

# **The Ramifications of Expanded Disclosure and Tally Sheets**

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**The Conference Board  
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David Kasiarz**

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### PBG's "Tally Sheets" were based on the following:

- ① Hard to argue ... emerging best practice
- ② Continuation of "Ducks and Goats" story
- ③ Opportunity to tell story to Board and Executive
- ④ Link to existing Board process
- ⑤ Encourage discussion
- ⑥ Identify areas for possible change

## Plan for multiple iterations in the development process...

**Create Tally Sheet Template**



**Review Process**



**Board Discussion**



**Disclosure**

- HR creates initial draft
- Develop with Independent Compensation Consultant
- Internal/external stakeholders
- Discuss with Committee Chair
- Inform employee prior to Board Meeting
- Review during Executive Session
- Independent Compensation Consultant on point
- Note in Committee Minutes following Executive Session
- Not included in Minutes (future discussion topic)
- In advance of Proxy

# Key Components

## Components

### Annual Compensation

- Historical summary of salary, bonus and equity grants
- Includes target and actual pay for each year

### Equity Portfolio

- Summary of PBG holdings and current value
- Summary of exercises, gains realized and potential opportunity

### Ownership Guidelines

- Status update vs. requirement
- Projected completion timing

### Individual Benefits/ Perquisites

- Description of all perquisites eligible to receive
- Current and future value

### Company Sponsored Benefits

- Description of all benefits and pensions
- Current and future value

### Treatment Upon Termination

- Treatment for each component of pay upon termination
- Affirmation of no employment or CIC agreements

## In preparing Tally Sheets...

- ✓ Solicit Committee input on expectations
- ✓ Important to answer questions before asked
- ✓ Right balance of detail vs. disclosure
- ✓ Prepare vendors to increase capabilities
- ✓ Be prepared to
  - ① Condition all involved for greater disclosure
  - ② Address any D&O insurance questions
  - ③ Ask for what else
  - ④ Implement change
- ✓ Cathartic ... especially if clean slate

### Implications of new SEC disclosure...

- ✓ Evolution and further integration
- ✓ Incremental and continued effort will be required
- ✓ Executive “conditioning” will be even more important
- ✓ Judgment and common sense is key
- ✓ Opportunity for “reflection”