



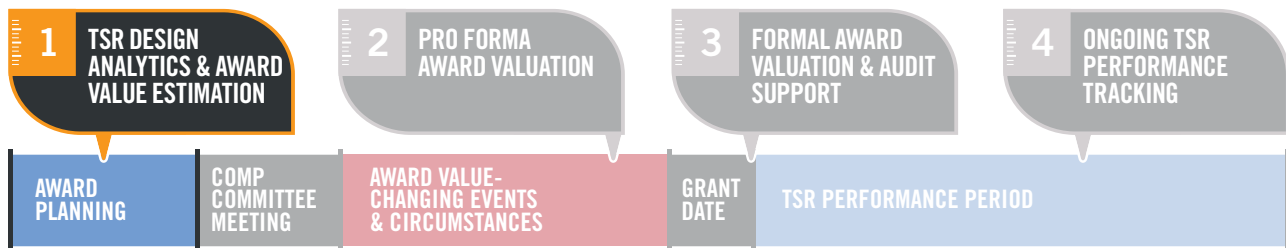
equitymethods®

TSR DESIGN ANALYTICS

AVOID BIG SURPRISES

NOW MORE THAN EVER, YOUR COMPENSATION COMMITTEE WILL ASK, “HOW MUCH WILL THIS TSR AWARD COST?” WITH A MOVEMENT TOWARD TSR AWARDS BASED ON A FIXED TOTAL VALUE, COMPENSATION AND FINANCE SENIOR MANAGERS CAN NOW DIRECTLY IMPACT THE NUMBER OF SHARES OR UNITS GRANTED. BUT WITH GREAT POWER COMES GREAT RESPONSIBILITY.

ON THE POSITIVE, you can present a menu of different designs that preserve the core objective set out by your compensation committee and their consultant while optimizing the cost and value. **ON THE NEGATIVE**, failing to present rigorous cost and scenario analyses may give way to painful surprises on the grant date.



TSR DESIGN ANALYTICS SERVICES

MANAGEMENT AND COMPENSATION COMMITTEE PREP

The inevitable swings in fair value between the initial planning/design and eventual grant/issuance can wreck your board’s perception of TSR. Don’t let your CEO or CFO lose credibility with the comp committee by setting incorrect expectations for the value of your TSR awards. We help top management set expectations correctly up front and avoid disconnects when the grant is made and the formal valuation and expensing process commences.

ATTRIBUTION ANALYSIS

Don’t settle for the first design presented, since even small award terms can be refined to reduce the cost while preserving the core incentives of the award. Our in-depth decomposition of the drivers of cost in a particular award empowers you with the necessary tools to provide satisfying explanations to your stakeholders while proposing potential perceived value-enhancing design alternatives.

RETROACTIVE VALUATION

Wouldn’t it be nice to make a case to your recipients for one award design or another based on how their wealth would have been affected today had the same award been granted in past years? Our Retroactive Valuations leverage your historical data to determine just how valuable an award would have been to your participants had it been granted in past years. This type of analysis also provides your top management with insights in to how the fair value of a single award design can change substantially from year to year.

CALL US AT 480.428.3344 OR EMAIL US AT INFO@EQUITYMETHODS.COM FOR EXPERTISE AND SOLUTIONS ADDRESSING YOUR TSR DESIGN ANALYTICS AND AWARD VALUE ESTIMATION NEEDS.