

Scope of Executive Compensation & SEC Disclosure Rules

American Benefits Council

Executive Compensation Briefing Webinar Series

Sept. 22, 2014

About Our Panel

- Lynn Dudley of the American Benefits Council
- Erik Lundgren of Winston & Strawn
- Mark Poerio of Paul Hastings
- Brigen Winters of Groom Law Group

Washington Update

- Legislative Developments
 - Camp tax reform draft proposals
 - Potential revenue raisers?
- Regulatory Developments
 - SEC – Pay Ratio, Pay for Performance, Hedging, Clawback
 - Treasury – 162(m)(6), 409A, 457(f)
- IRS 409A Audit Program

What is Executive Compensation?

- Objectives
- Different types of compensation
- Performance-based pay
- Nonqualified deferred compensation
- SEC disclosure rules

Historical Perspective

Decade	Development	Securities	Governance	Tax
1980s	Downturns and Abuses			
1990s	Bubbles in Business / Pay			
2000s	Burst and Governance			
2010s	Accountability			

In-House Perspective

- Primary 2014 Concerns
 - Shareholders
 - Proxy advisors
 - Board members
- “New” Best Practices
- Expectations to bear in mind for 2015

Components of Executive Comp.

- SEC 2006 Overhaul of Disclosure Rules: “All means all”
- SEC Summary Comp. Table (**WHAT** and **HOW MUCH**)

Name and Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Comp.	Change in [NQ] (\$)	All Other (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)

(h) Change in Pension Value and Nonqualified Deferred Compensation Earnings

- Compensation Discussion & Analysis (**WHY**)

Performance-Based Pay

- Meaning and Alternative Structures
 - Cash
 - Stock Awards
- Reasons for Increased Use
 - Shareholders and Proxy Advisors
 - Code §162(m) - discussion

Non-Qualified Plans

- Wide Variety
 - Common Names: SERPs, Deferred Compensation, Phantom Stock.
 - Defined Benefit or Defined Contribution . . . and 409A
- Differences from Tax-qualified Plans
- ERISA's Top Hat Exemption, and Its Importance
 - Funding – General Assets vs. Rabbi Trusts

The Securities Act of 1934

DIRECTOR COMPENSATION

Name	Fees Earned or paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation	Changes in ...	All Other Compensation (\$)	Total (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)

Other Issues

- Litigation re: executive compensation
- SEC enforcement efforts
- International developments

Conclusion

- Questions?
- Webinar #2 – Stock Awards
Monday, Oct. 6 @ 2 p.m. ET