



OUTSOURCED FINANCIAL REPORTING SERVICES

FOR EQUITY-BASED COMPENSATION





ABOUT EQUITY METHODS

We believe in the power of equity-based compensation to advance a company's strategy. We are devoted to creating and delivering expert finance and accounting solutions, robust processes, and peace-of-mind results.

Since 1998, Equity Methods has assisted 29 Fortune 100 companies and over 400 publicly traded clients with their most pressing equity compensation valuation and reporting challenges. From pre-grant Monte Carlo modeling for relative TSR awards to performance award accounting and beyond, we are dedicated to making our clients' lives better, one tranche at a time.

[WWW.EQUITYMETHODS.COM](http://www.equitymethods.com)

OUTSOURCED FINANCIAL REPORTING SERVICES

YOUR TRUSTED PARTNER FOR EQUITY-BASED COMPENSATION REPORTING

Equity Methods' Outsourced Financial Reporting Services provides advanced capabilities in ongoing stock-based compensation accounting to meet a company's unique needs related to ASC 718 and IFRS 2 compliance, tax reporting and recharge agreements, and management reporting and analysis.

Accounting for equity-based compensation is inherently challenging—particularly for companies seeking white-glove service or that have large and/or intricate plans. Compliance and management reporting demands collide with software limitations, forcing staff to close the gap via manual, spreadsheet-based processes that are time-intensive and error prone. Moreover, the layered rules applicable to this area can be highly nuanced and difficult to implement. Our Outsourced Financial Reporting engagements address clients' reporting needs by leveraging multi-faceted expertise that many companies find impractical to maintain in-house.

A PROFESSIONAL SERVICE POWERED BY TECHNOLOGY

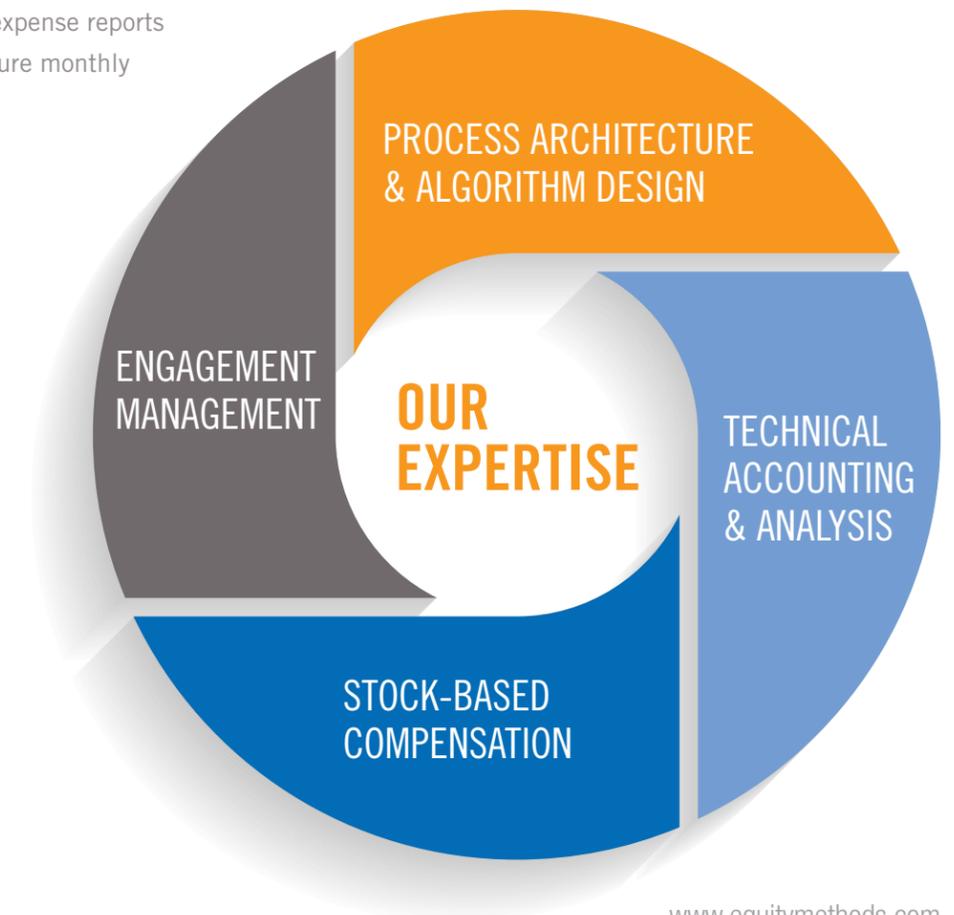
Equity Methods serves as a center of excellence for complex stock-based compensation reporting for our clients. As a professional services firm, we provide each Outsourced Financial Reporting client with a dedicated engagement team of finance and accounting consultants who have subject matter expertise in both the technical aspects of stock-based compensation and technology.

Every period, clients receive a customized suite of reports and supporting files, coupled with useful explanations and analysis from the engagement team. Our reports are structured to facilitate answering "what if" inquiries on issues as diverse as accelerations, divestitures, and terminations with ease. Reports are designed to empower client personnel to respond to the vast majority of questions in real time—without the need for further compilation. For example, expense reports can include historical monthly and future monthly

waterfall presentations that can be displayed by person, cost center, business unit, and/or geographical area. Our reporting capabilities go beyond the functionality of typical software packages to answer questions raised in the C-suite and at the board level by providing robust, decision-useful modeling of the go-forward impact of granting new awards, modifying a retirement eligibility provision, and other complex scenarios.

Moreover, since our engagement teams handle both the technical accounting and technology back-end for every engagement, our clients don't need to learn new software, modify their IT infrastructure, or wait on customer support lines for non-expert assistance when special transactions arise. Instead, they have direct and ongoing access to the consultants on their engagement team.

OUR ENGAGEMENT TEAMS TAKE A MULTIDISCIPLINARY APPROACH TO ACHIEVE YOUR REPORTING OBJECTIVES.



THE ENGAGEMENT PROCESS

DISCOVERY

IMPLEMENTATION
& TESTING

ONGOING DELIVERY
& MAINTENANCE

PERIODIC
TUNE-UP

EACH OUTSOURCED FINANCIAL REPORTING ENGAGEMENT IS BROKEN INTO FOUR PHASES: DISCOVERY, IMPLEMENTATION AND TESTING, ONGOING DELIVERY AND MAINTENANCE, AND PERIODIC PROCESS TUNE-UP.

During the discovery phase, our consultants gain an understanding of the client's reporting objectives. The team then creates, implements, and tests customized, repeatable processes in collaboration with the client to ensure that all objectives are met. Once the implementation and testing process is complete, the engagement team delivers results by maintaining and executing those processes and initiating dialog to address the client's questions and evolving goals. As plans grow and change, the engagement team can develop new solutions for needs that develop over time.

Our Outsourced Financial Reporting engagements vary considerably in size and scope. Whatever the engagement size, our focus is satisfying every client's specific information needs.

For our largest clients, an engagement can easily result in over 100 reports each quarter. All are tailored for the client, and over 70% may incorporate bespoke calculations that reflect the complexity of a client's ledger mapping systems, operations in overlapping regulatory jurisdictions, the specificity of mobility tracking desired, and a diverse array of management reporting requirements that support the client's planning and decision processes.

OUR PROCESSES ARE MODULARIZED FOR RELIABILITY, YET CUSTOMIZED SPECIFICALLY FOR EACH CLIENT'S PLANS.

HIGHEST SCORES EVER ACHIEVED IN CLIENT SATISFACTION & LOYALTY

GROUP 5

2014 Stock Plan Administration Study



WHAT OUR CLIENTS ARE SAYING

"We have received excellent customer service. I have been impressed with Equity Methods' knowledge and expertise, which exceeded that of the auditors' experts this past year."

"Equity Methods took the time to really get to know us and our plans during the initial implementation. They were able to explain every nuance that we noted and were able to modify their reports so that we literally have an upload file for expense by person across many different entities. They took what was my biggest review nightmare (manual excel spreadsheets to calculate journal entries) and turned it into an easy review and peace of mind. I would recommend this crew to ANYONE who has complex and voluminous plans."

"We have been using Equity Methods for almost 5 years now and they are one of my favorite vendors to deal with due to their accessibility, knowledge and overall willingness to accommodate our special requests. Equity Methods has a great staff who always seem to be suggesting ways to make our reporting process easy."

"Equity Methods provides technical accounting expertise with solid understanding of the industry and how peers are handling similar issues. Reports are thorough and show no limitations, even with the most complex equity awards structures."

"Equity Methods has an excellent team of very knowledgeable professionals."

REPRESENTATIVE CAPABILITIES

THE FOLLOWING LIST OF OUR CAPABILITIES IS REPRESENTATIVE, BUT NOT EXHAUSTIVE.

Please contact Amit Tekwani, Director of Outsourced Financial Reporting Services (480-428-3325, Amit.Tekwani@equitymethods.com) or Raenelle James, CPA, Manager of Outsourced Financial Reporting Services (480-428-3320, Raenelle.James@equitymethods.com) to discuss your company's needs so that we can tailor a solution specifically for you.

1

ADVANCED FINANCIAL REPORTING

- » Expense reporting for your entire catalogue of award types—today and as it inevitably changes over the years ahead—including:
 - » all flavors of performance and market conditions
 - » cash-settled awards
 - » full or pro-rata retirement eligibility
- » Multi-dimensional flux analyses with narrative explanations
- » Chargeback invoices under international recharge agreements
- » Customized ledger posting files and integrated general ledger reporting structures
- » Support for complex ledger mappings ensures that cost center, business unit, and geographical posting and tracking objectives are met
- » EPS reporting for participating securities, dividend equivalents, and unique requirements associated with complex award structures

2

ADVANCED TAX REPORTING

- » DTA and APIC Pool rollforwards, cumulative balance proofs, and changes for statement of cash flow preparation
- » Tax settlements forecasting
- » Tax general ledger reporting entries
- » Section 162(m) support
- » Recharge agreement accrual and billing reporting
- » Basic to advanced mobility tracking and reporting across cost centers and tax jurisdictions
- » Retrospective adoption of advanced mobility logic

3

DISCLOSURE REPORTING AND OTHER REQUIREMENTS

- » Proxy reporting
- » Statutory reporting for international subsidiaries
- » Share tracking based on employee transfers in and transfers out of statutory entities
- » Roll forwards of award information based on customized cutoff periods
- » Assumed awards/purchase accounting and related support for spin-offs and M&A transactions
- » Data reconciliation and validation and support for stock plan administration system migrations

4

FORECAST REPORTING AND MANAGEMENT ANALYSIS

- » Reports based on your company's own planning and budgeting methodologies, including:
 - » forecast-to-forecast reporting
 - » forecast-to-actual variance analyses
 - » pro forma reporting for hypothetical grants
 - » rolling and nonstandard interim periods
 - » firm-specific calculation approaches
- » Forecasted expense amortization projections through the entire life of grants
- » As-if reporting and analysis for forecasted transactions (e.g., settlements, cash disbursements, expirations)
- » EPS dilution forecasting for complex awards
- » CFO dashboards and other summary analyses

SCHEDULE A COMPLIMENTARY REPORTING ASSESSMENT

To learn more about Equity Methods' Outsourced Financial Reporting Services or to schedule a complimentary assessment of your stock-based compensation reporting process, please contact us at 480-428-3344 or info@equitymethods.com.



 equitymethods™

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