

Client Alert

January 14, 2008

SEC Provides New Tool for Proxy Research

A free online tool unveiled by the SEC allows investors to easily download and compare the more detailed compensation data available in corporate proxies under the Commission's new proxy disclosure rules. The Executive Pay Finder (<http://216.12.130.224/compensation/action/main/list.action>) is the next step in the SEC's stated goal of improving the transparency of corporate compensation programs, saving investors time previously spent digging through multiple public filings.

The Executive Pay Finder works by quickly extracting data points tagged via XBRL language from the *Summary Compensation Table* and *Grants of Plan-Based Awards Table* included in annual proxies. In addition to downloading the information directly into Microsoft Excel, the Executive Pay Finder enables side-by-side comparisons of pay between and among companies. Data also can be sorted in multiple ways – including by company, industry, or executive office held – and displayed in either table or graph format. Stock awards and options can be captured on the basis of their financial statement (FAS123R) value, as reported in the *Summary Compensation Table*, as well as by their grant date fair market value, as reported in the *Grants of Plan Based Awards Table*.

Currently, the XBRL technology is enabled for filings of 500 large U.S. companies (based on market capitalization and/or revenue) and the program will become increasingly valuable as additional companies' information is tagged with the XBRL technology.

Notably, the SEC cautions investors not to rely solely on the data accessed by using this new tool when making investment or voting decisions, but to refer directly to each company's proxy statement for full disclosure of the complete CD&A, table footnotes and other explanatory narrative. Complete proxy statements can be downloaded via a separate link in the Executive Pay Finder site.

Observation: *This tool makes it simple for the curious and/or rudimentary investor to effortlessly capture and compare specific executive pay data in proxies of the 500 companies that are currently tagged. However, because the system does not link directly to details typically provided in proxy footnotes that explain how values were derived, it may result in confusion and misinterpretation of some downloaded values.*



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