications: Who Signs	. 2-24
		3. Back-Up Certifications: Who Reviews	. 2-25
		4. Disclosing Inherent Limitations in Controls	. 2-25
	d.	Board's Role in Process	. 2-26
		1. Timing of Compensation Committee's Disclosure Approval	. 2-26
		2. Audit Committee Approval of Disclosure Controls	. 2-27
VI.	Pr	ractice Pointers	. 2-27
	a.	The Lawyer's Role: Collaborating the Disclosure Process	. 2-27
		1. Lawyers in the Eye of the Process	
		2. Talk First	
		3. How to Start Drafting	
		4. Ensure Compensation Committee Does Its Part	
		5. The Road Test	
		6. Bring Experience to Bear	
		7. Get Tech Folks to Fact Check, But Not "Tech Speak"	
	b.	Putting It All Together	
		1. Use Your Existing Structure	
		2. Start with Last Year's Procedures	
		3. Review SEC Comments from Last Year's Disclosures	
		4. Make Sure You Collect the "Whys"	
		5. Follow the Spirit—Not Just the Letter—of Disclosure Rules	
		6. Have Project Timeline for Collecting Necessary Disclosure Information	. 2-29
		7. Make Sure Your Disclosure Committee/Task Force Has Adequate	
		Representation	. 2-29
		8. Communicate with Your Compensation Committee	. 2-29
		9. Pay Particular Attention to the CD&A.	
		10. Your Disclosures Reflect What You Put Into Them	. 2-30

Chapter 3 Determination of "Named Executive Office	rs"
---	-----

I.	History	3-4
II.	SEC Rules and Regulations.	3-6
III.	SEC Staff Guidance	3-7
	a. Compliance and Disclosure Interpretations	3-7
	 No Exclusion of Recovered Compensation Forfeited Equity Award Values & Calculating NEO Status Item 402 Disclosure After Fiscal Year End & Before Proxy Statement CFO as One of Three Most Highly Compensated Executive Officers Limited Disclosure for First-Time NEO NEO in Years 1 & 3 but Not Year 2 Exclusion of a Discretionary Bonus that is Refused Before Grant Earned Less Than \$100,000 Due to Fiscal Year Change NEO Becomes Non-Executive Officer Life Insurance Proceeds for Deceased Executive Officers 	3-7 3-8 3-8 3-9 3-9 3-10
	b. Comment Letters	3-10
IV.	How the Rule Works - Early Step When Preparing Executive Compensation Disclosures. - Sometimes More Than Five NEOs. - Process to Determine NEO Status. - Formula to Determine NEO Status. - Excluding Pension & Nonqualified Deferred Amounts from NEO Formula. - Officers With "Policy-Making Function" Are Executives. - Title Not Dispositive. - Different From Section 16 "Officers". - CFO as One of Three Most Highly Compensated Executive Officers. - Include Forfeited Awards in NEO Calculation. - Include All Compensation Once Determined NEO. - Include All Recovered Compensation. - Inclusion of Directors' Compensation in Total. - Executive Officer of Subsidiary Could Be NEO. - Limited Exclusion for Overseas Executive Officers. - Limited Disclosure for First-Time NEO. - Shifting NEO Status From Year to Year. - Only Three NEOs for Smaller Reporting Companies and EGCs. - Downsides of Expansive "NEO" Approach.	3-11 3-12 3-12 3-12 3-12 3-13 3-13 3-14 3-15 3-15 3-15 3-15 3-16 3-16 3-16
V.	Common Questions and Our Analysis a. Fewer than Five NEOs.	
	b. Same Individual is PEO & PFO.	

c.	Order of NEOs Presented.	3-18
d.	Tie for Third Highest Paid NEO	3-18
e.	Voluntary Additional NEOs	3-19
f.	"Officer" with Higher Compensation than NEOs	3-19
g.	"Executive Chair" May Be NEO	3-20
h.	Retiring PFO or PEO	3-20
i.	Other Departing NEOs.	
j.	NEO Departs After End of Fiscal Year	
k.	Highly Paid "Officer" Becomes "Executive" After Fiscal Year-End.	
1.	NEO Death.	
m.	Serving As of End of Fiscal Year	
n.	Former CEO Departed for More Than One Year.	
0.	No Longer PEO, But Still Executive Officer.	
p.	PEOs Who Become Non-Executive Officers.	
q.	NEOs Who Become Non-Executive Officers Former PEO Still an NEO?	
r. s.	Consultant as NEO.	
s. t.	Consultant as NEO: Consultant Reimbursements Included in Named Executive Officer Calculation	
u.	Interim PFOs	
	1. Interim PFO is NEO.	
	2. Interim PFO Doesn't Count as "Supplemental" NEO	
	3. Interim PFO for Only Short Time Period Still Included as NEO	3-26
V.	"Supplemental" NEOs	3-27
	1. Include Officers Who Earned More Than Lowest Paid Current NEO	3-27
	2. Highly Paid Executive Who Resigns Before Midnight of Year-End is	
	"Supplemental" NEO	3-27
W.	Subsidiary Officers as NEOs	3-28
х.	Joint Venture Pay	
y.	Working Outside of the U.S.	
у.	1. Scope of "Cash Compensation" Exclusion	
	Executive Officer Who Works Part-Time Overseas.	
	3. Full-time Executive of Foreign Subsidiary	
	4. Can Exclude Foreign National's Pay During US Assignment.	
Z.	NEO in Years 1 & 3, But Not 2.	
aa.	ATTO: W. AAAA B. W. W. A	
	Disclosure of Prior Executive Compensation for New NEO	
CC.	Include Severance Payments in NEO Determination	
	Reporting Severance Tied to Future Performance	
1 1		
	NEO Group Changes After Determination of Actual Compensation	
ee	NEO CHOUD CHANGES A HEL DELEMINATION OF ACHIAL COMBENSATION	1-14

	1. 2. 3.	rmining NEO Status Following Acquisition Compensation Paid by Acquiror to Officer of Acquired Company Reverse Merger with Shell Company Determination of NEO Status Related to CIC Payments & Termination Date Post-Merger NEOs Include Current & Former "Highest Paid" Executives	3-35
		rmining NEOs for Purpose of Filing Employment Agreement	
Cha	apter 4	Compensation Discussion & Analysis	
I.	History		4-8
II.	SEC Ru	ıles and Regulations	4-9
III.	SEC Sta	aff Guidance	4-13
	a. Con	npliance and Disclosure Interpretations	4-13
		Backdating Guidance Also Applies to Restricted Stock, Etc	
	2.		
	3.	J	
	4.	ε	
	5.	ε	
	6.	1	
	7.	1	
	8.	Disclosure of Non-GAAP Financial Measures	4-16
	b. Con	nment Letters	4-17
	1.	Analysis in the CD&A	4-19
		- Prominence of CD&A	4-19
		General Requests for Analysis	
		- Compensation for Individual NEOs & Internal Pay Equity	
		- Use of Discretion	4-21
		 Role of Executive Officers, Compensation Committee & 	4.01
		Board of Directors	
		- Severance & Change in Control Arrangements	
		Wealth AccumulationOption Grant Practices	
	-	-	
	2.	Performance-Based Compensation Disclosure	
		Performance Target Levels for Last Completed Fiscal Year Presentation of Performance Target Levels	
		 Presentation of Performance Target Levels	
		i circiniance rarget bevers for current risear rear & rutule reflous	

		Withholding of Performance Target Levels	4-25
		Targets	4-26
		- "Degree of Difficulty" Disclosure	
		- Use of Discretion	
		Enhanced Disclosure Regarding Performance Plans	
		3. Benchmarking	4-27
		- Identification of Peer Group.	
		- Targeted Percentiles	
		4. Individual Performance Disclosure	4-28
	c.	October 2007 Staff Report	4-29
		1. Manner of Presentation	4-29
		- Emphasis	4-29
		- Format	
		- Alternative Summary Compensation Tables	
		- Clarity	
		- Adding Analysis	
		Avoiding Boilerplate	4-30
		2. CD&A-Specific Issues	
		- Compensation Philosophies & Decision Mechanics	
		- Differences in Compensation Policies & Decisions	
		- Performance Target Levels	
		Benchmarking	
	_		
	d.	1	
		- Analysis	
		- Performance Measure Target Levels	
		- Benchmarking	
	e.		
		- No More Free Passes	
		- What Staff Comments to Expect	
		Specific ExamplesMeaningful & Understandable Disclosure	
		-	
	f.	SEC Staff View on the Relationship of Compensation & Risk	4-38
IV.	Н	ow the Rule Works	4-39
	a.	Overall Approach	4-39
		- "Holistic" Approach to Analyzing Compensation Arrangements	
		- SEC Staff's Continued Focus	
		- Principles-Based Disclosure	
		- Focus on Plain English	4-40

	Smaller Reporting Companies & EGCsNewly Eligible SRCs May Need to Keep CD&A to Appease Proxy Advisors	
b.	Scope of CD&A. Includes Entirety of Executive Compensation Arrangements Individuals Covered. Length of CD&A. Whose "Voice" When Drafting CD&A. Time Frame Covered Longer than Last Fiscal Year. Alternative Formats. CD&A Staffing. Role of Board & Compensation Committee. Role of Compensation Consultants. CEO/CFO Certifications. Liability for CD&A.	4-42 4-42 4-43 4-43 4-45 4-45 4-45 4-46
c.	Disclosure Requirements - Seven Line Item Requirements - Fifteen Examples to Consider - "Materiality" - The "Analysis" - Provide the Context - An "Analysis" Caption - The "How" of Analysis - Disclosure about Compensation-Setting Process - The "Why" of Analysis	4-46 4-47 4-48 4-49 4-50 4-50
d.	Executive Summaries	
e.	Benchmarking - Identifying Component Companies - SEC Staff Concerns - Definition of Benchmarking - Problems with Peer Group Benchmarking - Internal Pay Equity - The Challenges of "Why" - Discretion to Deviate	4-55 4-56 4-56 4-57 4-58
f.	Performance Target Levels - Disclosure of Target Levels: Basic Requirement. - Disclosure of Target Levels: Framework for Analysis - Materiality Prong: Target Levels for Completed Periods - Materiality Prong: Target Levels for Current & Future Periods - Anticipate Shareholder Concerns - Describe Program Changes in CD&A - Discussion of ESG and Pay Programs	4-58 4-59 4-59 4-59 4-60

		- Competitive Harm Disclosure Exclusion	
		- Presentation	
		- Use of Discretion	
		- "Degree of Difficulty" Disclosure	
		- Non-GAAP Rules Don't Apply	
		- Adjustments Common	4-64
	g.	Post-Employment: Severance & Change in Control Arrangements	4-65
	h.	Equity Award Grant Practices	4-65
	i.	Disclosing the Impact of the Prior Year's Say-on-Pay Vote	
		- Disclosure Requirement	
		- Response to Significant Opposition	4-67
	į.	Risk Disclosures	4-68
	5	Disclosure of Hedging Policy	
V.	Co	ommon Questions and Our Analysis	4-7(
	a.	Compensation Committees	1_70
	a.	1. Compensation Committee Charters & CD&A.	
		2. Compensation Committee's Role for CD&A	
		3. Compensation Committee Deliberations of CD&A	
		4. Full Board CD&A Approval Unnecessary	
	b.	Drafting Considerations	4-71
	0.	1. Drafting Timeline.	
		2. "Voice" Used in Drafting	
		3. Cross-References To/From CD&A	
		4. CEO/CFO Certifications	
		5. Including Required Tables in CD&A	
		6. Plain English	
		7. Q&A Format	4-74
		8. Negative Disclosure in CD&A	4-74
		9. Deficient CD&A	4-75
		10. CD&A Omitted from Preliminary Proxy Statement	4-75
		11. Inclusion of Non-Required Disclosure	4-76
		12. Synchronize Risk Factors with CD&A	4-76
		13. Can Use Subheadings as Part of CD&A	4-77
	c.	Compensation Consultants	
		1. CD&A Drafted by Independent Consultant	
		2. Prior Compensation Consultant Consent Before Filing CD&A	
		3. Duplicate Compensation Committee Procedure Disclosure	4-78
	d.	Scope	4-79
		1. Persons Covered by CD&A	4-79
		2. Number of Years Covered	4-79

	3. "Fairness" in CD&A	4-80
	4. Events after End of Fiscal Year	4-80
	5. Examples in CD&A	4-81
	6. Unusual or Nonrecurring Items	4-81
	7. Analysis of Old Employment Agreements	
	8. New Executive Officer.	4-82
	9. Discuss All NEOs Base Salary Actions Even When Some Didn't Receive Increase	4-83
e.	Benchmarking	4-84
٠.	Benchmarking Data Used by CEO	
	2. Appendix for Survey Components.	
	3. Third Party Surveys	
f.	Performance Target Levels & Bonuses	4-86
	1. Disclosure of Performance Target Levels	4-86
	2. Performance Target Levels in Exhibits	4-88
	3. Disclose All Material Target Levels	4-88
	4. LTIP Goal Disclosure	4-88
	5. Detail Required Regarding Individual Performance Target Levels	4-88
	6. Materiality of Large Number of Goals	4-89
	7. Financial Measures & Confidentiality	
	8. Disclosure of EPS Targets	
	9. Disclosure of Performance Targets for Future Equity Grants	
	10. Bonus Terminology	
	11. "Umbrella" Plans: Disclose Award Allocations & Negative Discretion	
	12. Performance Bonus Paid Two Years Later.	
	13. Disclosure Required When Bonuses are Not Paid	
	14. Multi-Part Retention Bonus	
	15. Capital Deployment Strategy As a Target	
	16. Disclose Mid-Year Changes to Performance Goals	
g.	1	
	1. Level of Disclosure	4-95
h.	Equity Awards & Modifications	
	1. Stock Option Repricing & Extension of Option Terms	
	2. Spring-Loading Restricted Stock.	
	3. Awards Made in Anticipation of Pending Merger	
	4. CEO Option Grant Made in Advance of IPO	4-98
i.	Clawback & Forfeiture Disclosures	4-99
	1. Disclose Factors in Compensation Committee Decision to Decrease Pay	
	2. Disclosing Clawback Recoveries.	4-99
j.	Risk Disclosures.	4-100
ŀ	Filing Two CD& As in One Vear	4-102

 CD&A in Registration Statements CD&A in Form S-4 for a Merger with Private Company Types of Companies Smaller Reporting Companies & CD&A Emerging Growth Companies & CD&A Exiting Emerging Growth Company & Smaller Reporting Company Status Foreign Private Issuers & CD&A Public Debt Issuers & CD&A Controlled Companies & CD&A 	. 4-102 . 4-103 . 4-103 . 4-104 . 4-105 . 4-105
 CD&A in Form S-4 for a Merger with Private Company Types of Companies. Smaller Reporting Companies & CD&A. Emerging Growth Companies & CD&A. Exiting Emerging Growth Company & Smaller Reporting Company Status. Foreign Private Issuers & CD&A. Public Debt Issuers & CD&A. 	. 4-102 . 4-103 . 4-103 . 4-104 . 4-105 . 4-105
 Smaller Reporting Companies & CD&A. Emerging Growth Companies & CD&A. Exiting Emerging Growth Company & Smaller Reporting Company Status. Foreign Private Issuers & CD&A. Public Debt Issuers & CD&A. 	. 4-103 . 4-104 . 4-105 . 4-105
 Emerging Growth Companies & CD&A Exiting Emerging Growth Company & Smaller Reporting Company Status Foreign Private Issuers & CD&A Public Debt Issuers & CD&A 	. 4-104 . 4-105 . 4-105 . 4-105
 Exiting Emerging Growth Company & Smaller Reporting Company Status Foreign Private Issuers & CD&A Public Debt Issuers & CD&A 	. 4-105 . 4-105 . 4-105
Status 4. Foreign Private Issuers & CD&A 5. Public Debt Issuers & CD&A	. 4-105 . 4-105
4. Foreign Private Issuers & CD&A5. Public Debt Issuers & CD&A	. 4-105 . 4-105
5. Public Debt Issuers & CD&A	. 4-105
6. Controlled Companies & CD&A	4 4 0 -
	. 4-106
VI. Sample Disclosures.	. 4-106
1. Executive Summary	. 4-107
2. Describe Tally Sheets If Material	
3. Compensation for Individual NEOs & Internal Pay Equity	. 4-108
4. Disclosing Clawback Provisions	. 4-112
Trend of Broader Clawback Policies	
 Shareholder Proposals to Adopt Clawback Policies 	
How to Describe Clawback Policies	. 4-114
5. Disclosing Clawback Recoveries	. 4-116
6. Benchmarking & Peer Group Disclosure	. 4-117
7. Performance-Based Compensation	. 4-119
8. Presenting Pay-for-Performance with Graphs	. 4-120
a. Harris Corp's "Pay Mix" Charts	. 4-120
b. CVS Health's "Realized Pay vs. TSR" Graphs	. 4-121
c. Macerich's "Realizable Pay" Chart	. 4-122
9. Describing Individual Performance Goals	. 4-123
a. Staff Wants Specific Description of Individual Objectives	. 4-123
b. Haemonetics' Description of How Measures Are Chosen &	
Calculated	
c. Pitney Bowes' "Annual Incentive" Summary	. 4-126
10. "Degree of Difficulty" Statements	
a. FMC Corporation	
b. Altera	
11. Describing Bonus In Lieu Of Missed Performance Goals	
a. Triumph Group	
b. Staples	
c. Columbia Sportswear	
12. Risk Disclosure: A Model	
13. Risk Assessment Disclosure	
14. Use of Discretion for the Annual Incentive Plan	

	15.	Termination & Change in Control Arrangements: Importance of a	
		Wealth Accumulation Analysis & Walk-Away Numbers	4-141
	16.	Evaluating the Need for Pensions & SERPs	4-144
	17.	Revisiting Perquisites	4-145
	18.	Accounting & Tax Implications	4-147
	19.	Stock Ownership Guidelines or Requirements	4-149
		- Additional Restrictions on Trading	
	20.	Hedging Disclosures	4-151
		a. Sysco Corporation "Employee, Officer and Director Hedging"	4-151
		b. The Clorox Company Hedging Disclosure	4-151
	21.	Impact of Prior Year's Say-on-Pay Vote	4-153
		a. Cheniere Energy's "Shareholder Engagement" Disclosure	
		b. Commercial Metals' "Severance" Response	
		c. Kate Spade's "Pay Transparency" Disclosure	4-155
		d. McKesson's Compensation Committee Letter	4-156
VII	. Analysi	s in the CD&A	4-159
	1.	Saying "To Be Competitive" is Not Analysis	4-159
		- A Red Flag	
		- Critical Analysis	
		- An Example	
		- Our Concerns	4-160
	2.	Getting Back to Basics: A Focus on the "A" in CD&A	4-161
VII	I. Practice	e Pointers	4-162
	_	Additional Items for Consideration	4-171
Ch	apter 5	Compensation Committee Report	
I.	History		5-3
II.	SEC Rule	es and Regulations	5-6

111.		f Guidance	
	-	liance and Disclosure Interpretations	
		Names of Directors Required	
		Separate Caption Required for Report	
	n Comm	nent Letters	5-8

IV.	How the Rule Works	5-9
	- Purpose of Compensation Committee Report	5-9
	- Similar to Audit Committee Report	
	- Required Form of Report	5-9
	- Responsibility for Report	5-9
	- Report's Relationship to CD&A	5-9
	- Placement of Report	5-10
	- Limited Liability for "Furnished" Report	5-10
	- Incorporation by Reference	5-10
	- Frequency of Disclosure	5-10
	- Role of Compensation Committee	5-10
	- Reliance by CEO & CFO	5-11
	- No Report for Smaller Reporting Companies & EGCs	5-11
V.	Common Questions and Our Analysis	5-11
	a. Text of Compensation Committee Report	5-11
	b. Placement of Report	
	c. Disclaimers Regarding "Furnished" Status	5-12
	d. Change in Committee Member Composition	
	e. Naming Former Members	
	f. Dissenting Committee Member	5-14
	g. No Need for Manual Signatures	5-15
	h. Placement of Committee Member Names	5-15
	i. Timing of Report	5-15
	j. Timing of Committee's Disclosure Approval	5-16
	k. Formal Record of Compensation Committee Report Approval is Good Practice	5-16
	1. Scope of Review & Discussion	
	m. Voluntary Debt Filers Need to Provide Report	5-17
	n. Parent & Subsidiary with Overlapping NEOs	5-18
	o. Absence of Compensation Committee	5-18
	p. Report Required in Form 10-K	5-18
VI.	Sample Compensation Committee Reports	5-18
	a. Typical Short-Form Report	5-18
	b. Sample Long-Form Reports	
	1. Post Properties	
	2. Becton, Dickinson and Company	
	3. Office Max	5-21

Chapter 6 Summary Compensation Table

I.	History.		6-9
II.	SEC Ru	les and Regulations	6-12
III.	SEC Sta	ff Guidance	6-24
	a. Com	pliance and Disclosure Interpretations	6-24
	1.	Disability Plans That Do Not Discriminate	6-24
	2.	Adding New NEO	6-25
	3.	Discretionary Cash Bonuses vs. Non-Equity Incentive Plan Bonuses	6-25
	4.	Salary/Bonus Foregone at NEO's Election	6-26
	5.	Negative Changes to Actuarial Present Value	6-26
	6.	Reimbursement of Perquisites	
	7.	Section 423 Plan Purchases	6-27
	8.	Dividends on Equity Awards	
	9.	Deferred Compensation Payouts & 401(k) Plan Distributions/Earnings	
	10.	Accrued Termination Payments	
	11.	Footnote Disclosure for Years Prior to Last Fiscal Year	
	12.	Valuation Assumptions in Grants of Plan-Based Awards Table	
	13.	Cash Retention Bonuses	
	14.	NEO In Years 1 & 3 but not Year 2	
	15.	Timing of Gross-Up Reporting	6-30
	16.	Grant Date Fair Value Excludes Estimated Forfeitures for	
		Time-Based Vesting	
	17.	Reporting Equity Awards Modified in Year of Grant.	
		Incentive Plan Awards; Officer Elects to Receive in Stock	
		Reporting a Section 162(m) "Plan Within a Plan"	
	20.	Non-Equity Incentive Plan Awards Forgone at NEO's Election	
	21.	j	
	22.	Treatment of Assumed Options For Acquired Company Executives	
	23.	Reporting Performance-Based Stock & Option Awards	
	24.	Spin-Off Compensation	
		Compensation Reporting Following Merger	
		Compensation for Subsidiary IPO	
	27.	Transition Period Compensation	
	28.	Reporting "Stub Period" Compensation for Transition Year	
	29.	No Annualized Compensation	
	30.	All Compensation Covered for NEO Becoming Non-Executive Employee	
	31.	Parent/Subsidiary Compensation Arrangement	
	32.	Allocation Between Parent & Subsidiary	
	33.	Reimbursement of Legal Expenses Not Compensation.	0-38
	34.	Compensation for Last Fiscal Year Required in Beginning of	(20
	25	Next Fiscal Year	
	35.	Shell Company Disclosure	0-39

		36. Options for Securities of Parent or Subsidiary	6-39
		37. Life Insurance Proceeds Not Reported in Summary Compensation Table	6-39
		38. Above-Market or Preferential Earnings	
		39. Dividends on Restricted Stock Reported in Year Paid	
		40. Change in Pension Value in Year of Change in Pension Measurement Date	
		41. In-Service Distributions Reported as Change in Pension Value	6-41
	b.	Comment Letters	6-41
IV.	Н	ow the Rule Works	6-43
	a.	General	6-43
		Tabular Format	6-43
		- All Compensation Covered	
		- Numerical Reporting	6-44
		- Foreign Currency	6-44
		 Footnote Disclosure in the Summary Compensation Table. 	
		- Periods Covered By Footnotes	
		- Title & Lead-In For Table	
		- Don't Change Column Titles	
		- Smaller Reporting Companies & EGCs	6-46
	b.	"Name and Principal Position" Column	6-46
		- Name and Principal Position	6-46
		- Order of the NEOs	6-46
		- Former Officers Who Are NEOs	6-46
		- Smaller Reporting Companies	6-46
	c.	"Year" Column	6-47
	٠.	- Years Covered	
		- New NEOs.	
		- Returning NEOs.	
		- Newly Reporting Companies	
		- Spin-Offs	
		– Mergers	
		- Treatment of Assumed Options for Acquired Company Executives	
		- Subsidiaries Going Public	6-49
		- Stub Periods	6-49
		- No Annualized Compensation	6-49
	d.	"Salary" & "Bonus" Columns	6-49
		– Salary	
		– Bonus	
		– Bonus vs. Non-Equity Incentive Plan Compensation	
		• "Bonus" Column	
		- Discretionary Bonus.	
		- Guaranteed Bonus	
		- Retention Bonus	6-51

	• "Non-Equity Incentive Plan Compensation" Column	6-51
	- Short-Term & Long-Term Incentive Awards	6-51
	- Use of Discretion	6-52
	• Explaining Bonus & Non-Equity Incentive Compensation Disclosure	6-52
	- When Salary or Bonus Not Calculable	6-52
	- Forgoing Salary/Bonus for Non-Cash Compensation	6-53
	• Amount of Salary/Bonus Forgone is Less Than Equity Received	
	• Salary/Bonus Forgone Under Option Within Scope of ASC 718	6-53
	- Allocating Salary/Bonus Among Parent & Subsidiary	
	Allocation Based on Services Rendered	
	• Allocation to Consolidated Subsidiaries Permissible	6-54
e.	"Stock Awards" & "Option Awards" Columns	6-54
	- Equity Awards	
	- Stock Awards	
	- Option Awards	
	- Amounts Reported	
	- Application of ASC 718	
	• Process for Determining ASC 718 Amounts	
	• Treatment of Specific Types of Awards under ASC 718	
	- Service-Based Awards	
	- Awards with Performance Conditions	
	- Awards with Market Conditions	
	- Awards Classified as Liabilities	
	- Forfeitures	
	• Different Approach If ASC 718 Produces Awkward Results	
	- Grant Date Fair Value Considerations	
	- Awards Granted After the End of Fiscal Year	
	- Long-Term Performance Based Awards	
	Awards Granted With Possibility of Negative Discretion	
	Modified Equity Awards	
	Reload Options.	
	Dividends & Other Earnings	
	- Valuation Assumptions	
f.	"Non-Equity Incentive Plan Compensation" Column	6-66
	- Non-Equity Incentive Plans	
	- Short-Term & Long-Term Plans Covered	
	- Amounts Reported When Earned	6-66
	- Earnings on Non-Equity Incentive Plan Compensation Also Reported	6-66
	- Electing to Receive Awards in Cash or Company Stock	6-67
	Awards that Permit NEOs to Elect Form of Payment	6-67
	Awards that Do Not Permit NEOs to Elect the Form of Payment	6-67

	- Forgoing a Bonus	6-67
	Before the Award is Granted	6-67
	After the Award is Granted	6-68
	- Relationship to "Bonus" Column	6-68
	- Use of Discretion with Incentive Plans	6-68
	- Reporting More Than One Non-Equity Incentive Plan	6-69
g.	"Change in Pension Value and Nonqualified Deferred Compensation" Column	6-69
	1. Change in Pension Value	6-69
	Change in Pension Value	
	 Relationship to Pension Benefits Table	
	 Factors Affecting Change in Pension Value Number. 	
	- In-Service Distributions	
	- Negative Values	
	- Pension Plan Measurement Date	
	- Identification & Quantification By Footnote	
	 No Disclosure Required for Smaller Reporting Companies 	6-/1
	2. Nonqualified Deferred Compensation	
	 Nonqualified Deferred Compensation	
	- Above-Market Interest	
	- Resetting Interest Rates	
	- Contingent Interest Rates	
	Preferential Dividends	
	Excess Benefit Plans	
	Unfunded Plans are Covered	
	Identification & Quantification by Footnote	
1.		
n.	"All Other Compensation" Column	
	Footnotes Required	
	Supplemental Table for Footnote Disclosure	
	- Elements of All Other Compensation	
	- Perquisites	
	- Tax Payments	
	- Discounted Security Purchases	
	Severance or Change in Control Payments	6-74
	Payments Included	
	Payments Accrued	
	Accelerated Defined Benefit or Actuarial Plans	6-74
	Narrative to Summary Compensation Table	6-74
	- Defined Contribution Plan Contributions	6-75
	- Dividends & Earnings on Equity Awards	6-75
	 Information Not Required in "All Other Compensation" Column 	6-75

		• 401(k) Plan Distributions & Earnings	6-75
		Nonqualified Deferred Compensation Payouts	
		• Group Insurance & Welfare Plans	6-75
	i. "	Total" Column	6-76
		- "Total" Column	6-76
	j. N	arrative Disclosure for Summary Compensation Table	6-76
	3	- Narrative Disclosure of Material Factors	
		- Narrative Disclosure vs. CD&A	6-76
		- Disclosure Examples	6-76
		- Determining Materiality	6-76
		- Employment Agreements	
		- Written & Unwritten Employment Agreements Covered	
		- Post-Termination Provisions	
		- Repricing/Modifying Equity-Based Awards	
		- Exclusion from Repricing/Modifying Disclosure	
		- Mix of Compensation Elements	
		- Narrative Disclosure for Smaller Reporting Companies	6-/8
	k. A	Iternative Summary Compensation Table	6-78
V.	Com	mon Questions and Our Analysis	6-79
	a. G	eneral	6-79
		1. Mistake in Summary Compensation Table	
		2. Correction in Previous Year's Summary Compensation Table	
		3. Prior Compensation of New NEO	
		4. NEO in Years 1 & 3, But Not in Year 2	6-80
		5. Death of NEO	
		6. Years Covered After End of Fiscal Year	6-81
		7. Item 402(j)'s "Effective Date"	
		8. Footnotes for Multiple Years	
		9. Assign Values to Column with "Best Fit"	
		10. Alternative Summary Compensation Table	
		11. Alternative "Total" Column	
		12. Value of Accelerated Vesting in SCT	
		13. "Grant Date Fair Value" Reflects Acceleration Provision	
		14. Alternative "Value Realized" Table 15. Private Parent with a Public Subsidiary	
		16. Compensation Information of Spin Off	
		17. Reporting Options Replaced in Merger with Restricted Stock & Cash	
		18. Subsidiary IPO & Compensation Paid by Parent	
		19. Equity Earned from Seller but Paid by Buyer	
		Name and Principal Position" Column	
	<i>J</i> . 1	1. Order of NEOs.	
		2. Ordering of Two PEOs in Summary Compensation Table	
		2. Ordering of two files in building Compensation factors	0-70

	3.	CFO Becomes CEO	6-90
	4.	Determining Compensation of Departing Executive Officers	6-91
	5.	Determining Which Departing Executives are NEOs	6-91
	6.	Executive Officer Employed by Parent & Subsidiary at Different Times	
		of Year	6-92
c.	"Sala	ry" Column	6-92
	1.	Annual Salary vs. Cash Basis	6-92
	2.	Consulting Firm Fees for Interim CFO	
	3.	Consulting Fees Are "Salary" If Analogous to Base Pay	6-93
	4.	Report Consulting Fees For Consultant Who Becomes NEO	
	5.	Deferred vs. Forgone Salary	6-94
	6.	Reporting Forgone Salary or Bonus	
	7.	Salary Continuation Plan	
	8.	Cost-of-Living Adjustment Can Be "Salary" or "All Other Compensation" .	
	9.	Conversion from Foreign Currency	
	10.	Cash Paid in Lieu of Vacation	
	11.	Directors Fees Received by NEO	6-96
d.	"Bon	us" Column	
	1.	Contingent Bonus.	
	2.	Guaranteed Bonus	6-97
e.	"Stoc	ek Awards" Column	6-98
	1.	When is "Grant Date" of Equity Awards?	
	2.	ESPP Purchases	6-99
	3.	Long-Term Incentive Plans	6-99
	4.	Impact of Value Cap on Potential Maximum Value of Performance Share	
		Grant	6-100
	5.	Report Modified RSU Terms If There's An Accounting Charge	6-101
	6.	Report Incremental Value of Accelerated Awards	
	7.	Accounting Treatment Determines Reporting Obligation	6-101
	8.	Forfeiting Equity Incentive Award in Year Granted	6-102
	9.	Rescinding Equity Awards After FYE	
	10.	Disclosure of Assumptions for Stock & Option Awards	
	11.	Assumptions Underlying Particular Grants	
	12.	Assumptions Underlying Immaterial Awards	
	13.	Valuing Restricted Stock Awards	
	14.	Share & Restricted Stock Grants as Sign-On Compensation	
	15.	Unrestricted Stock Award	
	16.	Overlapping Long Term Equity Incentive Plans	
	17.	Report TSR-Based Cash Award as Equity Award	6-106
f.	"Opt	tion Awards" Column	6-107
	1.	Early Exercise of Options	6-107
	2	Extending or Repricing Term of Stock Options.	

		Escrow for Option Buyback	
g.	"Non	-Equity Incentive Plan Compensation" Column	. 6-108
C		"Bonus" vs. "Non-Equity Incentive Plan Compensation" Columns:	
	1.	Subjective Goals	. 6-108
	2.	"Bonus" vs. "Non-Equity Incentive Plan Compensation" Columns	6-109
	3.	Annual Cash Bonuses Not Pursuant to Plan	
	4.	Use of Discretion to Award Cash Bonus Reportable in Bonus Column	
	5.	Portion of Annual Bonus Paid in Shares	
	6.	Portion of Annual Bonus Paid in RSUs with One-Year Holding Period	. 6-111
	7.	Cash Bonus Converted Into Stock	
	8.	Bonus Amounts Still Subject to Adjustment	
	9.	Deferred Bonus Awards Subject Only to Continued Service	. 6-113
	10.	Report Forgone Incentive.	. 6-113
	11.	Non-Equity Incentive Plan Grants in Two Different Fiscal Years	. 6-115
	12.	One-Year Performance Period Bonus Paid Two Years Later	. 6-116
	13.	Disclosing Accrued LTIP Awards	. 6-116
	14.	Sales Commissions	
	15.		
	16.	Reporting Long-Term Plans for New NEOs	. 6-118
h.		nge in Pension Value and Nonqualified Deferred Compensation	
		ings" Column	
		Pension Value for Newly Hired NEO with Vested Pension Benefit	
	2.	Determination of Above-Market Earnings	. 6-119
i.	"All	Other Compensation" Column	
	1.	Definition of "Whose Value Exceeds \$10,000"	. 6-119
	2.	Timing of Perquisite Payment	
	3.	Separately Quantifying Tax Reimbursements	. 6-120
	4.	Cash Payments for Overseas Assignments	. 6-120
	5.	Upon Satisfaction of Contractual Obligations Accrue Applicable Portion of	
		Severance Payments	
	6.	Securities Purchased at Discount	
	7.	401(k) Distributions	
	8.	Combining Disclosure of 401(k) Match & SERP Contributions	
	9.	Matching Contributions: Report in Year in Which Condition Satisfied	
	10.	Section 423 Stock Purchases	
	11.	Section 423 Plan: Paying Interest on Payroll Deductions	
	12.	Dividend Disclosure in "All Other Compensation" Column	
	13.	Amount Accrued in Pension Value	
	14.	"Resets" of Above-Market Interest Rate	
	15.	Resetting Interest Rate of Deferred Compensation Plan	. 6-125

		16.	Deferred Compensation: Amounts Reported in Nonqualified Deferred	
			Compensation Table vs. Summary Compensation Table	6-125
		17.	Deferred Cash Award Grant with Cliff Vesting	6-126
		18.	Qualified Profit-Sharing Plan Rolled into 401(k) Plan	6-126
		19.	Non-Discriminatory Life Insurance Plan: Size of Payments to Executives	6-127
		20.	Discriminatory Life Insurance Policy—Multiple Tiers	6-127
		21.	Life Insurance to Hedge SERP	6-127
		22.		
		23.	Self-Funded Long-Term Disability Benefit	6-128
		24.	Health Savings Accounts	6-128
		25.	Reimbursement of Health Expenses & HIPPA	6-129
		26.	Insurance Premiums Paid for Foreign NEO	6-129
		27.	Company-Funded Death Benefit	6-130
		28.	New Annuity for Deceased NEO	6-132
		29.	Consulting Fee	6-132
		30.	Annual Holiday Bonus	6-132
		31.	Directors' Fees	6-132
		32.	Compensation From TV Show Appearance	6-135
		33.	Non-Discriminatory Separation Benefit	6-135
		34.	Value of Accelerated Vesting	6-136
		35.	Reporting Change in Control Payments (Cash & Accelerated Vesting)	6-137
		36.	Payout Upon Termination of Non-Qualified Retirement Plan	6-138
		37.	Report All Perks—Unless Aggregate Value Below \$10,000	6-139
		38.	Gift Cards	6-139
		39.	Retirement Gift	6-140
	j.	Narra	ative Disclosure	6-140
		1.	Narrative Disclosure of Former NEO's Employment Agreement	6-140
		2.	Whether Narrative Disclosure Always Required	6-140
		3.	Interplay of CD&A & SCT Narrative Description	6-141
		4.	Smaller Reporting Company Disclosures	6-141
VI.	Pr	actice	Pointers	6-142
VII	. Sa	mple	Disclosure	6-144
	a.		mary Compensation Tables	
	•••		Summary Compensation Table Example—Intel	
		2.	Bifurcating Columns in Summary Compensation Table—IBM	
			Reporting Bonuses When Not Readily Calculable—	2,
		٦.	Central Garden & Pet	6-151
		4.	Narrative Discussion of Summary Compensation Table—Del Monte	
	b		mative Summary Compensation Tables	
	٠.		Chiquita Brands	
			Anadarko Petroleum Corporation	
		- .		

Chapter 7 Perks & Other Personal Benefits

I.	History	7-5
II.	SEC Rules and Regulations	7-6
III.	SEC Staff Guidance	7-8
	a. SEC Interpretations from 2006 Adopting Release	7-8
	b. Compliance and Disclosure Interpretations	
	1. Fully Reimbursed Items & Perks with No Aggregate	
	Incremental Cost	7-11
	2. Timing of Gross-Up Reporting	
	3. COVID-19 "Benefits"	
	- Interpretation 219.05	
	c. Comment Letters	
IV.	How the Rule Works	7-13
	- "Hot Button" Topic with Investors	
	- Trend Towards Eliminating Most Egregious Perks	
	- Definition of "Perk"	
	- "Perks" Terminology	7-14
	- Valuing Perks	
	 Perks Included When Determining NEO Status 	
	- Location of Perks Disclosure	
	- Perk Justifications in CD&A	
	- Personal Use of Corporate Aircraft	
	- Personal Security Arrangements	
	- Overseas Assignment	
	- Trends in Director Perks	
	Roadmap for Identifying & Valuing Perks	
	a. Identifying Perks	
	1. The Approach	
	2. Applying the Analysis	
	b. Valuing Perks	7-22
	1. "Costless" Perks	
	2. Difficult to Determine Value	
	3. Reimbursement of Full Cost	
	4. Personal Use of Corporate Aircraft	7-24
V.	Perquisites Policy	
	- "Perks" Policy Considerations	
	- Compensation Committee Role Overseeing "Perks"	
	- Rolling Out the Perquisites Policy	7-26

VI.	SEC	Enforcement	7-27
VII.	Com	mon Questions and Our Analysis	7-29
	a.	Perks Policies	7-29
		1. Perk Policies & Form 8-K Disclosure	7-29
		2. Perk Policy Limiting Payments on Insurance Premiums	7-30
		3. Policy Not to Provide Perks	
		4. Use of Perks "Allowances" for General Use	7-31
		5. Perks "Allowances" for Specified Use	7-31
	b.	Basic Disclosure Issues	7-31
		1. Reporting Date for Perks	7-31
		2. Reporting Cash In Lieu of Accrued Vacation	7-31
		3. Detailed Description of Identified Perks	
		4. Perks & CD&A	
		5. Omitting Perks from the CD&A	
		6. Perk "Generally Available to All Employees?"	7-34
		7. May Be Better to Characterize Travel by Spouse as "Perk" Vs.	
		"Related Person Transaction"	7-35
	c.	Amount & Cost Issues	7-35
		1. Increased Salary to Replace Perks	
		2. Definition of "Value Exceeds \$10,000"	
		3. Report All Perks (Unless Aggregate Value Below \$10,000)	
		4. NEO Cancels Vacation: Company Reimburses Pre-Paid Expenses	
		5. Perquisite Allowance Amounts	
		6. Fully Reimbursed Items.	
		7. Establishing Reimbursement Amounts; Country Club Fees	
		8. Club Membership Fees as "Costless" Perks	
		10. Examples of "Costless" Perks	
		•	
	d.	Incremental Cost Formulas	
		1. Company-Owned Car & Incremental Cost	
		2. Chauffeur Services & Incremental Cost	7-41
		3. Use "Time Spent" to Determine Incremental Cost for Personal	
		Services	
		4. Administrative Support for Directors	
		5. Disclosure If No Incremental Cost	
		6. Calculate & Disclose Cost of Lifetime Benefits	7-43
	e.	Types of Perks	7-45
		1. Potential Perks	
		2. Corporate Apartments	
		3. Club Memberships: "Exclusive Use" Test	
		4. Charitable Contributions/Award Programs/Matching Gifts	7-48

5.	Legal Costs Reimbursement	7-50
6.	Legal Fee Payments	7-50
7.	Legal Expenses Reimbursement in Renegotiating Compensation	
	Arrangement	7-51
8.	Disclose Reimbursement of HSR Fees	7-52
9.	Tax Reimbursements/Gross-Ups	7-52
10.	Gross-Up Disclosure Timing	
11.	Medical Insurance Payments	7-53
12.	Reimbursement of Medical Expenses	7-53
13.	Life Insurance Plans	7-54
14.	Discounted Insurance	7-56
15.	Security Arrangements	
16.	Sporting & Entertainment Event Tickets	
17.	Vendor Provided Sporting Event Tickets Likely Not a Perk	
18.	Weekend Getaway/Training.	
19.	1 3 1 3	
20.	Relocation Services	
21.	Recruiting Expenditures Not Disclosable as Perks	
22.	Cash Allowance vs. Company-Owned Car	
23.		
24.	Business Travel Expense vs. Commuting Cost	
25.	Shuttle Service	
26.	Company Car Policy as Material Contract	
27.	Overseas Assignment	
28.	Company Products Use	
29.	1 5	
30. 31.	Company Products Discounts	
31.		
32. 33.	Spouse Attending Business Dinner	
33. 34.	•	
3 4 .		
36.	Gift Cards.	
37.	Retirement Gift	
38.		
	lane Use	
1.		
2.	Methods to Calculate Airplane Incremental Costs	
3.	Inclusion of Deadhead Flights in Incremental Cost	
4.	\mathcal{C}	
5.	First-Class Airfare as Perk	
6. 7.	CEO Arranging Airplane Use for Other NEOs	
1.	DUALU PUICES CHICCE IO USE AHDIAHE IOI PEISOHAI USE	/-/4

f.

9. Disclosure of Reimbursement for Airplane Cost. 10. Food & Magazines. 11. Plane Maintenance. 12. Allocation of Airplane Depreciation 13. Use of Airplane for Another Company's Board Meetings. 14. One Director Flying on Another Director's Airplane 15. Lost Tax Deduction for Airplane Personal Use. 16. Reimbursement Amount for Personal Use. 17. Reimbursement of Spousal Airplane Use. 18. Reimbursing Director the Use of His Personal Plane 19. Use of Company Airplane to Travel to Company Retreat. 20. Restricting Number of Executives on Same Plane g. Definition of "Non-Discriminatory Basis" 1. Discriminatory Salary vs. Hourly Worker Perks. 1. Distinction Between CEO & Director Commuting. 2. Food Served During Director Meetings. 3. Personal Benefits to Directors. 4. iPad/Laptop 5. Non-employee Director Use of Corporate Aircraft. 6. Director Health Insurance 7. Professional Association Memberships 8. Attendance or Sponsorship at Association Events. VIII. Comprehensive Guidance on Disclosure of Airplane Use IX. Practice Pointers—Perks. X. Sample Disclosures. a. Best Practices Disclosure b. Perk Policies Disclosure 1. Equifax. 2. Coca-Cola Company 3. Harman International c. Detailed Automobile Perquisite Disclosure d. Travel Policy Disclosure e. Aircraft Disclosures f. Security Arrangements Disclosure. g. Disclosure of All Available Perks			8. Use of Standard Industry Fare Level (SIFL)	7-75
11. Plane Maintenance 12. Allocation of Airplane Depreciation 13. Use of Airplane for Another Company's Board Meetings. 14. One Director Flying on Another Director's Airplane 15. Lost Tax Deduction for Airplane Personal Use 16. Reimbursement Amount for Personal Use 17. Reimbursement of Spousal Airplane Use 18. Reimbursing Director the Use of His Personal Plane 19. Use of Company Airplane to Travel to Company Retreat 20. Restricting Number of Executives on Same Plane g. Definition of "Non-Discriminatory Basis" 1. Discriminatory Salary vs. Hourly Worker Perks h. Director Perks 1. Distinction Between CEO & Director Commuting 2. Food Served During Director Meetings. 3. Personal Benefits to Directors 4. iPad/Laptop 5. Non-employee Director Use of Corporate Aircraft 6. Director Health Insurance 7. Professional Association Memberships 8. Attendance or Sponsorship at Association Events. VIII. Comprehensive Guidance on Disclosure of Airplane Use IX. Practice Pointers—Perks. X. Sample Disclosures b. Perk Policies Disclosure 1. Equifax 2. Coca-Cola Company 3. Harman International c. Detailed Automobile Perquisite Disclosure d. Travel Policy Disclosure e. Aircraft Disclosures f. Security Arrangements Disclosure. g. Disclosure of All Available Perks			9. Disclosure of Reimbursement for Airplane Cost	7-75
12. Allocation of Airplane Depreciation 13. Use of Airplane for Another Company's Board Meetings. 14. One Director Flying on Another Director's Airplane 15. Lost Tax Deduction for Airplane Personal Use. 16. Reimbursement Amount for Personal Use. 17. Reimbursement of Spousal Airplane Use. 18. Reimbursing Director the Use of His Personal Plane. 19. Use of Company Airplane to Travel to Company Retreat. 20. Restricting Number of Executives on Same Plane g. Definition of "Non-Discriminatory Basis" 1. Discriminatory Salary vs. Hourly Worker Perks h. Director Perks 1. Distinction Between CEO & Director Commuting. 2. Food Served During Director Meetings. 3. Personal Benefits to Directors 4. iPad/Laptop 5. Non-employee Director Use of Corporate Aircraft 6. Director Health Insurance 7. Professional Association Memberships. 8. Attendance or Sponsorship at Association Events. VIII. Comprehensive Guidance on Disclosure of Airplane Use IX. Practice Pointers—Perks. X. Sample Disclosures a. Best Practices Disclosure b. Perk Policies Disclosure c. Detailed Automobile Perquisite Disclosure d. Travel Policy Disclosure e. Aircraft Disclosure f. Security Arrangements Disclosure. g. Disclosure of All Available Perks			10. Food & Magazines	7-75
13. Use of Airplane for Another Company's Board Meetings. 14. One Director Flying on Another Director's Airplane 15. Lost Tax Deduction for Airplane Personal Use. 16. Reimbursement Amount for Personal Use. 17. Reimbursement of Spousal Airplane Use. 18. Reimbursing Director the Use of His Personal Plane. 19. Use of Company Airplane to Travel to Company Retreat. 20. Restricting Number of Executives on Same Plane. g. Definition of "Non-Discriminatory Basis". 1. Discriminatory Salary vs. Hourly Worker Perks. h. Director Perks. 1. Distinction Between CEO & Director Commuting. 2. Food Served During Director Meetings. 3. Personal Benefits to Directors. 4. iPad/Laptop. 5. Non-employee Director Use of Corporate Aircraft. 6. Director Health Insurance. 7. Professional Association Memberships. 8. Attendance or Sponsorship at Association Events. VIII. Comprehensive Guidance on Disclosure of Airplane Use. IX. Practice Pointers—Perks. X. Sample Disclosures. a. Best Practices Disclosure b. Perk Policies Disclosure 1. Equifax. 2. Coca-Cola Company 3. Harman International. c. Detailed Automobile Perquisite Disclosure. d. Travel Policy Disclosure e. Aircraft Disclosures. f. Security Arrangements Disclosure. g. Disclosure of All Available Perks.				
14. One Director Flying on Another Director's Airplane 15. Lost Tax Deduction for Airplane Personal Use 16. Reimbursement Amount for Personal Use 17. Reimbursement of Spousal Airplane Use 18. Reimbursing Director the Use of His Personal Plane 19. Use of Company Airplane to Travel to Company Retreat 20. Restricting Number of Executives on Same Plane g. Definition of "Non-Discriminatory Basis" 1. Discriminatory Salary vs. Hourly Worker Perks h. Director Perks 1. Distinction Between CEO & Director Commuting 2. Food Served During Director Meetings. 3. Personal Benefits to Directors 4. iPad/Laptop 5. Non-employee Director Use of Corporate Aircraft 6. Director Health Insurance 7. Professional Association Memberships 8. Attendance or Sponsorship at Association Events. VIII. Comprehensive Guidance on Disclosure of Airplane Use IX. Practice Pointers—Perks. X. Sample Disclosures a. Best Practices Disclosure b. Perk Policies Disclosure 1. Equifax 2. Coca-Cola Company 3. Harman International c. Detailed Automobile Perquisite Disclosure d. Travel Policy Disclosure e. Aircraft Disclosures f. Security Arrangements Disclosure g. Disclosure of All Available Perks			12. Allocation of Airplane Depreciation	7-76
15. Lost Tax Deduction for Airplane Personal Use 16. Reimbursement Amount for Personal Use 17. Reimbursement of Spousal Airplane Use 18. Reimbursing Director the Use of His Personal Plane 19. Use of Company Airplane to Travel to Company Retreat 20. Restricting Number of Executives on Same Plane g. Definition of "Non-Discriminatory Basis" 1. Discriminatory Salary vs. Hourly Worker Perks h. Director Perks 1. Distinction Between CEO & Director Commuting 2. Food Served During Director Meetings. 3. Personal Benefits to Directors 4. iPad/Laptop 5. Non-employee Director Use of Corporate Aircraft 6. Director Health Insurance 7. Professional Association Memberships 8. Attendance or Sponsorship at Association Events. VIII. Comprehensive Guidance on Disclosure of Airplane Use IX. Practice Pointers—Perks. X. Sample Disclosures a. Best Practices Disclosure b. Perk Policies Disclosure 1. Equifax 2. Coca-Cola Company 3. Harman International c. Detailed Automobile Perquisite Disclosure d. Travel Policy Disclosure e. Aircraft Disclosures f. Security Arrangements Disclosure g. Disclosure of All Available Perks			13. Use of Airplane for Another Company's Board Meetings	7-76
16. Reimbursement Amount for Personal Use. 17. Reimbursement of Spousal Airplane Use 18. Reimbursing Director the Use of His Personal Plane 19. Use of Company Airplane to Travel to Company Retreat 20. Restricting Number of Executives on Same Plane g. Definition of "Non-Discriminatory Basis" 1. Discriminatory Salary vs. Hourly Worker Perks h. Director Perks 1. Distinction Between CEO & Director Commuting 2. Food Served During Director Meetings 3. Personal Benefits to Directors 4. iPad/Laptop 5. Non-employee Director Use of Corporate Aircraft 6. Director Health Insurance 7. Professional Association Memberships 8. Attendance or Sponsorship at Association Events. VIII. Comprehensive Guidance on Disclosure of Airplane Use IX. Practice Pointers—Perks. X. Sample Disclosures a. Best Practices Disclosure 1. Equifax 2. Coca-Cola Company 3. Harman International c. Detailed Automobile Perquisite Disclosure d. Travel Policy Disclosure e. Aircraft Disclosures f. Security Arrangements Disclosure g. Disclosure of All Available Perks				
17. Reimbursement of Spousal Airplane Use 18. Reimbursing Director the Use of His Personal Plane 19. Use of Company Airplane to Travel to Company Retreat 20. Restricting Number of Executives on Same Plane g. Definition of "Non-Discriminatory Basis" 1. Discriminatory Salary vs. Hourly Worker Perks h. Director Perks 1. Distinction Between CEO & Director Commuting 2. Food Served During Director Meetings 3. Personal Benefits to Directors 4. iPad/Laptop 5. Non-employee Director Use of Corporate Aircraft 6. Director Health Insurance 7. Professional Association Memberships 8. Attendance or Sponsorship at Association Events. VIII. Comprehensive Guidance on Disclosure of Airplane Use IX. Practice Pointers—Perks. X. Sample Disclosures b. Perk Policies Disclosure 1. Equifax 2. Coca-Cola Company 3. Harman International c. Detailed Automobile Perquisite Disclosure d. Travel Policy Disclosure e. Aircraft Disclosures f. Security Arrangements Disclosure g. Disclosure of All Available Perks				
18. Reimbursing Director the Use of His Personal Plane 19. Use of Company Airplane to Travel to Company Retreat 20. Restricting Number of Executives on Same Plane g. Definition of "Non-Discriminatory Basis" 1. Discriminatory Salary vs. Hourly Worker Perks h. Director Perks 1. Distinction Between CEO & Director Commuting 2. Food Served During Director Meetings. 3. Personal Benefits to Directors 4. iPad/Laptop 5. Non-employee Director Use of Corporate Aircraft 6. Director Health Insurance 7. Professional Association Memberships 8. Attendance or Sponsorship at Association Events. VIII. Comprehensive Guidance on Disclosure of Airplane Use IX. Practice Pointers—Perks. X. Sample Disclosures a. Best Practices Disclosure 1. Equifax 2. Coca-Cola Company 3. Harman International c. Detailed Automobile Perquisite Disclosure d. Travel Policy Disclosure e. Aircraft Disclosures f. Security Arrangements Disclosure g. Disclosure of All Available Perks				
19. Use of Company Airplane to Travel to Company Retreat. 20. Restricting Number of Executives on Same Plane g. Definition of "Non-Discriminatory Basis" 1. Discriminatory Salary vs. Hourly Worker Perks h. Director Perks 1. Distinction Between CEO & Director Commuting 2. Food Served During Director Meetings. 3. Personal Benefits to Directors 4. iPad/Laptop 5. Non-employee Director Use of Corporate Aircraft 6. Director Health Insurance 7. Professional Association Memberships 8. Attendance or Sponsorship at Association Events. VIII. Comprehensive Guidance on Disclosure of Airplane Use IX. Practice Pointers—Perks X. Sample Disclosures a. Best Practices Disclosure b. Perk Policies Disclosure 1. Equifax 2. Coca-Cola Company 3. Harman International c. Detailed Automobile Perquisite Disclosure d. Travel Policy Disclosure e. Aircraft Disclosures f. Security Arrangements Disclosure g. Disclosure of All Available Perks				
20. Restricting Number of Executives on Same Plane g. Definition of "Non-Discriminatory Basis" 1. Discriminatory Salary vs. Hourly Worker Perks h. Director Perks 1. Distinction Between CEO & Director Commuting 2. Food Served During Director Meetings. 3. Personal Benefits to Directors 4. iPad/Laptop 5. Non-employee Director Use of Corporate Aircraft 6. Director Health Insurance 7. Professional Association Memberships 8. Attendance or Sponsorship at Association Events. VIII. Comprehensive Guidance on Disclosure of Airplane Use IX. Practice Pointers—Perks X. Sample Disclosures a. Best Practices Disclosures b. Perk Policies Disclosure 1. Equifax 2. Coca-Cola Company 3. Harman International c. Detailed Automobile Perquisite Disclosure d. Travel Policy Disclosure e. Aircraft Disclosures f. Security Arrangements Disclosure g. Disclosure of All Available Perks				
g. Definition of "Non-Discriminatory Basis" 1. Discriminatory Salary vs. Hourly Worker Perks h. Director Perks 1. Distinction Between CEO & Director Commuting 2. Food Served During Director Meetings. 3. Personal Benefits to Directors 4. iPad/Laptop 5. Non-employee Director Use of Corporate Aircraft 6. Director Health Insurance 7. Professional Association Memberships 8. Attendance or Sponsorship at Association Events. VIII. Comprehensive Guidance on Disclosure of Airplane Use IX. Practice Pointers—Perks. X. Sample Disclosures a. Best Practices Disclosures b. Perk Policies Disclosure 1. Equifax 2. Coca-Cola Company 3. Harman International c. Detailed Automobile Perquisite Disclosure d. Travel Policy Disclosure e. Aircraft Disclosures f. Security Arrangements Disclosure g. Disclosure of All Available Perks				
1. Discriminatory Salary vs. Hourly Worker Perks h. Director Perks 1. Distinction Between CEO & Director Commuting 2. Food Served During Director Meetings. 3. Personal Benefits to Directors 4. iPad/Laptop 5. Non-employee Director Use of Corporate Aircraft 6. Director Health Insurance 7. Professional Association Memberships 8. Attendance or Sponsorship at Association Events. VIII. Comprehensive Guidance on Disclosure of Airplane Use IX. Practice Pointers—Perks. X. Sample Disclosures a. Best Practices Disclosure b. Perk Policies Disclosure 1. Equifax 2. Coca-Cola Company 3. Harman International c. Detailed Automobile Perquisite Disclosure d. Travel Policy Disclosure e. Aircraft Disclosures f. Security Arrangements Disclosure g. Disclosure of All Available Perks			20. Restricting Number of Executives on Same Plane	7-80
1. Discriminatory Salary vs. Hourly Worker Perks h. Director Perks 1. Distinction Between CEO & Director Commuting 2. Food Served During Director Meetings. 3. Personal Benefits to Directors 4. iPad/Laptop 5. Non-employee Director Use of Corporate Aircraft 6. Director Health Insurance 7. Professional Association Memberships 8. Attendance or Sponsorship at Association Events. VIII. Comprehensive Guidance on Disclosure of Airplane Use IX. Practice Pointers—Perks. X. Sample Disclosures a. Best Practices Disclosure b. Perk Policies Disclosure 1. Equifax 2. Coca-Cola Company 3. Harman International c. Detailed Automobile Perquisite Disclosure d. Travel Policy Disclosure e. Aircraft Disclosures f. Security Arrangements Disclosure g. Disclosure of All Available Perks		g.	Definition of "Non-Discriminatory Basis"	7-80
h. Director Perks 1. Distinction Between CEO & Director Commuting 2. Food Served During Director Meetings. 3. Personal Benefits to Directors 4. iPad/Laptop 5. Non-employee Director Use of Corporate Aircraft 6. Director Health Insurance 7. Professional Association Memberships 8. Attendance or Sponsorship at Association Events. VIII. Comprehensive Guidance on Disclosure of Airplane Use IX. Practice Pointers—Perks. X. Sample Disclosures a. Best Practices Disclosures b. Perk Policies Disclosure 1. Equifax 2. Coca-Cola Company 3. Harman International c. Detailed Automobile Perquisite Disclosure d. Travel Policy Disclosure e. Aircraft Disclosures f. Security Arrangements Disclosure g. Disclosure of All Available Perks		υ		
1. Distinction Between CEO & Director Commuting. 2. Food Served During Director Meetings. 3. Personal Benefits to Directors. 4. iPad/Laptop. 5. Non-employee Director Use of Corporate Aircraft. 6. Director Health Insurance. 7. Professional Association Memberships. 8. Attendance or Sponsorship at Association Events. VIII. Comprehensive Guidance on Disclosure of Airplane Use. IX. Practice Pointers—Perks. X. Sample Disclosures. a. Best Practices Disclosures b. Perk Policies Disclosure 1. Equifax 2. Coca-Cola Company 3. Harman International c. Detailed Automobile Perquisite Disclosure. d. Travel Policy Disclosure e. Aircraft Disclosures f. Security Arrangements Disclosure. g. Disclosure of All Available Perks		h		
2. Food Served During Director Meetings. 3. Personal Benefits to Directors. 4. iPad/Laptop. 5. Non-employee Director Use of Corporate Aircraft. 6. Director Health Insurance. 7. Professional Association Memberships. 8. Attendance or Sponsorship at Association Events. VIII. Comprehensive Guidance on Disclosure of Airplane Use. IX. Practice Pointers—Perks. X. Sample Disclosures. a. Best Practices Disclosures b. Perk Policies Disclosure 1. Equifax. 2. Coca-Cola Company 3. Harman International c. Detailed Automobile Perquisite Disclosure d. Travel Policy Disclosure e. Aircraft Disclosures f. Security Arrangements Disclosure. g. Disclosure of All Available Perks		111.		
3. Personal Benefits to Directors 4. iPad/Laptop 5. Non-employee Director Use of Corporate Aircraft 6. Director Health Insurance 7. Professional Association Memberships 8. Attendance or Sponsorship at Association Events VIII. Comprehensive Guidance on Disclosure of Airplane Use IX. Practice Pointers—Perks. X. Sample Disclosures a. Best Practices Disclosures b. Perk Policies Disclosure 1. Equifax. 2. Coca-Cola Company 3. Harman International c. Detailed Automobile Perquisite Disclosure d. Travel Policy Disclosure e. Aircraft Disclosures f. Security Arrangements Disclosure g. Disclosure of All Available Perks				
4. iPad/Laptop 5. Non-employee Director Use of Corporate Aircraft 6. Director Health Insurance 7. Professional Association Memberships 8. Attendance or Sponsorship at Association Events. VIII. Comprehensive Guidance on Disclosure of Airplane Use IX. Practice Pointers—Perks. X. Sample Disclosures a. Best Practices Disclosures b. Perk Policies Disclosure 1. Equifax 2. Coca-Cola Company 3. Harman International c. Detailed Automobile Perquisite Disclosure d. Travel Policy Disclosure e. Aircraft Disclosures f. Security Arrangements Disclosure g. Disclosure of All Available Perks			<u> </u>	
5. Non-employee Director Use of Corporate Aircraft 6. Director Health Insurance 7. Professional Association Memberships 8. Attendance or Sponsorship at Association Events. VIII. Comprehensive Guidance on Disclosure of Airplane Use IX. Practice Pointers—Perks. X. Sample Disclosures. a. Best Practices Disclosures b. Perk Policies Disclosure 1. Equifax. 2. Coca-Cola Company 3. Harman International c. Detailed Automobile Perquisite Disclosure d. Travel Policy Disclosure e. Aircraft Disclosures. f. Security Arrangements Disclosure g. Disclosure of All Available Perks				
6. Director Health Insurance 7. Professional Association Memberships 8. Attendance or Sponsorship at Association Events. VIII. Comprehensive Guidance on Disclosure of Airplane Use IX. Practice Pointers—Perks. X. Sample Disclosures a. Best Practices Disclosures b. Perk Policies Disclosure 1. Equifax 2. Coca-Cola Company 3. Harman International c. Detailed Automobile Perquisite Disclosure d. Travel Policy Disclosure e. Aircraft Disclosures f. Security Arrangements Disclosure g. Disclosure of All Available Perks			1 1	
7. Professional Association Memberships 8. Attendance or Sponsorship at Association Events. VIII. Comprehensive Guidance on Disclosure of Airplane Use IX. Practice Pointers—Perks. X. Sample Disclosures. a. Best Practices Disclosures b. Perk Policies Disclosure 1. Equifax. 2. Coca-Cola Company 3. Harman International c. Detailed Automobile Perquisite Disclosure d. Travel Policy Disclosure e. Aircraft Disclosures f. Security Arrangements Disclosure g. Disclosure of All Available Perks				
8. Attendance or Sponsorship at Association Events. VIII. Comprehensive Guidance on Disclosure of Airplane Use IX. Practice Pointers—Perks. X. Sample Disclosures. a. Best Practices Disclosures b. Perk Policies Disclosure 1. Equifax. 2. Coca-Cola Company 3. Harman International c. Detailed Automobile Perquisite Disclosure d. Travel Policy Disclosure e. Aircraft Disclosures f. Security Arrangements Disclosure g. Disclosure of All Available Perks				
VIII. Comprehensive Guidance on Disclosure of Airplane Use IX. Practice Pointers—Perks. X. Sample Disclosures. a. Best Practices Disclosures b. Perk Policies Disclosure 1. Equifax. 2. Coca-Cola Company 3. Harman International c. Detailed Automobile Perquisite Disclosure d. Travel Policy Disclosure e. Aircraft Disclosures f. Security Arrangements Disclosure g. Disclosure of All Available Perks			=	
IX. Practice Pointers—Perks. X. Sample Disclosures a. Best Practices Disclosures b. Perk Policies Disclosure 1. Equifax 2. Coca-Cola Company 3. Harman International c. Detailed Automobile Perquisite Disclosure d. Travel Policy Disclosure e. Aircraft Disclosures f. Security Arrangements Disclosure g. Disclosure of All Available Perks				
X. Sample Disclosures a. Best Practices Disclosures b. Perk Policies Disclosure 1. Equifax 2. Coca-Cola Company 3. Harman International c. Detailed Automobile Perquisite Disclosure d. Travel Policy Disclosure e. Aircraft Disclosures f. Security Arrangements Disclosure g. Disclosure of All Available Perks	VIII.	Com	prehensive Guidance on Disclosure of Airplane Use	7-85
a. Best Practices Disclosures b. Perk Policies Disclosure 1. Equifax 2. Coca-Cola Company 3. Harman International c. Detailed Automobile Perquisite Disclosure d. Travel Policy Disclosure e. Aircraft Disclosures f. Security Arrangements Disclosure g. Disclosure of All Available Perks	IX.	Prac	tice Pointers—Perks.	7-92
a. Best Practices Disclosures b. Perk Policies Disclosure 1. Equifax 2. Coca-Cola Company 3. Harman International c. Detailed Automobile Perquisite Disclosure d. Travel Policy Disclosure e. Aircraft Disclosures f. Security Arrangements Disclosure g. Disclosure of All Available Perks	v	Sami	nla Disalaguwas	7.05
b. Perk Policies Disclosure 1. Equifax. 2. Coca-Cola Company 3. Harman International. c. Detailed Automobile Perquisite Disclosure d. Travel Policy Disclosure e. Aircraft Disclosures f. Security Arrangements Disclosure g. Disclosure of All Available Perks	Λ.	-	-	
1. Equifax 2. Coca-Cola Company 3. Harman International c. Detailed Automobile Perquisite Disclosure d. Travel Policy Disclosure e. Aircraft Disclosures f. Security Arrangements Disclosure g. Disclosure of All Available Perks				
2. Coca-Cola Company 3. Harman International c. Detailed Automobile Perquisite Disclosure d. Travel Policy Disclosure e. Aircraft Disclosures f. Security Arrangements Disclosure g. Disclosure of All Available Perks		b.		
3. Harman International. c. Detailed Automobile Perquisite Disclosure d. Travel Policy Disclosure e. Aircraft Disclosures f. Security Arrangements Disclosure g. Disclosure of All Available Perks				
c. Detailed Automobile Perquisite Disclosure d. Travel Policy Disclosure e. Aircraft Disclosures f. Security Arrangements Disclosure g. Disclosure of All Available Perks				
d. Travel Policy Disclosure e. Aircraft Disclosures f. Security Arrangements Disclosure g. Disclosure of All Available Perks				
e. Aircraft Disclosures f. Security Arrangements Disclosure. g. Disclosure of All Available Perks		c.		
f. Security Arrangements Disclosure. g. Disclosure of All Available Perks		d.		
g. Disclosure of All Available Perks				
		f.		
		g.	Disclosure of All Available Perks	7-107
XI. Perk lester flow Chart	XI.	Perk	Tester Flow Chart	7-110

Chapter 8 Equity Tables

I.	History	8-6
II.	SEC Rules and Regulations.	. 8-8
	a. Grants of Plan-Based Awards Table.b. Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table.	
	c. Outstanding Equity Awards at Fiscal Year-End Table d. Option Exercises and Stock Vested Table e. Smaller Reporting Companies	8-12 8-14
III.	SEC Staff Guidance	8-18
	a. Compliance and Disclosure Interpretations	8-18
	Grants of Plan-Based Awards Table	8-18
	 i. Valuation Assumptions in Grants of Plan-Based Awards Table. ii. Incentive Plan Awards—Officer Elects to Receive in Stock. iii. Reporting Section 162(m) "Plan Within a Plan". iv. Non-Equity Incentive Plan Awards Forgone at NEO's Election. v. Treatment of Assumed Options For Acquired Company Executives. vi. Awards Denominated in Dollars, Payable in Stock. vii. Changing Column Heading Where Annual Awards Already Earned. viii. Determining the Reportable Fair Value of Multi-Year Performance Award. ix. Reporting the Incremental Fair Value of Modified Equity Award. x. Reporting Additional Options Upon "Reload" Exercise. 	8-18 8-19 8-20 8-20 8-21 8-22 8-22 8-22
	xi. Disclosing Plan That Has No Thresholds or Maximums	8-23
	2. Outstanding Equity Awards at Fiscal Year-End Table	
	i. Disclosing Three-Year Incentive Planii. Disclosing Vesting Dates with Columniii. Determining the Reportable Number of Shares for	
	Multi-Year Performance Award	8-24
	iv. In-Kind Earnings on Restricted Stock Reportable in "Outstanding Equity Awards" Table	8-25
	v. Previous Fiscal Year vs. Last Completed Fiscal Year	
	vi. Disclosing Stock Options with Right to Repurchase	
	3. Option Exercises and Stock Vested Table	
	i. Reporting Net or Gross Shares for Restricted Stock	
	h Comment Letters	8-26

IV.	He	ow the Rule Works	8-27
	a.	Grants of Plan-Based Awards Table.	8-27
		- Disclosure of Awards for Last Completed Fiscal Year	8-27
		- Equity Awards Covered	
		- Non-Equity Incentive Plan Awards Covered	8-28
		- Tabular Disclosure	8-28
		- Naming the NEOs	
		- Award-by-Award Disclosure	
		- Disclosing Different Types of Awards	
		- Grants From More Than One Plan.	
		- Transferred Awards	
		- Tandem Awards	
		- Awards Granted After Fiscal Year-End	
		- Omitting Column is Permitted	
		- Additional Columns Sometimes Required	
		• Approval Date vs. ASC 718 Grant Date	
		Option Exercise/Base Price vs. Closing Price	
		Determining an Award's Grant Date	
		Mutual Understanding Test	
		• Date of Approval Under Corporate Governance Procedures	
		Awards Subject to Shareholder Approval	
		• Grant Date Examples	
		 Determining the Grant Date of Multi-Year Performance Award 	
		- Non-Equity Incentive Plan Awards	
		Awards Covered	
		Both Annual & Long-Term Non-Equity Awards Reportable	
		• Estimated Future Payouts of Non-Equity Incentive Awards	
		Reporting for Annual Incentive Plan Awards Only	
		Reporting Awards With No Threshold, Target or Maximum	
		Target Amount Not Determinable	
		Awards Denominated in Units	
		- Equity Incentive Plan Awards	
		• Incentive Plan Awards Covered	
		• Estimated Future Payouts of Equity Incentive Awards	
		Awards Denominated in Dollars, Payable in Stock	
		Report TSR-Based Cash Awards as Equity	
		- All Other Stock Awards	8-35
		- All Other Option Awards	8-35
		Reload Options.	8-35
		Exercise or Base Price of Option Awards Column	8-36

	- Grant Date Fair Value	8-36
	Determining the Grant Date Fair Value	8-36
	• Reporting Stock & Option Awards Subject to Performance Criteria	8-36
	 Determining the Reportable Fair Value of 	
	Multi-Year Performance Award	8-36
	Repricing of Option-Like Instruments	8-37
	• Exceptions to Repricing.	
	Amendment or Modification of Equity Incentive Plan Award	
	Reload or Restorative Options	
	• Assumptions	
	Narrative Disclosure	
	Omitting Performance Target Levels Due to Confidential Treatment	
	Reporting Non-Equity Incentive Plan Award Payable in Stock	
	- Reporting Annual Incentive Plan Awards Payable in Stock or Cash	
	 Reporting Equity Incentive Award the Amount of Which May be Reduced 	
	in the Discretion of the Compensation Committee	8-39
	Reporting a Non-Equity Incentive Plan Award That Executive Officer	
	Declines to Accept	8-40
	Reporting of Options Assumed in a Merger	
	- Smaller Reporting Companies & EGCs	
	Smarter reporting companies & Edes	0 11
b.	Outstanding Equity Awards at Fiscal Year-End Table	8-41
	- Outstanding Amounts	8-41
	- Equity Awards Covered	8-41
	- Tabular Disclosure for Outstanding Option Awards	8-42
	- Tabular Disclosure for Outstanding Stock Awards	8-42
	- Naming the NEOs	8-42
	- Transfers Other Than for Value	8-42
	- Option Awards Separately Reported	
	Stock Awards May Be Grouped Together	
	- Reporting Multiple Types of Securities	
	Calculating Market Values	8-43
	- Equity Incentive Plan Disclosure	8-43
	Unearned Equity Incentive Plan Awards	8-43
	Awards with Single Payout	8-43
	Target Amount Not Determinable	
	• Reporting Multi-Year Equity Incentive Awards in Subsequent Years	
	Performance-Based Awards	
	Shifting Columns for Equity Incentive Plan Awards	
	- Earnings on Stock Awards	
	- Reporting Option Shares Subject to Repurchase	
	- Vesting Date Footnotes	
	- Smaller Reporting Companies & EGCs	8-45

	c. Option Exercises and Stock Vested Table	8-45
	 Disclosure of Options & Shares of Stock Acquired & Value Realized 	8-45
	Equity Awards Covered	8-45
	- Tabular Disclosure	8-45
	- Naming NEOs	8-46
	- Disclosure on Aggregate Basis	8-46
	- Gross vs. Net Reporting	8-46
	Calculating Value Realized Upon Option Exercise	
	Calculating Value Realized Upon Vesting	8-46
	Explaining Value Realized	
	– Deferrals	
	- Transferred Awards	8-47
	- Smaller Reporting Companies & EGCs	8-47
V.	Common Questions and Our Analysis	
	a. Grants of Plan-Based Awards Table	
	1. Identifying Types of Awards	8-47
	2. Awards Denominated in Dollars	8-47
	3. Report TSR-Based Cash Award as Equity Award	8-48
	4. Employment Agreement as "Plan"	. 8-48
	5. Awards Granted After Fiscal Year-End	8-48
	6. Awards Granted Prior to Fiscal Year-End	8-49
	7. Awards Granted Prior to NEO Status	8-49
	8. Bonus Criteria Set & Met Within the Same Year	8-50
	9. One-Year Performance Periods for Cash Bonus vs. Equity Incentive Plans	
	10. Incentive Bonus Plan, Partially Payable in Stock	. 8-51
	11. Fixed Cash Payments	8-53
	12. Zero as "Minimum" Performance Target	8-53
	13. Plans with No Targets	
	14. Provide Narrative Discussion of Modified Restricted Stock Awards	8-54
	15. Report Modified RSU Terms If There's An Accounting Charge	8-55
	16. Determining Whether Modification Accounting Applies	8-55
	17. No Confidential Treatment for Payout Amounts	8-56
	18. Forfeiture of Performance-Based Award	8-56
	19. Forfeiture of Equity Incentive Plan Award	
	20. Restricted Stock Award with Accelerated Vesting Feature	
	21. Reporting SARs with Different Vesting Schedules	8-57
	22. Number of SARs Granted	
	23. Shareholder Approval Contingency for Equity Award	
	24. Phantom Stock Issued Under Performance Plan	8-59
	25. Determining "Closing Market Price" for Thinly-Traded Stock	8-60
	26. Determining "Grant Date" of Equity Award	8-60
	27. Grant Date Fair Value Reporting	. 8-61
	28. Approval Dates in Grants of Plan-Based Awards Table	8-61

	29.	Narrative vs. Footnote Disclosure	. 8-62
	30.	Narrative vs. CD&A Disclosure	. 8-62
	31.	Include Grants Made Under Each Plan, Cross Reference from CD&A to	
		Footnote Disclosure	. 8-63
	32.	Separate Tables for Different Awards	. 8-64
	33.	Fractional Shares	. 8-64
	34.	ι ι	
	35.	Equity Earned from Seller but Paid by Buyer	. 8-66
	b. Outs	tanding Equity Awards at Fiscal Year-End Table	. 8-67
	1.	In-Kind Earnings	
	2.	Definition of "Previous Fiscal Year"	. 8-67
	3.	Option Transfer Under Divorce Settlement	. 8-68
	4.	Restricted Stock Awards Reporting	. 8-69
	5.	1 6	
	6.	Incentive Plan Based on Return on Equity	
	7.		
	8.	6	
	9.	Forfeiture of Performance-Based Awards	
	10.		
		Disclosing Clawback Recoveries	
	_	on Exercises and Stock Vested Table	
	1.	Net vs. Gross Number of Shares	
	2.		
	3.		
	4.		
	5.	6	
	6.	1 5	
	7.	CFO Leaving the Company	. 0-//
VI.	Practice	Pointers	. 8-77
	- Take '	'Best Fit" Approach	. 8-77
		Life Cycle" Perspective	
	- Make	Equity Tables More User-Friendly	. 8-78
	Avoid	"Springing" Columns	8-78
	Consu	ılt with Accountants	. 8-78
X 7 T T	C 1	D' I	0.70
VII		Disclosure	
		ative to the Grants of Plan-Based Awards Table—Exar Corporation Example	. 0-19
		ing a Description of Awards Type to Grants of	0.01
		-Based Awards Table—Southwest Water	
		rnative Disclosure for Equity Award with Performance Conditions—Intuit	
	_	orting Immediately Exercisable Options—Sycamore Networks	
	e. Deta	iled Option Exercises and Stock Vested Table—UnitedHealth Group	. 8-90

Chapter 9 Post-Employment: Pension Benefits & Nonqualified Deferred Compensation Tables

I.	History	9-4
II.	SEC Rules and Regulations.	9-5
III.	SEC Staff Guidance	9-9
	a. Compliance and Disclosure Interpretations	
	1. No Deviation from US GAAP for Actuarial Assumptions	
	2. Younger of Retirement Ages Required for Actuarial Present Valuation	
	3. Measuring Actuarial Present Value of Accumulated Benefits	
	4. Ignoring Assumptions Regarding Pre-Retirement Decrements	
	5. No Reporting Accrued Benefit under Cash Balance Plan	
	6. No Need for Footnotes If Amounts Not in Summary Compensation Table	
	7. Definition of Nonqualified Deferred Compensation Plan "Earnings"	
	8. Plan-By-Plan Disclosure of Nonqualified Deferred Compensation	
	9. Nonqualified Deferred Compensation Contributions Reported in Year Earned	
	10. Deferred Receipt of an Equity Award Reportable as Deferred Compensation	. 9-12
	b. Comment Letters	. 9-12
IV.	How the Rule Works	. 9-13
	a. Pension Benefits Table	9-13
	- Pension Plans Covered	. 9-13
	- Plan-By-Plan Disclosure	9-13
	- NEOs Participating in Multiple Plans	
	- Pension Plan Measurement Date	9-14
	- Reporting Years Credited & Years Served	
	- Handling Difference in Years Credited & Years Actually Served	
	- Relationship to Summary Compensation Table	
	- Reporting Actuarial Present Value of Plan Benefits	
	Assumptions for Actuarial Present Value Calculation	
	• Accumulated Benefit	
	Working at Company and Living Until Retirement	
	• Retirement Age	
	Mortality Assumptions	
	• Discount Rate Assumption	
	Payment Distribution Assumptions	
	• Cash Balance Plans.	9-16
	Valuation Assumptions Explained in Narrative Rather Than Cross Referencies	0.17
	Cross-Referencing	
	- Reporting Contingent Benefits Under Item 402(j)	. 9-17

	 Reporting Withdrawals or Distributions	9-17
	- Additional Narrative Disclosures	9-17
	Material Terms and Conditions	
	NEOs Eligible for Early Retirement	9-17
	• Elements of Compensation	
	Purposes of Multiple Plans	
	Policies on Granting Years of Credited Service	
	 No Pension Benefits Table for Smaller Reporting Companies or EGCs 	
	Need to Coordinate Closely with Actuaries & Accountants	
	b. Nonqualified Deferred Compensation Table	
	- Growth in Nonqualified Plans & Arrangements	
	- Types of Plans Covered	
	- Tax-Qualified Plans Excluded	
	- Plan-by-Plan Disclosure	9-19
	- Required Disclosure	9-19
	• Executive Contributions	9-20
	Company Contributions	9-20
	Nonqualified Deferred Compensation Earnings	9-20
	Withdrawals and Distributions	9-20
	End of Year Account Balance	9-20
	- Timing of Contributions	9-21
	- "Double-Counting" Disclosures	
	- Narrative Disclosures	
	 No Nonqualified Deferred Compensation Table for Smaller Reporting 	
	Companies or EGCs.	9-22
V.	Common Questions and Our Analysis	9-22
	a. Pension Benefits Table	9-22
	Deviation from Assumptions Used for Accounting Purposes	
	2. Normal Retirement Age vs. Earlier Unreduced Benefit Age	
	3. Assumptions About Future Employment & Retirement	
	4. Assumptions Regarding Benefit Payment Methods	
	5. Pre-Retirement Events & Actuarial Present Value	
	6. Reporting Accumulated Pension Benefit Prior to Vesting	
	7. Actuarial Present Value in Change in Control Context	
	8. Cash Balance Plans & "Accrued Benefits"	
	9. Valuing Benefits Replacing Terminated Pension Plan	
	10. SERP Payments	
	11. Life Insurance Policies to Hedge SERP.	
	12. Pensionable Earnings Calculation	
	13. Determining Accumulated Benefit of SERP	
	14. Including Valuation Assumptions in Narrative Disclosure	
	15. Bifurcated Plans	

II.	SI	EC Rul	les and Regulations	10-8
I.	Н	istory .		10-5
Ch	ap	ter 10	Post-Employment: Change-in-Control & Severance Disclosures	
	_	Coordi	nate Disclosures Required by Post-Employment Tables with CD&A p List of Key Assumptions & Data Requirements	9-38
	,	Table.	e "Dry Run" Before Year-End	
	-	Amoun	sh Procedures for Tracking Deferred Amounts in Summary Compensation	9-38
			sure Controls	9-38
			er Supplemental Disclosure	
			line Your Plans & Arrangements	
			nate Early & Often	
			al for Large Numbers	
		,	g with Valuations	
VI.			Pointers	
			Reporting Deferred Net Share-Settled RSUs	
			RSU Award as Deferred Compensation	
			Employee Stock Ownership Plans	
			Compensation & Summary Compensation Tables	
		9.	Definition of "Contributions" for Nonqualified Deferred	2 -
			Footnote Disclosure to Avoid "Double Counting"	9-34
		7.	Plan-by-Plan vs. Aggregated Disclosure	9-34
			Tie-In of Aggregate Balance & Summary Compensation Table	
		5.	Spillover Payments from Qualified Plan	
			Including Above-Market Earnings.	
			Matching Contributions: Report in Year in Which Condition Satisfied Definition of "Earnings" Includes Losses	
			Reporting When Earned or Deferred	
	b.	-	ualified Deferred Compensation Table	
			Defined Benefit Plan Termination Prior to Retirement	
			Canadian Registered Retirement Savings Plan	
			ESOP/Pension Plan Offset Arrangement	

III.	SEC Staff Guidance	. 10-9
	a. Compliance and Disclosure Interpretations	. 10-9
	1. Disability Plans That Do Not Discriminate	. 10-9
	2. Accrue Amounts When Due	10-10
	3. Calculate Accelerated Options Using "Spread"	10-10
	4. No Omission If Executives Receive Amounts Greater Than Employees	
	5. Calculating the Value of Life Insurance Benefits	
	6. Quantification Date for Tax Gross-Ups	
	7. Trigger Date After Fiscal Year End	
	8. Can't Limit Disclosure to Specific Triggering Event	
	b. Comment Letters.	
	- Relationship to the CD&A	
	- Narrative Disclosure Under Item 402(j)	
	- Tables	
	- Terminology	
	- Triggers	
	Amounts PayableTotals	
	- Totals	10-13
IV.	How the Rule Works	10-14
	a. General	10-14
	 Many—and Varied—Post-Employment Compensation Arrangements 	
	 Investors Targeting Post-Employment Compensation Arrangements 	
	 Rethinking Purpose of Post-Employment Compensation Arrangements 	.10-14
	 Five Different Locations to Disclose Post-Employment 	
	Compensation Arrangements	.10-15
	- Trend Towards Tabular Format	10-15
	- Complexity of Tables	10-15
	- Principles-Based Disclosure	
	- Calculating Amounts	
	- No <i>De Minimis</i> Threshold for Disclosure	
	- Disclosure of Full "Walk-Away" Totals	
	- Time Consuming & Complex Disclosure	
	Narrative Disclosure for Smaller Reporting Companies & EGCs	
	b. NEOs.	
	- Identifying the NEOs to Which Disclosure Relates	
	- NEO Departure Before End of Year	
	NEO Departure After End of Year	10-17
	c. Reportable Arrangements	10-18
	Reportable Arrangements	
	- Covered Agreements	
	- Amounts Covered	
	- Include Unwritten Policies & Arrangements	10-19

		Plans That Do Not Discriminate Among EmployeesForm & Duration of Payments; Identity of Obligor	
	d.	Triggering Events - Types of Triggering Events - Change in Responsibilities - Definition of Change-in-Control - Dates Presumed for Triggering Dates - Disclosure of Trigger Details	10-19 10-20 10-20 10-20
	e.	Estimated Payments	10-20
	f.	Determination of Appropriate Payment & Benefit Levels – How Payment & Benefit Levels are Determined	
	g.	Calculations for Specific Events - Calculating Healthcare Benefits - Calculating Perquisites & Other Personal Benefits - Calculating Value of Equity Acceleration - Extending Term of Stock Options - Calculating Value of Life Insurance Benefits - Retirement Benefits & Nonqualified Deferred Compensation - Gross-Ups & Other Tax Reimbursements	10-21 10-21 10-21 10-22 10-22
	h.	Material Conditions or Obligations	10-24
	i.	Other Material Factors	
V.	Co	ommon Questions and Our Analysis	10-25
	a.	General	10-25 10-25 10-26
	b.	NEOs Covered 1. NEOs Employed by Non-Reporting Subsidiary	
	c.	Reportable Agreements. 1. Disclosing Acceleration Agreement with a "Single Trigger" 2. Consulting Agreement for Fired NEO. 3. Non-Compete Agreement for Terminated NEOs. 4. Adopting Severance Plan After Fiscal Year-End. 5. Replacement of Severance Benefit Plan	10-28 10-28 10-29 10-29

		6.	Termination of NEO After Fiscal Year-End.	10-30
		7.	Termination of NEO After Fiscal Year-End with New Severance	
			Agreement	10-31
		8.	Reportable Agreements in Annual/Merger Proxy Statement	10-32
		9.	Disclosure for Non-Retirement Eligible NEO	10-33
		10.	"Generally Available" Exclusion & Stock Option Plans	10-34
		11.	"Generally Available" Exclusion & Foreign Employees	10-35
		12.	"Generally Available" Exclusion & Plan Closed to New Employees	10-35
		13.	"Generally Available" Exclusion & Continuing Health Care Benefits	10-35
		14.	1 3	
		15.	Pro-Rated Annual Incentives	10-36
	d.	Trig	gering Events	10-36
		1.		
		2.	Disclosing Agreement with Both Single & Double Triggers	
		3.	Disclose Adoption of Double-Trigger Even If Not Required	
		4.	Severance as Triggering Event	
		5.		
		6.	Trigger Event Occurs At Fiscal Year-End	
	A	Valu	ation Methods/Estimated Payments	10-38
	C.	1.		
		2	Incremental Cost Valuation	
			Uncertainty of Estimated Payments.	
		4.	Valuing Discriminatory Plans/Benefits	
	f.	Calc	culation for Specific Events	10-40
	1.	1.	Last Business Day of Fiscal Year for Gross-Up Calculations	
		2.	Valuing Acceleration of In-the-Money Options.	
			Valuing Acceleration of Underwater Options	
		4.		
		5.		
			Accelerated Equity	
			Benefit Enhancement	
		8.		
* **				
VI.			e Pointers	
			Table to Supplement Narrative Explanation of Benefits/Assumptions	
			-Reference CD&A Discussion of Post-Employment Arrangements	
			ose Definitions/Material Assumptions & Conditions for Triggers	
		DISCI	ose Maximum Cost Estimates for Tax Gross-Ups	10-45
VII.	Sa	mple	Disclosures	10-45
	a.	-	rgizer's Post-Employment Compensation Disclosure	
	b.		co's Accelerated Equity Awards Disclosure	
	c.		nana's "Walk-Away" Numbers	
			•	

	d. Sycamore Networks' "Single Trigger" Change in Control Table	
	e. Starbucks Corporation's "Walk-Away" Numbers	
	f. Spherion Corporation's Tabular Disclosure	
	g. Pall Corporation's Section 280G Assumptions Disclosure.	10-00
	h. Fluidigm's CD&A Disclosure as Supplement to Post-Employment Compensation Disclosure	10-69
	Disclosure	10 07
VII	I. Full "Walk-Away" Values	10-72
	- Wealth Accumulation—And Full "Walk Away:" What You Need to Know—	10.70
	And Do	
	- What is a Wealth Accumulation Analysis?	
	- Why a Wealth Accumulation Analysis Is Important	
	- How to Implement a Wealth Accumulation Analysis	
	- A Full-Blown Chart.	
	Compare Against Wealth Created for ShareholdersA Few Additional Pointers	
	- A Few Additional Pointers	10-74
IX.	Reconsidering the "Need" for Severance & Change-in-Control Arrangements	10-80
	- Don't Necessarily Rely on "Experts"	10-81
	- Leading By Example: The True Leaders Speak Up	10-81
X.	Negotiating the Removal of Tax Gross-Ups	10-82
	- What is a Tax Gross-Up	
	- Reasons for Tax Gross-Ups.	
	- How to Negotiate Your Way Out of an Unreasonable Gross-Up	
Ch	apter 11 Director Compensation	
I.	History	. 11-5
II.	SEC Rules and Regulations.	11_6
11.	SEC Rules and Regulations.	. 11-0
III.	SEC Staff Guidance	11-10
	a. Compliance and Disclosure Interpretations	11-10
	1. Directors Covered by Director Compensation Table	11-10
	2. Footnote Disclosure Regarding Equity Awards	11-11
	3. "All Other Compensation" Column	
	4. Interaction with Related Person Transaction Disclosure	
	5. Reporting Director Pension Benefits	11-12
	b. Comment Letters	
** *		
IV.	Nasdag "Golden Leash" Rules	11-12

V.	How the Rules Work	. 11-15
	- Evolution of Types of Director Pay	. 11-15
	- Shareholders Focus on Director Pay	. 11-15
	- Monitor Director Pay Levels	. 11-16
	- Tabular Disclosure Format	. 11-16
	- Total for Each Director	. 11-17
	- Fewer Tables Required for Directors than NEOs	. 11-17
	- Reporting More Than Required	
	- Omitting Columns If Not Applicable	. 11-17
	- Anyone Serving Last Year As Non-Employee Director Covered	. 11-17
	 NEOs & Executive Officers Who Don't Earn Director's Compensation 	
	Not Covered	. 11-17
	- Omitting Fees That Can't Be Determined	. 11-18
	- Round Numbers & Report in Dollars	
	- Reporting of Equity Awards is Similar to Summary Compensation Table	
	- Reporting Deferred Payments	
	 Instructions Comparable to Summary Compensation Table Instructions 	. 11-19
	- No Director CD&A Required	
	- Need Footnote Disclosures	. 11-19
	- Narrative Disclosure Required	. 11-19
	- Trend of Expanded Narrative Disclosure	. 11-19
	- Some Types of Compensation Not Reportable	. 11-20
	- Perquisites & Other Personal Benefits	. 11-20
	- Disclosure for Directors vs. NEOs Similar, But Not Identical	. 11-20
	- Include All Other Compensation	. 11-20
	- Determining Whether Severance is Reportable	
	- Charitable Donations in Director's Name	
	- Disclosure of Hedging Policy	. 11-21
	- Potential Need to Ratify Director Compensation	. 11-22
	Meaningful Limits	
	• Limits on Equity & Cash Compensation	
	Avoid Problematic Pay Practices	
	Improved Governance Procedures	. 11-23
	Committee Charter	. 11-23
	Independent Review	
	Peer Group Benchmarking	
	• Improved Disclosure	
	- Shareholder & Proxy Advisor Policies on Director Pay Proposals	
	- Limited Relief for Smaller Reporting Companies	
	- Disclosure of Golden Leash Arrangements for Nasdaq Companies	
	 D&O Ouestionnaires Should Ask About Golden Leash Arrangements. 	11-26

		Failing to Timely Disclose Golden Leash Arrangements	
VI.		ommon Questions and Our Analysis	
	a.	Location of Director Compensation Table	
		Directors Covered by the Director Compensation Table	
	υ.	Director Joins Board After Fiscal Year-End.	
		Director Johns Board Affect Fiscal Tear-End. Director Leaves Before Fiscal Year-End	
		3. Director Leaves After Fiscal Year-End	
		4. Director Who Serves as NEO	
		5. Director Who Serves as Officer But Not NEO	11-28
		6. Director Who Serves as Employee But Not Officer	
		7. Director Emeritus Compensation	
		8. Director Earned No Compensation	
		9. Director Waives Compensation10. Director as CEO for Part of the Year	
		11. Director Who Serves as Officer but Not NEO Resigns as Director	
	C.		
		1. Reporting for Each Director When Compensation Identical	
		2. Separating Cash from Equity Compensation	
	d.	Reporting Director Cash Compensation	
		1. Meaning of "Earned or Paid"	
		2. Don't Subtract Withholdings	
		 Fees Forgone When Equity Elected Instead	
		5. Special Committee Fees	
		•	
	e.	Reporting Director Equity Compensation	
		 Reporting Cash-Settled Equity Awards	
		3. Equity Granted in Lieu of Retainer & Meeting Fees	
		4. Deferred Compensation Payable Partly in Equity	
		5. Grant Date Fair Value for Each Award	
		6. Grant Date Fair Value for Last Fiscal Year	11-39
		7. Grant Date Fair Value & Dividends	
		8. Option Exercises & Vesting of Restricted Stock	
		9. Equity Awards Delivered to Director's Employer	11-40
	f.	Reporting Non-Equity Incentive Plan Compensation	11-40
		1. Earnings for Services Performed During Year	
		2. Earnings on Outstanding Awards	11-40
	g.	Reporting Director Pension Benefits & Nonqualified Deferred Compensation	11-41
		1. Calculation of Change in Plan Value	11-41

		2.	inclusion of Pension Benefits Earned as Former Employee	11-41
		3.	Omitting "Change in Pension Value" Column	11-42
		4.	Deferral of Shares Held in Phantom Stock Account	11-42
		5.	Reporting Earnings on Nonqualified Deferred Compensation	11-43
	h.	Rep	orting Compensation in "All Other Compensation" Column	11-43
		1.	Consulting Arrangements	11-43
		2.	Fees from Non-Public Parent As "Other Compensation"	11-44
		3.	Reporting Amounts "Accrued To" Director	11-45
		4.	Director Payments Upon Retirement	11-45
		5.	Director Charitable Programs	11-46
		6.	Director Travel as Perquisite	11-48
		7.	Director Travel to Board Meeting	11-48
		8.	Director Travel to Teach Business Course	11-49
		9.	One Director Flying on Another Director's Airplane	11-49
		10.	Administrative Support for Directors	11-50
		11.	iPad/Laptop a Perk?	11-50
		12.	Reimbursement of Perquisites	11-51
		13.	Foreign Tax Preparation Help	11-51
		14.	Tax Gross-Ups	11-52
		15.	Gifts to Directors	
		16.	Fees Paid to Director's Law Firm	11-55
		17.	Payment of Personal HSR Filing Fee Obligation	11-55
			SERP Payments Earned as NEO	
		19.	Receipt of Retirement Benefits for Former Service as Employee	11-56
	i.	Foot	tnotes & Narrative Accompanying Director Compensation Table	11-56
		1.	General Principles	11-56
		2.	Relationship to CD&A	11-57
		3.	Description of Different Types of Fees	11-58
		4.	Equity Award Footnotes	11-58
VII.	Pra	actic	e Pointers	11-59
			ider CD&A Discussion of Director Compensation Principles	
			der Describing All Perquisites Even If Below Disclosure Threshold	
			h the Costs/Benefits of Director Legacy & Charitable Gift Programs	
		_	ess Committee Policies & Procedures for Determining Director	. 11 57
			pensation	11-60
		-	der Disclosing Specific Compensation for Each Director by Name	. 11 00
			If Compensation Identical.	11-60
			Differences in Supplemental Disclosure for Outstanding Director	. 11 00
			y Awards	11-60
		-4411	, 	11 00

VIII. Sample Disclosures		
a	Directors Compensation Narrative Sample	11-60
b	. Directors Compensation Table/Narrative Sample	11-64
c	Footnote Disclosure of Cash & Equity Awards	11-69
d	. Addressing Recent Revisions to Director Compensation Program	11-74
e.	Disclosing Director Expenses	11-75
f.	Example of Director Aircraft Use Disclosure	11-77
g	. Example of Director Hedging Policy Separate from General Hedging Practices	
	Disclosure	11-77
h	. Example of Use of Compensation Consultant to Review Director Pay	11-77

Detailed Table of Contents: Volume 2

Ch	apter 12 Related-Party Transactions: Interplay of Items 402 &	<u>404</u>
I.	History	12-3
II.	SEC Rules and Regulations	12-3
III.	SEC Staff Guidance	12-4
	 a. Compliance and Disclosure Interpretations. 1. Valuation of Stock Options for Item 404(a). 2. Allocation of Compensation Paid by Subsidiary & Parent. 3. Omitting Executive Officer from Director Compensation Table. 4. Employee Director Compensation Not Repeated in Item 404(a). 5. Children Employed by Company. 6. Amount Involved in Transaction for Employment Arrangements. 7. Non-Executive Officer Immediate Family Members. 	12-4 12-5 12-5 12-6 12-6
	b. Comment Letters	12-6
IV.	How the Rule Works - "All" Compensation Required by Item 402. - Related-Party Disclosure Required by Item 404. - Duplicative Disclosure Still Possible. - Principles-Based Nature of Item 404. - NEO Compensation Disclosed in Item 402, Not Item 404. - Non-NEO Officer Compensation Disclosure Excluded from Item 404. - No Need to Disclose Director Compensation under Item 404. - Item 404 Disclosure for Compensation of Immediate Family Members. - Need to Obtain Compensation Committee Approval (or Recommendation) of Executive Compensation. - PCAOB's "Related-Parties" Standard.	12-7 12-7 12-7 12-7 12-7 12-8 12-9
V.	Common Questions and Our Analysis a. Meaning of "Approximate Dollar Amount" b. Meaning of "Is Reported" c. Calculating "Amount Involved" under Item 402 d. Non-NEO Officer Compensation Disclosure under Item 404 e. Employee-Director Compensation Disclosure under Item 404 f. Employees that are Immediate Family Members of Non-NEO Executive Officers	12-10 12-10 12-11 12-11
	g. Employees that are Immediate Family Members of Directors	12-12

	h.	Item 404(a) Threshold Based on Date Payments Made, Not Earned	12-13
	i.	NEO's Child Employed by Public Company's Supplier	
	j.	Executive of Related Party is Immediate Family Member of NEO	
	k.	Option Granted to Family Member	12-14
	1.	"After the Fact" Board Approval of Non-NEO Executive Officer	
		Compensation	12-15
	m.	Fees Paid to Company Employing Contract Executive	12-15
	n.	NEO's Pay Forfeiture May Be Related Party Transaction	
	0.	Payments for Shares as Compensation	
	p.	Sale of Discounted Securities to Executives.	
	q.	Disclose Option Granted to Director Nominee	12-17
	r.	Ex-Director Consulting Arrangement	
	S.	Consider Disclosing Arrangements with Passive 5% Holders	12-19
	t.	NEO Receives Bonus from Another Company with Same Owner	12-20
	u.	Reimbursement of Spousal Airplane Use	12-21
	V.	Reasonable Period of Time for Executive to Reimburse for Personal Aircraft Use	12-21
	W.	May Be Better to Characterize Payments as "Perks" Vs. "Related Person	
		Transaction"	12-22
	Χ.	Legal Fee Reimbursement by Executive May Be Related Party Transaction	
	у.	Lawsuit Settlement Including Amounts Payable to NEOs May Require	12 22
	у.	Disclosure	12-22
	-	Private Parent Supplies Executives to Public Subsidiary for Management Fee	
	z. aa.	Charitable Contributions	
		Interplay Between Item 5.02(c) of Form 8-K & Item 404	
	cc.		
		Sale of Stock	
		Disclosure for Smaller Reporting Companies	
		Discressive for Smaller Reporting Companies	12 20
Cha	apto	er 13 Compensation Committee Disclosure	
I.	H	listory	13-3
II.	S	EC Rules and Regulations	13-5
III.	S	EC Staff Guidance	. 13-10
		a. Compliance and Disclosure Interpretations	. 13-10
		Disclosure about Compensation Consultants.	. 13-10
		2. Compensation Consultant Consents	
		3. Relationship to CD&A's Discussion of Consultants	
		_	
		4. Scope of "Additional Services"	. 13-11

	5. Fee Disclosure for Excluded Services	. 13-11
	6. "Additional Services" Includes All Services & Products	. 13-12
	7. Omission of Compensation Committee Interlocks Disclosure	. 13-12
	b. Comment Letters	. 13-12
IV.	How the Rule Works	. 13-15
	- Purpose of Compensation Committee Disclosure	. 13-15
	- Relationship to CD&A	. 13-15
	 Relationship to Compensation Committee Report 	. 13-15
	- Disclosing Authority Over Compensation Matters	. 13-16
	 Companies Increasingly Describe Broader Role of Compensation Committee 	. 13-16
	- Disclosing Role of Executive Officers	. 13-16
	- Disclosing Identity of Compensation Consultants	. 13-16
	- Disclosing Role of Compensation Consultants	. 13-17
	- Exception for Non-Discriminatory Plans & Non-Customized Information	. 13-17
	Compensation Consultant Fee Disclosure	. 13-18
	- "Additional Services" Is Broadly Interpreted	. 13-19
	 Independence of Compensation Committee Advisers 	. 13-20
	No Consent Necessary from Consultants	. 13-22
	- Authority Over Advisers & Funding	. 13-22
	 Compensation Consultant Conflict of Interest Disclosure Requirements 	. 13-23
	- Disclosure & Posting of Compensation Committee Charter	. 13-24
	- Disclosing Charter's Delegation Limits.	. 13-24
	 Compensation Committee Interlocks/Insider Participation. 	. 13-26
	- Lack of Compensation Committee	. 13-26
	- Independence of Compensation Committee Members	. 13-26
V.	Common Questions and Our Analysis	. 13-27
	a. Change in Committee Membership	. 13-27
	b. Definition of Compensation Committee	. 13-28
	c. Omission of Compensation Committee Report	. 13-28
	d. Omission of Interlock Disclosure	. 13-29
	e. "Interlock" Requires Overlapping Relationship	. 13-29
	f. CD&A's Relationship to Committee Disclosure	. 13-29
	g. Referral of Compensation Consultant	. 13-30
	h. Instructions to Compensation Consultant	. 13-31
	i. Definition of "Additional Services"	
	j. Rare to Have Pre-Approval Policy for "Additional Services"	
	k. Overlap Between "Independence" & "Conflicts" Analysis	
	1. Compensation Consultant Indemnification	
	m. One Consultant Working for Two Different Firms	
	n ISS Corporate Services Isn't a Consultant	13-34

	0.	Law Firm Refusal to Provide Independence Information	. 13-34
	p.	Compensation Consultant's Stockholdings & Independence	. 13-35
	q.	Frequency Determination of Compensation Consultant's Independence	. 13-35
	r.	Nasdaq's Requirement to Establish Compensation Committees	. 13-36
	S.	Compensation Consultant Rotation	. 13-36
	t.	Compensation Committees Not Setting Pay for More Junior Officers	. 13-37
VI.	Com	pensation Adviser Conflict of Interest Questionnaire	. 13-38
VII	. Sam	ple Disclosures	. 13-40
Ch	apter 1	14 Equity Compensation Plan Information	
I.	History	y	14-3
II.	SEC R	ules and Regulations	14-4
III.	SEC St	taff Guidance	14-7
	a. Cor	mpliance and Disclosure Interpretations	14-7
	1	Location of Disclosure	14-7
		2. Grants Subject to Forfeiture	
	3	B. Disclosure of Performance Shares, Phantom Stock	
	4		
	5	ϵ	
		5. Plans Approved by a Court	
		7. Awards Settled in Cash and/or Stock	
		3. "Qualified" Foreign Plans	
	9	O. Shares Issuable Under Stock Appreciation Rights	. 14-10
	b. SEC	C Staff Interpretive Letter	. 14-10
	1	. Narrative Description of Materially Similar or Identical "Individual	
		Compensation Arrangements"	. 14-10
	2	2. Identifying Recipients of Individual Compensation Arrangements &	
	_	Number of Securities Covered.	. 14-11
	3	3. Amendment to Plan Previously Approved by Shareholders to Increase	
	3	Shares Available for Future Issuance	14-11
	1		
	5		
	6	5. Scope of Proxy Statement Disclosure Requirement	. 14-12

IV.	Ho	ow the Rule Works	14-13
	_ 5	Supplemental to Item 402 Disclosure	14-13
		Location of Equity Plan Disclosure	
		Placement in Form 10-K	
	_]	Placement in Proxy Statement	14-13
	_]	Item 201(d) Doesn't Always Govern Equity Plan Disclosure	14-13
	_ '	"All" Equity Plans & Arrangements	14-14
	_]	Meaning of "In Effect"	14-14
		Tabular Format	
		Narrative Disclosure Required for Non-Approved Plans	
		"Evergreen" Plans	
		Plans Assumed in Mergers, Consolidations & Other Acquisitions	
		Exceptions to Required Disclosure	
		Disclosure Not Required in Registration Statements.	
	_ '	When Exchanges Require Shareholder Approval	14-16
V.	Ca	ammon Questions and Que Analysis	14 17
٧.		ommon Questions and Our Analysis	
	a. b.	Required in 10-K (Regardless of Whether Voting on Plan)	
	о. С.	10-K Placement: Disclose under Item 12 of Part III	
	d.	Required in Proxy & 10-K If Voting on Plan.	
	e.	Not Required in Proxy If Not Voting on Plan	
	f.	Disclosure of Plans Assumed in Merger	
	g.	Approval by Sole Shareholder Prior to Spin-Off.	
	h.	Disclosure of Specific Grants.	
	11.	1. Grants of Non-Plan Options to Directors.	
		2. Grants to New Chief Executive Officer	
	i.	Shares Issuable Under Restricted Stock Plan	
	j.	Deferred RSUs	
	k. 1	Instruction 6 to Item 201(d)	
		Awards Settled Only in Cash	
		Amendments to Plans	
	n.	Disclosure of Plans to be Approved/Amended	
	0.		
	p.	Employee Stock Purchase Plans	
		1. ESPP Disclosure in Equity Compensation Plan Table	
		2. ESPP & Broker Voting.	
	q.	Stock Exchange Shareholder Approval Requirements	14-26
		1. Individual Grants to NEOs in Connection with	
		"Re-upped" Employment Agreement	
		2. Exception for Inducement Grants	14-26
	r.	Disclosure of New Equity Plan in IPO Prospectus	14-27
	S	Plan Expiration Date	14-27

	t. Discl	osure Not Required for Non-Compensatory Issuances
	u. Footi	note Disclosure Explaining Grant Date Determination for Awards Finalized
		bsequent Year
VI.	Sample	Disclosure
Ch	apter 1	5 Plan Disclosure When Seeking Shareholder Action
I.	History.	
II.	SEC Ru	les and Regulations
III.	SEC Sta	ff Guidance
	a. Com	pliance and Disclosure Interpretations
	1.	Triggering Events for Item 10 Disclosure
	2.	Preparation of New Plan Benefits Table
	3.	List All Individuals & Groups
	4.	Focus on New Plan Benefits Table Exclusively
	5.	No Dollar Value Reported for Options
	6.	Amounts Not Determinable
	7.	No "Pro Forma" Presentation for Discretionary Awards
	8.	Applies to Plans With "Objective Criteria"
	9.	Market Value of Underlying Securities
	10.	No Grants to Report for New Plan. 15-11
	11.	Can Disclose Pension & Retirement Plans in Narrative Format
	12.	Item 10(b)(2)(ii) Applies to Options Received At Any Time
	13.	Amendment to Add New Class of Participants
	14.	Filing Requirements
		- Schedule 14A, Item 10, Instruction 3
	15	Columns Added for Each Plan
	10.	- Schedule 14A, Item 10(a)(2)
	16	Applies to Each Grant or Plan
		- Schedule 14A, Item 10(b)(2)(i)
		Preliminary Proxy Required to Approve or Ratify Awards
	18.	No Need to Unbundle Multiple Changes to Omnibus Plan
IV.	How the	Rule Works
	- Supple	emental to Item 402 Disclosure
		nolder Solicitation Triggers Item 10 Disclosure
	- When	Shareholder Action is Required. 15-14

	- "Plan" is Broadly Defined	15-14
	- Disclosure of All Plans Not Required	15-15
	- Relationship to Equity Compensation Plan Information Table	
	- Tabular & Narrative Disclosure Both Required	15-15
	- Need Information for Individuals and Groups	15-15
	- Amounts Required to Be Disclosed	15-16
	- "Pro Forma" Disclosure May be Required	15-16
	- Disclosure Required for Each Plan	15-16
	 Additional Information Required for Retirement and Option Plans 	15-16
	- Notify SEC Regarding Securities Act Registration or Exemption	
	- No Need to Unbundle Multiple Changes to Omnibus Plan	15-17
	 Disclosure Required If Shareholder Approval Unnecessary for Plan Amendment 	
	- Describe Tax Consequences to Company & Participants	
	- Filing Copy of Written Plan.	
	- Litigation	
	- Uptick in Disclosure	
	- Compensation Committee Process	
	- ISS' "Equity Plan Scorecard" for Shareholder Approvals	
	- ISS Evaluation of Plan Amendments	
	- ISS Evaluation of Equity Plan Proposals at Newly Public Companies	
	- ISS Evaluation of Director Plans	
	- Glass Lewis "Equity Compensation Model" for Shareholder Approval	15-24
V.	Common Questions and Our Analysis	15-25
*•	a. Persons Covered.	
	1. Options Disclosure Regarding "Associates"	
	2. Individual NEO Disclosure	
	b. Item 10 Applies to Both New and Existing Plans	
	c. New Plans Tend to Get More Support Than Amendments	
	 d. Include All Awards to Current & Former Employees in Item 10(b)(2)(ii) Table e. Re-Approval of Section 162(m) Plans: Include New Plan Benefits Table 	
	e. Re-Approval of Section 162(m) Plans: Include New Plan Benefits Table	
	g. Amended Plans: Address Item 10(a) & 10(b) for Additional Securities	
	i. Disclosure of Contingent Options	
	j. Plans Providing Awards Settled Only in Cash	
	k. Disclosure of Performance Targets	
	Disclosure of Existing Awards for Plan Amendments	
	m. Attaching Plan to Proxy Statement	
	n. Describe Tax Consequences to Company & Participants	
* **		
VI.	Sample Disclosure	15-32

Chapter 16 Stock Performance Graph

I.	History	16-3
II.	SEC Rules and Regulations	16-4
III.	SEC Staff Guidance	16-7
111.	a. Compliance and Disclosure Interpretations 1. Presenting Monthly or Quarterly Returns. 2. Presenting Self-Constructed Peer or Market Capitalization Index. 3. Determining Opening Price of IPO. 4. Optional vs. Required Placement of Performance Graph. 5. Change in Self-Constructed Index. 6. Change in Listed Exchange. 7. Last Day Used by Third-Party Provider. 8. Use Spin-Off Effective Date to Start. 9. Parent Adjusting for Spin-Off. 10. Acquired But Still Has Stock Outstanding. 11. Composite Peer Group for Distinct Lines of Business. 12. Change in Self-Selected Peer Group. 13. Short Fiscal Years. 14. Emergence from Bankruptcy. 15. Definition of "Published Industry or Line-of-Business Index"	16-716-716-716-816-916-916-916-1016-10
	b. Comment Letters	
IV.	How the Rule Works - Decoupled from Executive Compensation Disclosure - Limited Liability of "Furnished," Not "Filed" - Period Covered of Five Years - Comparison of Yearly Percentage Change to Total Shareholder Return - Use of Third-Parties to Create Graph - Timeline to Prepare Graph - No Graph for Smaller Reporting Companies.	16-11 16-12 16-12 16-12 16-13
V.	Common Questions and Our Analysis	16-13
	 a. Placement of Performance Graph 1. Placement in "Glossy" Annual Report 2. Placement in Form 10-K Wrap 3. Placement in Both "Glossy" Annual Report & Proxy Statement 4. Placement in Proxy Statement 5. No Color Required 	16-13 16-13 16-14
	b. Self-Constructed Peer Group 1. Peer Group Composition 2. Changes to Components in Self-Constructed Peer Group Index	16-15

		3. Presentation of the Performance of the Old & New Peer Group in the Year of a Change	16-16
	c.	Changes Year-to-Year 1. Change in Stock Exchange 2. Change in Market Value Index Range 3. Fiscal Year Change 4. Performance Graph for "Split-Off" Stock	16-16 16-17 16-17
	d.	Mistaken Omission of Graph from Annual Report	16-18
	e.	Using Table Following Graph with Actual Dollar Values	16-18
	f.	Liability Disclaimer	16-19
	g.	When Performance Graph is Not Required	16 - 19
	h.	Transitioning from Smaller Reporting Company Status	16-20
VI.	_ _	tice Pointers Consider Most Meaningful Comparison (and Potential Alternative Measures) Determine Whether Explanatory Disclosure Might be Necessary Reconsider Placement of Performance Graph	16-20 16-21
VII.	Sam	ple Stock Performance Graphs	16-21
	a.	Sample Performance Graph with a Published Industry or Line-of-Business Index - Shareholder Return Performance.	16-21 16-21
	b. с.	Sample Performance Graph with a Self-Constructed Peer Group Sample Performance Graph with Changes in Comparison Group with Explanation For Why Changes Made	
Cha	ipter 1	17 <u>Form 8-K</u>	
I.	Histor	y	17-9
II.	SEC F	Rules and Regulations	17-13
III.	SEC S	Staff Guidance	17-18
	a. Co	mpliance and Disclosure Interpretations 1. Loss of NEO Status Not Triggering Event 2. Equity Plan Adoption as Triggering Event 3. Cash Plan Adoption as Triggering Event	17-18 17-18 17-18

	4. Exception for Setting Performance Targets If Materially Consistent with Previously Disclosed Terms.	17-19
	5. Exception for Payouts Under Cash Bonus Plan	
	6. Disclosure of Specific Targets.	
	7. Discretionary Bonus Subsequent to Disclosure	
	8. Plan Termination As Triggering Event	
	9. Compensatory Arrangements with New Directors	
	10. Automatic Renewal of Employment Agreement	17-21
	11. NEOs of Foreign Private Issuers.	
	12. Calculating Due Date of Item 5.07	
	13. Item 507(b) Application	
	14. No Disclosure of Broker Non-Votes Required for Say-on-Frequency Vote	
	15. Disclosure of Frequency Determination in Periodic Reports	17-23
	b. XBRL Compliance and Disclosure Interpretations	
	c. Comment Letters	17-25
IV.	How the Rule Works	17-25
	a. Item 5.02	17-25
	- "Triggering Events" Event-Driven	17-25
	- "Person" vs. "Arrangement" Triggers.	
	 Many Compensatory Triggering Events Exist; May Need to Go Beyond Minimum Disclosure 	17-26
	Deadline for Filing	
	 Limited Safe Harbor for Late Filings 	
	- Edgar Outage	
	Exhibits Not Required When Form 8-K is Filed	
	No Form 8-K Necessary If Information Previously Disclosed	
	 Exclusion of Wholly-Owned Reporting Subsidiaries. 	
	 Exclusion of Non-Discriminatory/Generally Available Plans 	
	- Meaning of "Principal Officer".	17-28
	- NEOs for Form 8-K Purposes.	17-28
	1. Item 5.02(a): Departure of Director Due to Disagreement	17-28
	 What Constitutes Reportable Director Disagreement	17-28
	 Additional Deadlines for Disgruntled Departing Directors 	17-29
	2. Item 5.02(b): Departure of Directors or Certain Officers	17-29
	 Resignations vs. Ongoing Negotiations. 	17-30
	- "Termination" Includes Demotions or Significant Loss of	
	Responsibility	
	 Trigger for Item 5.02(b) Requires Facts & Circumstances Analysis. Termination Happens But Don't Know Effective Date At Time of 	17-30
	8-K Filing	17-30

	Reassignment, Later Termination of Principal Officer May Require Second 8-K.	17-31
	- Temporary Departures Reportable	
	Notice of Non-Renewal as Termination Date	
	 Death of Officer or Director Doesn't Require Filing 	
	- Filing Not Triggered By Decision Not to Renominate Director	
	- Automatic or "Springing" Resignations	
	Disclosure of Related Compensatory Information	
	Assess Whether to Disclose Circumstances for Departure	
3.	Item 5.02(c): Appointment of Certain Officers	17-32
	- Meaning of "Appointment"	
	 Officer Appointment Disclosure May Be Delayed to Announcement 	
	Date	17-33
	- Re-Appointments Trigger Filing Requirement	17-33
	- Not All New Officers Trigger 8-K	17-34
	 Filing Required for Designated Principal Officer Even If Not 	
	Executive Officer	17-34
	 Disclose Promoted Officer's Pay If Amended "In Connection With" 	
	Appointment	17-34
	- File Amendment Upon Determination of Material Terms of	15.04
	Compensation	17-34
4.	Item 5.02(d): Election of Directors	
	- "Board Chair" Isn't Designated Principal Officer	
	- New Directors (Other Than by Shareholder Vote)	
	- Disclosure of All Material Arrangements Required	
	- Disclose Related-Party Transactions	
	- File Amendment Upon Determination of Related Party Transactions.	
	- Amendment for Director Committee Assignments	17-35
5.	Item 5.02(e): Compensatory Arrangements of Certain Officers	17-36
	- Triggering Event	17-36
	 Trigger Is When Board Adopts Compensatory Plan If No Shareholder 	
	Approval Required	17-36
	 If Plan Subject to Shareholder Approval, Trigger is Shareholder 	
	Approval Date	17-36
	 Trigger for NEO's Material Raise is Board Approval, Not Effective 	15.00
	Date	
	- Covered Persons.	
	- Required Disclosure; Cross-Referencing	
	- "Previously Disclosed" Exception.- Types of Plans and Arrangements Covered.	
	- IVUCS ULLIANS AND ANANYEMENTS COVERED	/ /

 Ad Hoc Bonuses, Salary Increases & Salary Cuts Typically Not Reportable Plan Termination May Be Reportable File Item 5.02(e) 8-K When Interim PEO Becomes Permanent Entry into New Severance Arrangement for Terminated NEO Trigge Item 5.02(e) Disclose NEO Separation Agreement Entered Into After Departure Indeterminable Salary & Bonus Amounts "Materiality" Standard; No Presumption 	17-3817-38 ers17-3817-38
 Filing Form of Agreement May Mitigate Need to File Individual Agreements 8-K Not Required for "Materially Consistent" Terms Independent "Materiality" Requirement for Periodic Report Exhibit S-3 Eligibility Safe Harbor 	17-39 17-39
6. Item 5.02(f)	17-41
b. Item 5.07 Disclosure Required. Calculating the Due Date. Preliminary Results Required Within Four Business Days. 150-Day Deadline for Say-on-Frequency Decision. Shareholder Voting Not at a Meeting. No Proxy Solicitations. Information Contained in Soliciting Material. Disclosing Voting Percentages. Disclosure of Broker Non-Votes Not Required for Say-on-Frequency. Wholly-Owned Subsidiary Disclosure Exclusion. S-3 Eligibility. Reporting Voting Results in Periodic Report. Announcing Results at Meeting. Announcing Voting Results on Same Day of Meeting. Voluntary Disclosure of Withdrawn Shareholder Proposal.	17-4117-4217-4217-4317-4317-4317-4517-4517-4617-46
V. Common Questions and Our Analysis a. Item 5.02 1. Persons Covered i. Disclosure Only Required for Designated Officers & NEOs ii. Function Controls; Not Title iii. "President" Under Item 5.02(b). iv. Meaning of "President": Division Heads v. Meaning of "President": Function Filled By CEO vi. Meaning of "Principal Financial Officer"	17-47 17-47 17-47 17-47 17-48 17-49

	vii.	Specify "Principal Financial Officer" Function in Appointment	
		8-K	
	viii.	Meaning of "Principal Accounting Officer"	. 17-50
	ix.	NEO Determination	
	Χ.	PFO Loses PAO Function	
	xi.	NEO Becomes Non-Executive Officer	
	xii.	Status Change from Non-NEO to NEO	
	xiii.	Mergers: Announce Executive Officer Changes At Signing	. 17-52
	xiv.	Mergers: Reporting Amendments Contingent on Shareholder	17.50
		Approval	
	XV.	Mergers: Target's Executives Not Covered	
	XVİ.	Material Change in Duties Can Trigger 8-K	
	xvii.	Mid-Year Resignations	
	XV111.	Retired NEO Hired as Consultant	. 17-54
2.	Item 5.0	02(b): Departure of Directors or Certain Officers	. 17-55
	i.	Rebalancing Staggered Board	. 17-55
	ii.	File Another 8-K for Director's Departure Earlier Than Previously	
		Disclosed	. 17-55
	iii.	New NEO Retirement	. 17-55
	iv.	Trigger Date for NEO's Future Resignation	. 17-56
	V.	8-K Can Be Triggered by Change in Duties Due to Merger	. 17-56
	vi.	Officer Changing NEO Positions May Trigger 8-K	
	vii.	NEO Termination: 8-K Triggered When Determination is Made	. 17-57
3.	Item 5.	02(c): Appointment of Certain Officers	. 17-58
	i.	Appointment of Executive Chair	
	ii.	Resigning CEO: 8-K Should Address Who's Assuming Function	. 17-59
	iii.	File 8-K When Interim PEO Becomes Permanent	
	iv.	Officer Appointment and Immediate Departure May Not Trigger	
		Item 5.02(c) Filing	. 17-60
	V.	CFO Taking on PAO Responsibilities Requires 8-K Filing	. 17-60
	vi.	Trigger for Chief Accounting Officer Resignation & Temporary	
	٧1.	Appointment	. 17-60
4.	Item 5.0	02(c): Reporting Arrangements "In Connection With" Appointments.	
	i.	Reporting Compensation for New Officer	. 17-61
	ii.	Disclose Promoted Officer's Pay If Amended "In Connection	
		With" Appointment	. 17-62
	iii.	Disclose Interim Officers' Compensation	. 17-63
	iv.	Comprehensive Disclosure Required	. 17-64
	V.	File 8-K/A Upon Determination of Material Compensation Terms	
	vi	Officer Changes NEO Position—Reference Previous Disclosures	

	vii.	Insider's Section 16 Filings Aren't "Public Announcement" by Company	17-65
5	Item 5 (02(d): Election of New Director	17-66
٠.	i.	Reporting Director Compensation.	
	ii.	No Need to Report Changes to Existing Director's6	,
	11.	Compensation	17-66
	iii.	Director Election Trigger Date & Offer Letter Process	
	iv.	Amend Original 8-K to Disclose Director Committee	
		Assignments.	17-67
	V.	Disclose Equity Grant to New Director	
	vi.	Disclose Related-Party Transactions	
	vii.	CEO Becoming Board Chair	17-69
	viii.	File New Director's Pre-Existing Contract When Appointed to	
		Board	17-69
6.	Item 5.	02(e): Material Plan Amendments	17-69
	i.	"Net Exercise" as Material Modification	17-69
	ii.	Amending Plan for More Restricted Stock	17-70
	iii.	Adoption of Clawback Policy Does Not Trigger Form 8-K	
		Disclosure	17-70
	iv.	Trigger for NEO's Material Raise Is Board Approval	
		(Not Effective Date)	
	V.	Modifying Incentive Calculation & Payout Date Triggers 8-K	17-71
	vi.	May Omit Base Agreement Description When Disclosing	1.7.71
		Amendment	17/-71
	vii.	Disclose Material Amendment to Plan Even If NEOs Aren't Affected	17 70
	¥7111	Modification of Change-in-Control Definition Likely Material	1 / - / 2
	V111.	Amendment	17-72
	ix.	Plan Sponsor Change.	
	X.	Consulting Agreement with Former CFO	
	xi.	Filing Form of Agreement May Mitigate Need to File Individual	
		Agreements	17-74
7.	Item 5.	02(e): Contingent Amendments to Compensation Arrangement	17-74
, .	i.	Acquisition Agreement as Possible Trigger.	
	ii.	Shareholder Approval Triggers Form 8-K Requirement	
	iii.	Increase in Authorized Shares as Possible Trigger	
8.	Item 5	02(e): Discretionary Bonuses	17-76
٥.	i.	Award of Discretionary Bonus	
	ii.	Adoption of One-Time Bonus Pool.	

	iii.	Selection of Performance Criteria Under Bonus Plan	17-77
9.	Item 5	.02(e): Goal-Based Incentives	17-78
	ii. 	Determination of Performance-Based Bonus/Award Payment	
	111. ·	Discretionary Increase Triggers 8-K	
	1V.	Negative Discretion at Payout Doesn't Trigger 8-K	
	v. vi.	Disclose Acceleration of Payout Under Performance Plan	
10.	Item 5	.02(e): Salary Changes	
	i.	Discretionary Changes.	
	ii.	Salary Deferrals	
	iii.	Salary Cut & Change in Employment Terms	
	iv.	Change to NEO's Director Fees	
	V.	Unwritten Agreement	
	vi.	Non-Executive Chair Compensation after Chair/CEO Service	
	vii.	File Item 5.02(e) 8-K for Change in Bonus from Cash to Equity	17-83
11.	Item 5	.02(e): Equity Plan Awards	
	i.	Individual Equity Awards Consistent with Filed Documents	
	ii.	New Type of Award	
	iii.	Grant to New Director	
	iv.	Material Amendment to Award Agreement Form	
	V.	Timing of "Materially Consistent" Exception	
	V1.	Filing Amended Option Agreement as Form 10-Q Exhibit	
12.	Item 5	5.02(e): Other "Compensatory" Arrangements	17-87
	i.	Sale of Discounted Securities to Executives Likely	4-0-
		"Compensatory"	
	ii.	Advancement of Litigation Expenses	
	111.	ESPPs.	17-88
	1V.	New Fee Arrangement for Special Committee Doesn't Require	15.00
		Item 5.02(e) Disclosure	17-89
13.	Item 5	.02(e): Exception for Arrangements "Generally Available"	
	i.	Plan Available to Business Unit Only	
	ii.	Plan Broad, But Awards Not	17-89
	iii.	Severance Plan Available to All, Including NEOs, May Still Trigger Filing	17-90
14.	Item 5	.02(e): Confidentiality of Performance Target Levels	17-90
	i.	Need to Disclose Performance Target Levels	
	ii.	Don't Need to Disclose "Materially Consistent" Measures or	, , , ,
		Targets	17_91

	iii.	Confidential Treatment of Targets in Exhibits	17-93
	iv.	Confidential Analysts for 8-K vs. CD&A	17-94
15.	Item 5	.02(e): Level of Disclosure Required	17-95
16.	Item 5	.02(e): Exhibits Filed with Form 8-K	17-95
	i.	General Exhibit Filing Requirements	17-95
	ii.	Rules Don't Allow Filing Summaries of Written Arrangements	17-96
	iii.	Exhibit Number for Filing Employment Agreements	17-96
	iv.	Filing Written Descriptions of Oral Compensation Arrangements.	17-96
17.	Item 5	.02(e): Form 8-K Exhibits—Summary Sheets	17-97
	i.	Director Compensation Summary Sheets	17-97
	ii.	Continued Need to File Summaries.	
	iii.	Summary Sheets for Immaterial Salary Increases	17-98
18.	Item 5	.02(e): Impact of Late Form 8-K Filings	17-98
19.	Item 5	.02(e): Termination of Compensatory Arrangements	17-99
	i.	Expiration of Existing Agreement; No New Agreement	17-99
	ii.	Termination of Existing Employment Agreements	17-99
	iii.	Termination of Executive Health Expense Plan	17-100
20.	Item 5	.02(e): Disclosures Regarding Severance Arrangements	17-101
	i.	Disclose Severance Agreement Under Item 5.02(e)	17-101
	ii.	Termination of Severance Benefits for Breach Doesn't Trigger	
		8-K	17-101
	iii.	Materiality Influenced By Whether Separation Agreement	
		Contains New Terms	17-102
	iv.	Use 8-K to Head Off Questions About Severance Arrangements	
	V.	Severance Agreements Typically Material	17-103
	vi.	8-K Required for Entering into NEO Separation Agreement	
		Following NEO's Departure	17-103
	vii.	Exhibit Can Be Filed With Next 10-Q.	17-103
	viii.	Trigger Date Probably Signing (Not Expiration of Revocation	
		Period)	17-103
	ix.	File Executed Release Agreement with Next Periodic Report	17-104
	Χ.	Trigger Date for Separation Agreement Not Signed by	
		Both Parties	17-104
21.		Non-Compensatory Agreement Doesn't Trigger Item 5.02(e),	
	But M	ay Trigger Item 1.01	17-105
22.	Item 5	.02(f): Disclosing Salary & Bonus Omitted from Proxy Statement	17-105

	23. Interplay of 8-K Item 5.02 & Regulation S-K Item 404	17-106
	i. 8-K Requires Disclosure As Of Current Date	17-106
	ii. Difficult to Incorporate 8-K Into Proxy (But Not Vice Versa)	17-106
	iii. Disclose Employee-Director's Salary as Related-Party	
	Transaction	17-107
	b. Item 5.07	17 107
	1. Disclosure of "Next Required Vote"	
		1/-10/
	2. Disclose Say-on-Pay Frequency Determination in Initial Item 5.07 Form 8-K or in Amended Form 8-K	17 100
	Torm o-ix or in / inchaca rorm o-ix	17-100
CI.	4 10 C 4' D 1 4 1 D' 1 D' 1	
Cna	apter 18: Compensation-Related Risk Disclosure	
I.	History	18-3
II.	SEC Rules and Regulations	10 /
11.	SEC Rules and Regulations	10-4
III.	SEC Staff Guidance	18-6
	a. Compliance and Disclosure Interpretations	18-6
	Location of Risk Disclosure	
	b. Comment Letters.	18-6
	o. Comment Letters	
IV.	How the Rule Works	18-8
	- High-Interest Subject	18-8
	- Rule Doesn't Apply to Emerging Growth or Smaller Reporting Companies	18-8
	- Scope of Item 402(s)	
	- Overlap with Item 407(h)	18-8
	- Need for Risk Assessment	
	- Look for "Red Flags" During Risk Assessment	
	- Compensation Practices that Mitigate Risk	
	- High Disclosure Threshold	
	- Voluntary Disclosure Abounds	
	- Content of Voluntary Disclosure.	
	- Benefits of Robust Process & Mitigating Steps	
	- Examples of Situations Mandating Disclosure	
	- Content of Mandatory Disclosure	
	- Location of Disclosure	
	- Effect of Say-on-Pay	
	- Attorney-Client Privilege & Work-Product Doctrine	18-17

V.	Common Questions and Our Analysis	18-18
	a. Examples of Mandatory Risk Disclosure	18-18
	b. Liability for Voluntary Disclosure	
	c. Smaller Reporting Company Requirements	
	d. Compensation Committee Review of Compensation-Related Risk	18-20
VI.	Practice Pointers	18-20
VII.	Sample Risk Disclosure	18-39
	a. Mandatory Risk Disclosure—Convergys	18-39
	b. Voluntary Risk Disclosure	18-40
	1. Ameren	
	2. PVH Corporation	
	c. Austere Voluntary Risk Disclosure—Revlon	
	d. Disclosure of Risk Assessment Process—Intel.	
	e. Tandem Risk Disclosures—Harman International	18-47
	f. Compensation Program Design & Policies Effect on Risk Disclosure— Honeywell International	10 40
	Honeywen international	10 -4 9
V 111	. Step-by-Step Action Plan for Conducting Executive Compensation Risk Assessments	18-52
Cha	npter 19 Say-on-Pay Solicitation Strategies	
I.	The Cry for Shareholder Engagement: What is "Shareholder Engagement"?	19-6
II.	Describe Shareholder Engagement Efforts in Proxy	19-6
III.	Pay-for-Performance: Stress Test Payouts & Describe Methodology	19-7
IV.	Pay-for-Performance: Samples	19-9
V.	Compensation Committee Oversight: Sample	19-9
VI.	Know Your Investors' Voting Policies	19-10
	Investors Don't Always Follow Proxy Advisors' Recommendations	
	2. Investors May Immediately Vote Against Compensation Committee	
	3. Maintain Relationships with Portfolio Managers & Governance Teams	19-11
VII.	Describe Program Changes in CD&A	19-11
VIII	. The Roadmap: How (& When) to Engage Effectively	19-11
	1. Who are Your Shareholders	
	2. Who Speaks for the Company	

3. When to Engage	
- Advance Engagement	
4. Form of the Engagement	
- Group Meetings	
- One-on-One Meetings	
– E-Forums	
- The "Non-Deal" Roadshow	
- Special Pay Conference Calls	19-15
5. Use of Supplemental Materials	19-15
- Post-Mailing Engagement	
- Pay-for-Performance	19-16
- Errors	
- Communicating the Message	
- A Split Decision	
- The ISS Reaction	
6. Acting on Shareholder Concerns	19-18
IX. Overcoming Reg FD Concerns about Engagement	19-18
 Section 14(a) & Reg FD Compliance Considerations for 	
Engagement Activities	
X. The Roadmap: "When" & "How" to Hire a Proxy Solicitor	19-20
- Who to Hire?	
– When to Hire?	
- How Much Will It Cost?	
What Can Your Expert Do?	
1. Call Campaigns	
2. E-Mail Campaigns	
3. Web Campaigns	
XI. The Preliminary Vote Count Looks Close: What Can You Do?	19-22
XII. Confidential Voting Policies: Proper Implementation	
- A Little History; Where Might Your Policy Be?	
- Where <i>Should</i> Your Policy Be?	19-23
 How to Implement Your Confidential Voting Policy 	19-23
 Don't Be Tempted to Check How Employees Voted	19-23
XIII. How to Calculate Voting Result Percentages: Read Your Bylaws	
(& Compare with Your Proxy)	19-24
XIV. Proxy Advisors	19-25
1. Who Are the Proxy Advisors	19-25
ISS & Glass Lewis Are Biggest Proxy Advisors in US	
- ISS Structure & Capabilities	
- Glass Lewis Structure & Capabilities	19-26

	- Use of Contract Analysts During Proxy Season	19-26
2.	Policy Setting & Availability	19-27
	- Nature of Proxy Advisor Policies	
	 Proxy Advisors' Voting Advice is "Solicitation" (But Corp Fin Will Not 	
	Enforce)	19-27
	- Process for Annual Policy Updates	19-27
	- ISS Obtains Policy Input From Companies	19-28
	- Transparency of ISS Policies	19-28
	- Transparency of Glass Lewis Policies	19-29
	- Asking Questions About Policies	19-29
	 Proxy Advisors Obtain Policy Input From All Investors 	
	(Not Just Loudest Ones)	19-30
	- ISS Doesn't Always Side With Investors (Even Though They Are Clients)	10.20
	- ISS' QualityScore Not Directly Related to Policies.	19-30
	- ISS' "Corporate Due Diligence Profiles" Distinct From QualityScore & Policies	19-30
3.		19-31
٥.	Policy Application	
	- Lack of Board Diversity.	19-32
	- Different ISS Policies for Newly Public Companies	
	- Policies on Shareholder Proposals Typically Factor-Based	19-33
	 Policies Determined "Case-by-Case" Doesn't Mean 	
	Always Side With Investors	19-34
	 ISS More "Case-by-Case" With Environmental & Social Responsibility 	
	Proposals Compared to Governance Proposals	
	- Written Consent Proposals Are Case-by-Case Determinations	
	- Director Pay Proposals Are Case-By-Case Determinations	
	- Most Investors Don't Just Copy Proxy Advisor Policies As Their Own	
	- Smaller Investors May Outsource Voting Decisions	
4.	Proxy Voting Reports	
	- What Are "Voting Reports"?	
	Safe Harbors for Proxy Advisor PoliciesTiming of Voting Reports	
	- Importance of Voting Reports	
	 Companies Can Obtain Their ISS Voting Reports for Free; Must Pay 	1, 00
	for Glass Lewis Reports	19-39
	- ISS Does Not Allow S&P Companies to Review Draft Voting Reports	
	- Glass Lewis Allows Enrolled Companies 24-48 Hours to Review	
	Data Points (But Not Draft Voting Reports)	19-40

	SEC's Rules Would Give Companies Ability to Comment on Voting Reports	. 19-
	Glass Lewis Will Distribute Company Feedback—But Must Purchase Report.	. 19-
	- Proxy Advisors Don't Allow Sharing of Voting Reports	
	Voting Spikes After Voting Reports Released	
	 Proxy Advisors Look Beyond Proxy Materials for Company 	
	Information	. 19-
	 Reports Not Started From Scratch; Focus on Changes From Prior 	
	Years	. 19-
	- Proxy Advisors Do Cover 1st Annual Meetings After IPOs	. 19-
	- Proxy Advisors Do Cover Controlled Companies	
5.	Say-on-Pay Analysis	19.
٥.	- "Failed" Say-on-Pay Vote Isn't Majority Vote "Against"	19.
	Beware Prior-Year Cautionary Support	
	- ISS Review Process for Say-on-Pay: Quantitative Screen	
	 Relative TSR Remains Most Important Part of ISS Assessment. 	
	 ISS Won't Always Give Negative Recommendation for Failing 	
	Quantitative Test	. 19
	 Secondary FPA Screen Doesn't Apply if "Low" Initial Concern Level 	. 19
	 ISS Closely Examines Qualitative Factors When Overall Quantitative 	
	Concern Level is "High" or "Medium"	. 19
	 Even "Low Concern" From ISS Can Result in Negative 	
	Recommendation	. 19
	- ISS Factors for Qualitative Screens	
	 ISS Reports Include GAAP Metrics—But They Don't Affect Vote 	
	Recommendation	. 19
	 Add EVA Metrics to Proxy if Company Uses Them 	
	- Glass Lewis Review Process for Say-on-Pay	
	- Glass Lewis Say-on-Pay Process: Quantitative Assessment	
	- Glass Lewis Factors for Qualitative Screen	. 19
	- Glass Lewis Policies on Contractual Arrangements	. 19
	 Glass Lewis Reports Include Its Own Supplemental CEO Pay 	
	Calculations	. 19
	 Proxy Advisors Use Proprietary Methods to Evaluate Say-on-Pay 	
	Proposals	. 19
	Consultants Help Understand Proxy Advisor Methods	
	 Companies Hiring ISS Corporate Services Shouldn't Mention That 	. 19
	 Negative Say-on-Pay Recommendation Doesn't Necessarily Cause 	
	Failed Vote	
	 Proxy Advisors Might Regularly Change Your Peer Group 	19

	- ISS Peer Groups Rely on "GICS" Classifications	19-53
	- Glass Lewis Peer Groups Are Based On Several Factors	19-53
	- Companies Struggling to Set Peer Groups Can Make Their Case	19-54
	 Proxy Advisors Don't Require Companies to Use TSR 	
	as Performance Metric	19-54
	Be Aware of Adjusting Performance Metrics In Mid-Cycle	19-54
	- Disclosure Practices to Help Make Your Case	
	- Options Are Performance-Based Depending On How Granted	
	 Proxy Advisors Rely On "Shareholder Engagement" Proxy 	
	Disclosures	19-57
6.	Director Election Analysis	19-57
0.	Director Elections Always on Ballot for Annual Meetings	
	 Proxy Advisors Typically Recommend "For" Management Nominees 	
	- Factors Triggering Recommend "Against" Management Nominees	
	- Lack of Board Diversity	
	- Different ISS Policies for Newly Public Companies	
	- "Excessive" Outside Director Pay Means Top 2-3% of Comparable	
	Directors	19-60
7.	Handling Errors in Voting Reports	19-61
	 Proxy Advisors Will Issue Corrected Reports for Material Errors 	19-61
	 Alert Top Shareholders Yourself If Recommendation Is Reversed 	19-62
	- Contacting ISS to Verify Data & Report Errors	
	- Contacting Glass Lewis to Verify Data & Report Errors	
	- Don't Bother Proxy Advisors With Immaterial Errors	
	- ISS' Data Verification Site for Equity Plan Approvals	19-63
8.	Handling Negative Recommendations	19-63
	- Sometimes Negative Recommendations Inevitable	19-63
	- ISS Will Listen If You Want to Reverse Negative Recommendations	
	 Seek to Overturn Negative Recommendations Right Away 	19-64
	 Proxy Advisors Must Allow Companies to Review & Respond to Proxy 	
	Voting Advice—Beginning in 2022 If Enforced	19-65
	 ISS Won't Change Recommendation Five Business Days Before 	
	Annual Meeting	19-65
	Change By Company May Require Resolicitation	19-65
	 Negative Recommendations Shouldn't Stop You From Engaging 	
	With Shareholders Directly	19-66
	- Contact Shareholders As Soon As Possible	19-66
	- Responses Can Be Part of Supplemental Materials Filed With the SEC	19-66
	 Don't File Supplemental Materials Slamming Proxy Advisors; 	
	Be Proactive Instead	19-67

	- Try to Avoid Supplemental Materials Altogether; Make Your Case Once	19-67
	- Investors Don't Want to Hear You Complain About Proxy Advisors	19-67
	Use Experience to Improve Next Year's Disclosures	
	Glass Lewis Will Distribute "Feedback" on Reports (For A Cost)	19-68
	9. Engagement With Proxy Advisors	19-68
	- How to Set Up Meetings With Proxy Advisors	19-68
	 Glass Lewis Won't Talk to Companies Once Proxy Statement Filed 	19-69
	 Meeting With ISS During Proxy Season Possible (But Difficult to 	
	Schedule)	
	- ISS Prefers Conference Calls to In-Person Meetings	
	- Bring Right People to Meetings	
	- Don't Let Your Advisor Do All The Talking	
	ISS Wants Directors to Participate in Engagement	
	 Send Your Presentation to Proxy Advisors In Advance of Meeting 	
	 Know Proxy Advisor's Policies Before You Engage With Them 	19-71
	 Tell Your Story In Your Proxy Disclosures (Not Just During Meetings) 	19-71
	 Don't Expect Definitive Answers at Proxy Advisor Meeting 	
	 Companies Shouldn't Violate Reg FD During Meetings. 	19-72
XV.	When SOP "Fails": What Now	. 19-72
	- Binding vs. Non-Binding: Does It Make a Difference?	. 19-73
	- Disclosure of a Board's Deliberations: Required?	
	- Spruce-up Proxy Disclosure Following Low SOP Vote	. 19-74
XV.	I. The Importance of Making Your Compensation Disclosure "Usable"	. 19-76
XV	II. Checklists	19-76
2 . .	Checking Che	. 17 70
Ch	apter 20 Say-on-Pay Disclosure Issues	
I.	History	20-4
II.	SEC Rules and Regulations.	
	a. Exchange Act Rule 14a-21.	
	b. Item 402(t) of Regulation S-K	
	c. Exchange Act Rule 14a-8(i)(10) Note	
ш	SEC Staff Guidance	
111,	a. Compliance and Disclosure Interpretations	
	Compliance and Disclosure interpretations 1. Phrasing of Say-on-Frequency Vote	
	1. I HI 45HIZ DI DAV-DH-I TEUUCHUV VUIC	. 40-14

		2. Phrasing of Say-on-Pay Vote	20-12
		3. Which Officers to Include in Say-on-Golden Parachute Disclosure	20-13
		4. How to Report Say-on-Frequency Results	20-14
IV.	How	the Rule Works	20-14
	a.	Generally	20-14
		- Dodd-Frank Section 951	20-14
		- Exclusion of Shareholder Proposals	
		- Broker Discretionary Voting	
		 Exclusion From the Requirement to File a Preliminary Proxy Statement 	20-15
		- Smaller Reporting Companies	
		- Interaction with EESA Requirements	20-15
	b.	Say-on-Pay Vote	20-16
		- Say-on-Pay Vote	20-16
		- When Required	
		- What Is Covered by the Resolution?	20-16
		- What Is Not Covered by the Resolution?	20-16
		- Wording of the Resolution	
		 Additional Disclosure Item for the Proxy Statement 	
		- Additional CD&A Disclosure	
		- Diminishing Role of Supporting Statement.	
		- Separate Say-on-Pay Resolution & Other Pay Disclosures	
		- Form 8-K Disclosure	
		- Voting Standard	
	c.	Say-on-Frequency Vote	
		- Say-on-Frequency Vote	
		- Four Choices	
		- Most Companies Select "Annual"	
		- Factors to Consider When Making Choice	
		- Wording of the Resolution	
		- Additional Disclosure Item in the Proxy Statement	
		- Form 8-K Disclosure	
		- Can Disclose Results in 10-Q/10-K in Limited Circumstances	20-23
		Disclosing Frequency Votes Simultaneously With Say-on-Pay Output Description: Ou	20.22
		Vote Common (But Not Required)	
		- Broker Non-Votes	
		- Compliance Tips	
		- Can Voluntarily Hold Frequency Votes More Often	20-24
		- Smaller Reporting Companies "Off-Cycle" Compared to Other	20.24
		Companies	
		- EGCs Don't Need Advisory Votes	20-24

		 EGCs Who Lose EGC Status Need to Conduct Frequency Vote Before Say-on-Pay Vote. 	20-24
	d.	Say-on-Golden Parachutes	20-25
		- Say-on-Golden Parachutes	
		- What Disclosure is Required?	
		- May Need to Disclose Agreements for Post-Closing Services	
		- Application of the Say-on-Golden Parachute Exception	20-27
		- Whose Compensation Must be Disclosed?	
		 Additional Forms Requiring Golden Parachute Compensation Disclosure 	
		- Increased Focus on Say-on-Golden Parachutes	
		- ISS Review	
		- Glass Lewis Review	20-28
V.	Com	mon Questions and Our Analysis	20-28
	a.	Say-on-Pay Vote	20-28
		1. Do NEOs Have an "Interest" in Say-on-Pay Vote?	20-28
		2. Say-on-Pay Requirements for Wholly-Owned Subsidiary of	
		Reporting Company	20-29
		3. Say-on-Pay & NYSE Notice	
		4. Use of Non-GAAP Measures in Say-on-Pay Proposal	
		5. Impact of Say-on-Pay Rules on Previously-Approved Shareholder	
		Say-on-Pay Resolution	20-30
		6. Say-on-Pay for Canadian Companies	20-31
		7. Placement of Say-on-Pay & Say-on-Frequency Proposals in	
		Proxy Statement	20-31
		8. Pay Ratio Doesn't Have To Accompany Say-On-Pay	20-32
		9. Dual Classes of Voting Stock	
		10. Disclosing Consideration of Say-on-Pay Vote Results	
		11. First Say-on-Pay Deadline for EGC	20-33
	b.	Say-on-Frequency	20-34
		1. Proxy Card for Say-on-Frequency Proposal	
		2. Form of Say-on-Frequency Proposal	
		3. Disclosure of Voting Standard for Say-on-Frequency Proposal	
		4. Disclosure of Anticipated Company Response to Say-on-Frequency Vote	
		5. Disclosure of Current Frequency & Next Say-on-Pay Vote	20-37
		6. Interplay of Say-on-Frequency Vote Standard & Bylaw Requirements	
		7. Say-on-Frequency Proposal Without Management Recommendation	
		8. Impact on 10-K of Omitting Required Say-on-Frequency Proposal	
		9. Say-on-Frequency & Regulation FD	20-39
	c.	Golden Parachute Vote	20-39
		1 Trends for When to Hold the Golden Parachute Vote	20-39

		2.	Equity Issuance May Not Trigger Golden Parachute Vote	20-40
VI.	Prac	tice Po	inters	20-41
	a.	Ten T	ips for Preparing Say-on-Pay Disclosure	20-41
		1.	Executive Summaries—You Don't Get a Second Chance to	
			Make a First Impression	20-41
		2.	Compensation-Related Risk Disclosure	
		3.	"Pay-for-Performance:" It's Still the Bottom Line	
		4.	Good Practice Creates Good Disclosure	
		5.	Continue to Describe Your Program Components—But Briefly	20-46
		6.	Scale Back Your Process Discussions: Going Forward, Less is More	20-47
		7.	Don't Hide Your Perks in a Say-on-Pay World	20-47
		8.	Be Sure to Explain Your Post-Employment Compensation	
		9.	Golden Parachutes & "Walk-Away" Numbers	20-49
		10.	A Bonus Tip: Recommending a Choice for the Frequency on	
			Say-on-Pay Vote	20-50
	b.	Say-o	n-Golden Parachutes	20-51
	~			
VII.	Samı		closure	
	a.		n-Pay	
	b.	Say-o	n-Frequency	20-54
Ch	apte	r 21	Executive Summary for the CD&A	
I.	Histo	NAW 7		21.2
1.		•	al Vargions	
	a. b		al Versions	
	b.		summary of the Summary Really Necessary?	
	C.	. Is a	Summary of the Summary Really Necessary?	21-3
II.	Curr	ent Di	sclosure Trends	21-3
	a.	Strea	amlined Pay-for-Performance Discussion	21-3
	b		of Alternative Pay Measures	
	c.	Plac	ing Alternative Pay Measures in Other Locations	21-5
	d		cutive Transitions	
	e.	Exec	cutive Summaries Continue to Evolve	21-5
ш	II.co	of Cwa-	phics	21 5
111.	use (л Gra]	pines	21-3
IV.	Chec	klists		21-8

Ch	apter 22	Proxy Statement Summary	
I.	Typical Co	ntent	. 22-1
II.	Companion	n to CEO/Chair Letter	. 22-2
III.	Sample Dis	closures	. 22-2
Ch	apter 23	10-K and 10-Q Exhibits	
I.	SEC Rul	es and Regulations	. 23-8
II.	– Item	ff Guidance a 601 CDIs ne XBRL CDI	23-32
III.	How the	Rules Work	23-39
		neral Requirements	
	-	- Many Exhibits Required for Periodic Reports	
	- - -	20 Types for 10-Qs	23-39 23-40 23-40
		Incorporation by Reference	23-40
		 Item 601 Requires Links to Exhibits Incorporated by Reference Smaller Reporting Companies Have Substantially Similar Exhibit Filing 	23-40
		Requirements	23-41
		- Inline XBRL	
		 Sample Exhibit 101—Interactive Data Files Include Reference to Exhibit 104 in Exhibit Index and Cross Reference to Exhibit 101 	
	1 1 1		
		hibit Index	23-42
	-	 Continue to List "Incorporated by Reference" Items in Exhibit Index Full Exhibit Index Not Required in Form 10-Q Restate Entire Exhibit Index If Amended in 10-K or 10-Q	23-42 23-43

 Can Delete Original Filing Info When Adding E-Version of Paper Exhibit Link to Full Filing for Exhibits Previously Filed in ASCII Format 23-47 Include Links to All Exhibits in Amended & Restated Exhibit Index 23-48 d. Timing of Exhibit Filing Material Contracts & Merger Agreements Must Be Filed No Later Than Periodic Report Covering Date of Relevant Document Choice of Filing Date for Agreements Signed Between End of Reporting Period and Filing of Corresponding Periodic Report No Need to File Contract Twice If "When Executed" & "When Effective" Are Different Quarters Special Timing Rules for Articles & Bylaws Special Timing Rules for Incorporated Glossy Annual Reports 23-49 Relationship of Exhibit Filings in Periodic Reports with 8-K 23-49 		 Sometimes Need Special Notation in Exhibit Index Removal of Exhibits From Exhibit Index Exhibit Index Need Not Include Page Number for Each Exhibit Exhibit Index Should Include Notations for Management Contracts Exhibit Index Must Appear Before Required Signatures Okay to Include Only One Exhibit List Include "Interactive Data Files" as Exhibit 101 & 104 in Exhibit Index Description of "Interactive Data" Exhibits Must Include Word "Inline" Exhibit 104 Should Cross-Reference to Exhibit 101 	. 23-44 . 23-45 . 23-45 . 23-45 . 23-46 . 23-46
 Material Contracts & Merger Agreements Must Be Filed No Later Than Periodic Report Covering Date of Relevant Document	c.	 File Exhibits in HTML. No Need to Refile Old Paper Exhibits (But Can Do So Voluntarily) Include Notation for Paper Exhibits Can Delete Original Filing Info When Adding E-Version of Paper Exhibit Link to Full Filing for Exhibits Previously Filed in ASCII Format. 	. 23-46 . 23-47 . 23-47 . 23-47
"When Effective" Are Different Quarters 23-49 - Special Timing Rules for Articles & Bylaws 23-49 - Special Timing Rules for Incorporated Glossy Annual Reports 23-49 - Relationship of Exhibit Filings in Periodic Reports with 8-K 23-49 - Amended Exhibit Should Be Filed in Next Periodic Report 23-50 - Unredacted Agreement for Which Confidential Treatment Expired Must Be Filed with Next Periodic Report 23-50 e. Instruments Defining the Rights of Security Holders 23-50 - File Most Long-Term Debt Instruments 23-50 - No Need to File Indentures Amounting to 10% or Less of Total Assets 23-51 - Item 202 Information Required as Exhibit to Form 10-K 23-51 - Item 10-K Exhibit Can Incorporate By Reference to Earlier Exhibit 23-51 - Most Companies Don't Include Specimen Stock Certificate as Exhibit 23-51 - Can't Incorporate From "Description of Capital Stock" In Prospectus 23-52 - Item 10-K Exhibit Requirement Applies to Securities Registered as of Year-End 23-52 - Item 10-K Exhibit Must Reflect Modifications & Amendments to	d.	 Material Contracts & Merger Agreements Must Be Filed No Later Than Periodic Report Covering Date of Relevant Document Choice of Filing Date for Agreements Signed Between End of Reporting Period and Filing of Corresponding Periodic Report 	. 23-48
 File Most Long-Term Debt Instruments No Need to File Indentures Amounting to 10% or Less of Total Assets Item 202 Information Required as Exhibit to Form 10-K Item 10-K Exhibit Can Incorporate By Reference to Earlier Exhibit Most Companies Don't Include Specimen Stock Certificate as Exhibit Can't Incorporate From "Description of Capital Stock" In Prospectus Item 10-K Exhibit Requirement Applies to Securities Registered as of Year-End Item 10-K Exhibit Must Reflect Modifications & Amendments to 		"When Effective" Are Different Quarters - Special Timing Rules for Articles & Bylaws - Special Timing Rules for Incorporated Glossy Annual Reports - Relationship of Exhibit Filings in Periodic Reports with 8-K - Amended Exhibit Should Be Filed in Next Periodic Report - Unredacted Agreement for Which Confidential Treatment Expired	. 23-49 . 23-49 . 23-49 . 23-50
 Item 10-K Exhibit Must Reflect Modifications & Amendments to 	e.	 File Most Long-Term Debt Instruments No Need to File Indentures Amounting to 10% or Less of Total Assets Item 202 Information Required as Exhibit to Form 10-K Item 10-K Exhibit Can Incorporate By Reference to Earlier Exhibit Most Companies Don't Include Specimen Stock Certificate as Exhibit Can't Incorporate From "Description of Capital Stock" In Prospectus Item 10-K Exhibit Requirement Applies to Securities Registered as of 	. 23-50 . 23-51 . 23-51 . 23-51 . 23-52
		 Item 10-K Exhibit Must Reflect Modifications & Amendments to 	

	f.	Material Contracts	. 23-52
		- "Materiality" Definition for "Material Contract"	. 23-52
		- "Immaterial in Amount or Significance" vs. "Material Definitive	
		Agreement"	. 23-53
		- Ordinary Course Contracts Not Filed Even If Dollar Amounts Huge	. 23-53
		- Material Amendment to Ordinary Course Contract	
		- File Contracts That Are Material & Require Ongoing Performance	. 23-54
		 Non-Compensatory Agreements as Exhibits: It's Not Just Materiality 	
		- Terminated Contracts Can Be "Material Contract"	
		- File Material Contract Even If No Longer Material By Filing Date	
		- Can Omit Immaterial Schedules to Exhibits	. 23-56
		Can Omit Immaterial Confidential Information without Submitting CTP	22.56
		CTR	
		Exhibit Index Should Include Notations for Management ContractsCompensatory Agreements as Exhibits	
		Summarizing Unwritten Compensation Agreements:	. 23-37
		Standard Arrangements	23-57
		- Signature Requirements	
	~		
	g.		
		- Acquisition Agreements.	. 23-39
		 Change in Auditor: File Letter & Consent From Former Accountant as 10-K Exhibits 	23 60
		 Subsidiary List Not Required if Company is a Wholly Owned 	. 23-00
		Subsidiary	23-60
		Mining Companies Must File a Technical Report Summary	
	1		
	h.	Disclosure Controls & Practice Pointers	
		Assess Disclosure Controls for Linking Exhibits	
	i.	Failure to Timely File Consequences.	. 23-62
		 Chronic Failure to File Required Exhibits May Indicate Problem 	
		with Disclosure Controls	. 23-62
		 Failure to Incorporate Previously-Filed Exhibit—Pick Up in Next 	
		10-K	. 23-62
	j.	Exhibits Can Result in Liability.	. 23-63
IV.	Com	mon Questions & Our Analysis	23-64
1 4.		General Requirements	
	a.	 Incorporation by Reference for 8-K Exhibit Filed After Quarter Ended 	
		 Incorporation by Reference for 8-K Exhibit Filed After Quarter Ended Incorporation by Reference for 8-K Itself As 10-Q Exhibit 	
		 Incorporation by Reference to Exhibits of Acquired Subsidiary 	
		Incorporation by Reference to Exhibits Filed by Predecessor	
		1 · ··· · · · · · · · · · · · · · · · ·	

	- Filing Exhibits With Different Formatting	23-65
	 Don't Need to Include File Numbers for Exhibits Incorporated by Reference 	23-65
b.	Exhibit Index	
	 Deleting Compensation Arrangements for Former Executive Officers/Directors 	23-66
	 Deleting Old Merger Agreement Numbering for 10-Q Exhibit of Amended Material Contract Deleting Ongoing Agreement That's No Longer Material Restate Entire Exhibit Index If Amended in 10-K or 10-Q Restated Exhibit Index: Incorporate By Reference To Previously Filed 	23-66 23-67
	Exhibits	23-68
c.	Links to Exhibits	23-68
	No Need to Refile Old Paper Exhibits (But Can Do So Voluntarily)Include Notation for Paper Exhibits	
	 Can Delete Original Filing Info When Adding E-Version of Paper Exhibit 	23-69
	 Link to Full Filing for Exhibits Previously Filed in ASCII Format. Contract Amendments: Separately List & Link. Missing Links Probably Don't Render Filing "Materially Deficient". Include Links to All Exhibits in Amended & Restated Exhibit Index. 	23-69 23-70 23-70
d.	Timing Issues	23-71
	 8-K Exhibits Filed During Last Quarter; Include in Next 10-Q's 	
	Exhibits.	23-71
	 File New Director's Pre-Existing Contract When Appointed to Board 10-Q Exhibits Previously Reported as 10-K Exhibits 	
	 Can Attach Exhibit in "Applicable Period"—Even If Earlier Report Had Narrative Description. 	23-72
	 No Need to File Contract Twice If "When Executed" & "When Effective" Are Different Quarters 	23-73
	 Exhibit Amended & Restated After Disclosed in 8-K But Before Filed as Exhibit	23-73
	 File Material Contract Even When Made & Performed Within Single Period	23-73
	- File Amended Articles with Next Periodic Report if Included in Proxy Statement	23-74
	 Don't Need to File Earlier Amendments in Prior Quarters Within Single Year for 10-K 	23-74

	- When to Fix Error in Exhibit	. 23-75
	 Failure to Incorporate Previously-Filed Exhibit—Pick Up in Next 10-K. 	. 23-75
	 Amend 10-K to Correct Failure to File Description of Securities 	
	Exhibit	. 23-75
	 File Missed Exhibit In 8-K or Next 10-Q Rather Than Wait Until 10-K 	. 23-76
	 Missed Form 8-K and Item 9B of Form 10-K Disclosure for 	
	Compensatory Plan	. 23-76
e.	Material Contracts	. 23-77
	- Filing Exhibits, Annexes & Schedules to Material Agreements	. 23-77
	- Management Contracts: Filed v. Furnished	
	Exhibit Required for NEO's Separation Agreement	. 23-77
	- Exhibit Required for Director's Separation Agreement	. 23-78
	 Exhibit Often Unnecessary for Non-NEO Separation Agreement 	. 23-78
	- File Individual "Management Contracts" As Exhibit	. 23-78
	- Can File "Form" Agreements if Substantially Similar	. 23-79
	 Substantially Similar Agreement—Substantive Term Change Likely 	
	Requires Filing	. 23-79
	- Don't Label Unique Agreements as "Form"	. 23-80
	- File Amended Agreement If Inconsistent With "Form"	. 23-80
	 Keep Incentive Plan in Exhibit Index as Long as Awards Outstanding 	
	- Exhibits to Underwriting/Distribution Agreements	
	- No Need to File Immaterial Rule 144A Purchase Agreement	. 23-82
	 Investment Banker Engagement Letter as "Material Contract" 	. 23-83
	- Confidentiality Agreements as "Material Contract"	. 23-83
	 Immaterial Related Party Agreements Need Not Be Filed 	
	(In Most Cases)	. 23-83
	- "Property, Plant or Equipment" Definition	. 23-84
	 Disclosing 15% Property Acquisition Even if Ordinary Course 	. 23-84
	 Voluntarily Filing Broad-Based Pension Plans & Other 	
	Non-Required Plans Can Create Headaches	. 23-85
	 ESPP Likely Covered by Exception to Exhibit Requirement 	. 23-85
	- Rules Don't Allow Filing Summary of Written Arrangements	. 23-86
	 Indemnification Agreements Filed for '34 Act Reports (Not '33 Act 	
	Registration Statements)	. 23-86
	- Definition of "Material Lease".	. 23-86
	- Executive Officer Becomes NEO; Timing of Filing	. 23-87
	 Whether to Still Identify Exhibit as "Management Contract" If 	
	Individual No Longer Management	. 23-88
	 Must File Amendments to Material Contracts Even If Amendment 	
	Immeterial	23 88

	 Immaterial Changes May Not Need to Be Refiled If No Formal Contract Amendment 	. 23-88
	File Waiver If It Alters Ongoing Contractual Obligations	
	 File Forbearance or Waiver Agreement that Amends Material Contract. 	
	 No Need to Refile Exhibits Solely to Reflect Name Change 	
	 Must Still File Initial Restated Contract Even Though Restated Again Within Quarter 	
	Can't Forego Filing Material Contract Entirely	
	 Don't Need to File Term Sheet & Definitive Employment Agreement 	. 23)
	If Substantially Identical	. 23-91
	- Section 16 Settlements.	
f.	Exhibits Other Than Material Contracts	. 23-92
	 Refile Entire Articles of Incorporation When Amended (Even Though 	
	Practice Varies)	. 23-92
	- Redlined Bylaw Amendments	. 23-93
	- File Amended Articles or Bylaws With "Next" Periodic Report	
	 Include Certificate of Elimination with Certificate of Incorporation 	
	Exhibit in Next Periodic Filing	. 23-94
	Filing Amended Articles as Exhibit for First Time	
	- File Articles & Bylaws With Every 10-Q	
	 Long-Term Debt Instruments Under Exhibit 4 	
	- Trust Preferred Securities	
	 May Include Capital Stock in Description of Securities Exhibit Too 	. 23-96
	 No Need to File Supplemental Indentures If Duplicative 	
	(& Details Adequately Disclosed)	. 23-97
	- Remove Debt/Equity Instrument Once Retired	. 23-97
	- Attach As-Filed "Certificate of Designation"	
	- Legal Opinions & Updating Pre-Effective Amendments	. 23-98
	 Exhibit 15 Filed with 10-Q Might Raise Need to File Amended 10-Q 	
	for Auditor Independence Failure	. 23-98
	- Powers of Attorneys & Signatures	
	- Filing Target Financials as Exhibit to 10-K	. 23-99
	 Consent Needed When Registration Statement Incorporates Mining 	
	Company Technical Report Summary	23-100
g.	Proxy Statements & Form 10-K Wraps	23-100
	 No Need to Deliver Exhibits for "Wrapped" 10-K to Shareholders; 	
	Just File Them	23-100
	- Appendix in Proxy Statement As "Exhibit"	23-101
	- No Need to Attach Plan as Proxy Statement Appendix	
	 Don't Link to Documents Not Filed with SEC 	23-101

	h.	CEO/CFO Certification Issues - No Need for New 906 Certification for Amended 10-K	
		If Just to File Missing Exhibit	. 23-102
		Periodic Report	. 23-102
		- CEO/CFO Certifications Need Not Be Delivered to Shareholders	. 23-103
		- Date of Certifications If Omit Them Accidentally	. 23-103
	i.	Auditor Consents	. 23-103
		- Required Date of Consent	
		- Auditor Consent Mistakenly Refers to Wrong Registration Statement.	
		Amend Registration Statement to Fix Error in Auditor Consent.Form S-8 & Auditor Consents Filed in 10-Ks.	
		- Can Remove Lapsed Registration Statements From Auditor Consent	
	j.	Subsidiaries	
	3	- Indirectly Owned Subsidiaries	
		- Subsidiary List Should Be of Recent Date (In Most Cases)	. 23-105
	k.	Inline XBRL	. 23-106
		 Timing of Inline XBRL Requirement for Non-Calendar Year Large 	
		Accelerated Filers	
		- Timing of Inline XBRL Requirement for New Large Accelerated Filer.	
		 Drafting Exhibit 101—Interactive Data Files Include Reference to Exhibit 104 in Exhibit Index 	
V.	Histo	ory	. 23-107
Cha	apter 2	24 Pay Ratios	
I.	Histor	y	24-9
II.	SEC I	Rules & Regulations	24-10
	A.	Item 402(u) of Regulation S-K	24-10
III.	SEC (Guidance	24-17
	A.	Compliance and Disclosure Interpretations	24-17
		Median Employee	24-17
		 Inability to Exclusively Use Hourly/Annual Rates When Using 	
		CACM	24-17
		- Relevant Time Period When Using CACM	24-18

	 Impact of Furloughed Employees on Determining Employee 	
	Population	24-18
	 Impact of Independent Contractors on Determining Employee Population	2/ 10
	- Can Describe Pay Ratio As "Estimate"	24-19
	B. Interpretive Guidance	24-19
	 SEC Guidance: Encouraging Flexibility to Reduce Compliance Costs Corp Fin Guidance: Examples of Reasonable Estimates & Statistical 	
	Methodologies	.24-20
IV.	How the Rule Works	. 24-26
	A. Which Companies Must Comply & When Disclosure Is Required	24-26
	Mandate Began With 2018 Proxy Statements	
	 Add Pay Ratio Tasks To Proxy Timetable (Process May Take Months) 	
	- Required in Proxy Statements, Information Statements & Form 10-Ks	
	- No Pay Ratio Required Until CEO Salary/Bonus Determined	
	- Required in Registration Statements (But Not IPOs or Spin-Offs)	
	- EGCs, FPIs & Smaller Reporting Companies Exempt	
	- Pay Ratio Not Required in IPO (But Required 1st Year After)	24-27
	 Exiting EGC/Smaller Reporting Companies Have One Transition Year 	
	to Prepare	24-28
	 Report Early to Directors on Pay Ratio Calculation Process & 	
	Disclosure	24-28
	B. Identifying "Median Employee"	24-28
	- Three Steps to Identify "Median Employee"	24-28
	 Median Employee Determination Only Required Every Three Years 	
	 Permitted to Recalculate Median Employee Every Year	24-29
	Disclosure Required If No Changes In "Off" Years	. 24-29
	 Recalculate Median Employee's Pay For Years When Same Median 	
	Employee Used	24-30
	 Must Make New Median Employee Determination for Change in 	
	Employee Population or Executive Pay Arrangements	24-30
	 Not Clear What's a "Significant" Change Triggering New Median 	
	Employee	24-30
	 Consider Impact of Turnover on Median Employee	24-31
	May Replace Your Median Employee With Someone Similar	24.21
	(If They Leave or Otherwise).	
	- Substitution of "Medianable" Employee Preferable to Annualizing	
	- Make Your Identification Process Repeatable	
	Document Year-Over-Year Changes To Methodology	
	- Follow Kille's Princinles—Bilt Know Your Analysis Will Re Unique	74-47

	- Don't Disclose Median Employee's Personal Information	24-33
C.	Identifying "Employees"	24-33
	- It's Not Linear Exercise—Keep All Factors In Mind	24-33
	- Begin By Gathering Workforce Numbers	24-34
	 Keep Track of Data in Aggregate & By Employee Segment. 	24-34
	Enlist Local Officers to Complete Uniform Spreadsheet	
	- Considerations for Global Companies	
	Accessing Global Data With Numerous Payroll Providers	
	- Obtaining Data From Outsourced Payroll Vendors	
	- Document Your Employee Workforce Analysis	24-36
	- Include All Employees (Even Part-Time, Seasonal & Temporary)	24-36
	- Furloughed Workers Treated Same as Non-Furloughed Employees	24-36
	- Include Employees of Consolidated Subsidiaries (Not All Subsidiaries)	24-37
	- "Consolidated Subsidiaries" Likely Includes Public Subs	
	 Consolidated Public Subsidiaries Also Need to Report Own Ratio 	24-37
	 Acquirors Can Exclude Seller's Employees for Acquisition Year 	
	(But Disclosure Required)	24-37
	- "Acquired Employee" Exclusion Not Always Practical	24-38
	- Include Employees Hired By New Division	
	- Treatment of Contractors & Third-Party Service Providers	
	 Identify Material Assumptions for Distinguishing Contractors From 	
	"Employees"	24-39
	 Pay Ratio May Not Apply to Externally-Managed Companies. 	
	Take Big-Picture Look At Whether Contractors Will Affect Median	
	 Select "Median Employee" As of Any Day in Last Three Months of 	21 10
	Fiscal Year	24-40
	Benefits of Early Determination Date	
	Employee Determination Date Is Usually Month-End	
	 Must Disclose Employee Determination Date (But Not Reason for 	24-41
	1 2	24-41
	,	24-41
	 Possible Disconnect Between Determination Date & Total Compensation Calculation 	24 41
	- Include Permanent Employees on Temporary Leave (And Annualize	24-41
	Their Pay)	24_41
	- Can Exclude Employees On Leave More Than One Year As Of	2 7- 71
	Determination Date	24-42
	- "Determination Date" May Impact Inclusion of Temporary Employees	
	- "Determination Date" May Impact Inclusion of Furloughed Employees	
	 Whether Furloughed Employee is "Permanent" Depends on Facts 	
	Themer I divagned Employee is Termunent Depends on I dets	∠¬ ¬∠
D.	Data Privacy & De Minimis Exemptions	24-43
	 May Exclude Non-US Employees If Would Violate Data Privacy Laws 	
	Relying on Data Privacy Exemption Requires Disclosure	

	 Need to File Legal Opinion As Exhibit If Use Data Privacy Exemption Invoking Data Privacy Exemption Is Difficult 	
	To Comply With Data Privacy Laws, Implement Data Transfer Complian	
	or Gather On-Site	
	May Exclude Non-US Employees If Comprise Less Than 5% of	, ,
	Workforce	24-44
	De Minimis Exemption Valuable If It Impacts Median	
	De Minimis Exemption is All or Nothing	
	De Minimis Exemption Still Requires Total Headcount	
	May Use Internal Records to Evaluate De Minimis Exemption	
	Relying on De Minimis Exemption Requires Disclosure	
	- Interplay of Data Privacy & De Minimis Exemptions	
E.	Using Statistical Sampling or Other Reasonable Methods	24-46
	- How Statistical Sampling Can Make Your Job Easier	24-46
	- Understanding the Limits of Statistical Sampling	24-47
	- Always an Estimate (Even When Not Using Statistical Sampling)	24-47
	Statistical Sample Must Be Representative	24-48
	- Select Your Confidence Level	24-48
	- Select Your Margin of Error.	
	- Select Your Sample Size	
	- Limiting Sample Populations	
	- Perception Matters for Sample Sizes	24-50
	 Ensure Your Sampling is Valid & Reliable (Which Are Two Different 	
	Concepts)	
	- Ensure Your Sampling is Defensible & Explainable	
	 Understand How Your Methodology Differs From Peers' 	
	- Complexity of Pay Distribution	
	- Challenges of Global Bimodal Employee Populations	
	- Types of Sampling Techniques	
	- Random Sampling May Not Work for Large Companies	
	- Stratified Sampling is More Precise.	
	- Can Use "Reasonable Estimates" When Identifying Median	
	- Can Use "Other Reasonable Methods" When Identifying Median	24-56
	 Examples: Using Reasonable Estimates, Statistical Sampling & 	.
	Other Reasonable Methods	
	- Document Your Sampling Methodology	
	Brief Disclosure About Selected Methodology Required	24-59
F.		
	- Flexibility to Use Reasonable Estimates to Identify Median Employee	
	- Can't Use Industry Estimates to Identify Median	
	 CACM Must Reasonably Reflect Company's Compensation Profile 	24-61

	- Don't Use Pay Rates As CACM	. 24-61
	- If Many Employees at Median CACM, Don't Cherry-Pick High Earner	24-62
	 Don't Construct CACM That Allows You to Manipulate Results 	24-62
	- Example: Selecting CACM When There Are Several Pay Elements	24-62
	- Can Exclude Equity & Bonuses If They Won't Change Median	24-63
	- Test Your CACM	24-64
	- CACM Must Get You Close To Median	24-64
	- Consider Reliability of Your CACM	24-65
	- Think About Benefits Volatility When Identifying Median Employee	24-65
	- Tenure, Age, Nature of Job & Location's Impact	24-66
	 Non-US Workers' Pay Elements May Affect CACM & Decision to 	
	Exclude	24-66
	- Temporary Employees' Pay Structure May Affect CACM	24-66
	 Risks of Using Methodology Other Than Summary Compensation 	2.00
	Table	24-66
	Forms of Cash Compensation Are Most Popular CACMs"Taxable Wages" Can Vary By Country	
	 Taxable wages Call vary By Country Cost-of-Living Adjustments Permitted But Add Much Work 	
	Narrow Situation Where COLA Might Make Sense	
	Using COLA Requires Disclosure	
	Calculate Your CACM Over Any Reasonable Time Period	
	 Choose Measurement Period That Permits Easy Data Collection. 	
	Choose Measurement Period That's Easy to Justify	
	Measurement Period Can Be Partial Year	
	 Partial-Year Period Can't Significantly Change "Median Employee" 	
	- Can Use 12-Month Period That Runs Over 2 Fiscal Years	
	- Using Year-Old Data Is Permitted, But Tricky	
	- Steer Clear of Annualizing Partial-Year Data	
	Majority of Companies Annualize Pay for New-Hires	
	- Don't Annualize Seasonal or One-Time Pay Elements	
	Full-Time Equivalent Adjustments Not Allowed	
	 Don't Annualize Only Portions of Employee Population	
	- Rules Don't Dictate Currency Conversion Method	
	- Document Your CACM Analysis	24-73
	·	
G.	Determining Median Employee's "Annual Total Compensation"	24-74
	 Use Summary Compensation Table Rules to Calculate "Annual Total 	
	Compensation"	24-74
	 Reasonable Estimates Can Be Used to Determine "Annual Total 	
	Compensation"	24-74
	- Don't Use CACM to Calculate Annual Total Compensation	
	State Conversion Rate & Methodology for Foreign Currency	
	 Variability of Benefits Values for Employees	
	· 1 ·	

	Volatility of Interest Rate Movements.Volatility of Retirement Plan Value	
	 Can Voluntarily Include Perks Under \$10k & Other Non-Discriminatory 	
	Benefits	24-76
	- Including Benefits Could Affect Employee Perceptions	24-77
	 Including Benefits Could Cause Pay Ratio to Vary Each Year 	24-77
	- Apply COLA If Used to Identify Median Employee	24-77
	- Calculate Total Annual Compensation Every Year	24-77
Н.	Determining CEO's Total Compensation	24-77
	 CEO's "Total Compensation" Determined Same Way As Summary 	
	Compensation Table	24-77
	Two Alternatives If Company Has Two CEOs During Fiscal YearIf Company Has Two CEOs During Fiscal Year, Explain Why Pay Ratio	24-78
	Is High	24_70
	- No Pay Ratio Required Until CEO Salary/Bonus Determined	24-79
I.	Disclosure	24-79
	 Placement of Disclosure Flexible (Fits Best Outside of CD&A) 	24-79
	- But Pay Ratio May Need to Be Addressed in CD&A	
	- Pay Ratio Doesn't Have To Accompany Say-On-Pay	
	- Pay Ratio Only Modestly Impacts Say-on-Pay	24-80
	- Ratio Can Be Disclosed Numerically or Narratively (Or Both)	
	- Don't Use Decimals	
	 Disclose Method & Estimates to Identify Median & Calculate 	
	Total Pay	24-81
	Brief Disclosure About Methodology Shouldn't Be Technical	
	Pay Ratio May Be Described as "Estimate"	
	Disclose Any Changes in Methodology From Prior Year	
	 Disclosure Required If No Change to Median Employee In "Off" Years 	
	 Must Disclose Employee Determination Date (But Not Reason for 	24 02
	Date's Selection)	24-82
	- Disclose Material Features of Statistical Sampling	24-82
	Model Disclosure: Statistical Sampling	
	Extra Disclosure Required for "Data Privacy" Exemption	
	Extra Disclosure Required for "De Minimis" Exemption	
	 Model Disclosure: De Minimis Exemption 	
	Extra Disclosure Required for "Acquired Employees" Exemption	
	Model Disclosure: Acquisition Exemption	
	Extra Disclosure Required for Substitute Median	
	Model Disclosure: Anomalous Non-US Median Employee	
	 Model Disclosure: Anomalous Commissioned Employee 	
	Extra Disclosure Required for Cost of Living Adjustments	24-85

	 Interplay with Advisor Independence Disclosure 	24-86
	Provide Context In Proxy If Helpful to Shareholders	24-86
	 Use Pay-For-Performance & Pay Philosophies to Frame Narrative 	24-86
	Align Proxy Narrative & Employee Communications	
	 Avoid Detailed Employee Pay Assertions (And If Included, Have Data) 	24-87
	 Don't Disclose Median Employee's Personal Information	24-87
	 Consider Describing Position & Tenure of Median Employee 	24-88
	Model Contextual Disclosure: Global Operations	24-88
	 Model Contextual Disclosure: Approach to Workforce Compensation 	24-88
	- "Disclaimer" Common	24-89
	- Model Disclaimer	24-89
	 Supplemental Ratios Might Ease Peer Comparisons, But Not 	
	Recommended	24-90
	 Supplemental Disclosures Increase Confusion & Litigation Risks 	24-90
	 Supplemental Ratios Set Precedent for Future Years. 	24-91
	 Model Supplemental Ratio: One-Time Equity Award 	24-91
	 Model Supplemental Ratio: Change in Award Cycle Timing 	24-91
	 Model Supplemental Ratio: Combining Pay of Two CEOs 	24-91
	 Model Supplemental Ratio: Annualizing Pay of New CEO 	24-92
	 Model Supplemental Ratio: Pension Value Complexities	24-93
	- Model Supplemental Ratio: US Employees	24-93
	 Model Supplemental Ratio: Full-Time Employees	24-94
	 Model Supplemental Ratio: Excluding Employees of Certain 	
	Businesses	24-94
	 Understand How Your Workforce & Methodology Compares to Peers 	24-95
	- Anticipate Scrutiny of Trends	
	- Disclosure Updated Annually (But Not Before)	24-96
	- Considered "Filed"; Not "Furnished"	
	- Include Pay Ratio in CEO/CFO Certification Process	24-96
	 Create Disclosure Controls & Procedures for Pay Ratio 	24-96
	 Reasonable Estimates Won't Result in SEC Enforcement Action 	24-97
	 Report Early to Directors on Pay Ratio Calculation Process & 	
	Disclosure	24-97
	 Prepare Communications Strategy Beyond Proxy Statement 	24-97
	- Include FAQs in Annual Meeting Prep	
	- Common Talking Points For All Audiences	
	 Investor Communications Likely Are "Additional Soliciting Material" 	
	Document Investor Reactions	
V.	Managing Employee Fallout	24-99
. •	Use True Internal Look to Provide Most Useful Ratio	
	Types of Companies at Greatest Risk	
	Factors Influencing Employee Pay Ratio Perceptions	
	1 actors minuchening Employee 1 ay Itano 1 electronis	<u>~</u> -101

	Comparisons Among Pay Ratios in Same Industry InevitableAnticipate Scrutiny of Trends	
	Possible Reasons for Employee Fallout.	
	 Biggest Risk for Employees Not Expecting to Be Near Median & Those at 	. 24-103
	Bottom	. 24-103
	Employees Even Above Median May Complain.Consequences of Employee Fallout.	
	Use Cross-Functional Team to Develop Pay Ratio Talking Points	
	Create Consistent Job Levels & Titles to Ease Fallout	
	 Three Compensation Areas to Consider for More Transparent 	. 24-103
	Communications	. 24-105
	Consider Providing "Total Rewards" Statements	
	Remember Non-Monetary Benefits	
	Create Value for Employees	
	 Leveraging Existing Communication Channels (Including Town Halls) 	
	Relying on Line Managers to Explain Ratios	
	- Typical FAQ Topics	
	 Using Proxy Disclosure Explanations to Minimize Employee Fallout 	
	 Avoid Detailed Employee Pay Assertions (And If Included, Have Data). 	
	- Employee Communications Could Be "Additional Soliciting Material" If	
	Widespread Ownership	. 24-109
	r	
VI.	Impact of Pay Ratio Disclosure	. 24-109
VI.	Impact of Pay Ratio Disclosure — Directors Should Discuss Impact of Pay Ratio Disclosure	
VI.		. 24-109
VI.	- Directors Should Discuss Impact of Pay Ratio Disclosure	. 24-109 . 24-109
VI.	 Directors Should Discuss Impact of Pay Ratio Disclosure Pay-for-Performance Provides Context for Board Pay Ratio Discussions 	. 24-109 . 24-109 . 24-110
VI.	 Directors Should Discuss Impact of Pay Ratio Disclosure Pay-for-Performance Provides Context for Board Pay Ratio Discussions Pay Ratio Isn't "Material" to Proxy Advisors (Yet) 	. 24-109 . 24-109 . 24-110 . 24-110
	 Directors Should Discuss Impact of Pay Ratio Disclosure Pay-for-Performance Provides Context for Board Pay Ratio Discussions Pay Ratio Isn't "Material" to Proxy Advisors (Yet). Consider Tax & Licensing Fee Impact "Human Capital Management" Impact 	. 24-109 . 24-109 . 24-110 . 24-110
	 Directors Should Discuss Impact of Pay Ratio Disclosure Pay-for-Performance Provides Context for Board Pay Ratio Discussions Pay Ratio Isn't "Material" to Proxy Advisors (Yet). Consider Tax & Licensing Fee Impact "Human Capital Management" Impact Common Questions & Our Analysis	. 24-109 . 24-109 . 24-110 . 24-110 . 24-110
	 Directors Should Discuss Impact of Pay Ratio Disclosure Pay-for-Performance Provides Context for Board Pay Ratio Discussions Pay Ratio Isn't "Material" to Proxy Advisors (Yet). Consider Tax & Licensing Fee Impact "Human Capital Management" Impact Common Questions & Our Analysis A. Finding the Median: Partial-Year Employees 	. 24-109 . 24-109 . 24-110 . 24-110 . 24-111 . 24-111
	 Directors Should Discuss Impact of Pay Ratio Disclosure Pay-for-Performance Provides Context for Board Pay Ratio Discussions Pay Ratio Isn't "Material" to Proxy Advisors (Yet). Consider Tax & Licensing Fee Impact "Human Capital Management" Impact Common Questions & Our Analysis A. Finding the Median: Partial-Year Employees Can Annualize Pay to Furloughed "Permanent" Union Employees 	. 24-109 . 24-109 . 24-110 . 24-110 . 24-111 . 24-111
	 Directors Should Discuss Impact of Pay Ratio Disclosure Pay-for-Performance Provides Context for Board Pay Ratio Discussions Pay Ratio Isn't "Material" to Proxy Advisors (Yet). Consider Tax & Licensing Fee Impact "Human Capital Management" Impact Common Questions & Our Analysis A. Finding the Median: Partial-Year Employees Can Annualize Pay to Furloughed "Permanent" Union Employees Annualizing is "All or Nothing" 	. 24-109 . 24-109 . 24-110 . 24-110 . 24-111 . 24-111
	 Directors Should Discuss Impact of Pay Ratio Disclosure Pay-for-Performance Provides Context for Board Pay Ratio Discussions Pay Ratio Isn't "Material" to Proxy Advisors (Yet). Consider Tax & Licensing Fee Impact "Human Capital Management" Impact Common Questions & Our Analysis A. Finding the Median: Partial-Year Employees Can Annualize Pay to Furloughed "Permanent" Union Employees Annualizing is "All or Nothing" Include Permanent Employees on Temporary Leave (And Annualize 	. 24-109 . 24-110 . 24-110 . 24-110 . 24-111 . 24-111 . 24-111
	 Directors Should Discuss Impact of Pay Ratio Disclosure Pay-for-Performance Provides Context for Board Pay Ratio Discussions Pay Ratio Isn't "Material" to Proxy Advisors (Yet). Consider Tax & Licensing Fee Impact "Human Capital Management" Impact Common Questions & Our Analysis A. Finding the Median: Partial-Year Employees Can Annualize Pay to Furloughed "Permanent" Union Employees Annualizing is "All or Nothing" Include Permanent Employees on Temporary Leave (And Annualize Their Pay). 	24-109 24-110 24-110 24-110 24-111 24-111 24-111 24-112
	 Directors Should Discuss Impact of Pay Ratio Disclosure Pay-for-Performance Provides Context for Board Pay Ratio Discussions Pay Ratio Isn't "Material" to Proxy Advisors (Yet). Consider Tax & Licensing Fee Impact "Human Capital Management" Impact Common Questions & Our Analysis A. Finding the Median: Partial-Year Employees Can Annualize Pay to Furloughed "Permanent" Union Employees Annualizing is "All or Nothing" Include Permanent Employees on Temporary Leave (And Annualize 	24-109 24-110 24-110 24-110 24-111 24-111 24-111 24-112
	 Directors Should Discuss Impact of Pay Ratio Disclosure Pay-for-Performance Provides Context for Board Pay Ratio Discussions Pay Ratio Isn't "Material" to Proxy Advisors (Yet). Consider Tax & Licensing Fee Impact "Human Capital Management" Impact Common Questions & Our Analysis A. Finding the Median: Partial-Year Employees Can Annualize Pay to Furloughed "Permanent" Union Employees Annualizing is "All or Nothing" Include Permanent Employees on Temporary Leave (And Annualize Their Pay) Can Exclude Employees On Leave More Than One Year 	24-109 24-110 24-110 24-110 24-111 24-111 24-111 24-112 24-112
	 Directors Should Discuss Impact of Pay Ratio Disclosure Pay-for-Performance Provides Context for Board Pay Ratio Discussions Pay Ratio Isn't "Material" to Proxy Advisors (Yet). Consider Tax & Licensing Fee Impact "Human Capital Management" Impact Common Questions & Our Analysis A. Finding the Median: Partial-Year Employees Can Annualize Pay to Furloughed "Permanent" Union Employees Annualizing is "All or Nothing" Include Permanent Employees on Temporary Leave (And Annualize Their Pay). 	24-109 24-110 24-110 24-110 24-111 24-111 24-112 24-112 24-113
	 Directors Should Discuss Impact of Pay Ratio Disclosure Pay-for-Performance Provides Context for Board Pay Ratio Discussions Pay Ratio Isn't "Material" to Proxy Advisors (Yet). Consider Tax & Licensing Fee Impact "Human Capital Management" Impact Common Questions & Our Analysis A. Finding the Median: Partial-Year Employees Can Annualize Pay to Furloughed "Permanent" Union Employees Annualizing is "All or Nothing" Include Permanent Employees on Temporary Leave (And Annualize Their Pay). Can Exclude Employees On Leave More Than One Year B. Finding the Median: De Minimis Exception De Minimis Exception for 5% of Global Workplace 	24-109 24-110 24-110 24-110 24-111 24-111 24-112 24-113 24-113
	 Directors Should Discuss Impact of Pay Ratio Disclosure Pay-for-Performance Provides Context for Board Pay Ratio Discussions Pay Ratio Isn't "Material" to Proxy Advisors (Yet). Consider Tax & Licensing Fee Impact "Human Capital Management" Impact Common Questions & Our Analysis A. Finding the Median: Partial-Year Employees Can Annualize Pay to Furloughed "Permanent" Union Employees Annualizing is "All or Nothing" Include Permanent Employees on Temporary Leave (And Annualize Their Pay). Can Exclude Employees On Leave More Than One Year B. Finding the Median: De Minimis Exception De Minimis Exception for 5% of Global Workplace. C. Finding the Median: "Consistently Applied Compensation Measure"	24-109 24-110 24-110 24-110 24-111 24-111 24-112 24-113 24-113 24-113
	 Directors Should Discuss Impact of Pay Ratio Disclosure Pay-for-Performance Provides Context for Board Pay Ratio Discussions Pay Ratio Isn't "Material" to Proxy Advisors (Yet) Consider Tax & Licensing Fee Impact "Human Capital Management" Impact Common Questions & Our Analysis A. Finding the Median: Partial-Year Employees Can Annualize Pay to Furloughed "Permanent" Union Employees Annualizing is "All or Nothing" Include Permanent Employees on Temporary Leave (And Annualize Their Pay) Can Exclude Employees On Leave More Than One Year B. Finding the Median: De Minimis Exception De Minimis Exception for 5% of Global Workplace C. Finding the Median: "Consistently Applied Compensation Measure" Treatment of Annual Bonuses Paid After FYE 	24-109 24-110 24-110 24-110 24-111 24-111 24-112 24-113 24-113 24-113 24-114
	 Directors Should Discuss Impact of Pay Ratio Disclosure Pay-for-Performance Provides Context for Board Pay Ratio Discussions Pay Ratio Isn't "Material" to Proxy Advisors (Yet). Consider Tax & Licensing Fee Impact "Human Capital Management" Impact Common Questions & Our Analysis A. Finding the Median: Partial-Year Employees Can Annualize Pay to Furloughed "Permanent" Union Employees Annualizing is "All or Nothing" Include Permanent Employees on Temporary Leave (And Annualize Their Pay). Can Exclude Employees On Leave More Than One Year B. Finding the Median: De Minimis Exception De Minimis Exception for 5% of Global Workplace. C. Finding the Median: "Consistently Applied Compensation Measure"	24-109 24-110 24-110 24-110 24-111 24-111 24-111 24-112 24-113 24-113 24-114 24-115

		Even-Numbered Employee Population: Use Reasonable Judgment to Select Median	. 24-115
	E.	Changing the Median Employee	. 24-116
	F.	Calculating Median Employee Pay	
	G.	Calculating CEO Pay	. 24-117
	Н.	Disclosure Issues	
	I.	Transitions for EGCs & Smaller Reporting Companies	
VIII.	Pay	Ratio To-Do List	. 24-120
	- ; - ; - ;	Example 1—Listed Company with Global Workforce & CEO Transition Example 2—Listed Company with Wholly U.SBased Workforce Example 3—Listed Company with Global Workforce	. 24-124 . 24-127
Х.	Real	-World Pay Ratio Disclosures	. 24-140
Cha	pter	25 Hedging Disclosure	
I.	Hist	tory	25-3
II.	SEC	C Rules & Regulations	25-3
	A	L. Item 407(i) of Regulation S-K	25-3
III.	SEC	C Guidance	25-4
IV.	Hov	w the Rule Works	25-4
	A	Which Companies Must Comply & When Disclosure Is Required	25-4

	- Disclosure Mandate Began With 2019 Proxies	25-5
	Required in Proxy Statements for Director Elections	
D	Scope of Rule	25.5
В.		
	- Disclosure Requirement is Broadly Worded & Interpreted	
	- Disclose Any "Practices or Policies"	
	- Applies to Unwritten Practices & Policies Too	
	- Broader Than CD&A Requirement	
	- Doesn't Require Adoption of Policy	23-0
C.	Rule Covers Broad Range of People	25-7
	- Applies to Employees, Officers, Directors & Designees	
	- Address "Designees" In Your Policy & Disclosure	
D	Dula Carren Dura I Dania of Turna di sua fa Carreidia	25.5
υ.	Rule Covers Broad Range of Transactions & Securities	
	- "Financial Instruments" Broadly Defined	
	- Not Limited to "Financial Instruments"	
	- "Hedging" Not Defined	
	- "Equity Securities" Includes Parents, Subsidiaries	
	- "Equity Securities" Not Limited to Registered Securities	
	- Describe Policy's Treatment of Different Classes (If Applicable)	
	- Not Limited to Equity Compensation	
	Applies to Directly or Indirectly Held Equity SecuritiesElaborate Policy Not Required	
	- Elaborate Folicy Not Required	23-3
E.	Drafting Issues for Proxy	25-9
	- Provide Either "Fair & Accurate Summary" or Full Policy	25-9
	 State Whether You're Providing "Fair & Accurate Summary" or 	
	Full Policy	25-10
	Disclose Unwritten Policies & Practices	
	Required Disclosure If No Practices or Policy	
	 How to Disclose Hedging Policies Embedded in Other Policy 	
	Documents	25-10
	 No Need to Disclose Hedging Transactions That Have Occurred 	25-10
	- Interplay With Section 16 & Beneficial Ownership Table	
	 Disclosure of Waivers Not Required (But People Will Figure It Out) 	
	- Keep Shareholder Concerns In Mind	
	- Location of Disclosure	
Б	Sample Disalogures	25 10
F.	Sample Disclosures	
	- Sysco	
	Dick's Sporting GoodsClorox	25-1 <i>3</i> 25-14
	- Clorox	Z.)- 14

G.	Recommended Policies & Practices	25-15
	- Common to Embed In Insider Trading Policy	25-15
	- Pros & Cons of Standalone Hedging Policy	.25-16
	- Elaborate Policy Not Required	.25-16
	Keep Pledging Concepts Separate	25-17
	- Be Practical About Who's Covered	25-17
	- Ability to Grant Permission or Exceptions	25-18
	- Address Consequences of Violations	25-19