

***2011 Global Equity
Incentives Survey***
The Rise of Performance-based Equity



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Foreword

The lingering impact of the financial downturn continues to affect companies' compensation programs. Our last Global Equity Incentives Survey, performed in 2009, revealed that companies expected compensation levels to remain flat or even decrease. The good news is that companies have a more positive view of compensation levels in the short term, while continuing to express optimism about the long term. The slow nature of the recovery, however, is causing companies to remain conservative. This conservatism, when combined with the unprecedented stakeholder scrutiny of executive pay over the last few years, has seen performance-based equity become the compensation vehicle of choice for companies.

Historically, equity was used for three main purposes: to align recipients with shareholder interests; to reward those recipients when shareholders were rewarded with share price increases; and to provide compensation levels through share price increases that might be too expensive if the company used cash. The perceptions that equity grants encouraged executives to engage in risky behaviour that arguably caused the financial crisis and subsequent recession, and that executives continued to accumulate wealth despite shareholder losses, have changed the landscape dramatically.

Shareholders, regulators and other stakeholders have successfully pushed companies to provide greater amounts of performance-based equity at the expense of service-vested stock options and full value awards. Since our 2009 Survey, performance-based equity has surpassed all other equity vehicles as the compensation vehicle of choice for companies. This has been combined with clawbacks, ownership guidelines/net holding requirements, and even performance-based deferrals of cash bonuses, to ever more tightly align executive compensation with long-term, sustainable shareholder value creation. We definitely see the continued evolution towards compensation programs where all stakeholders win or lose together.

PricewaterhouseCoopers (PwC) is pleased to share "The Rise of Performance-based Equity". This report provides in-depth results from the PwC 2011 Global Equity Incentives Survey, the seventh in the survey series. Our survey is one of the most comprehensive studies available on the design and administration of equity incentive compensation plans for multinational companies. One hundred and forty seven multinational companies in 17 countries participated in the survey. The 2011 survey includes new topics reflecting general trends in the mix of equity awards, in the relationship between companies and stakeholders, in administration of equity compensation, and in changes in the global use of equity based on tax compliance. Equity compensation retains its role as the key compensation component driving executives to create sustainable, long-term shareholder value creation, regardless of business, financial or capital markets turbulence.

We hope you find the results from the 2011 Global Equity Incentives Survey useful as you look to drive the right behaviours to drive performance and reward employees for their contributions to company success.

Compensation Analytics and Shareholder Approval

Compensation levels expected to rise but with more focus on performance and risk

The financial downturn and the subsequent economic recession of the recent years have continued to place focus on compensation both at the executive and employee levels. In our 2009 Survey, short-term expectations for compensation were gloomy, with over half of the participating companies expecting a freeze or even a reduction in pay levels over the subsequent 12 months, though long-term outlook on compensation remained positive. Even with the continued global economic uncertainty of today, our 2011 Survey reports that the majority of companies expect short-term pay levels to rise. At the same time, long-term expectations are positive today as they were in 2009, with a majority of companies continuing to expect a rise in compensation but now a larger percentage of companies also expect to see a shift to compensation, contingent on performance for an increased employee population.

Executive pay continues to be no exception. Shareholders, shareholder service groups, and governmental agencies have continued to push for more linkage between executive pay and company performance. While compensation/remuneration committees have included pay-for-performance in their approach to compensation, we have begun seeing a push to manage company risk through compensation plan design. In the United States, the Securities and Exchange Commission required, for the first time in 2010, that publicly traded companies disclose whether any compensation programs could result in material risks to the company. These disclosures generally required companies to assess the potential impacts of company-wide compensation programs from the view of not only the design, but also the administration and governance of those programs.

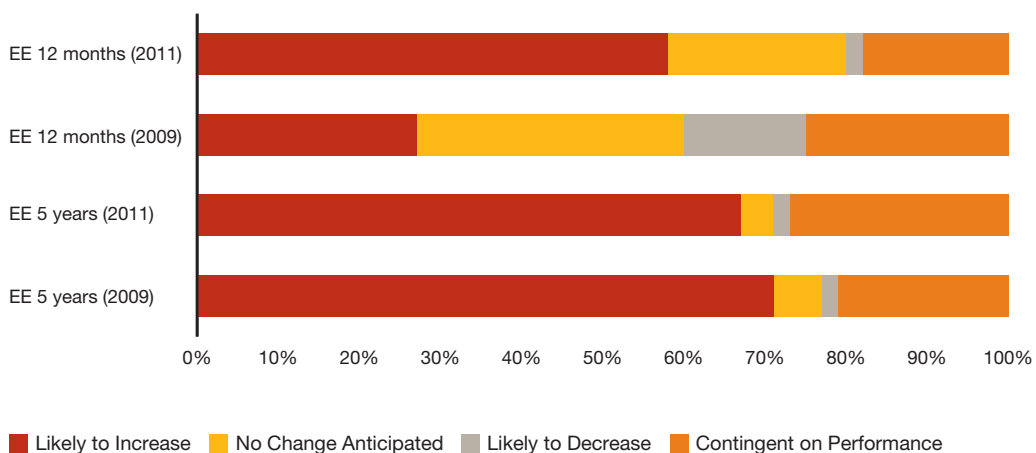
One potential concern was cash-based incentives which may be paid before the full effects of the actions required to earn that compensation become known. In other words, there was a disconnect between the payment of compensation and the associated risk horizon for the company. This was most clearly demonstrated with financial service firms which paid large bonuses based on sales of financial instruments with no further consideration of the performance of the financial instruments which they sold.

As companies began to consider the relationship between compensation and risk, one of the key compensation vehicles commonly viewed as helping to mitigate long-term risk is equity since the shares, when subject to restrictions on sale, subject the employees to the same risk and rewards of other shareholders. This concept was applied by the Special Paymaster for Executive Compensation in setting guidelines for companies which received assistance under the United States Troubled Asset Relief Program. These guidelines recommended that any salary in excess of \$500,000 be awarded in the form of equity with a three-year restriction on the sale of those shares.

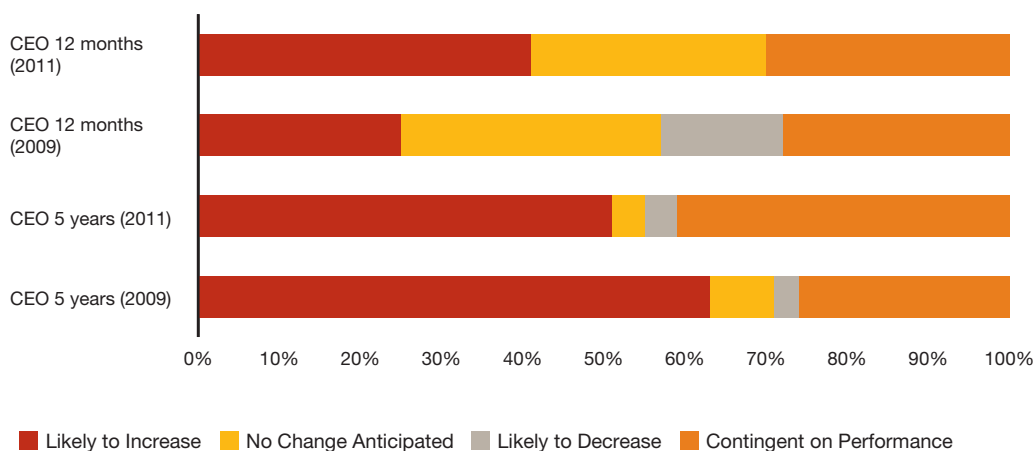
Companies appear to support this shift towards equity compensation, with 43% of companies expecting to increase equity compensation levels to executives and senior management in the coming year and 28% of companies expect to increase equity

compensation levels for middle management through vice president levels as well. In both cases, this increase is reported for both stock options as well as other types of equity awards. In the move towards more linkage to performance, on average, 50% of companies report that vesting conditions for Restricted Share Units (RSU) and Restricted Shares (RS) awards will be based on some form of performance or market condition.

Anticipated Changes in Employee Compensation



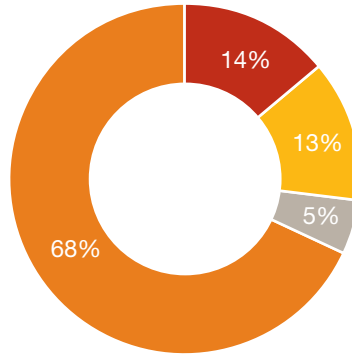
Anticipated Changes in CEO Compensation



The most common analytical approach used to assess executive compensation is a market-based benchmark, with 97% of companies surveyed using such an approach. Even though this remains the norm, slightly more companies now use this approach than seen in our surveys in 2007 and 2009. On average, 15% of companies use at least one other method for assessing executive compensation. These include assessments of: the total cost of the senior management team, CEO pay to stock price performance, CEO pay to direct reports, and CEO pay to internal performance measures, such as revenue, margin, and turnover. This exhibits the move towards a more holistic approach to executive compensation, performance, and risk.

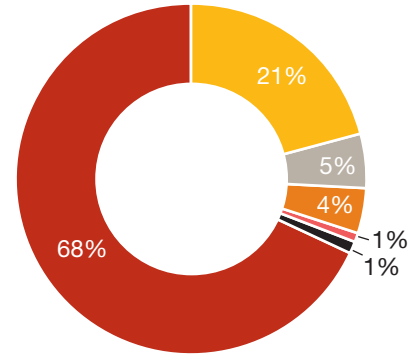
In addition, 87% of companies have or are in the process of developing a formal compensation philosophy, and 96% of companies have internal controls around executive compensation, with the majority of those reviewing those controls annually.

Existence of compensation philosophy



- Yes, since before this year
- Yes, prepared/updated this year
- No written policy
- No, but policy in development

Review frequency – Exec comp controls



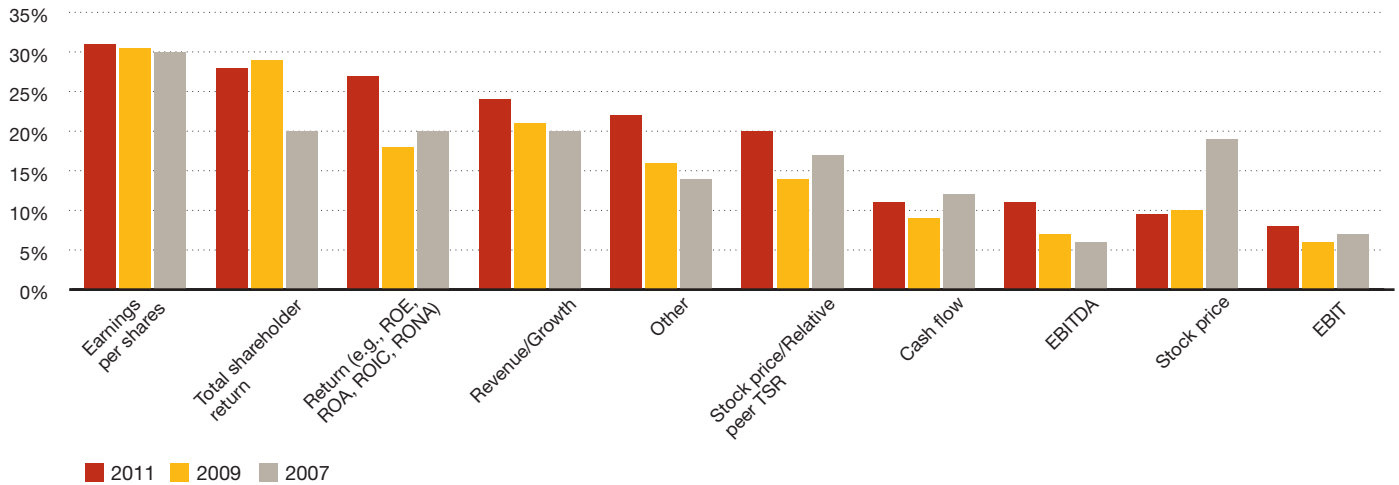
- Once per year
- More than once per year
- Every 2-3 years
- At time of hire
- Developing now
- No internal controls

Performance-based shares and share units are now more favoured than stock options

The decline in the use of stock options in favour of shares and share units has continued. Restricted Share Units were offered more commonly than stock options in 2009 and 2011, but Restricted Shares for the first time became more commonly used in 2011. The conditions required to earn RSUs and RSs have also continued to change from time-vested to market or performance-vested which continue to link the use of share plans to company performance. These design changes are seen both among top executives and the company-wide employee population even on a global basis where most extend these programs out internationally with no change. When changes do occur, it is primarily changed on a country-by-country basis and done for reasons tied to local compensation practices in those countries or labour law issues.

When shares are subject to performance conditions, they are either based on market-based measures (e.g., stock price, shareholder return) or internal company performance measures (e.g., earnings, cash flows). The most common measure since 2007 has been Earnings per Share (EPS) followed closely by Total Shareholder Return (TSR). Other measures of return, such as Return on Equity, Return on Assets, and Return on Invested Capital, have seen a return to popularity in 2011 after a brief decline in 2009.

Most Frequently Cited Performance/Market Targets

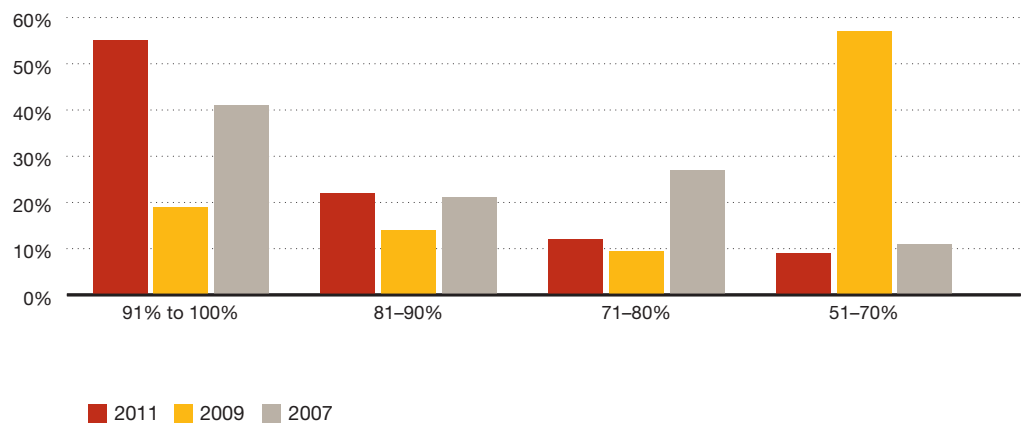


The push for performance-based compensation is supported by shareholder voting

In the past three years, 58% of respondents submitted a new stock plan or an amendment to an existing plan for approval by shareholders. In 95% of these cases, the shareholders approved the plans. While this represents only a small change from the 93% approval rate in 2009, the percentage of shareholders approving the plans has increased dramatically. For example, in 2009, the results show that equity plans were successfully approved by 51-70% of the shareholders; however, in 2011, the overwhelming majority of plans submitted for vote received approval by 91-100% of the shareholders.

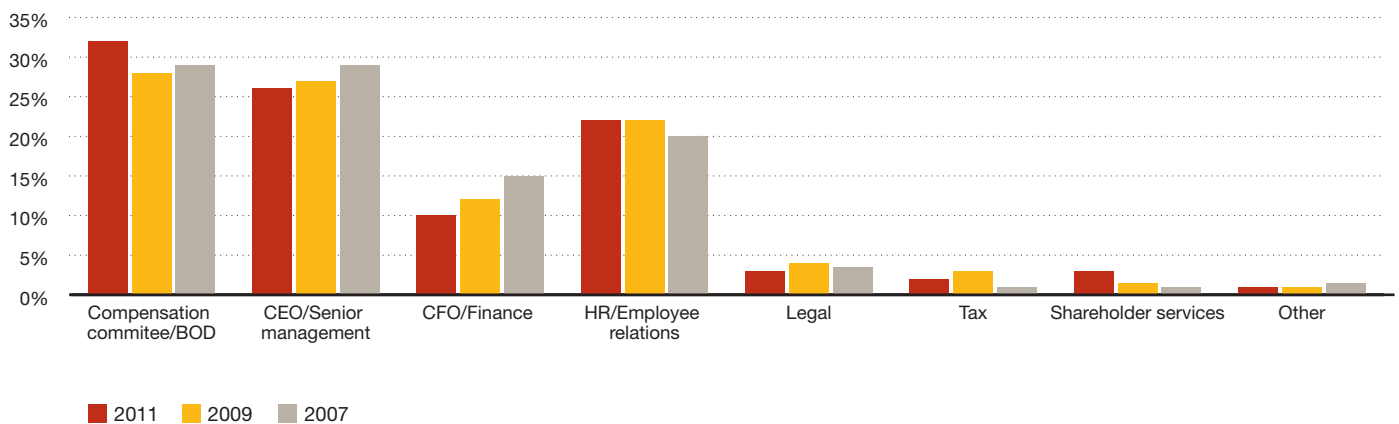
Percentage of Shareholder 'Yes' Votes

Approving New Plans/Changes to Plan



Compensation/Remuneration Committees continue to be considered the most influential decision-makers though their level of influence has risen since 2009, taking away from management and other internal groups. After many years of companies adjusting their equity compensation practices due to the financial accounting implications under both the United States' Financial Accounting Standards Board and International Accounting Standards Board, the influence of the CFO and finance departments has steadily declined since 2007. While smaller in magnitude, the influence of the CEO and senior management has also declined. Interestingly, the level of influence of human resources departments has remained steady, suggesting their involvement in equity compensation programs is supported by the Board of Directors and Compensation/Remuneration Committees.

Most Influential Decision Makers of Equity Plans



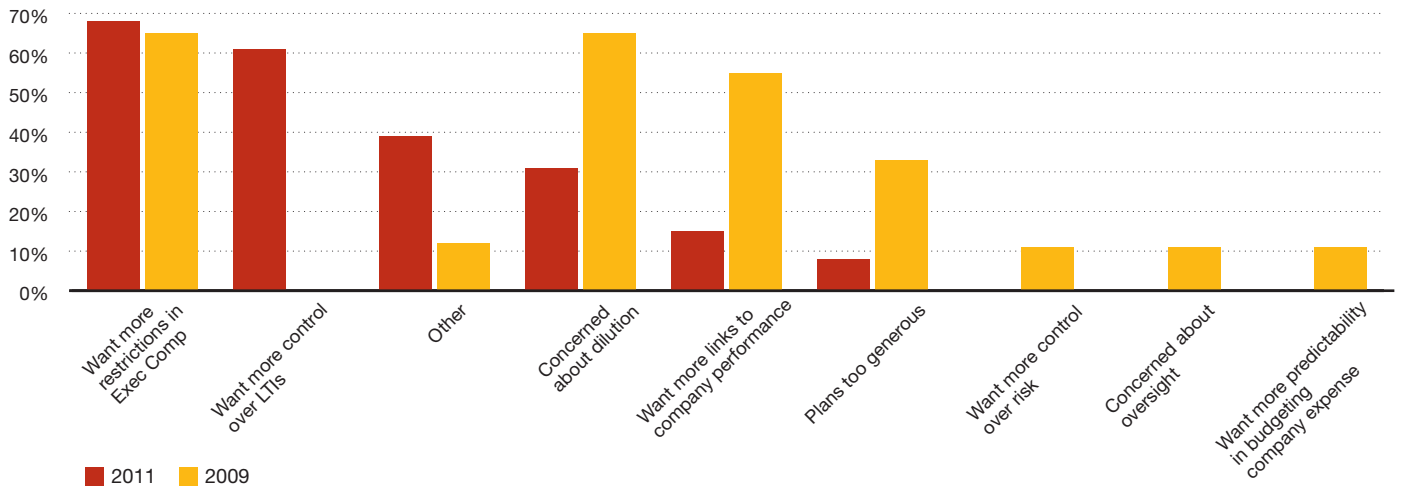
Biggest drivers of dissatisfaction are still executive compensation and now more control over plans in general

While the approval rating of share plans has increased, some shareholders are still reported to be dissatisfied with their company's share plan, but the reasons have shifted considerably since 2009. Possibly due to depressed stock prices during the recession, companies reported that shareholder dissatisfaction in 2009 was due to their: desire to restrict executive compensation, concerns over dilution, want for more linkage to company performance, concerns of plans being too generous, and not enough oversight or control over risk.

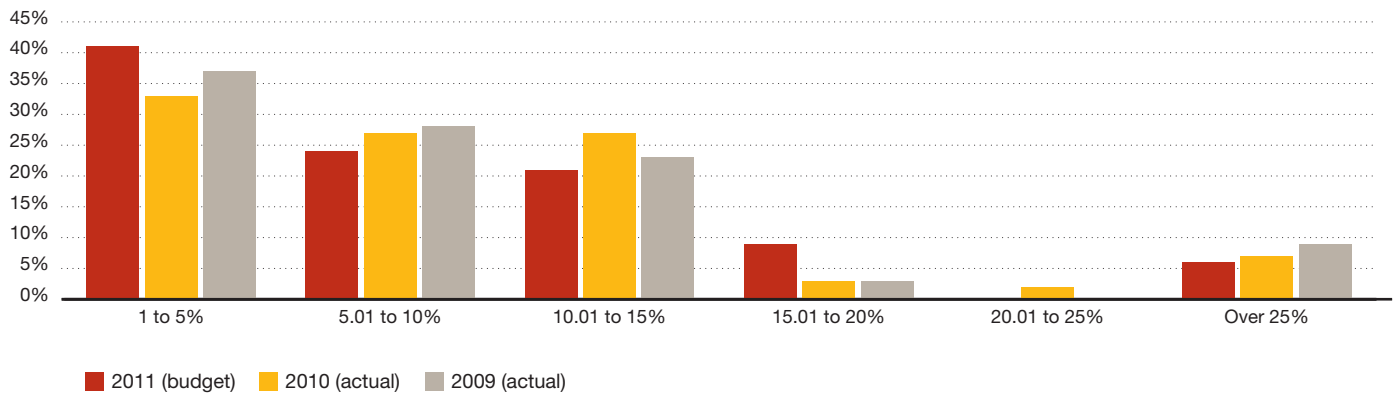
While shareholders continue to want to restrict executive compensation, the other most common measures of dissatisfaction from 2009 have dramatically decreased by 2011. Two of the largest reasons for shareholder dissatisfaction from 2009, dilution and linkage to company performance, are now much less of a concern. It is possible that the continued focus on performance-based compensation has alleviated concerns as to how equity plans link to company performance. In addition, companies appear to have reduced the potential dilution (commonly referred to as overhang) associated with equity plans. With previous concerns still addressed, shareholders would now like to have more control over the use of share plans by the company.

In general, the percentage of companies reducing overhang has grown, with more than 40% reporting a projected overhang of less than 5%. This would in part be explained by the shift away from stock options to RSs and RSUs. With the exception of an increase in respondents reporting a projected overhang between 15-20%, the overall percentage of companies with overhang over 5% has reduced since 2009.

Reasons for Shareholder Dissatisfaction in Equity Plans



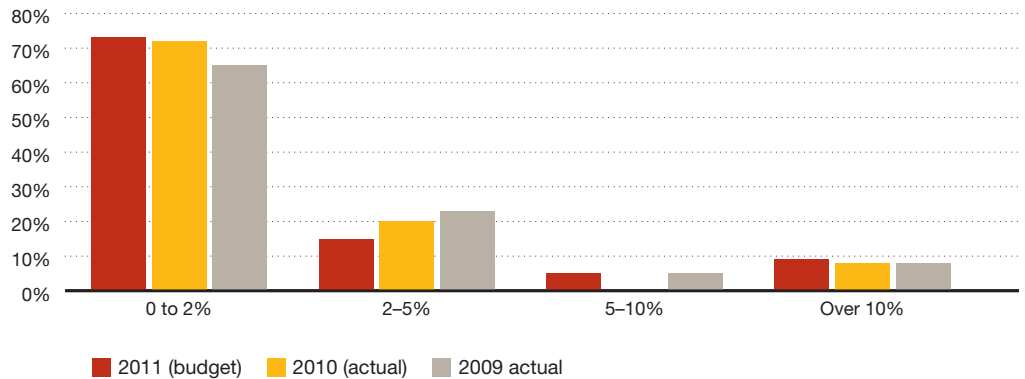
Trend in Overhang



The amount of equity issued on an annual basis as a percentage of outstanding stock, known as burn rate, has also decreased in general. The number of companies which reported burn rates between two and five percent in the last two years has declined, and those companies now expect to have burn rates of two percent or less. Interestingly, companies with high burn rates continue to maintain those high levels, which may be explained by companies continuing to rely heavily on non-cash compensation to support expansion in order to conserve cash.

The decreasing burn rate levels appear to also have reduced the frequency at which companies seek shareholder approval of plans for new shares or other amendments. A little more than half of all companies (58%) in the Survey sought shareholder approval in the last three years, which is lower than 2005 and 2007 but higher than 2009. In 2005, 2007, and 2009, the percentage of companies seeking shareholder approval for new shares or other amendments during a similar three-year window was 67%, 60%, and 50%, respectively. The dip in 2009 may be associated with that year being one of the lowest points during the recession where unemployment levels were highest.

Burn Rate Trends

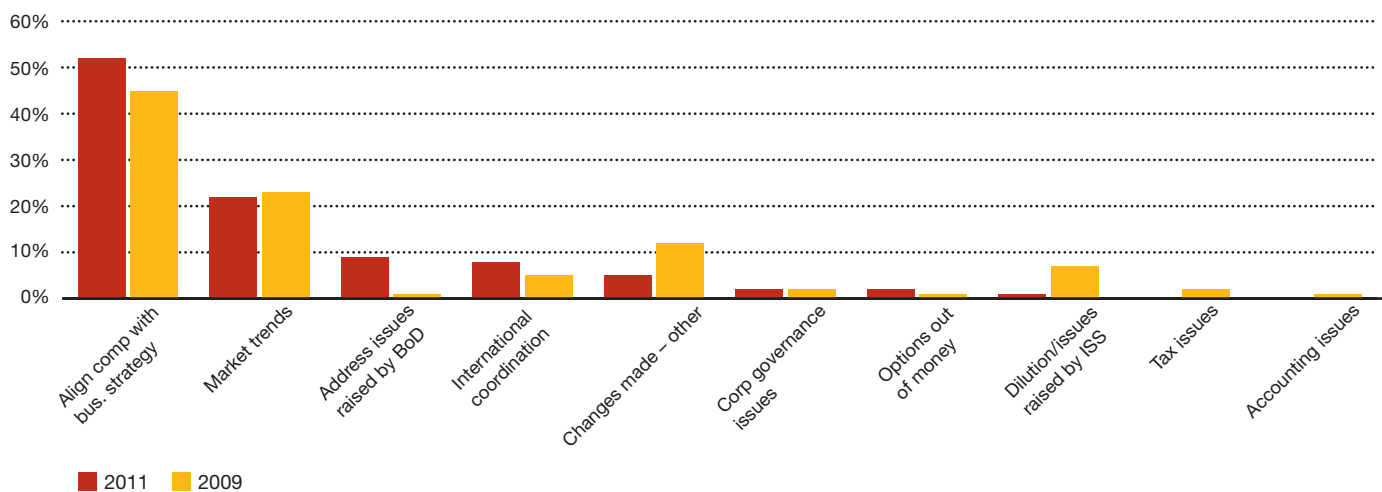


Equity Grant Practices

Multinational corporations are constantly considering where and to whom to grant equity, what countries to include in their global equity plans, and what kind of equity to grant. Key questions continue to be whether to put everyone on one global equity plan, or whether to have different plans based on region or country. Where tax and other compliance and efficiency issues force companies to change their plans in certain countries, do they leave people out, provide a different vehicle or just provide cash? Do you give similar grant amounts to all employees regardless of the economic benefit the grant provides in that country, or do you vary grant size by region or territory?

The Survey indicated that the key driver of equity compensation continues to be alignment of compensation strategy to business strategy. Companies must first determine their business strategy and what their compensation philosophy is that will support such a strategy. When the global equity plan design is aligned with the compensation philosophy and overall business strategy, that overall objective provides support when specific adjustments are required to address local country conditions. Flexibility is available in this framework—depending on the difficulty or ease of making a grant in any particular country—but consistency to the corporate strategy and the compensation philosophy will help maintain the necessary support that is needed for the success of any global plan.

Drivers of Changes in Equity Comp

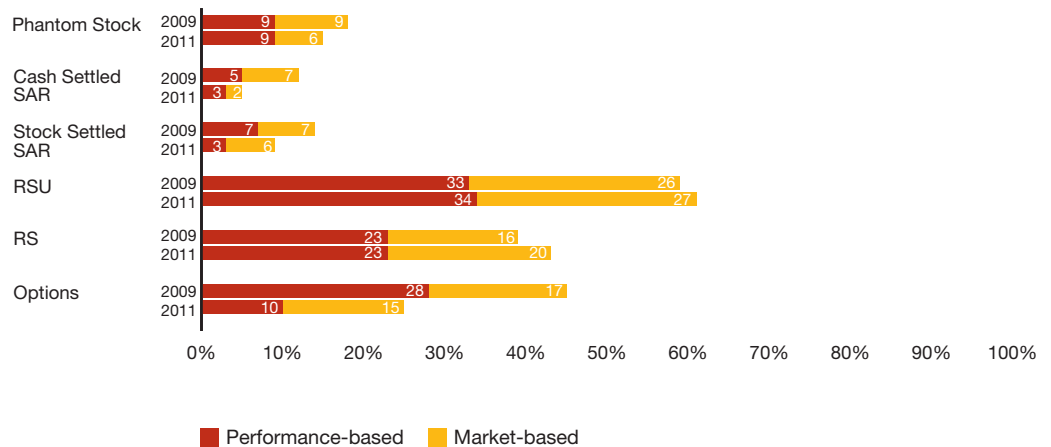


Interestingly, there has been a notable shift in companies that report that they have changed their grant practices to “address issues raised by the Board” which increased from 1% in 2009 to 9% in 2011. This is really driven by the increase in the use of performance-based awards—in many cases there is a desire by the Board to use performance-based awards compared to service-based awards. Such performance-based awards allow for companies to have more control over the structure and specifically tailor them to be aligned with their corporate strategies. The increased influence of issues raised by the Board on plan design may also reflect sensitivity to the first round of “say on pay” votes.

On the other hand, it is surprising how many companies reduced equity participation in foreign subsidiaries—almost all countries showed a decline in the number of award recipients since 2009. The question of course is why? We think it is a combination of factors: (1) the 2009 Survey considers grants made prior to the market decline (i.e., January – March awards); (2) a number of countries (e.g., UK with a 21% decline) stepped up their audit procedures causing companies to scale back on the number of grants made to mitigate compliance concerns; and finally (3) several countries (e.g., Australia with a nearly 25% decrease) had significant tax rule changes which make granting equity less attractive than in the past.

We also looked at the types of awards that companies have been granting globally. The big news here is that there is a continuing decline in service-based stock options awards. Performance-based shares/units are now more popular than at any time in history. Restricted Shares and Restricted Share Units, either performance or non-performance-based, are the most common equity vehicle in virtually all industries and among all countries surveyed.

Types of Equity Offered

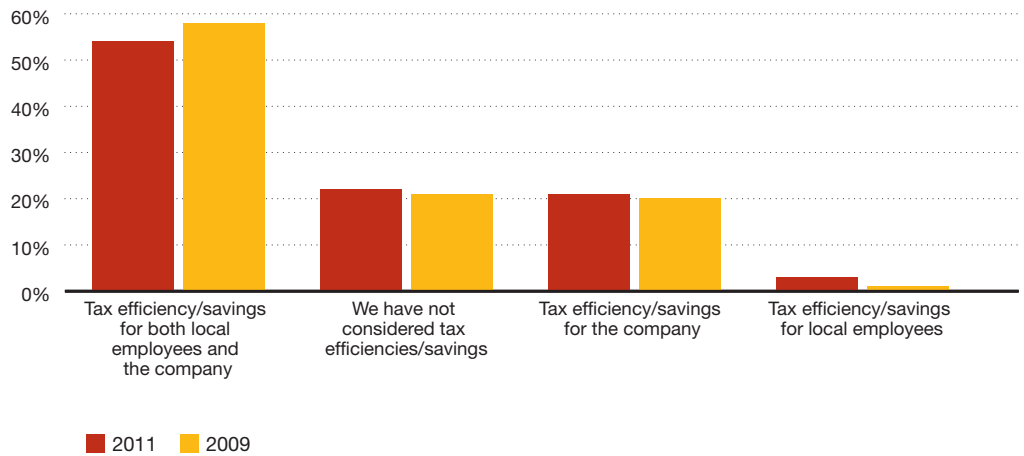


As provided above, we have seen a dramatic increase in the grant of service and performance-based RSUs. When considering the graph above, please note that service-based awards are not specifically identified and make up the remaining percentage of equity granted under a particular form. For example, in 2011, performance-based options made up 10% of the grants, market-based options were granted 15% of the time, and service-based options comprise the remaining 75% of awards. The data shows a significant decline in performance-based Options between 2009 and 2011 and the continuing increase in performance and market based RSUs. Restricted Shares held steady more or less. To put these into perspective we compared the data for US headquartered companies against non US headquartered companies—interestingly for Options and RSUs—non-US-HQ companies offered more performance and market based awards than US-HQ companies. The only type of award where US-HQ companies offered more performance-based awards was for RSUs. For all other types of awards non-US-HQ companies offered more performance and market based awards.

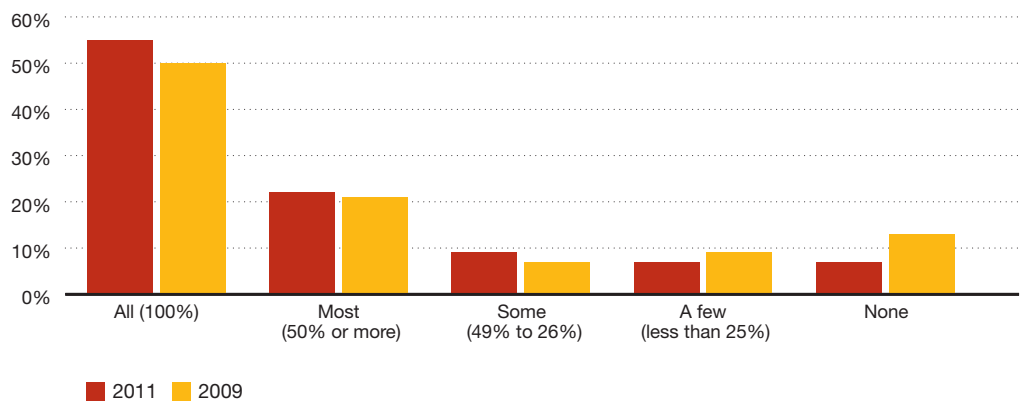
Tax Compliance and Planning

In the face of the “Great Recession” participants remain focused on achieving both local employee and company tax efficiency/savings (highest priority of 54% of participants) and global compliance (55% of participants conducted global compliance reviews, a 5% increase over 2009). In fact, there was a parallel double-digit decrease in the number of participants that did not conduct any compliance reviews from 13% in 2009 to 7% in 2011. We believe these are indicators of not only increased awareness of global tax compliance and planning, but of more good things to come as participant stock prices rebound.

Highest Priority Regarding Equity Compensation

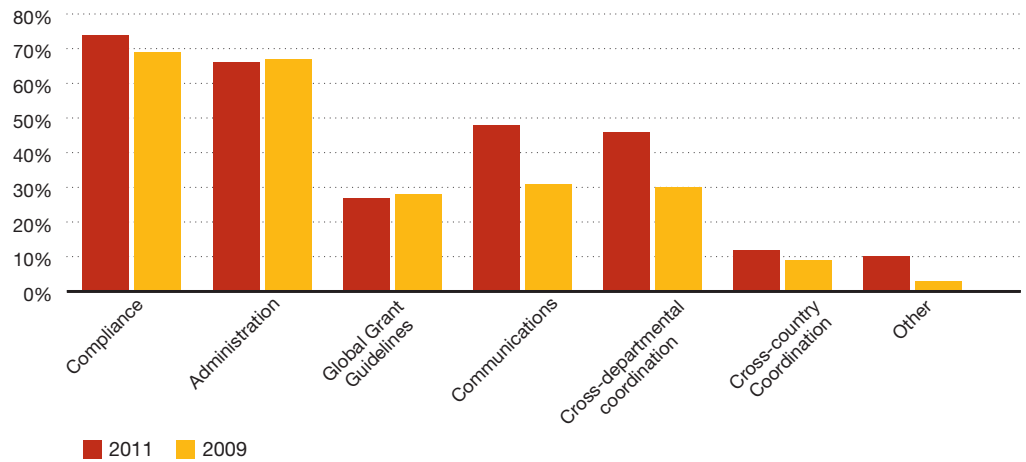


Prevalence of Internal Global Compliance Reviews



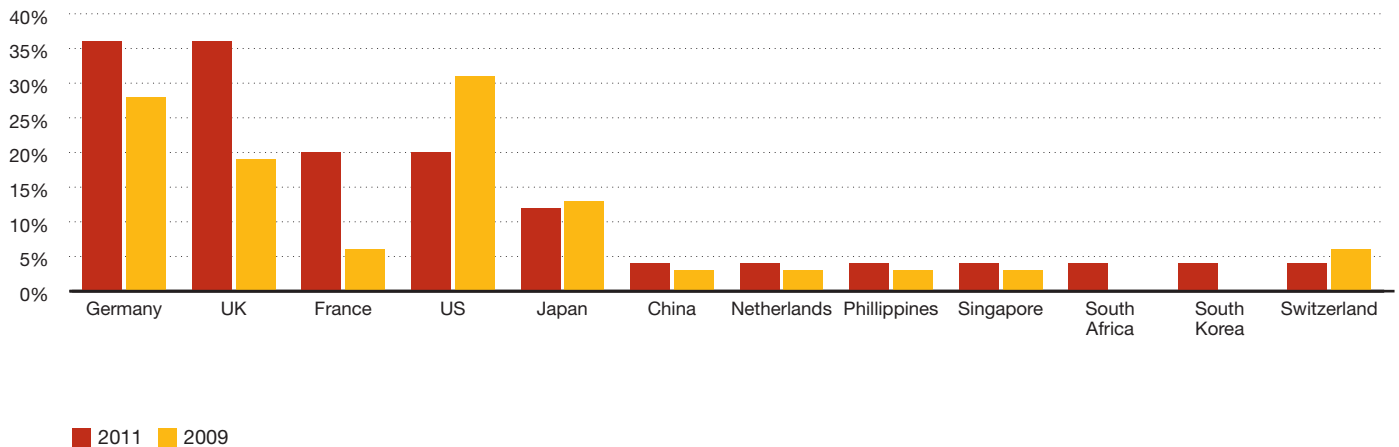
However, achieving local tax efficiency/savings and global compliance are not without their hurdles. Today, more than ever before, changing legislation, increased global audit activity (especially in France, Germany and the UK) and employee communication and cross-border coordination efforts test even the most seasoned equity professional. More specifically, while the most challenging aspect of offering equity remains “compliance” the most significant jumps were in “communications”, which increased from 31% in 2009 to 48% in 2011, and “cross-country co-ordination”, which increased from 30% in 2009 to 46% in 2011.

Most Challenging Aspects of Offering Equity



Companies Audited in the Last Three Years

(as % of responses)

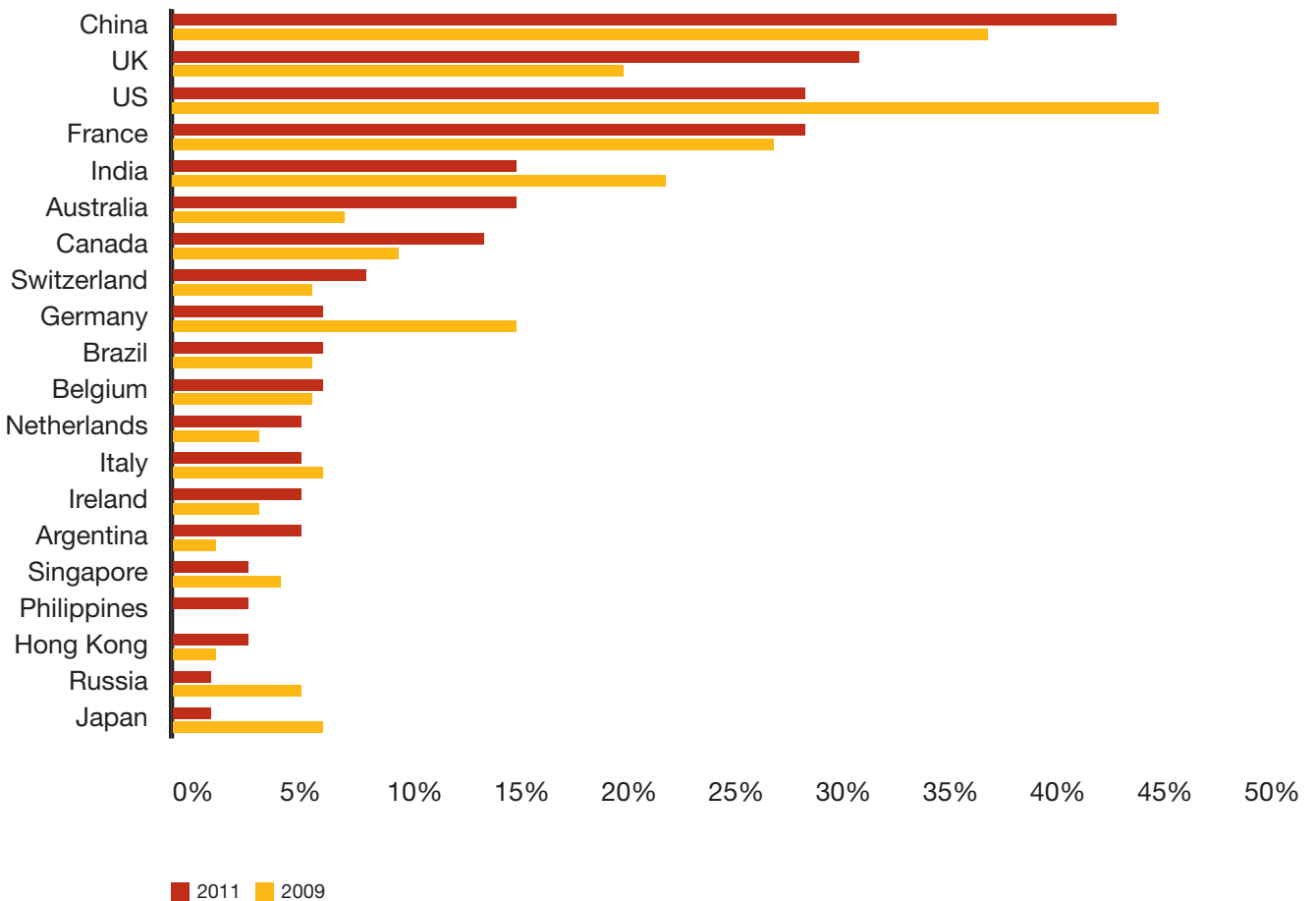


Compliance

As participants focus on navigating through the diverse and, often times, disparate global tax landscape, not surprisingly there has been a chilling effect where tax efficiency and ease of administration diverge. In this respect, the most challenging tax compliance countries have proven to be China, UK, the United States, France, India and Australia.

For example, as a result of China tax (Circular 35) and foreign exchange (SAFE) registrations, 53% of participants do not grant equity to Chinese nationals. Of those participants that do offer equity in China, 70% have or are in the process of registering their plans with the local in-charge tax authorities under Circular 35 and approximately 60% have or are in the process of obtaining SAFE approval from the Chinese foreign exchange administration. Similarly, only 30% of participants have a qualified free share plans in France; 42% of participants consider qualified option plans too administratively burdensome. Lastly, in light of the change in the timing of taxation of options in Australia (from exercise to vesting), nearly 30% of participants changed their granting practices; of these, 21% no longer grant options in Australia.

Countries with Most Challenging Tax Compliance



Communications

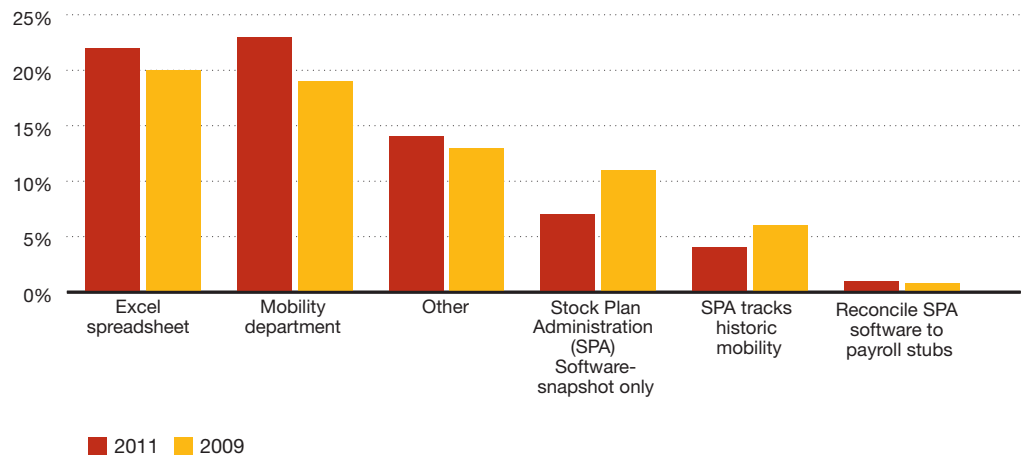
While communicating a consistent message worldwide remains a challenge, participants are leaning on technology to disseminate plan information. In 2011, 39% of participants delivered their award agreements via the administrator’s internet site, up from 25% in 2009, and nearly half of employees acknowledge award grants via an electronic system hosted by the Company, an increase from 39% in 2009.

Cross-country coordination

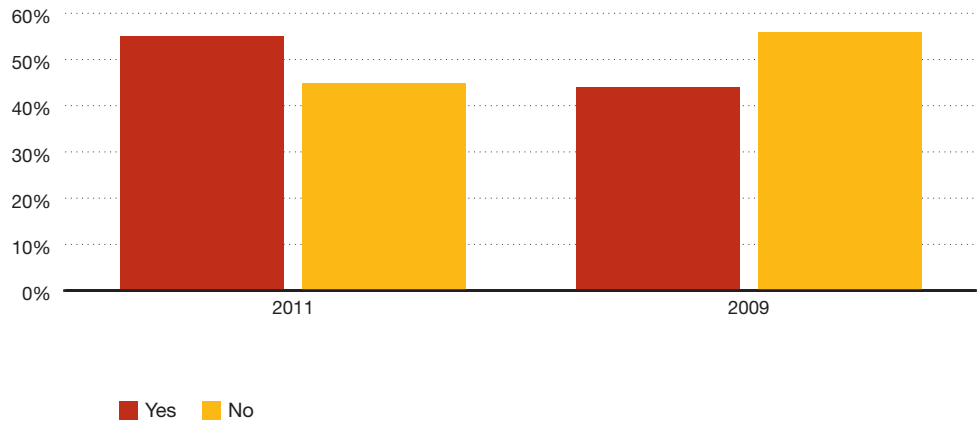
As reflected above, tax compliance efforts are perennial and these efforts, more often than not, are further complicated in cross-border employee scenarios. The good news is that there is a continued commitment to tracking cross-border employees. In fact, 72% of participants track employee movements across foreign borders, and while most continue to track via Excel, the biggest increase was the use of a dedicated mobility department, an increase from 19% in 2009 to 22% in 2011. Participants have also begun focusing more on state-to-state cross-border movement, an increase from 44% in 2009 to 56% in 2011.

There is even an effort to simplify cross-border employee withholding. Even as participants navigate accounting requirements, the number of participants that collect required withholding via “net share settlement” increased from 16% in 2009 to 33% in 2011. In fact, nearly 40% of participants perform Restricted Share Unit withholding outside the US by “assuming a generic individual tax rate within each country based on local requirements”. The biggest decline was in “taxes collected through payroll,” which fell from 20% in 2009 to 11% in 2011.

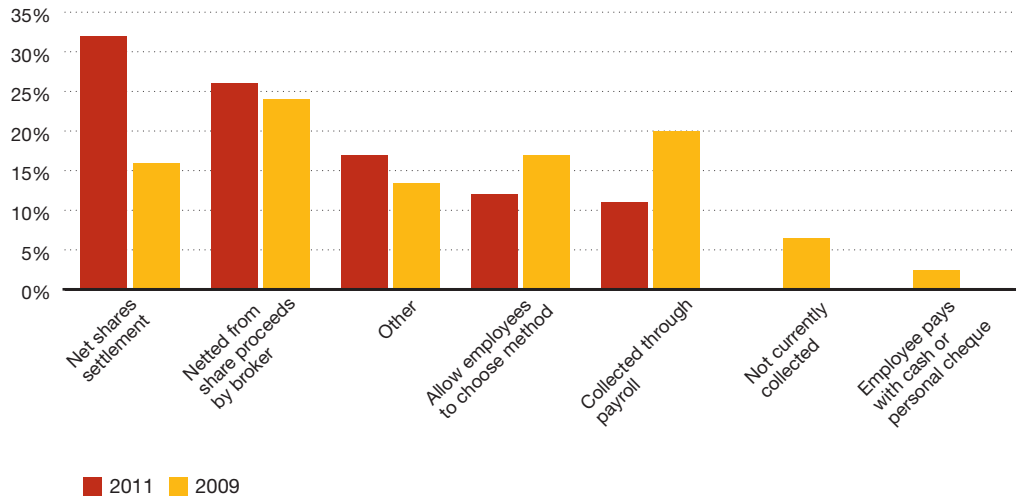
Methodology to Track Expatriates from Grant to Settlement



Is State-to-State Movement of US Employees Tracked?



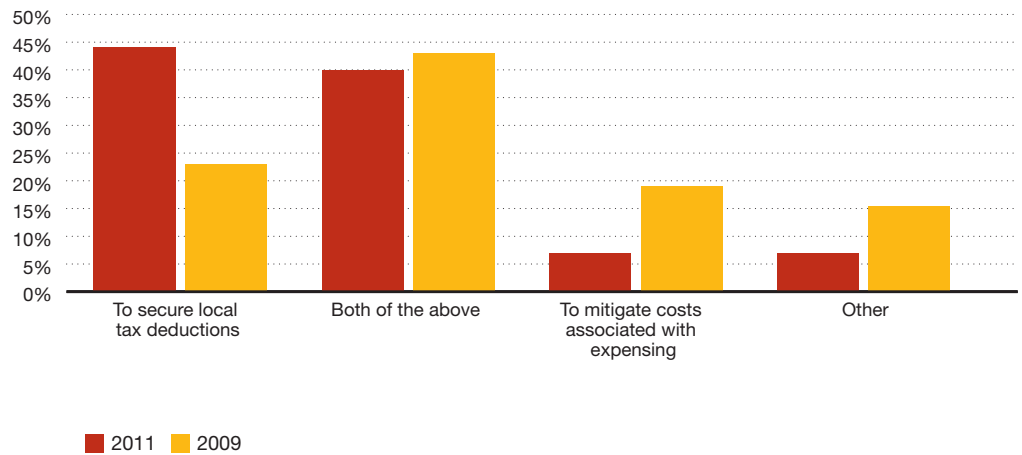
Method of Collecting Taxes Upon Exercise or Share Delivery



Cost chargebacks

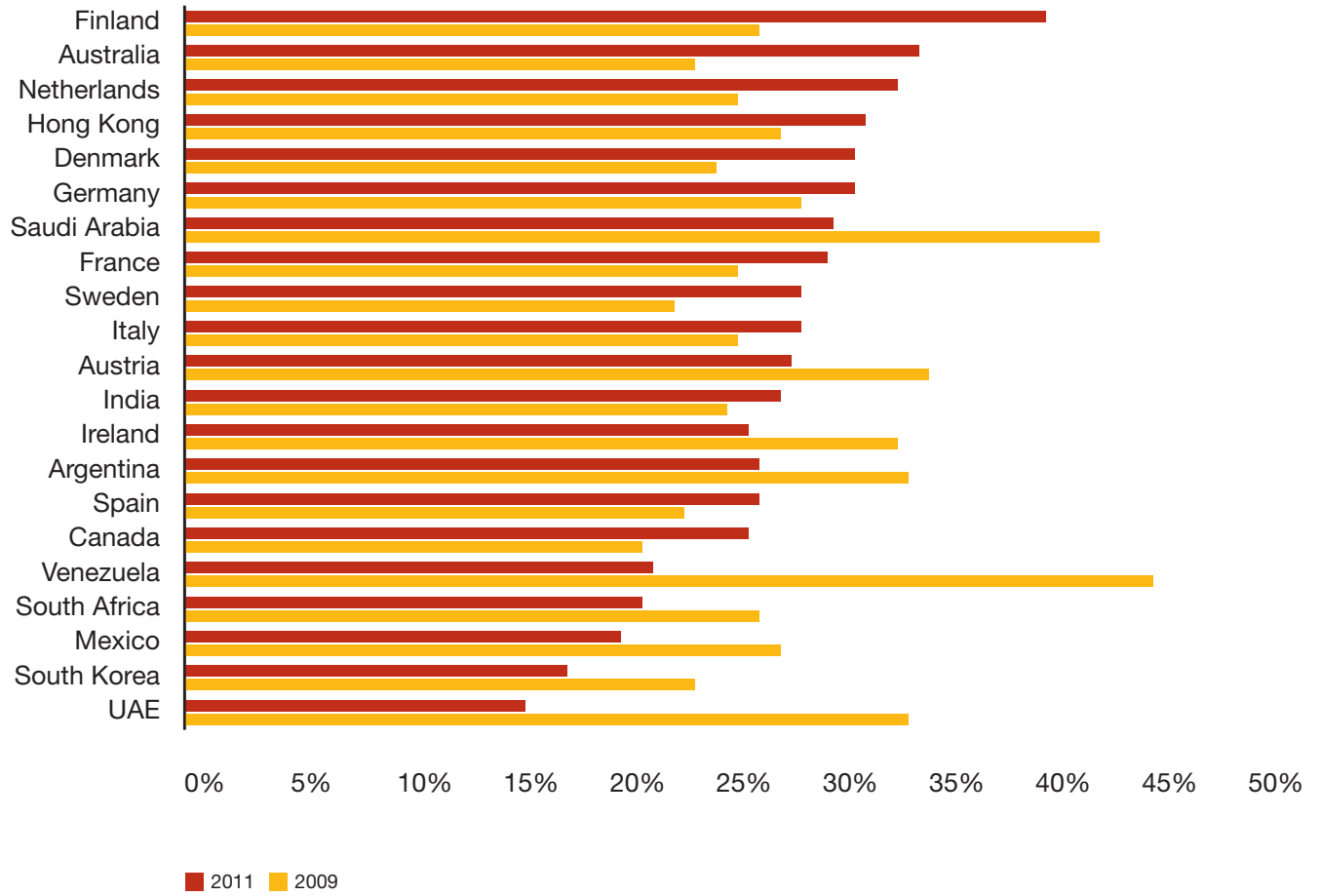
In the past, cost chargebacks were implemented to reduce taxes and mitigate accounting expense; today, as the economy slowly recovers, the cash tax savings has increased as businesses are looking to repatriate foreign earnings. There was a significant increase of those participants that seek to chargeback equity costs to foreign affiliates in order to secure local corporate tax deductions—from 23% in 2009 to 44% in 2011. That said, 80% of participants indicated they actually have a chargeback agreement in place, a drop of 14% from 2009. In other words, securing a local deduction to achieve cash savings is naturally a top priority in a weak economy; however, if costs are charged back it is largely dependent upon materiality. Again, we expect more good things to come as the economy recovers and participant stock prices rebound.

Reasons to Start Charging Back Equity Plan Costs



Countries Where Equity Plan Costs are Charged Back

(data shown as a % of companies in that country that charge back equity costs)



Process and Administration

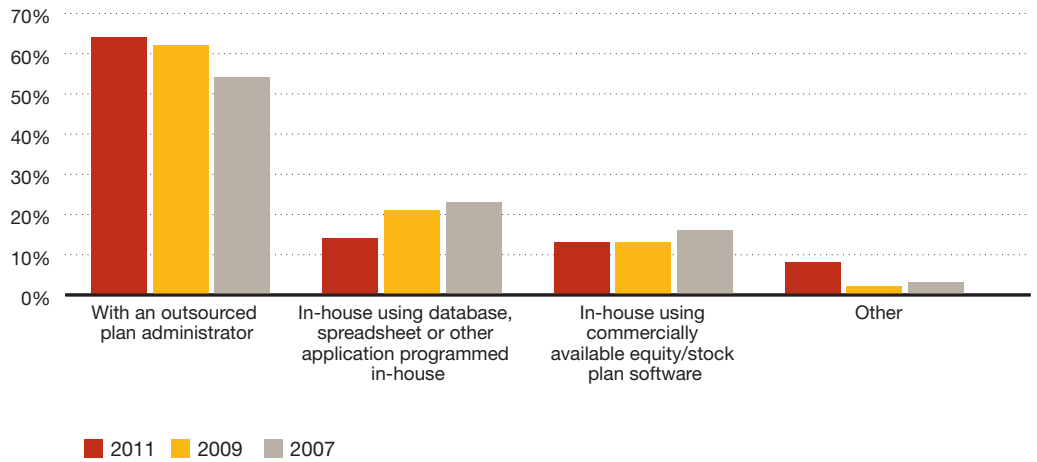
Whereas the dramatic economic conditions of 2008-09 largely overshadowed the areas of stock plan process and administration, the pressure on companies to disclose, report and otherwise answer to various equity compensation compliance requirements has moved stock plan process and administration into the foreground. Some of the compliance requirements companies face include reporting the total cost of compensation to the executive management team, reflecting the impact of performance-based awards on diluted earnings per share, withholding and reporting on the tax liabilities that “trail” a company whose equity compensation is earned while in one country or state but settled after they leave, and, in the US, determining the availability of a corporate tax deduction on compensation earned by employees whose total compensation for the year is over a specific threshold.

Additionally, in 2011, the landscape of stock plan administration service providers has evolved to a point where the number of public companies that take advantage of outside service providers continues to increase. Some of the long-standing players in this space have weathered significant storms during the recent market downturn, and indeed acquisition activity continues to present challenges and opportunities for blending strengths in rival service providers. Despite the changes in the marketplace, many of the vendors have continued to invest in stock plan administration as a core element of their business and are able to provide public companies with levels of service in administration and even financial and tax accounting that were previously unheard of—and at fairly cost-effective prices.

Although there are still some gaps in service offerings of the stock plan vendors, in 2011 companies continue to report increased reliance on outsourced vendors and decreased reliance on “homegrown” solutions, from 17% using internal tools in 2007 to 15% in 2009 to 9% in 2011. We expect that while compensation remains in the limelight as an area of concern for corporate governance, companies will continue to leverage outside stock plan vendors as much as possible as they navigate the various equity compensation reporting and compliance requirements.

In summary, companies are showing a continued tendency to embrace technology and to recruit the services of the experts in order to achieve a higher degree of compliance and to standardize routine administrative tasks. The vendor community, while not immune to change, is generally showing maturity and stability.

Where Equity/Stock-Based Comp Data is Stored



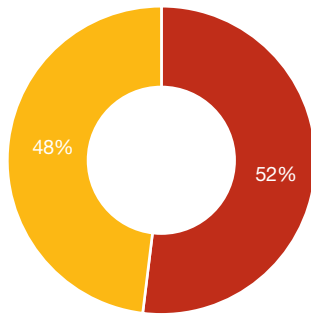
Concluding Remarks

Results from the 2011 Global Equity Incentives Survey clearly indicate the desire of multi-national companies to link compensation with business objectives. The shift towards contingent, or performance-based, compensation has been met with approval by shareholders as the desire to exert more control over the use of share plans becomes more apparent. Companies are being more strategic as to who receives equity awards on a global basis, and are ultimately trying to maximize the benefit obtained from these awards. There is an increased focus on changing legislation, including global audit activity, and cross-border coordination efforts, which create challenges for even the most experienced stock plan administrator.

Section A – Demographics

Distribution by revenue

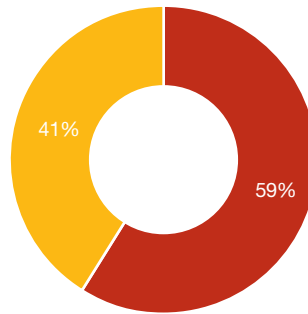
2011 All companies



■ > \$5 Billion
■ < \$5 Billion

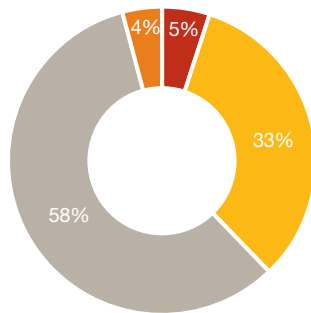
Total employees worldwide

2011 All companies



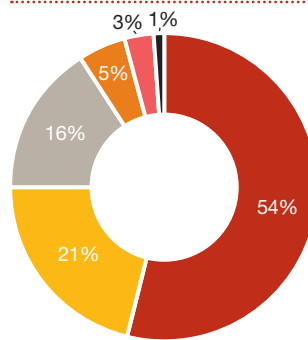
■ Up to 19,999
■ 20,000 and over

Responsibility level of the person completing the questionnaire



■ C-Suite ■ Analyst
■ Director ■ Administrative staff

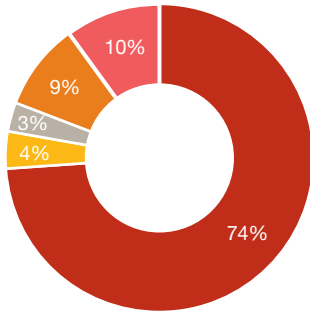
Functional level of the person completing the questionnaire



■ Compensation/Rewards ■ Finance
■ Stock Plan Administration ■ Tax
■ Human Resources ■ Other

When is your company's fiscal year end?

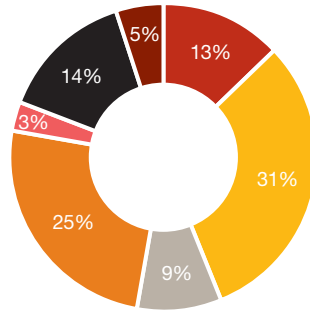
2011 All companies



- 31 Dec
- 30 Jun
- 31 Mar
- 30 Sep
- Other (specify)

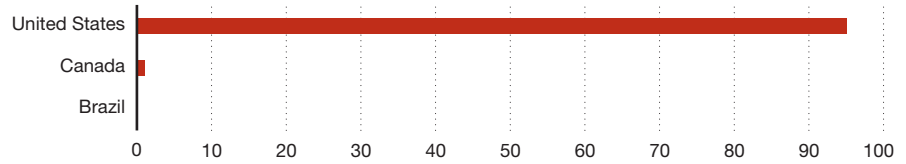
Distribution by Industry Groups

2011 All companies

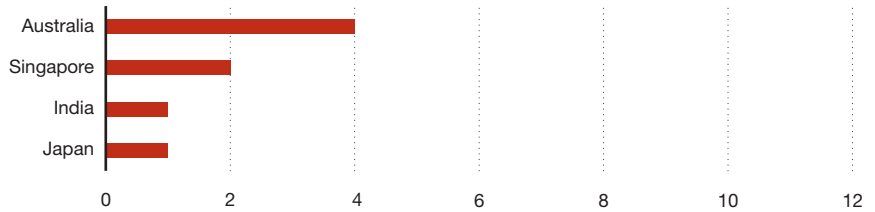


- Retail & Consumer Goods
- Industrial Products
- Healthcare & Services
- Financial Services
- Entertainment & Media
- Technology
- Telecommunications

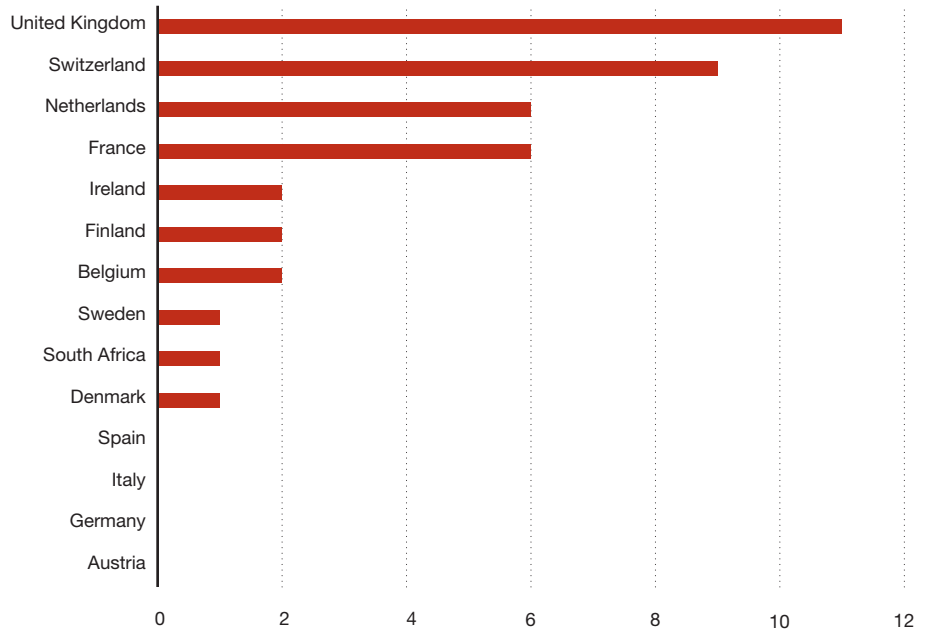
Parent company locations – Americas



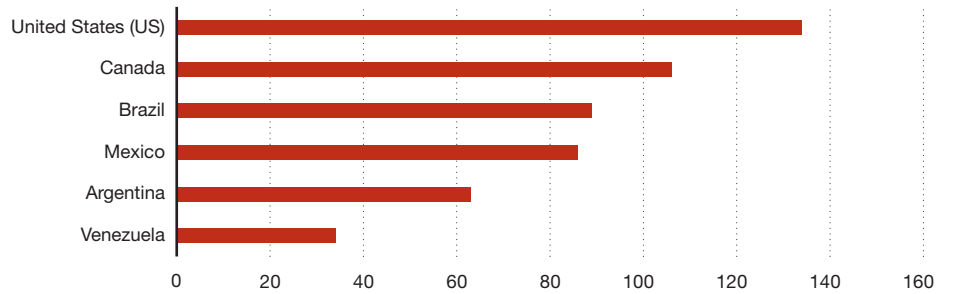
Parent company locations – Asia Pacific



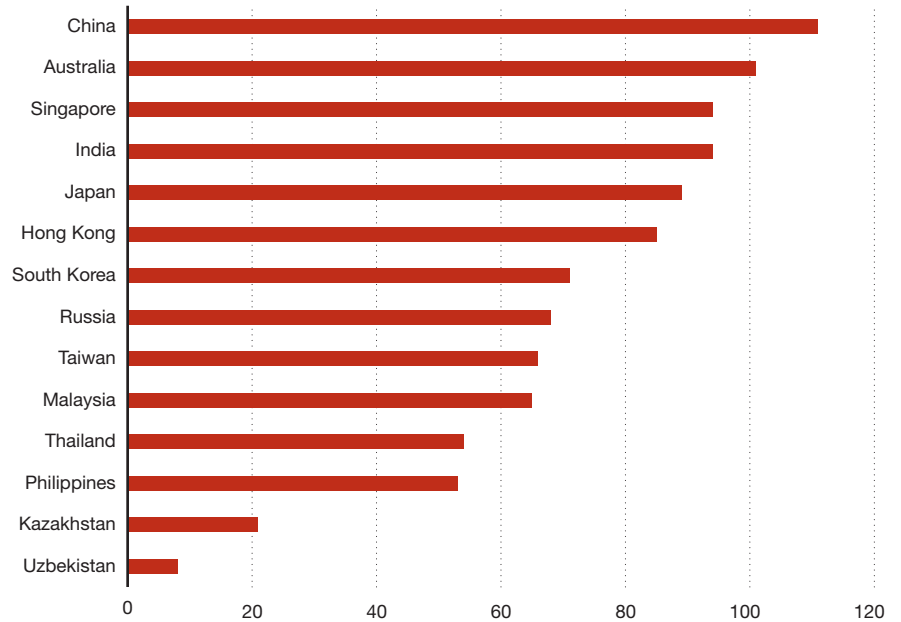
Parent Company Locations – Europe & Africa



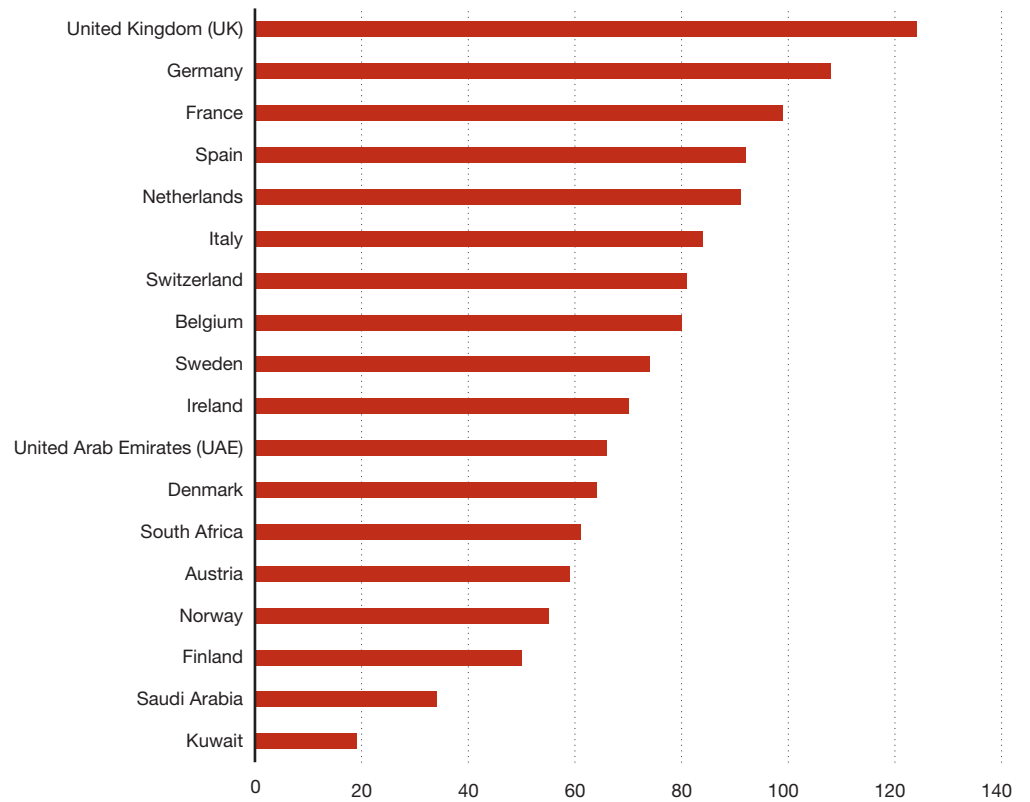
Employee Locations – Americas



Employee Locations—Asia Pacific

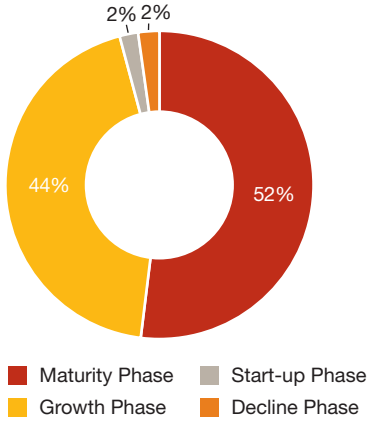


Employee Locations—Europe, Middle East, & Africa

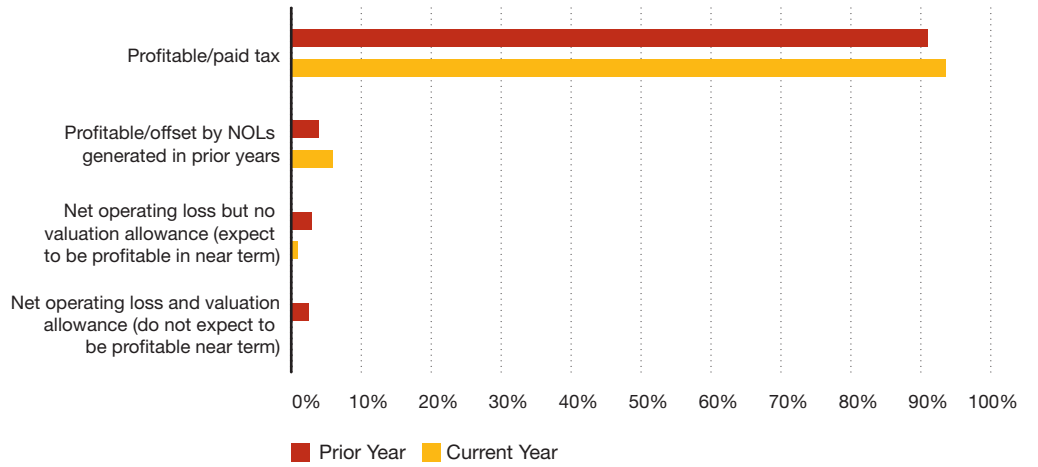


In which phase of the business life cycle is your company?

2011 All companies



Company Profitability

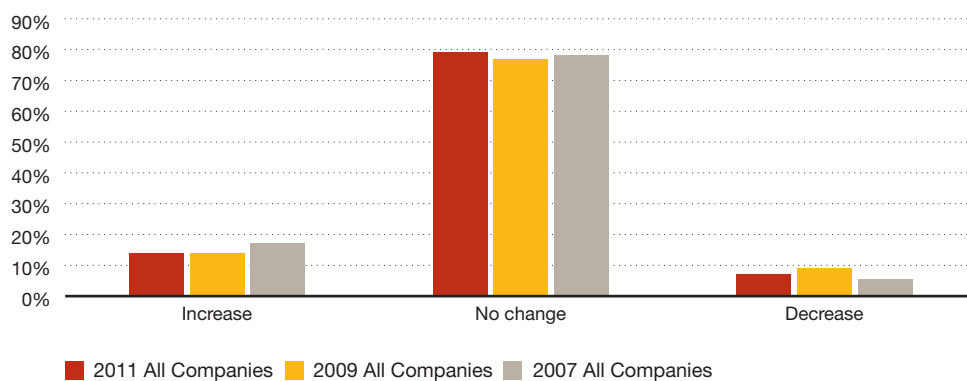


Section B – General Information

Does your company currently offer equity/stock-based compensation (HQ country)?

	2011	2009	2007	2006
Yes	95%	90%	91%	98%
No	5%	10%	9%	2%
Valid responses	132	155	148	153

Anticipated change in foreign affiliates



Which types of equity compensation does your company currently offer in each of the countries where you have employees?

2011

	Option- Service	Options- P/M	RS/RSU- Service	RS/RSU- P/M	All SAR- Service	All SAR- P/M	Phantom	ESPP	No. Cos with employees in each country
Argentina	27%	3%	43%	30%	3%	0%	5%	14%	63
Australia	24%	3%	47%	30%	6%	0%	2%	10%	101
Austria	31%	3%	44%	29%	3%	0%	2%	15%	59
Belgium	30%	3%	53%	28%	9%	0%	1%	14%	80
Brazil	27%	2%	47%	27%	7%	0%	3%	10%	89
Canada	33%	2%	53%	23%	7%	0%	1%	18%	106
China	21%	2%	31%	16%	6%	0%	10%	6%	111
Denmark	30%	3%	42%	20%	3%	0%	3%	11%	64
Finland	28%	4%	38%	22%	6%	0%	0%	12%	50
France	33%	5%	48%	30%	8%	0%	3%	16%	99
Germany	31%	3%	52%	29%	8%	0%	3%	16%	108
Hong Kong	27%	1%	47%	28%	6%	0%	4%	14%	85
India	21%	2%	37%	27%	4%	0%	4%	7%	94
Ireland	33%	4%	54%	29%	7%	0%	1%	16%	70
Italy	30%	1%	52%	31%	6%	0%	4%	13%	84
Japan	25%	2%	52%	27%	6%	0%	6%	12%	89
Kazakhstan	14%	5%	43%	24%	5%	0%	5%	14%	21
Kuwait	26%	5%	37%	32%	5%	0%	0%	16%	19
Malaysia	28%	2%	42%	25%	3%	3%	3%	15%	65
Mexico	29%	1%	52%	29%	7%	0%	3%	13%	86
Netherlands	33%	2%	52%	27%	7%	0%	4%	15%	91
Norway	35%	4%	49%	24%	7%	0%	0%	16%	55
Philippines	26%	2%	45%	21%	4%	0%	2%	9%	53
Russia	22%	3%	37%	26%	3%	0%	6%	3%	68
Saudi Arabia	35%	3%	41%	32%	3%	0%	3%	9%	34
Singapore	28%	4%	47%	32%	6%	2%	5%	14%	94
South Africa	26%	2%	49%	33%	3%	2%	5%	8%	61
South Korea	28%	3%	52%	24%	6%	0%	4%	11%	71
Spain	29%	2%	49%	27%	5%	0%	2%	11%	92
Sweden	34%	3%	47%	31%	5%	0%	3%	11%	74
Switzerland	31%	4%	56%	33%	6%	0%	5%	16%	81
Taiwan	30%	2%	48%	26%	3%	2%	3%	14%	66
Thailand	26%	2%	52%	28%	6%	0%	2%	9%	54
United Arab Emirates	29%	3%	42%	29%	2%	0%	3%	5%	66
United Kingdom	34%	6%	56%	34%	7%	0%	3%	17%	124
United States	43%	7%	67%	52%	8%	3%	4%	21%	134
Uzbekistan	25%	0%	50%	38%	13%	0%	13%	13%	8
Venezuela	32%	3%	47%	29%	6%	0%	3%	6%	34
Other	27%	4%	65%	35%	0%	0%	8%	19%	26

Which types of equity compensation does your company currently offer in each of the countries where you have employees?

2009

	Option-Service	Options-P/M	RS/RSU-Service	RS/RSU-P/M	All SAR-Service	All SAR-P/M	Phantom	ESPP	No. Cos with employees in each country
Argentina	40%	16%	50%	28%	4%	2%	4%	28%	65
Australia	46%	14%	52%	37%	4%	3%	5%	30%	93
Austria	52%	11%	54%	30%	7%	2%	7%	28%	64
Belgium	43%	12%	54%	24%	4%	3%	6%	22%	81
Brazil	38%	15%	51%	27%	5%	4%	8%	24%	82
Canada	54%	18%	56%	30%	6%	3%	4%	30%	109
China	26%	10%	42%	22%	9%	4%	10%	14%	113
Denmark	37%	10%	49%	18%	8%	2%	4%	25%	61
Finland	32%	9%	57%	20%	7%	2%	2%	20%	57
France	50%	14%	53%	31%	5%	3%	5%	20%	105
Germany	45%	13%	48%	27%	5%	3%	5%	21%	109
Hong Kong	36%	12%	48%	22%	3%	1%	8%	18%	86
India	38%	9%	45%	24%	9%	0%	7%	20%	89
Ireland	45%	16%	52%	30%	2%	4%	5%	29%	65
Italy	51%	14%	52%	26%	4%	2%	7%	22%	95
Japan	42%	8%	44%	25%	5%	1%	7%	22%	104
Kazakhstan	30%	10%	50%	25%	5%	0%	0%	30%	17
Kuwait	27%	9%	45%	27%	0%	0%	0%	36%	15
Malaysia	48%	8%	52%	30%	3%	2%	8%	18%	71
Mexico	48%	11%	52%	28%	6%	1%	4%	27%	80
Netherlands	49%	10%	54%	25%	4%	3%	3%	24%	89
Norway	38%	13%	54%	25%	8%	2%	4%	21%	59
Philippines	48%	11%	48%	34%	5%	0%	9%	16%	55
Russia	40%	10%	53%	24%	7%	3%	7%	19%	66
Saudi Arabia	48%	10%	57%	19%	5%	0%	5%	29%	30
Singapore	44%	9%	53%	31%	5%	4%	8%	27%	98
South Africa	42%	6%	52%	29%	10%	0%	8%	15%	63
South Korea	42%	6%	50%	20%	3%	2%	11%	20%	77
Spain	44%	12%	49%	25%	5%	3%	4%	21%	87
Sweden	49%	8%	54%	30%	5%	2%	5%	21%	80
Switzerland	47%	11%	66%	33%	6%	5%	5%	30%	83
Taiwan	41%	10%	53%	26%	0%	2%	9%	19%	66
Thailand	37%	6%	52%	22%	4%	0%	7%	17%	61
United Arab Emirates	39%	10%	41%	22%	6%	2%	6%	16%	50
United Kingdom	50%	14%	55%	35%	4%	3%	5%	28%	121
United States	52%	18%	65%	43%	8%	3%	7%	30%	131
Uzbekistan	29%	29%	71%	43%	0%	0%	0%	29%	9
Venezuela	47%	9%	56%	28%	3%	0%	9%	13%	44
Other	37%	10%	49%	27%	8%	6%	4%	22%	67

Prevalence of service-, performance-, and market-based plans by country

	2011				2009			
	% Service	% Perform	% Market	# Cos with employees	% Service	% Perform	% Market	# Cos with employees
Argentina	43%	16%	11%	63	42%	24%	6%	50
Australia	47%	23%	10%	101	49%	27%	21%	91
Austria	46%	19%	8%	59	39%	24%	9%	46
Belgium	46%	18%	10%	80	45%	22%	15%	67
Brazil	44%	18%	11%	89	43%	28%	8%	74
Canada	49%	14%	10%	106	47%	29%	12%	97
China	36%	15%	11%	111	38%	15%	9%	110
Denmark	47%	13%	11%	64	31%	16%	6%	51
Finland	42%	10%	10%	50	32%	14%	9%	44
France	52%	24%	11%	99	49%	29%	10%	94
Germany	52%	26%	11%	108	47%	24%	11%	100
Hong Kong	40%	20%	9%	85	39%	14%	8%	77
India	41%	18%	12%	94	44%	17%	11%	89
Ireland	53%	16%	13%	70	34%	29%	11%	56
Italy	50%	19%	8%	84	48%	23%	10%	81
Japan	45%	19%	9%	89	40%	22%	8%	88
Kazakhstan	38%	14%	14%	21	30%	15%	5%	20
Kuwait	32%	16%	16%	19	45%	36%	0%	11
Malaysia	40%	14%	6%	65	43%	22%	8%	60
Mexico	47%	15%	10%	86	41%	23%	8%	71
Netherlands	49%	15%	9%	91	45%	18%	10%	71
Norway	53%	16%	13%	55	33%	13%	13%	48
Philippines	38%	11%	8%	53	36%	18%	11%	44
Russia	34%	9%	9%	68	36%	12%	5%	58
Saudi Arabia	44%	18%	18%	34	29%	19%	0%	21
Singapore	47%	26%	12%	94	48%	24%	11%	85
South Africa	39%	16%	11%	61	44%	19%	6%	48
South Korea	42%	13%	7%	71	41%	15%	8%	66
Spain	49%	20%	11%	92	44%	26%	10%	73
Sweden	49%	19%	12%	74	43%	21%	11%	63
Switzerland	48%	27%	12%	81	45%	27%	16%	64
Taiwan	38%	15%	8%	66	43%	12%	7%	58
Thailand	39%	17%	9%	54	43%	9%	6%	54
United Arab Emirates	45%	20%	12%	66	37%	12%	8%	49
United Kingdom	53%	29%	17%	124	54%	26%	15%	113
United States	57%	43%	21%	134	53%	38%	17%	136
Uzbekistan	50%	13%	0%	8	57%	14%	0%	7
Venezuela	38%	12%	15%	34	38%	19%	3%	32
Other	50%	15%	12%	26	43%	16%	14%	49

What is the length of the vesting period for service-based plans granted to Executives?
(Check all that apply)

	2011		2009	
	Options/ SARs	RS/RSU/ Phantom	Options/ SARs	RS/RSU/ Phantom
3-4 yr – cliff	23%	43%	19%	37%
3-4 yr – graded	63%	43%	58%	43%
Other – cliff	1%	6%	4%	9%
Other – graded	8%	4%	14%	6%
Other	5%	5%	5%	6%
Valid responses	75	101	74	82

What is the length of the vesting period for service-based plans granted to VPs and managers? (Check all that apply)

	2011		2009	
	Options/ SARs	RS/RSU/ Phantom	Options/ SARs	RS/RSU/ Phantom
3-4 yr – cliff	23%	40%	23%	44%
3-4 yr – graded	63%	44%	64%	50%
Other – cliff	0%	5%	8%	10%
Other – graded	8%	4%	15%	3%
Other	5%	6%	2%	9%
Valid responses	73	99	61	68

What is the length of the vesting period for service-based plans granted to staff?
(Check all that apply)

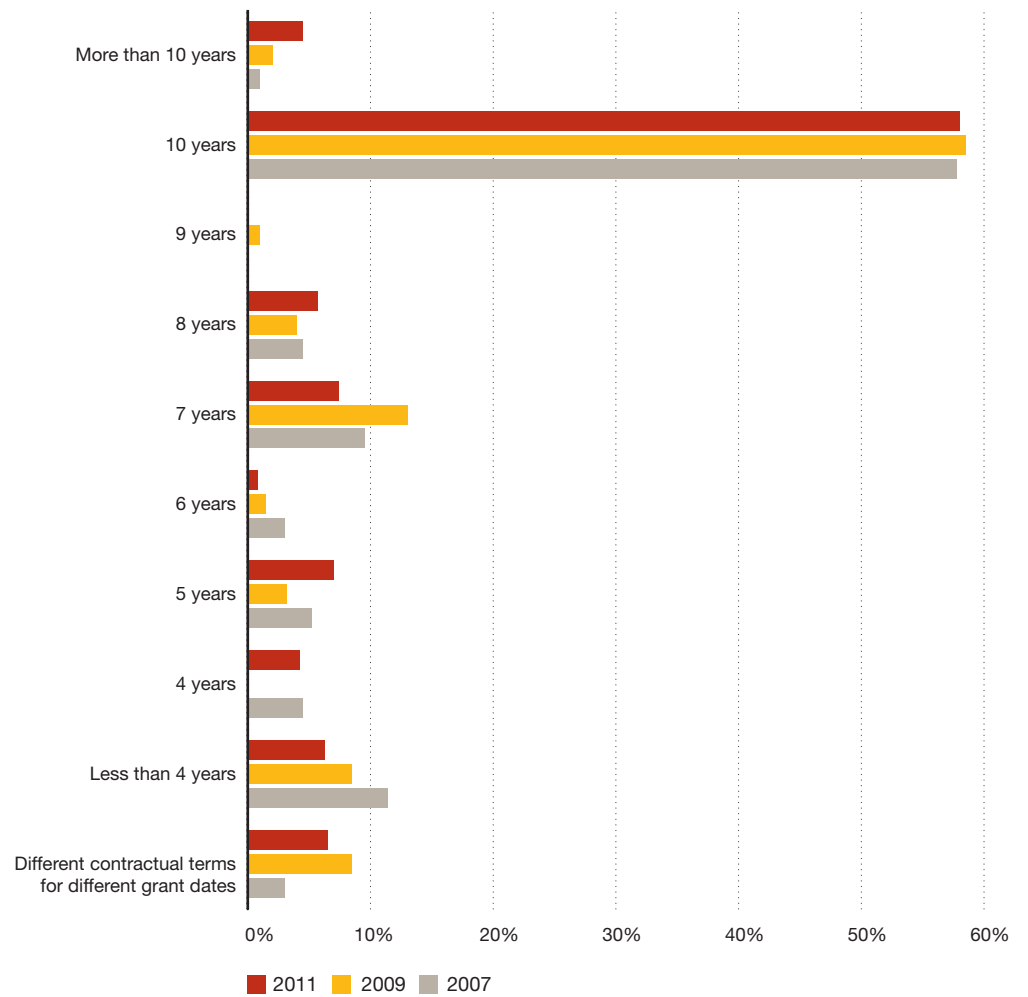
	2011		2009	
	Options/ SARs	RS/RSU/ Phantom	Options/ SARs	RS/RSU/ Phantom
3-4 yr – cliff	23%	38%	22%	44%
3-4 yr – graded	63%	42%	61%	47%
Other – cliff	2%	7%	7%	8%
Other – graded	6%	4%	17%	5%
Other	6%	9%	4%	10%
Valid responses	52	69	54	59

What is the length of the vesting period for service-based plans granted to board of directors? (Check all that apply)

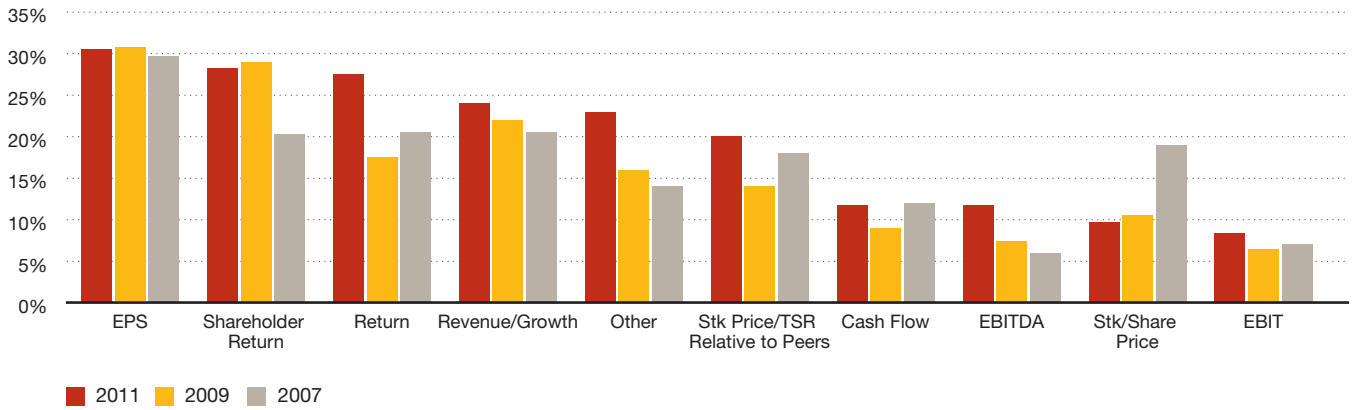
2011

	Options/ SARs	RS/RSU/ Phantom
100% Vested at Grant	14%	23%
100% / 6 months	0%	0%
100% / 1 year	32%	23%
Retirement, change in control or other event	11%	19%
Other	43%	35%
Valid responses	28	57

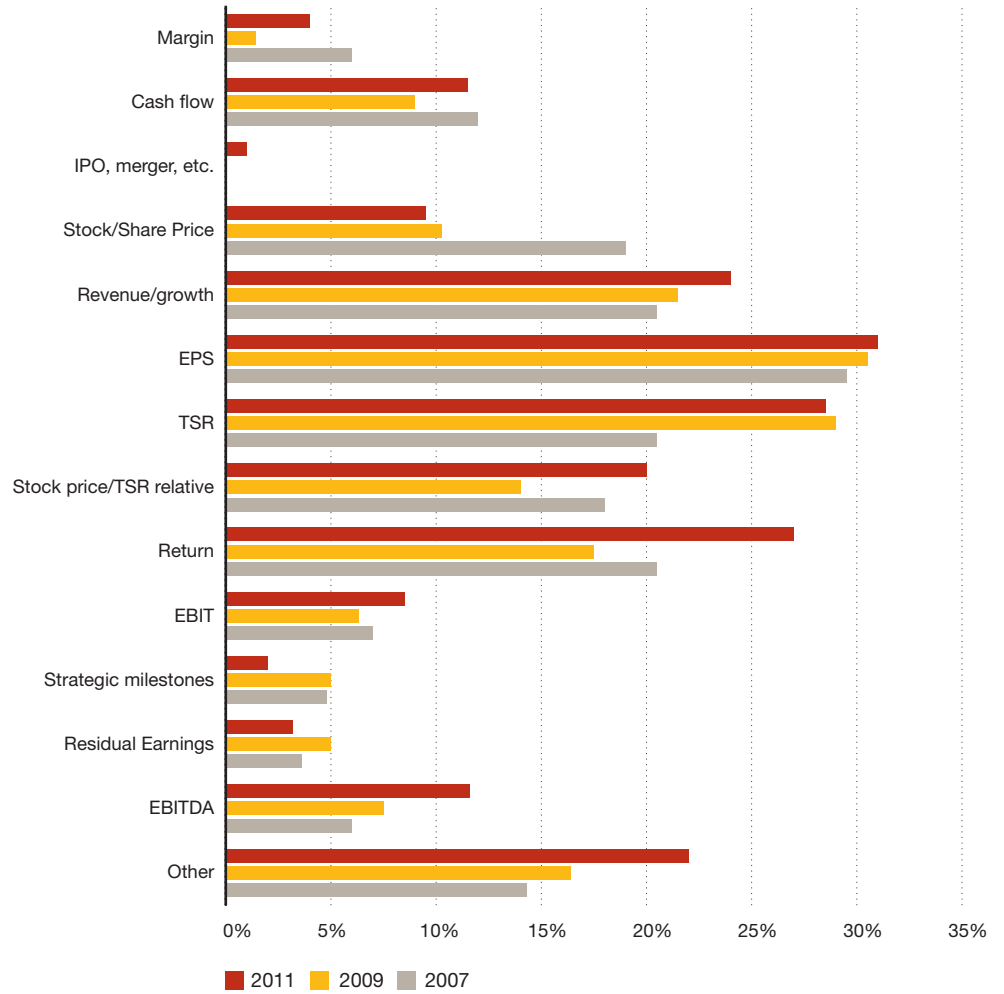
Basis for performance/market targets



Most Frequently Cited Performance/Market Targets



Basis for performance/market targets



If you offer performance- or market-based plans, is achievement of target measured on a cliff (hit or miss) or cascading (incremental) basis?

	2011	2009	2007
Cliff	25%	28%	35%
Cascading	45%	38%	33%
Combination of both Cliff and Cascading	30%	35%	32%
Valid responses	92	72	75

If you offer performance- or market-based plans, when is achievement of target measured?

	2011	2009	2007
Target must be met for grant to be made	2%	6%	7%
At the end of the performance period	81%	68%	78%
At 2 or more intervals during the performance period	6%	12%	7%
Combination of any previous responses	4%	10%	4%
Other	6%	4%	4%
Valid responses	93	77	81

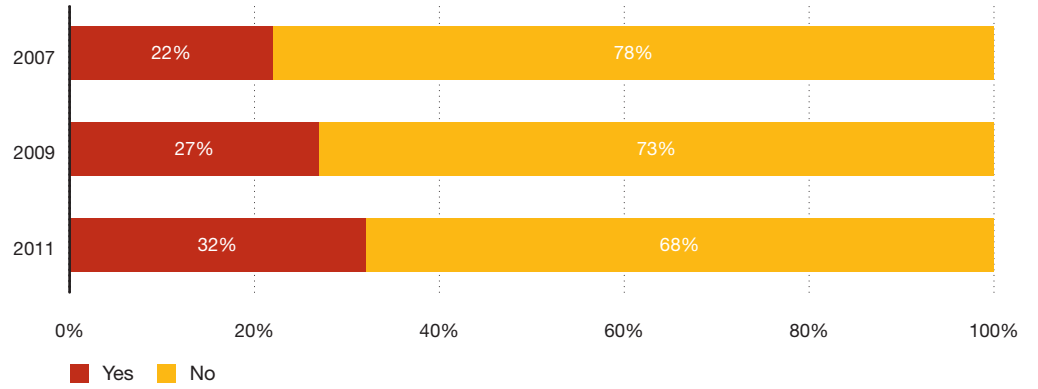
What plan feature does the performance affect?

	2011	2009	2007
Number of shares granted	18%	35%	41%
Number of shares vested/released	73%	51%	49%
When vesting is complete	6%	7%	4%
Whether award vests	31%	35%	28%
Exercise price	0%	3%	6%
Combination of any previous responses	1%	4%	6%
Other	4%	1%	3%
Valid responses	94	74	79

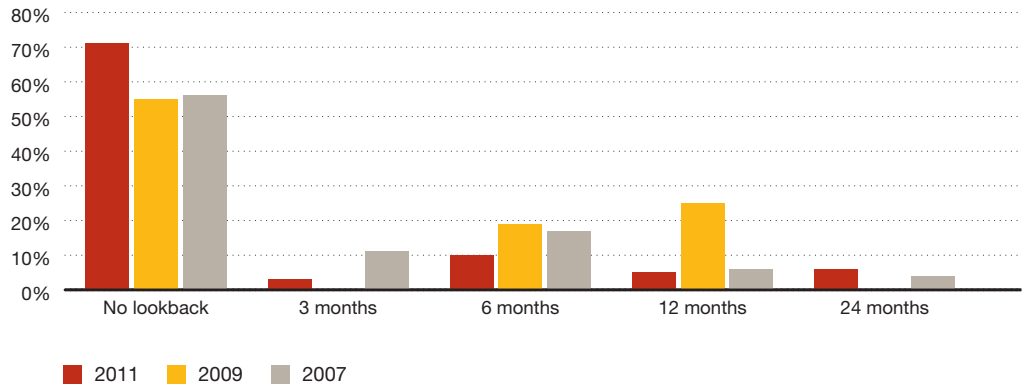
If you offer a performance- or market-based plan, what is the length of the performance period?

	2011	2009	2007
1 year	16%	22%	20%
2 years	6%	7%	8%
3 years	66%	56%	57%
Other	4%	1%	3%
Valid responses	94	79	88

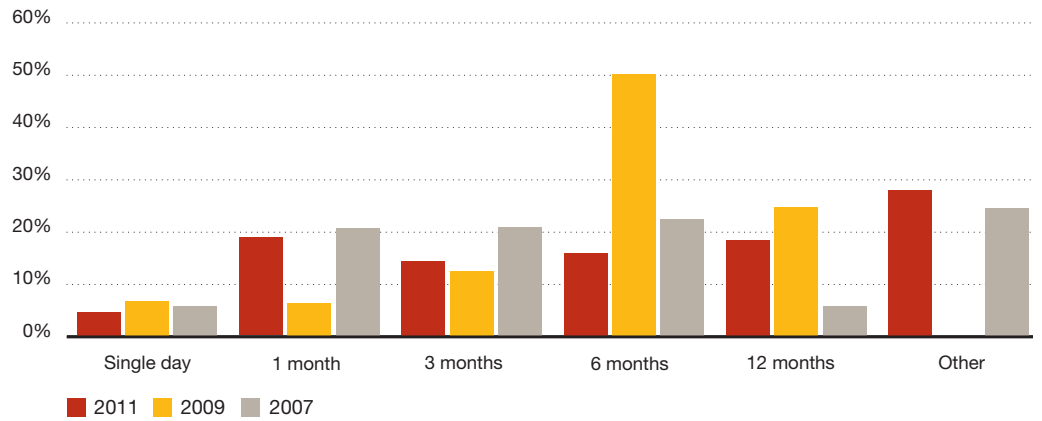
Does your ESPP qualify as a Safe Harbor Plan?



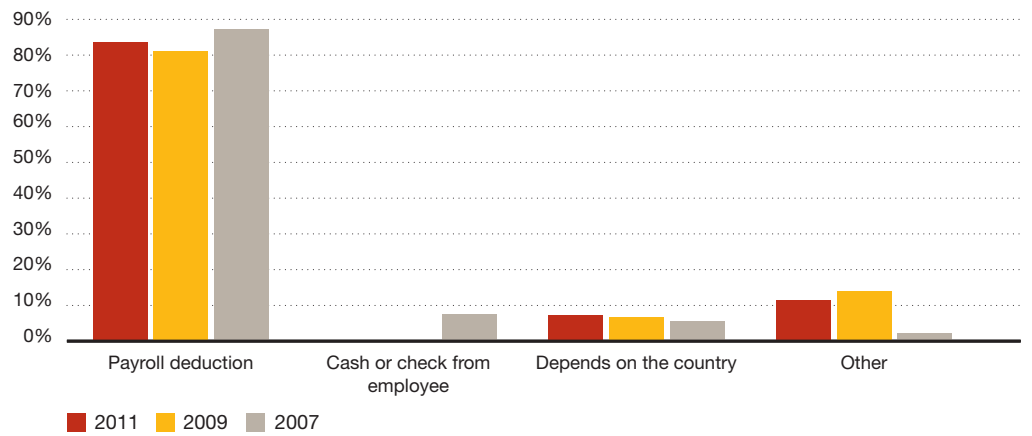
ESPP Lookback



ESPP purchase period



How companies collect employee contributions for ESPP and SAYE



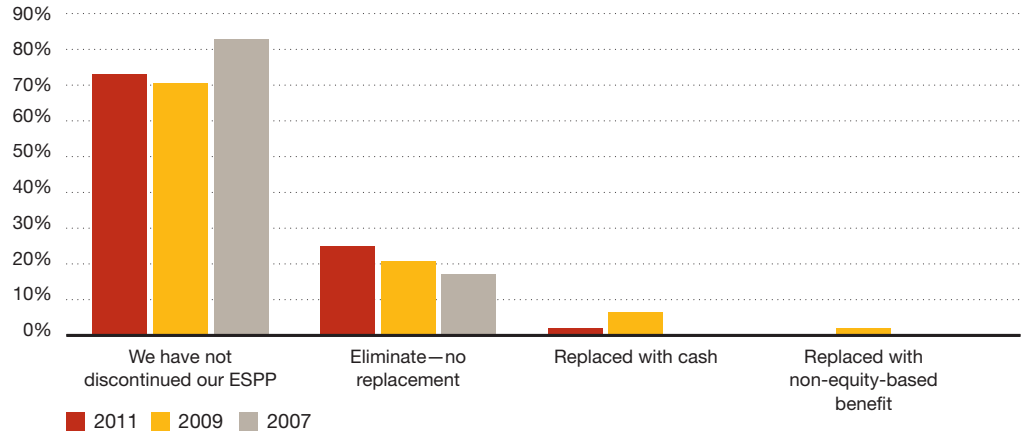
For companies offering ESPP, which range best describes the participation level of eligible employees for each country where you have employees?

2011					
	0% – 25%	26% – 50%	51% – 75%	75% +	No. of responses
Argentina	89%	11%	0%	0%	9
Australia	67%	20%	13%	0%	15
Austria	90%	10%	0%	0%	10
Belgium	92%	8%	0%	0%	13
Brazil	100%	0%	0%	0%	12
Canada	61%	17%	22%	0%	18
China	79%	7%	7%	7%	14
Denmark	67%	22%	0%	11%	9
Finland	56%	33%	11%	0%	9
France	72%	17%	11%	0%	18
Germany	81%	14%	5%	0%	21
Hong Kong	85%	0%	15%	0%	13
India	90%	0%	10%	0%	10
Ireland	67%	8%	17%	8%	12
Italy	92%	0%	8%	0%	12
Japan	69%	15%	15%	0%	13
Kazakhstan	100%	0%	0%	0%	4
Kuwait	100%	0%	0%	0%	2
Malaysia	67%	0%	33%	0%	9
Mexico	88%	0%	13%	0%	8
Netherlands	75%	13%	13%	0%	16
Norway	91%	9%	0%	0%	11
Philippines	86%	0%	14%	0%	7
Russia	75%	13%	13%	0%	8
Saudi Arabia	100%	0%	0%	0%	2
Singapore	69%	23%	8%	0%	13
South Africa	83%	17%	0%	0%	6
South Korea	78%	0%	22%	0%	9
Spain	75%	8%	17%	0%	12
Sweden	69%	15%	15%	0%	13
Switzerland	67%	13%	20%	0%	15
Taiwan	67%	0%	33%	0%	9
Thailand	83%	0%	17%	0%	6
United Arab Emirates	83%	0%	17%	0%	6
United Kingdom	60%	28%	8%	4%	25
United States	55%	21%	24%	0%	29
Uzbekistan	0%	0%	0%	0%	0
Venezuela	50%	0%	50%	0%	2
Other	50%	0%	25%	25%	4

For companies offering ESPP, which range best describes the participation level of eligible employees for each country where you have employees?

	2009				No. of responses
	0% – 25%	26% – 50%	51% – 75%	75% +	
Argentina	53%	20%	0%	27%	15
Australia	36%	44%	16%	4%	25
Austria	50%	40%	10%	0%	10
Belgium	42%	50%	0%	8%	12
Brazil	64%	21%	14%	0%	14
Canada	27%	36%	27%	9%	22
China	67%	17%	8%	8%	12
Denmark	56%	11%	33%	0%	9
Finland	57%	43%	0%	0%	7
France	38%	44%	13%	6%	16
Germany	44%	44%	13%	0%	16
Hong Kong	46%	15%	15%	23%	13
India	73%	20%	7%	0%	15
Ireland	50%	29%	21%	0%	14
Italy	56%	33%	11%	0%	18
Japan	29%	47%	24%	0%	17
Kazakhstan	50%	50%	0%	0%	2
Kuwait	67%	33%	0%	0%	3
Malaysia	64%	18%	9%	9%	11
Mexico	60%	33%	7%	0%	15
Netherlands	47%	40%	13%	0%	15
Norway	67%	33%	0%	0%	9
Philippines	88%	13%	0%	0%	8
Russia	75%	25%	0%	0%	8
Saudi Arabia	80%	20%	0%	0%	5
Singapore	40%	15%	45%	0%	20
South Africa	57%	14%	14%	14%	7
South Korea	43%	29%	21%	7%	14
Spain	67%	25%	0%	8%	12
Sweden	50%	42%	8%	0%	12
Switzerland	50%	31%	6%	13%	16
Taiwan	46%	23%	15%	15%	13
Thailand	75%	13%	0%	13%	8
United Arab Emirates	67%	33%	0%	0%	6
United Kingdom	38%	25%	33%	4%	24
United States	27%	41%	22%	11%	37
Uzbekistan	100%	0%	0%	0%	1
Venezuela	40%	40%	0%	20%	5
Other	40%	10%	20%	30%	10

If discontinued ESPP, replaced with what?



If your company offers restricted stock or restricted stock units, does the plan allow any of the following (as a % of co's offering RS/RSU in US):

	2011	2009	2007
Vesting at change in control	80%	68%	8%
Vesting at disability	71%	70%	20%
Vesting at retirement	61%	57%	—
Vesting at termination without cause	23%	23%	57%
Valid responses	83	69	79

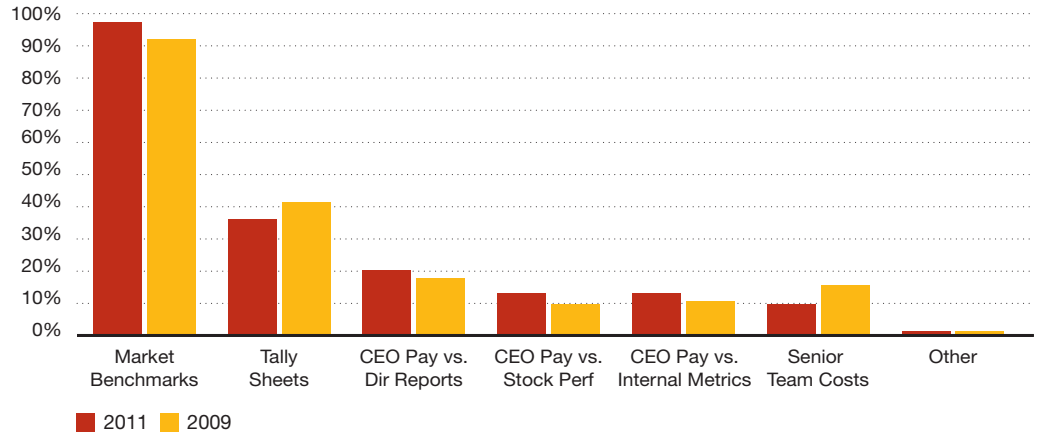
Does your company have a written compensation philosophy?

	2011	2009	2007
Yes, since before this calendar year	68%	73%	69%
Yes, prepared/updated this calendar year	14%	10%	14%
No, we have no written compensation policy	13%	8%	9%
No, but we have a policy in development now	5%	8%	8%
Valid responses	111	98	111

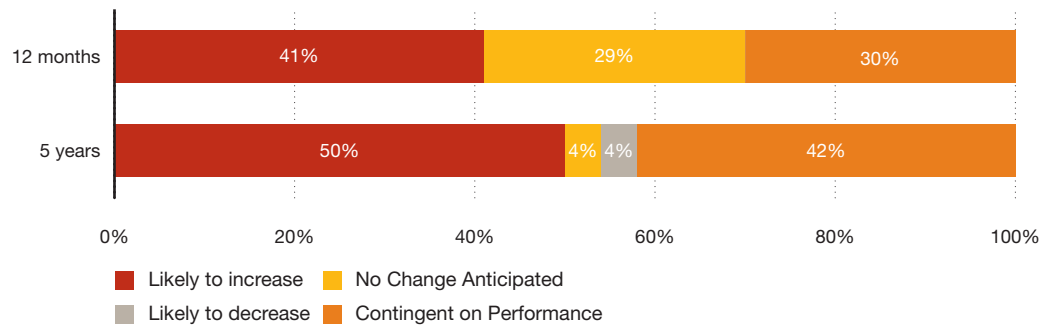
How frequently do you review your internal controls on executive compensation?

	2011	2009
Once per year	68%	69%
More than once per year	21%	21%
Every two or three years	5%	3%
We have no internal controls on executive compensation	4%	3%
At the time of hire of any executive	1%	1%
We are developing controls now	1%	3%

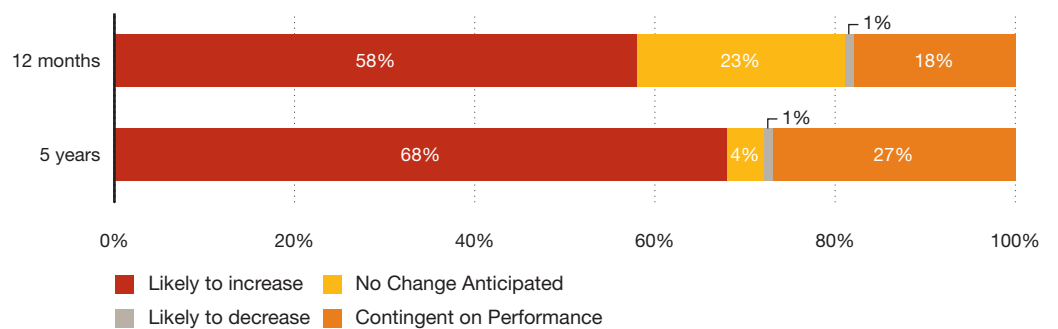
Analytics Used to Track Executive Compensation



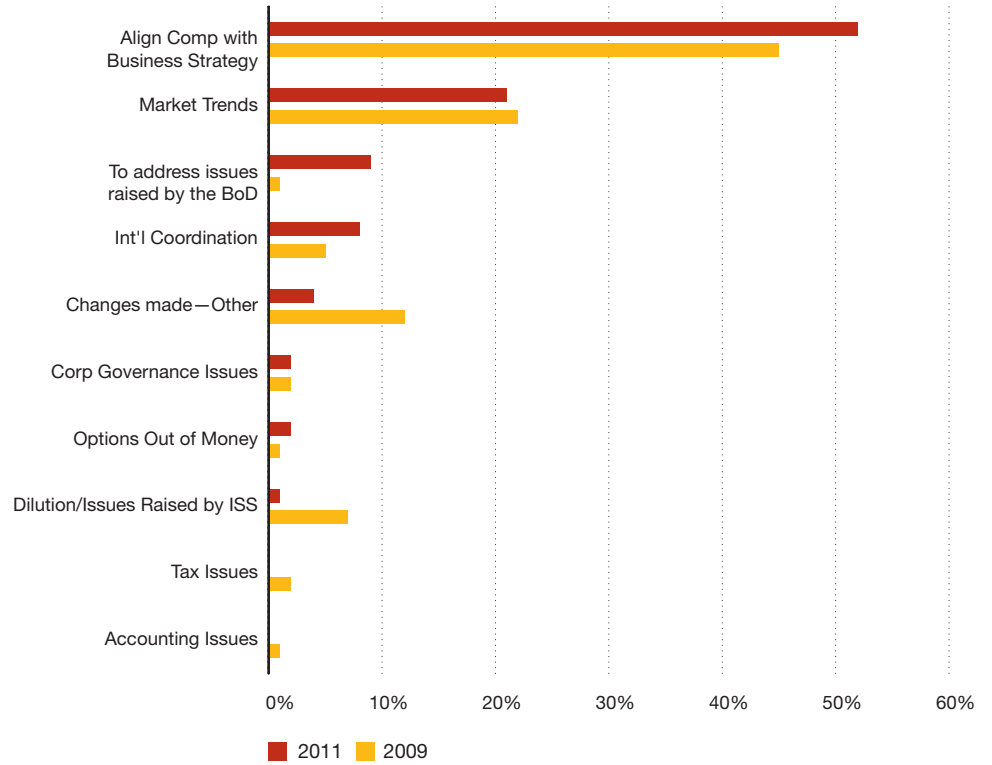
Anticipated Changes in CEO Compensation—2011



Anticipated Changes in Employee Compensation—2011

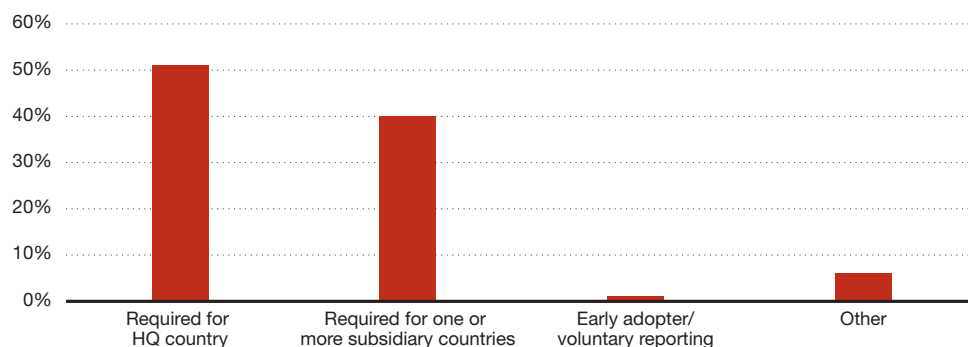


Drivers of Changes in Equity Comp



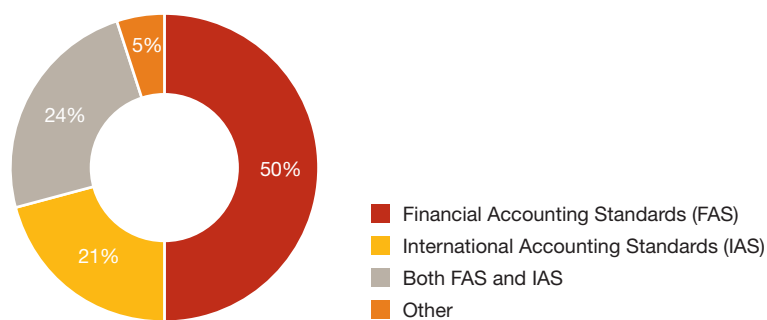
Section C – Accounting

If report under IFRS, why?



Applicable accounting standards

2011 All companies



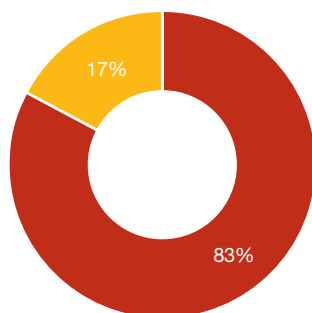
What accounting principles do you apply in accounting for your equity incentive plans?
(select all that apply)

	2011 Count	2011
FAS 123R	24	63%
IFRS 2	14	37%
Other	0	0%
Valid responses	38	

What calendar year did your company begin expensing stock options in the financial statement?

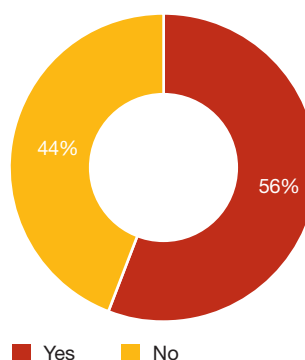
	2011 All Companies		2009 All Companies		2007 All Companies	
	Original Filing	Restated Filing	Original Filing	Restated Filing	Original Filing	Restated Filing
2002	0%	0%	7%	13%	9%	7%
2003	22%	21%	7%	4%	9%	7%
2004	9%	18%	10%	17%	10%	25%
2005	26%	18%	26%	29%	26%	21%
2006	29%	21%	43%	17%	43%	29%
Other	14%	21%	7%	21%	4%	11%
Valid responses	58	28	72	24	81	28

IFRS: Are equity compensation grants made to employees of subsidiaries classified in the separate financials of the subsidiary: As equity settled (deemed to have been granted by the parent company) or as cash settled?



■ Equity settled/granted by the parent company ■ Cash settled/granted by the subsidiary

IFRS: Is expense for shares withheld to cover social tax based on variable accounting?



■ Yes ■ No

Which valuation model do you use to value your service/time based stock option grants?

	2011 All Companies	2009 All Companies	2007 All Companies	2006 All Companies	2005 All Companies
Black Scholes	76%	80%	74%	62%	89%
Lattice	16%	20%	17%	18%	6%
Both	4%				
Other	4%	0%	9%	20%	5%
Valid responses	76	82	86	93	105

If you use the Black Scholes valuation model, how did you pick your expected term assumption? (Check all that apply)

	2011 All Companies	2009 All Companies	2007 All Companies
Historical exercise data, without adjustments	35%	35%	34%
Historical exercise data, adjusted for changes in contractual term or vesting period	53%	52%	34%
SAB 110/shortcut approach ((vesting period + contractual term)/2)	10%	8%	16%
Analysis of output from calculations under lattice model	2%	5%	0%
Other	0%	0%	16%
Valid responses	51	59	

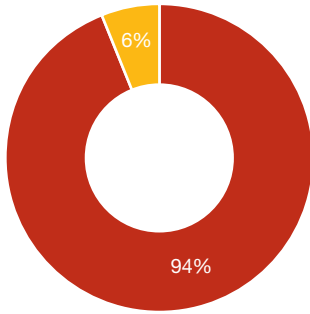
If you use the Black Scholes valuation model, how did you pick your volatility assumption?

	2011 All Companies	2009 All Companies
Own historical stock price	34%	51%
Own publicly traded options/implied volatility	6%	5%
Blend of own historical and own implied volatility	38%	28%
Peer historical stock price	8%	7%
Peer publicly traded options/implied volatility	0%	2%
Blend of peer historical and peer implied volatility	0%	4%
Blend of own and peer historical and own implied volatility	12%	4%
Blend of own and peer historical and own and peer implied volatility	2%	0%
Valid responses	50	68

If you are not using the lattice model for service and performance-based options, identify the reason(s) why: (choose all that apply)

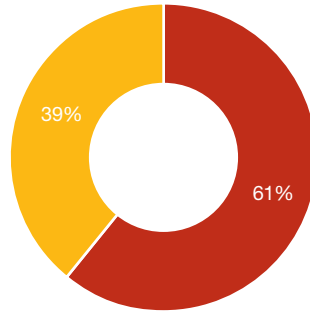
	2011 All Companies	2009 All Companies
Results are not different enough from results under Black Scholes	30%	61%
Results are different from results under Black Scholes, but model is too hard to understand	4%	3%
Results are different from results under Black Scholes, but is too expensive	4%	3%
Other (please specify)	19%	16%
Have not looked at	44%	18%
Valid responses	27	38

Are you making changes to outstanding equity grants based on current market conditions?



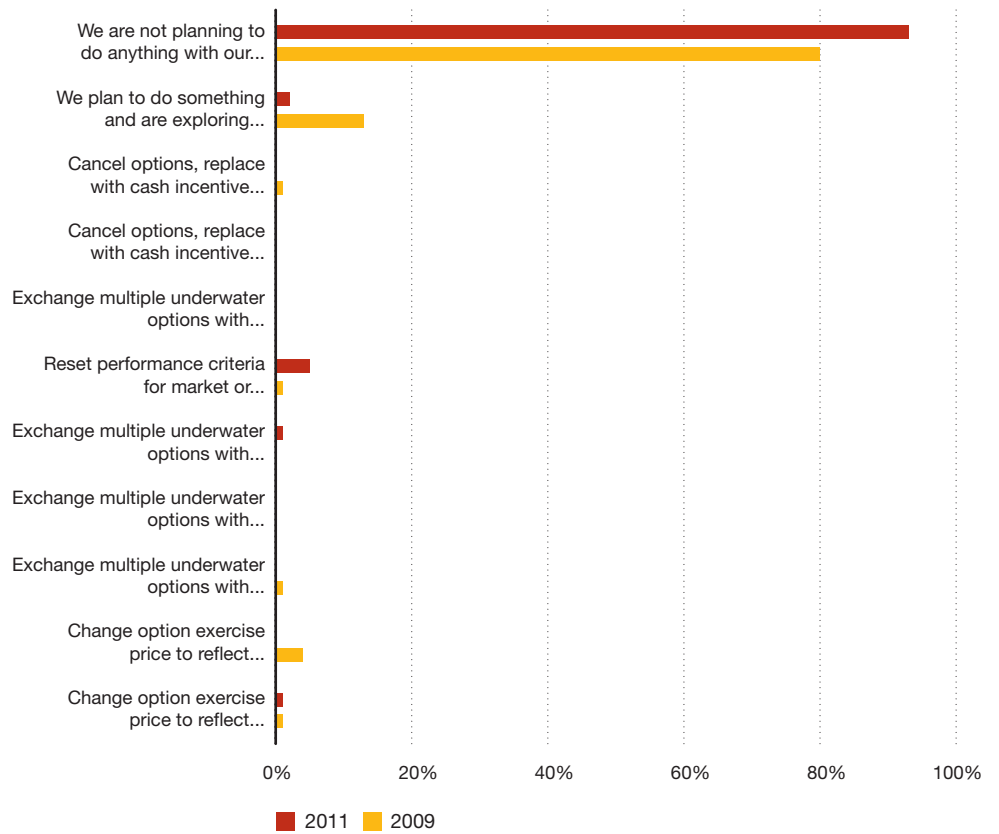
■ No ■ Yes

Are you making changes to granting practices in the upcoming year based on current market conditions?

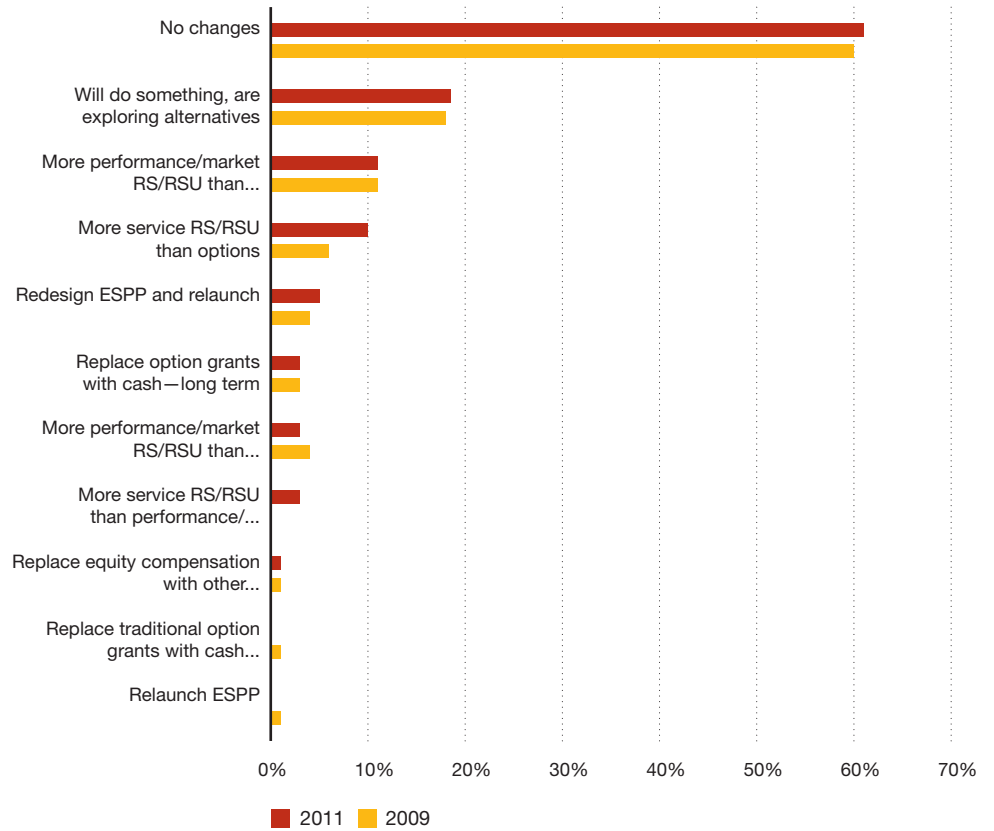


■ No ■ Yes

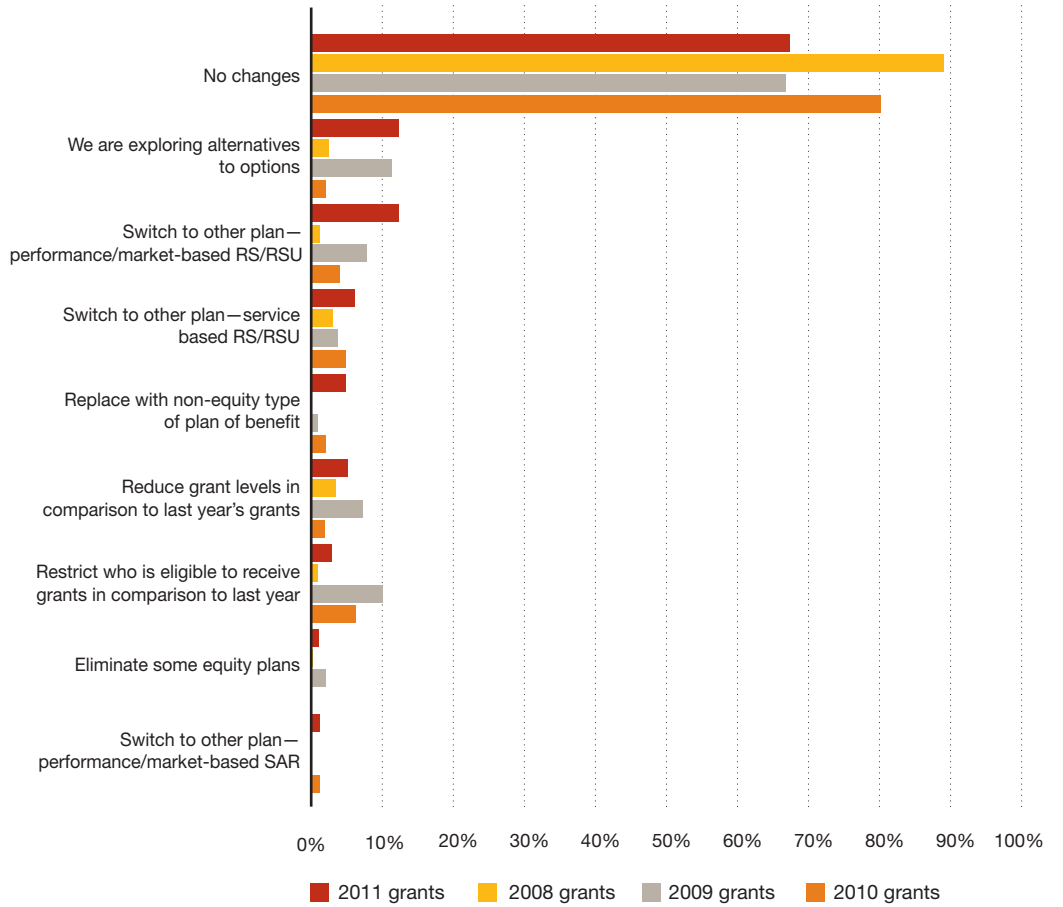
What changes will your company make to outstanding equity compensation granting practices in the upcoming year based on current market conditions? (Check all that apply)



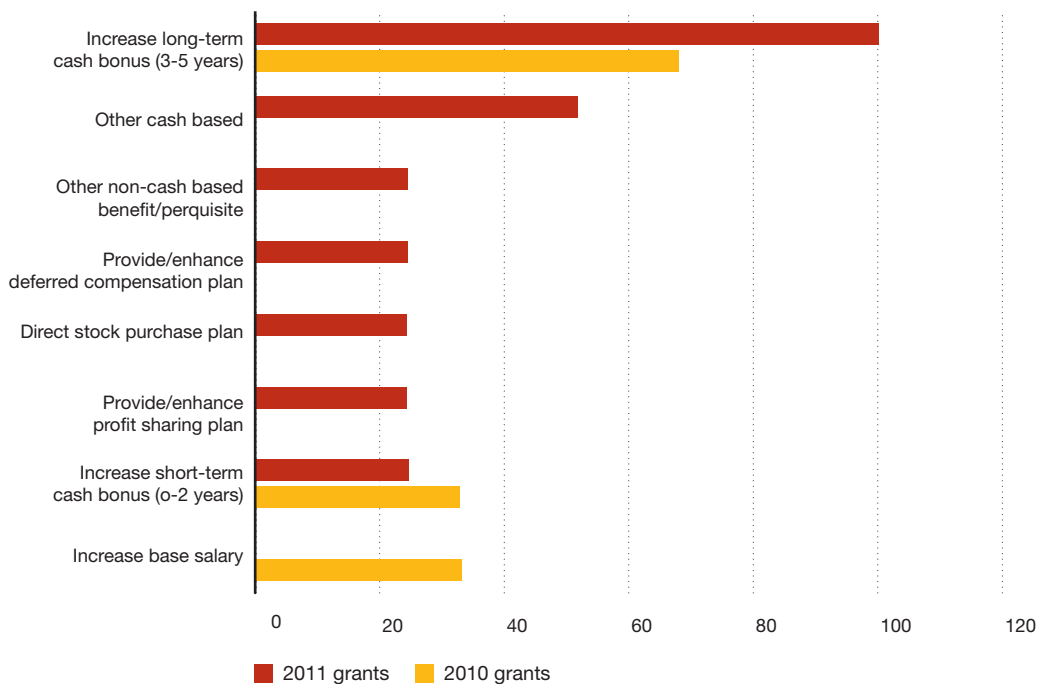
What changes will you make to equity compensation granting practices in the upcoming year based on current market conditions? (Check all that apply)



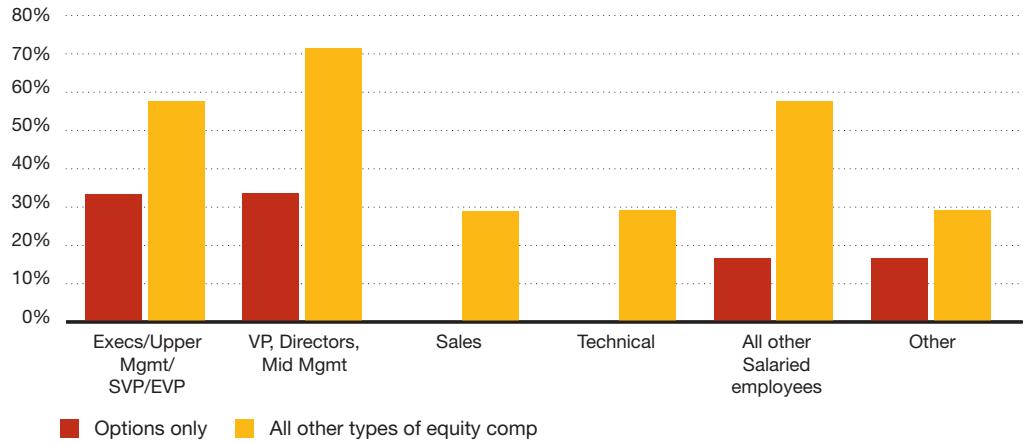
What changes have/will you make to your stock option plan? (Check all that apply)



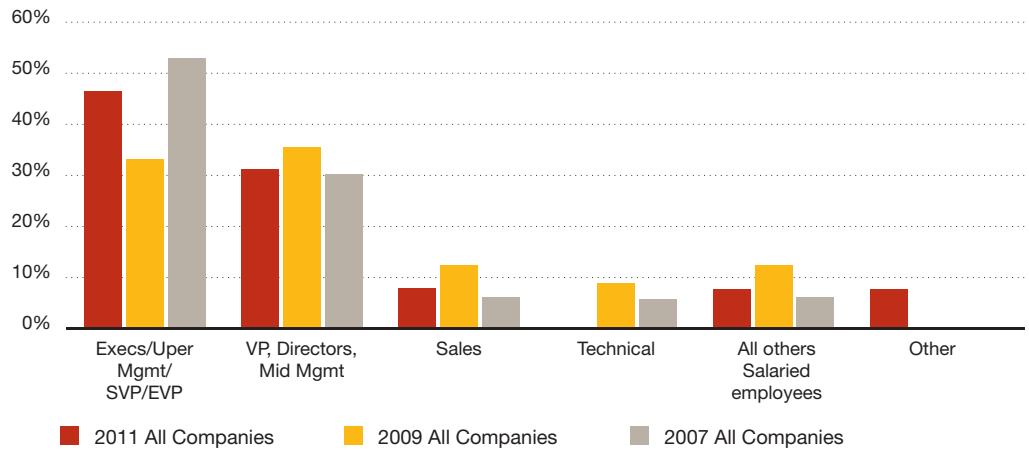
If you have or will replace an option plan with a non-equity type of plan, what would you replace it with?



Staff levels whose grants will be reduced



Staff levels for which increases in equity compensation grant sizes are anticipated in the current year



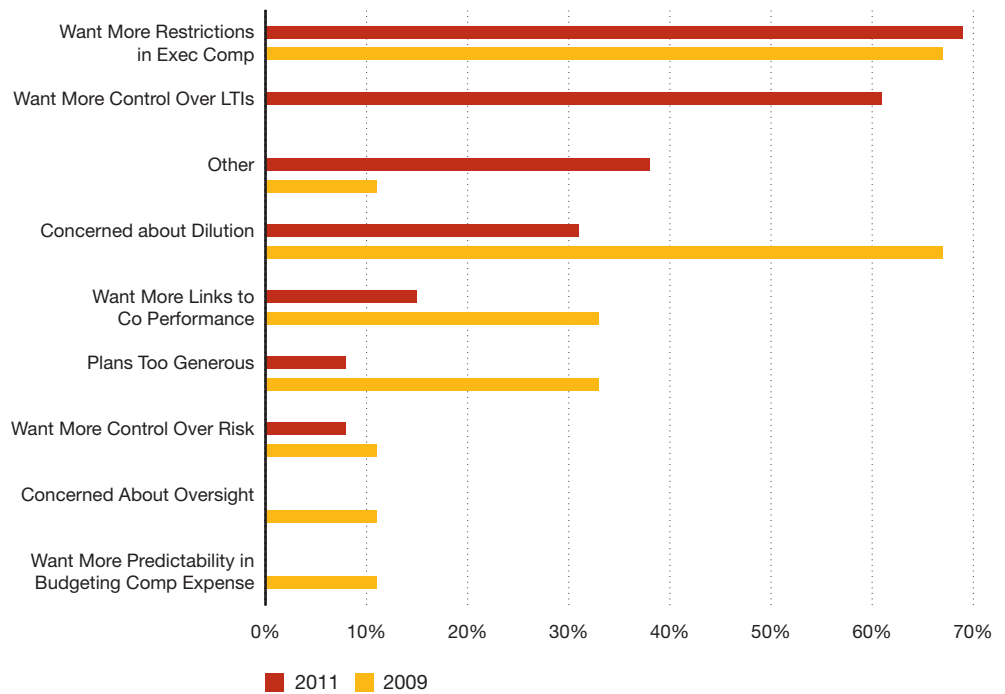
Have you changed or modified your equity plans because of **institutional investor pressures** (e.g., lawsuits, objections or low plan approval percentages)?

	2011 All Companies	2009 All Companies	2007 All Companies	2006 All Companies
Yes	15%	12%	11%	18%
No	85%	88%	89%	82%
Valid responses	98	95	97	112

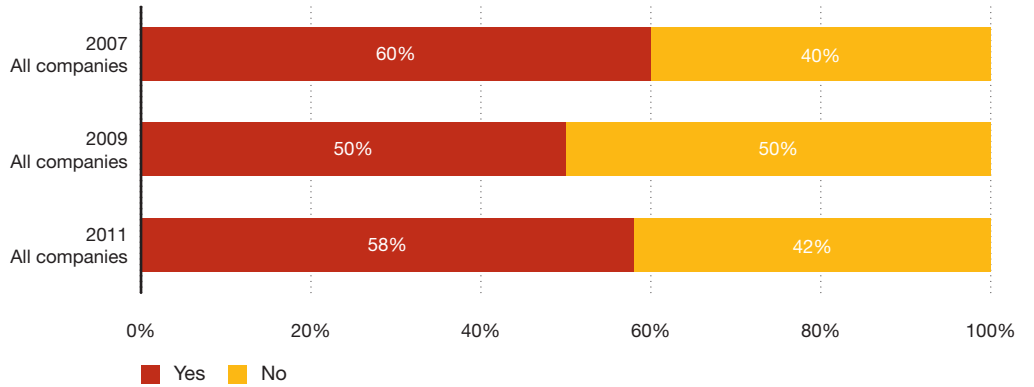
What feedback have you obtained from your shareholders with respect to your current long-term incentive plans?

	2011 All Companies	2009 All Companies	2007 All Companies	2006 All Companies
Generally positive feedback – shareholders are satisfied with current plans	67%	59%	62%	48%
Generally negative feedback – shareholders are dissatisfied with current plans	1%	4%	1%	3%
We've received no feedback	28%	34%	29%	21%
Other	4%	3%	8%	28%
Valid responses	79	76	77	32

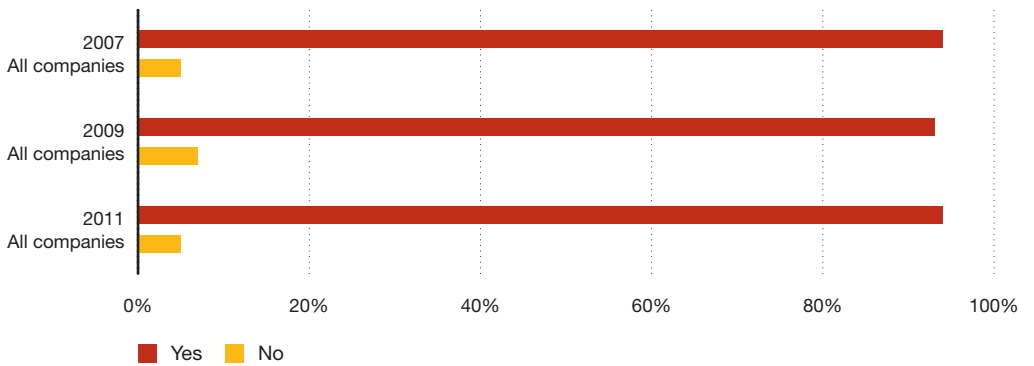
Reasons for Shareholder Dissatisfaction in Equity Plans



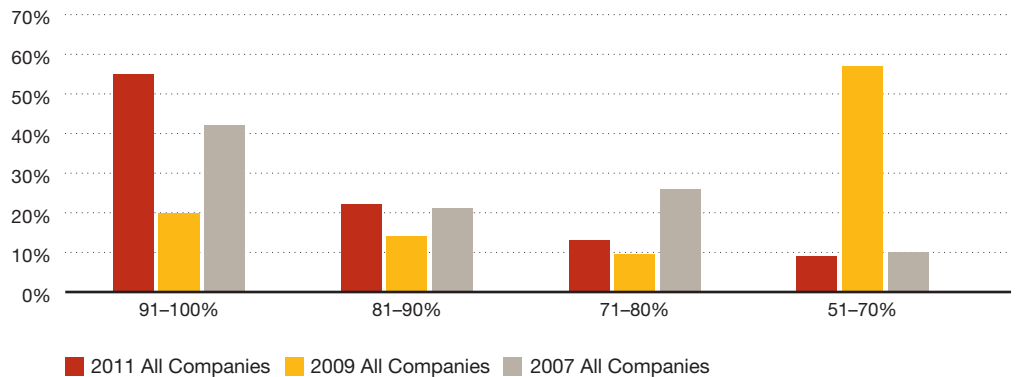
Companies that asked for shareholder approval for plans



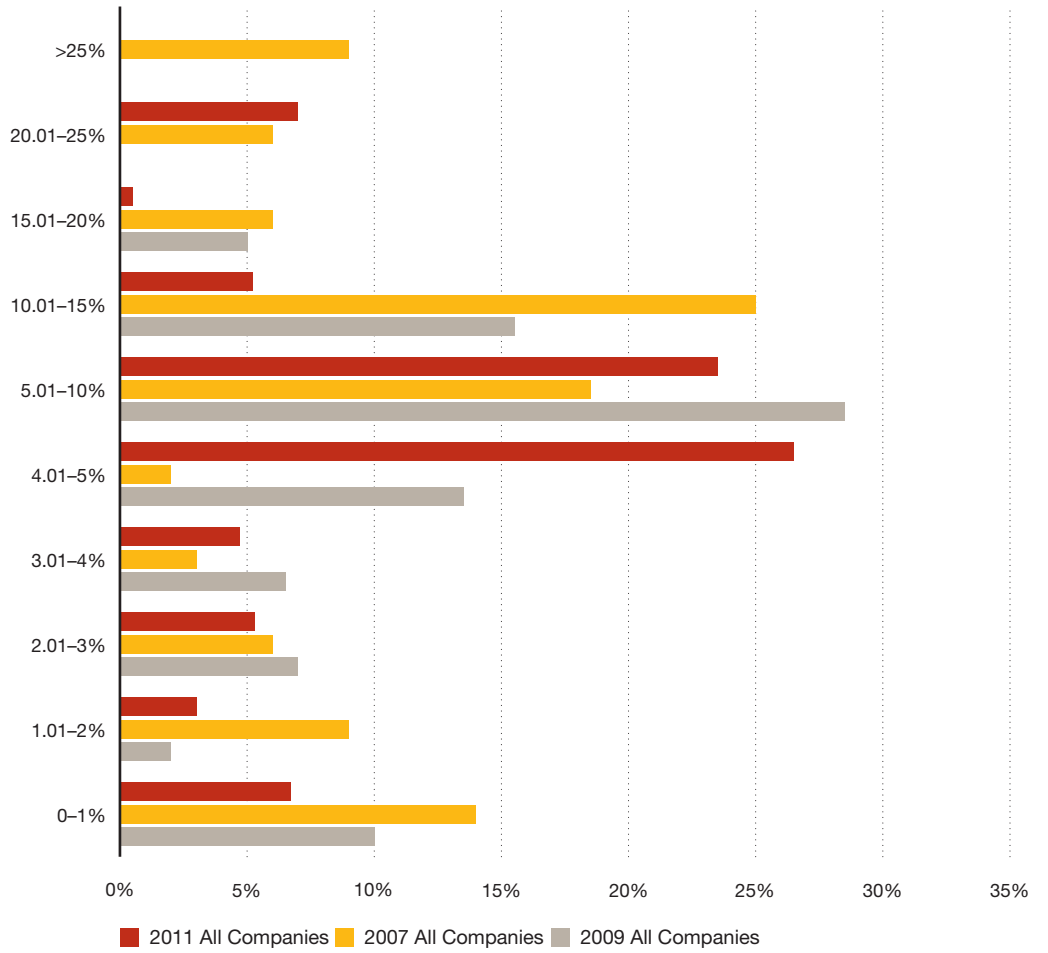
Shareholders that approved equity compensation plans



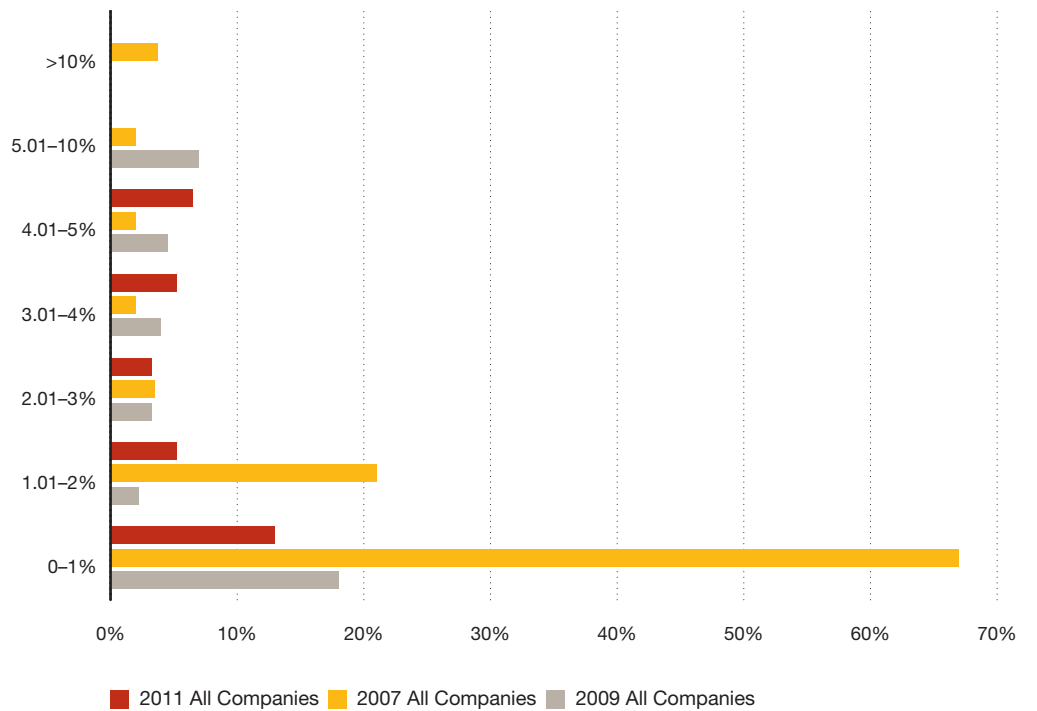
What was the percentage of "Yes" votes that your plan received?



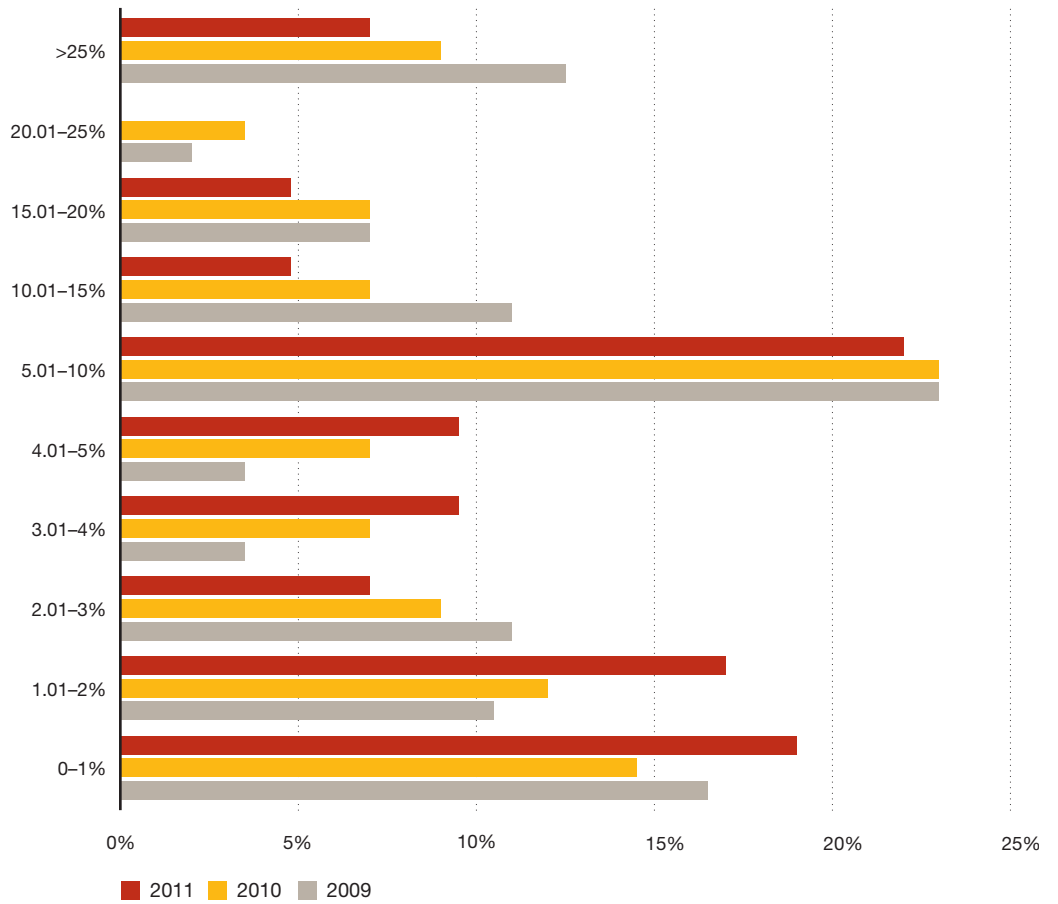
What is your company's overhang in each of the past two calendar years and the current year (budget if not yet known)?



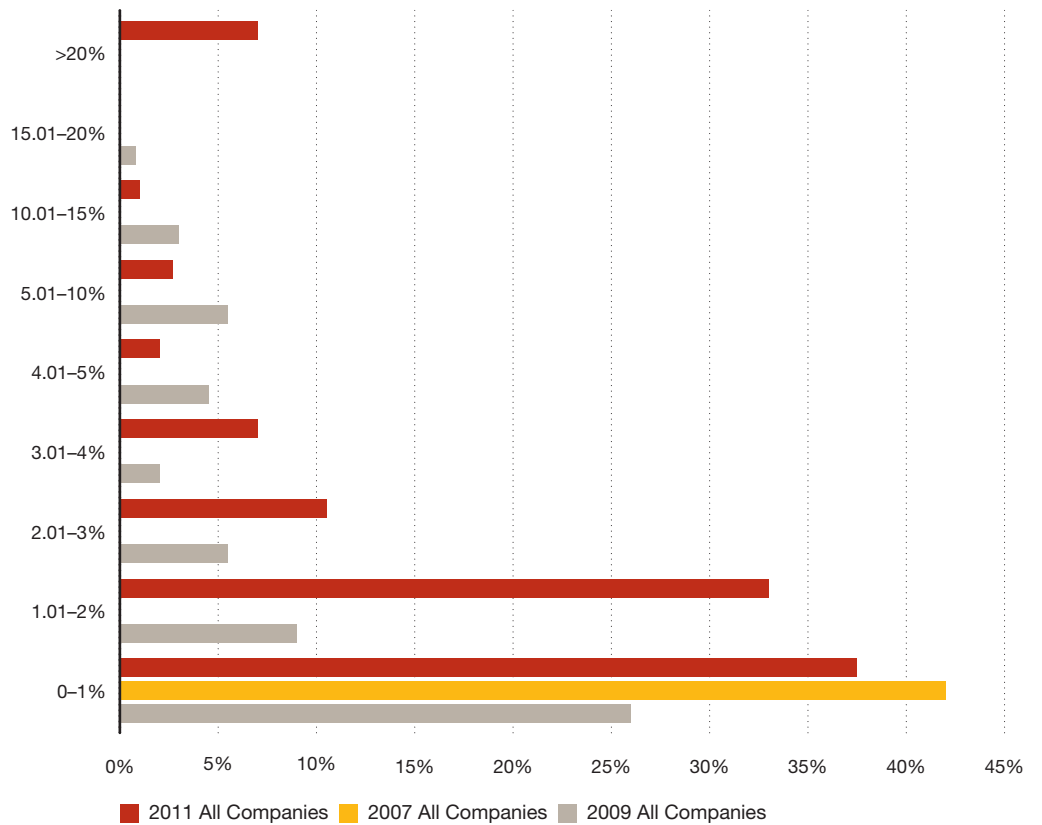
Equity compensation expense as a % of revenue



Equity compensation expense as a % of net income



Company's run rate

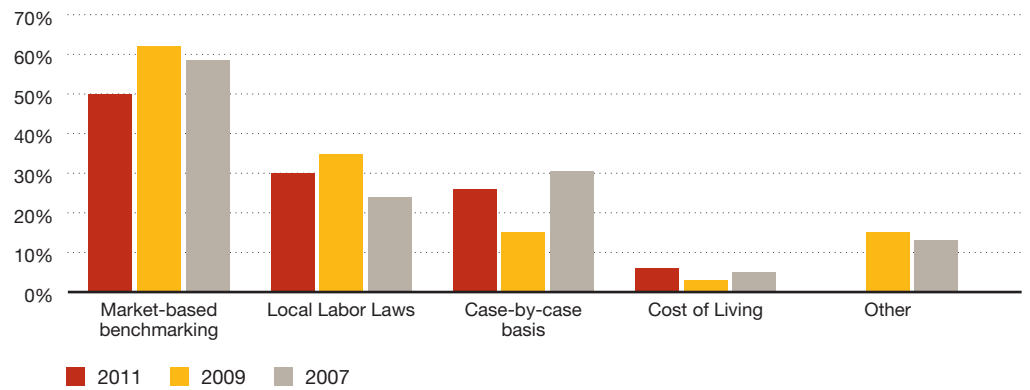


Section D – Global

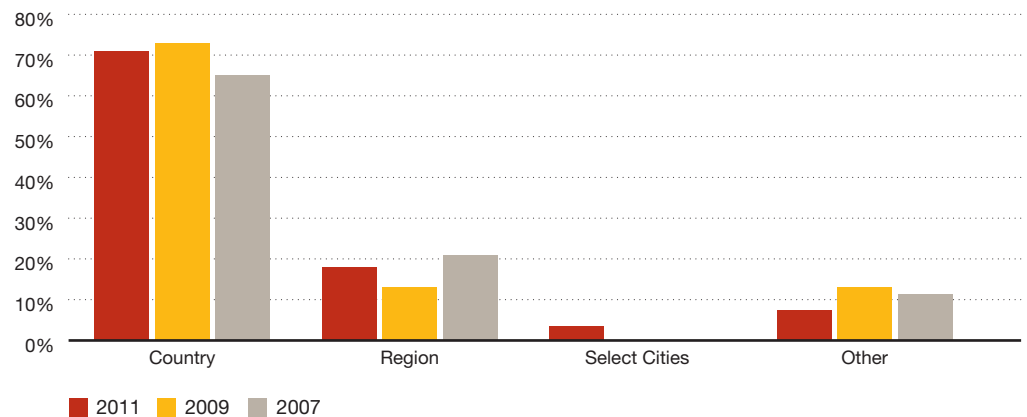
Have you modified your equity/stock-based compensation plan(s) in any way, specifically for grants in other countries?

	2011	2009	2007
Yes	38%	37%	54%
No	62%	63%	46%
Valid responses	89	98	95

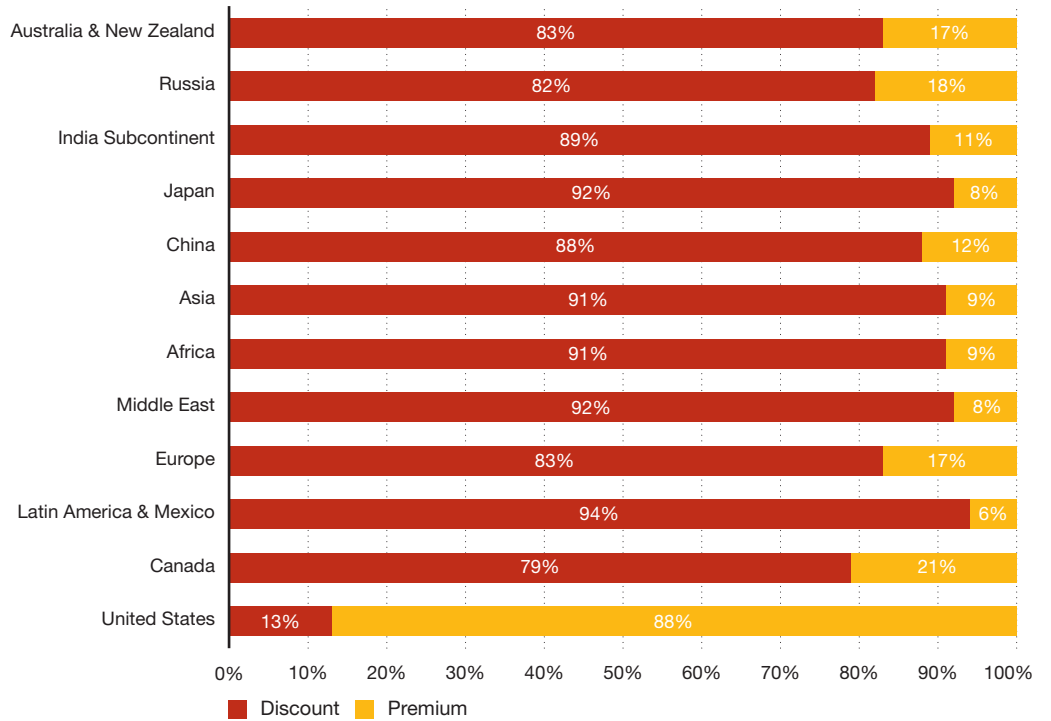
Do you adjust your local country grant levels due to the following?



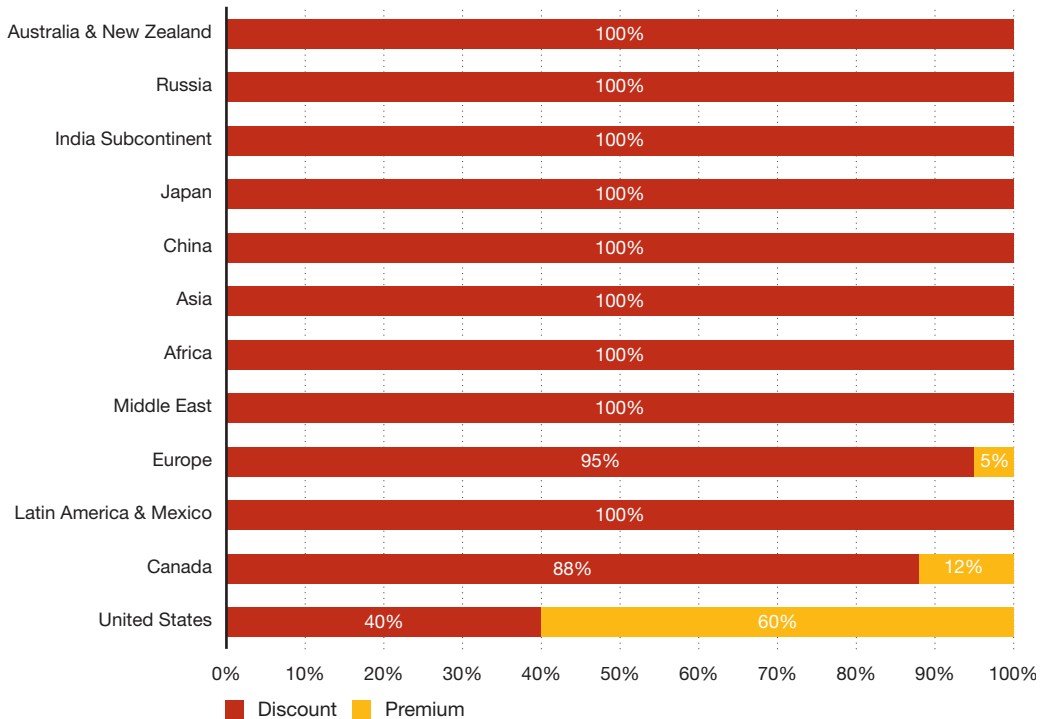
If you do adjust grant levels, where are adjustments made?



If you adjust grant levels is it to a discount or premium to parent co's country—2011



If you adjust grant levels is it to a discount or premium to parent co's country—2009



Discount: If you reduce the grant sizes in any geographic area, how much is the reduction?

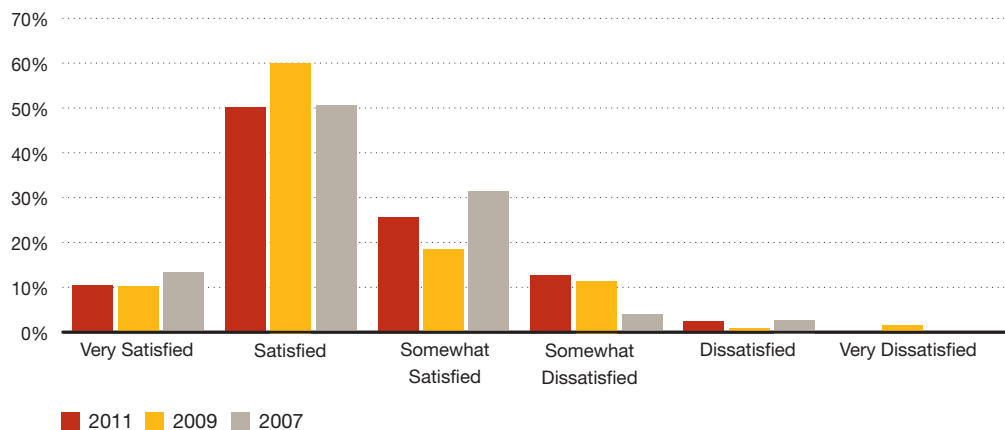
	2011					2009					2007				
	< 10%	10 – 24%	25 – 50%	> 50%	Valid Responses	< 10%	10 – 24%	25 – 50%	> 50%	Valid Responses	< 10%	10 – 24%	25 – 50%	> 50%	Valid Responses
Africa	10%	30%	30%	30%	10	18%	27%	36%	18%	11	9%	36%	36%	18%	11
Asia	15%	20%	50%	15%	20	14%	24%	48%	14%	21	11%	22%	50%	17%	18
Australia & New Zealand	20%	10%	40%	30%	10	21%	36%	36%	7%	14	21%	50%	29%	0%	14
Canada	36%	27%	27%	9%	11	40%	33%	20%	7%	15	29%	57%	7%	7%	14
China	7%	20%	60%	13%	15	11%	21%	53%	16%	19	11%	11%	58%	21%	19
Europe	7%	40%	47%	7%	15	24%	52%	19%	5%	21	18%	59%	18%	6%	17
India Subcontinent	13%	19%	50%	19%	16	12%	29%	35%	24%	17	11%	33%	39%	17%	18
Japan	17%	8%	58%	17%	12	21%	26%	42%	11%	19	19%	38%	31%	13%	16
Latin America & Mexico	12%	35%	35%	18%	17	29%	21%	29%	21%	14	7%	33%	53%	7%	15
Middle East	8%	33%	50%	8%	12	25%	31%	31%	13%	16	9%	27%	55%	9%	11
Russia	11%	33%	22%	33%	9	18%	18%	45%	18%	11	11%	33%	22%	33%	9
United States	100%	0%	0%	0%	1	75%	25%	0%	0%	4	57%	43%	0%	0%	7

Premium: If you increase the grant sizes in any geographic area, how much is the increase?

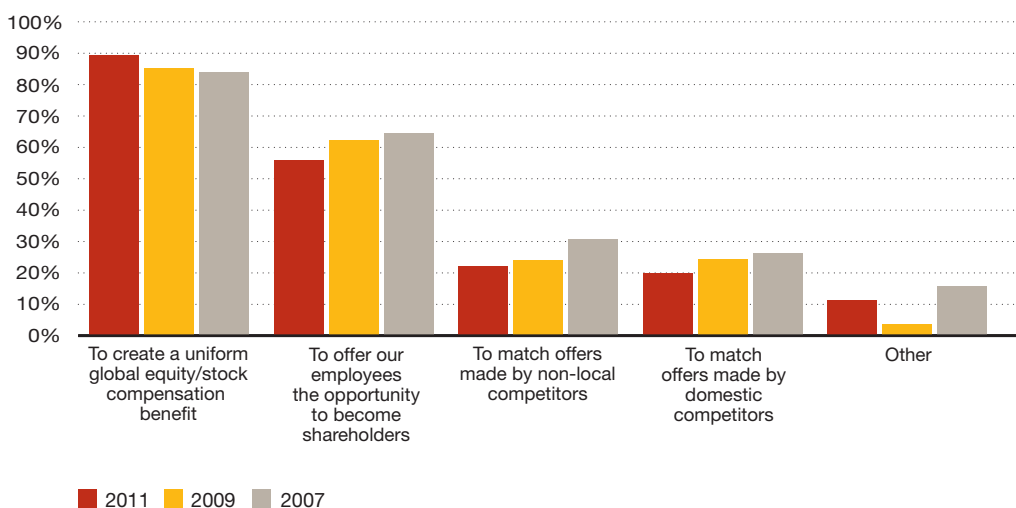
	2011				Valid Responses
	< 10%	10 – 24%	25 – 50%	> 50%	
Africa	100%	0%	0%	0%	1
Asia	50%	50%	0%	0%	2
Australia & New Zealand	50%	50%	0%	0%	2
Canada	67%	0%	0%	33%	3
China	50%	50%	0%	0%	2
Europe	67%	33%	0%	0%	3
India Subcontinent	50%	50%	0%	0%	2
Japan	100%	0%	0%	0%	1
Latin America & Mexico	100%	0%	0%	0%	1
Middle East	100%	0%	0%	0%	1
Russia	50%	50%	0%	0%	2
United States	14%	29%	14%	43%	7

Note: The 2009 and 2007 data for Premium was not useable

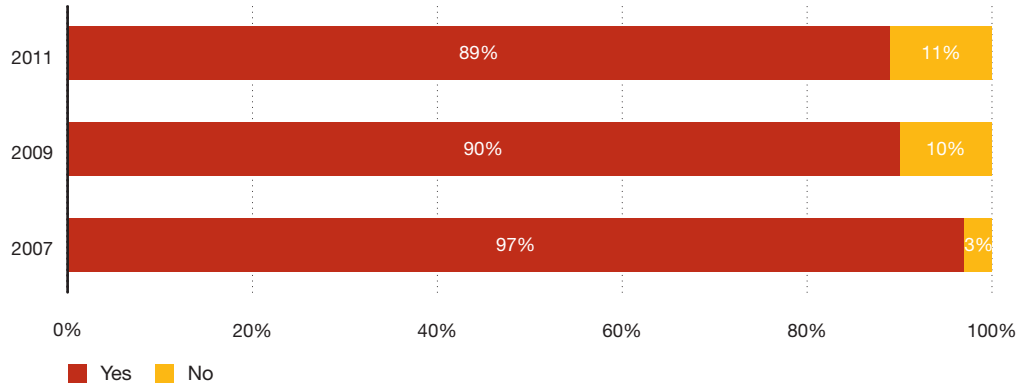
Level of employee satisfaction with current equity plans



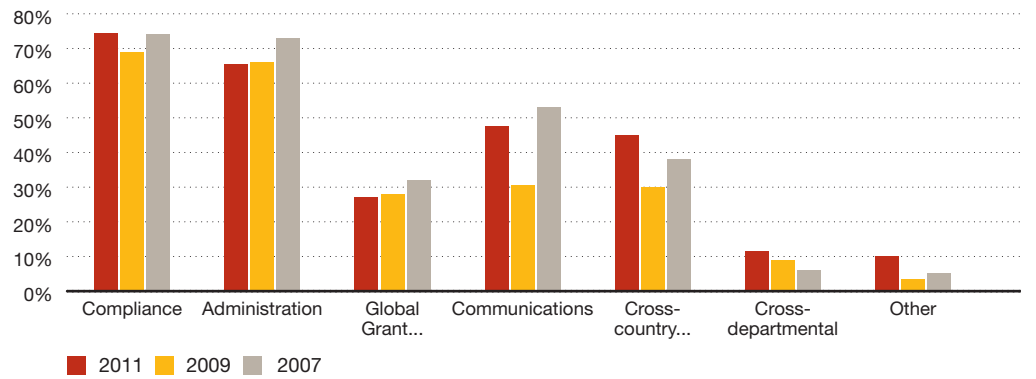
Reasons for offering equity plans to international employees



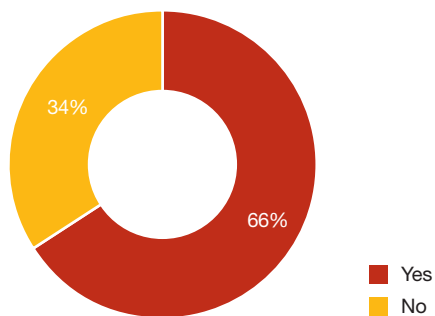
Plan Benefits Worth the Costs



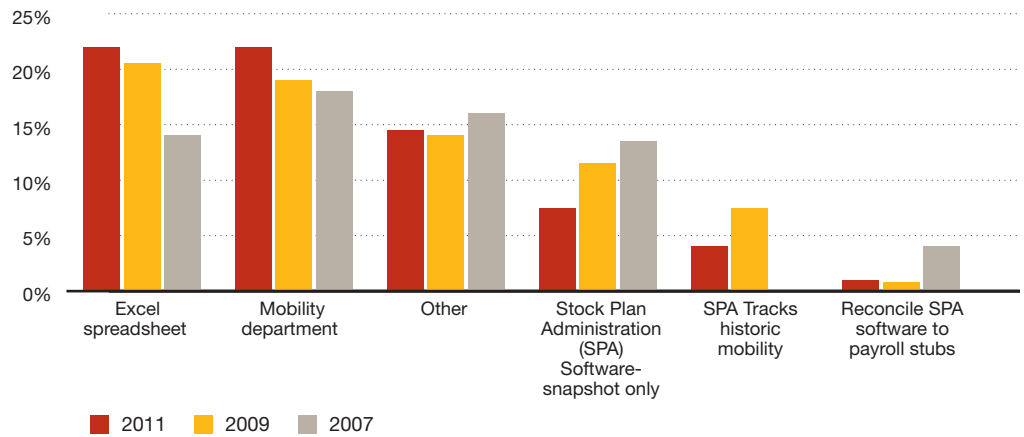
Most Challenging Aspects of Stock Plan Compliance



Do you source equity income for awards to expatriates or cross-border employees?



Methodology to Track Expatriates from Grant to Settlement



If your company grants equity compensation in the US, does your company track the movements of US employees from state to state?

	2011	2009	2007
Yes, we track employee mobility	56%	44%	54%
No, we do not track employee mobility	44%	56%	46%
Valid responses	63	75	71

Does your company source equity income for tax purposes in relation to awards provided to expatriates or cross-border employees?

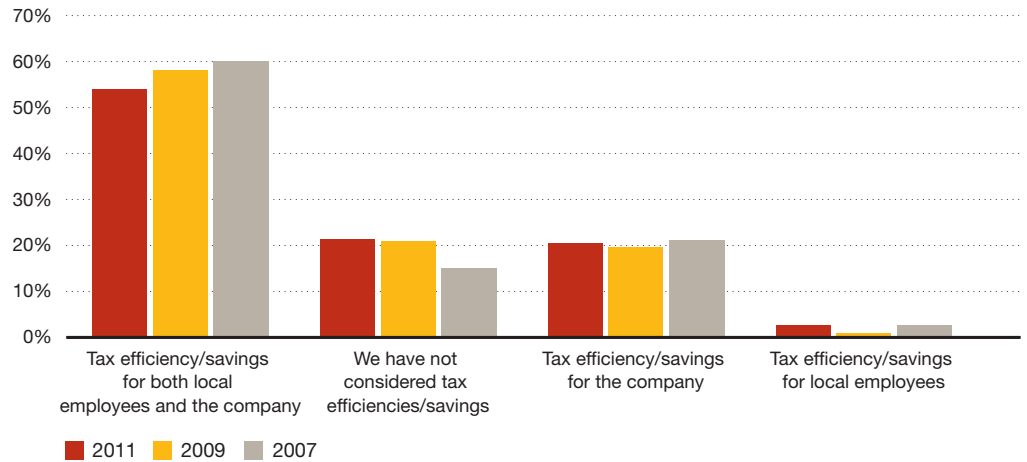
	2011	2009	2007
Yes	66%	65%	53%
No	34%	35%	47%
Valid responses	56	71	66

Does your company consider trailing liabilities once an expatriate/cross-border employees leaves a particular country?

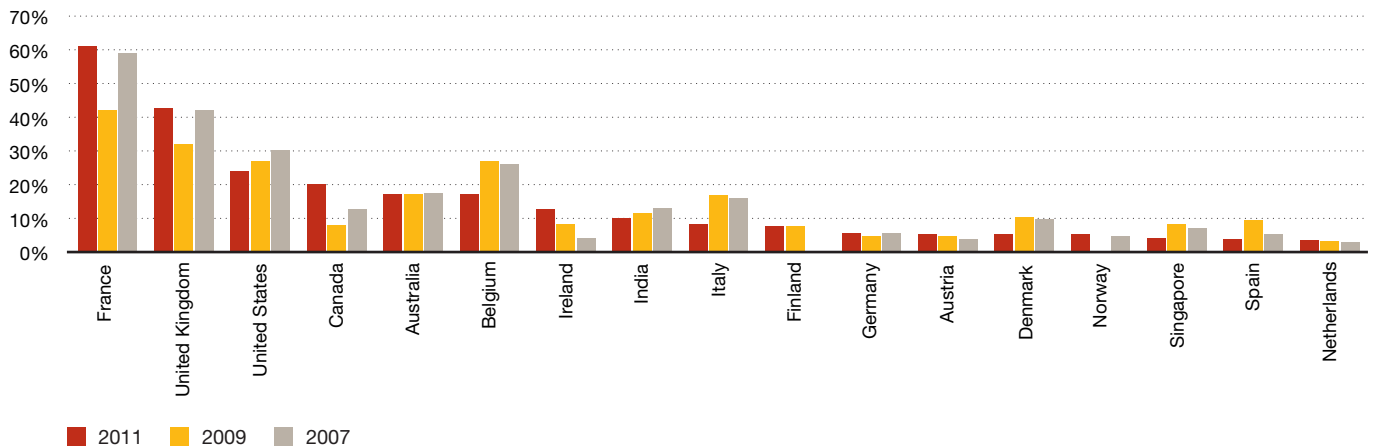
	2011	2009	2007
Yes	68%	53%	46%
No	32%	47%	54%
Valid responses	53	66	69

Section E – Tax Planning

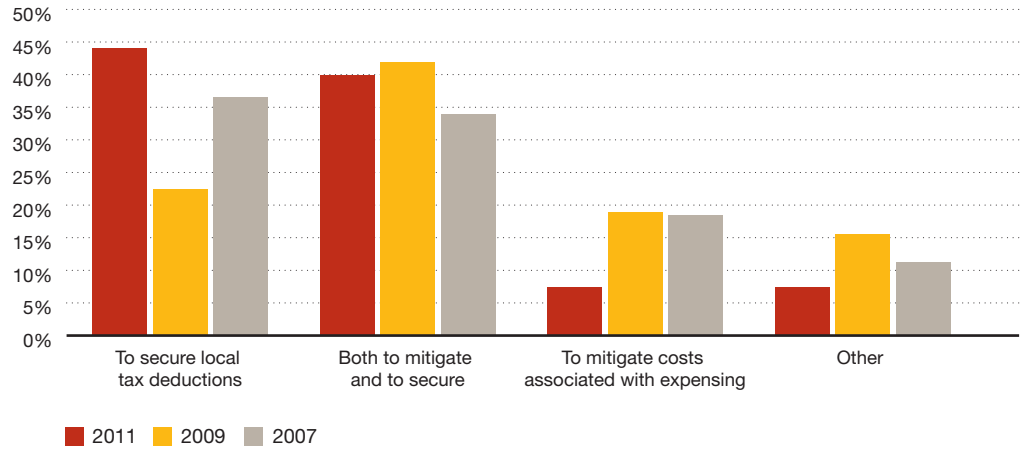
Highest Priority



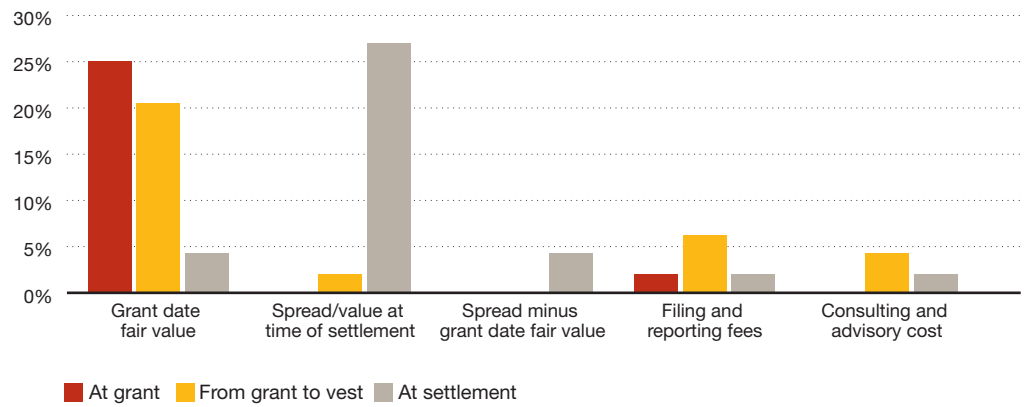
Prevalence of locally tax-qualified plans



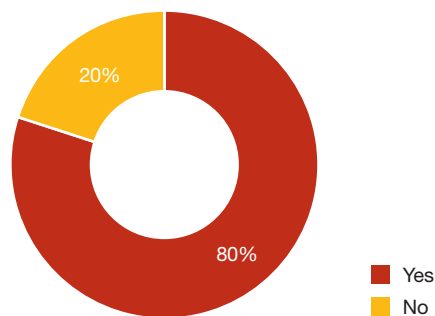
Reasons for chargeback



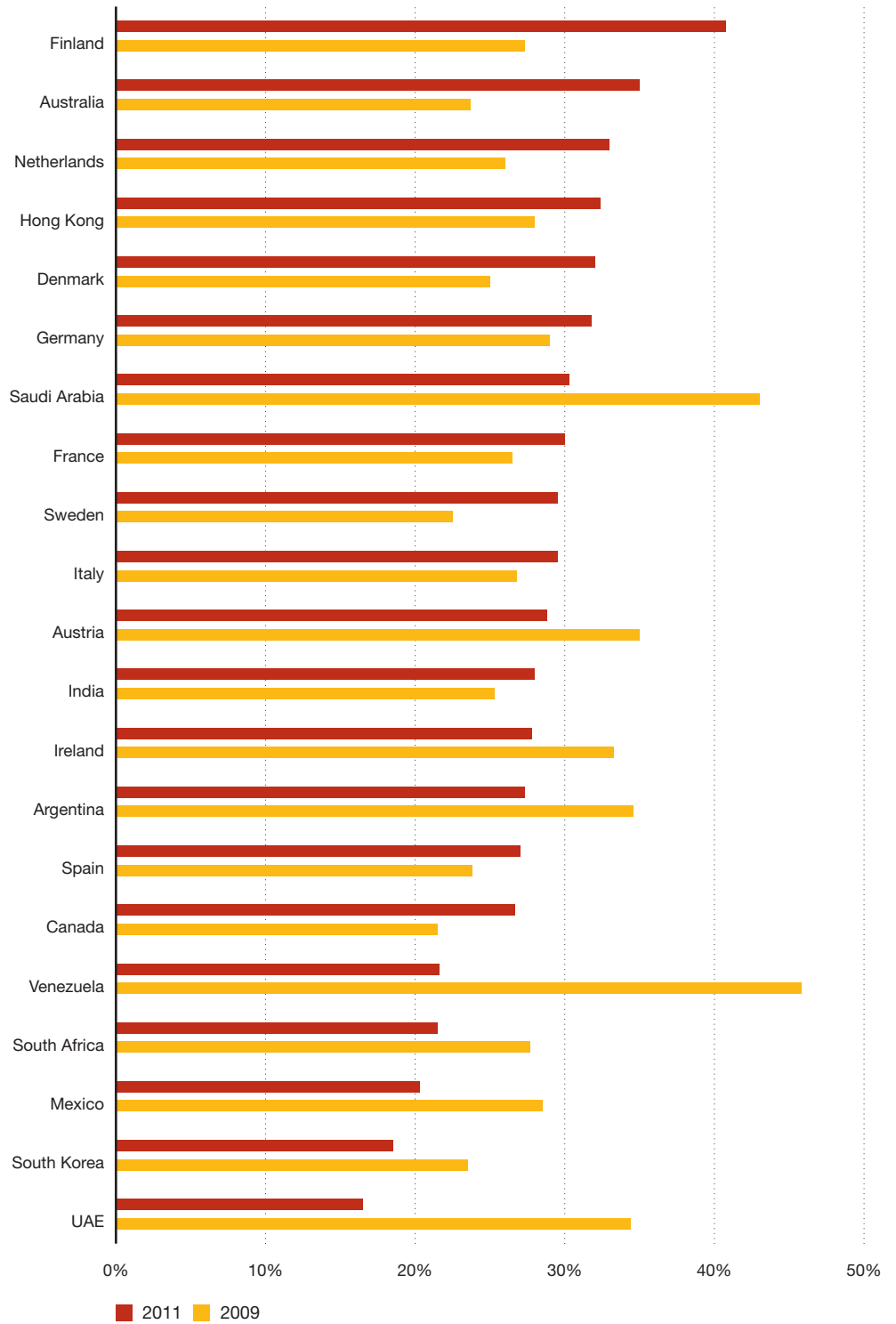
If you charge back, what/when is the subsidiary charged



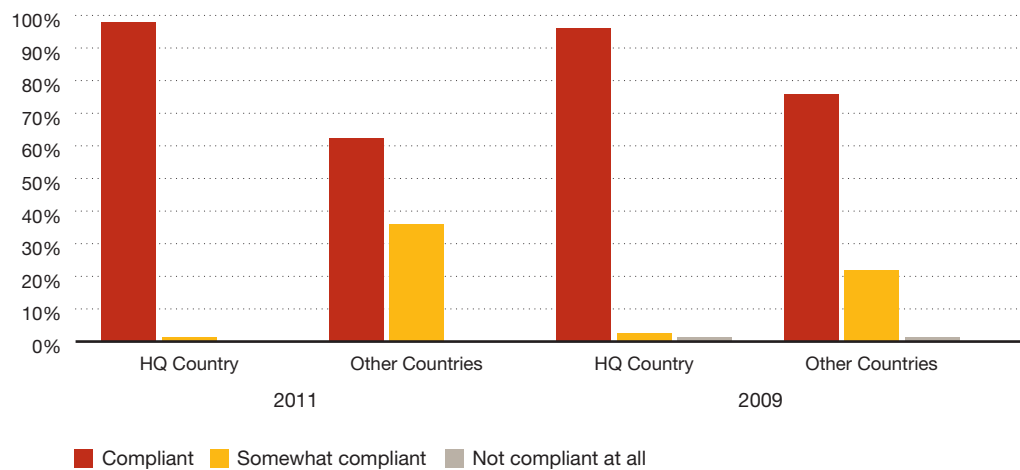
Where you charge back do you have chargeback arrangements in place?



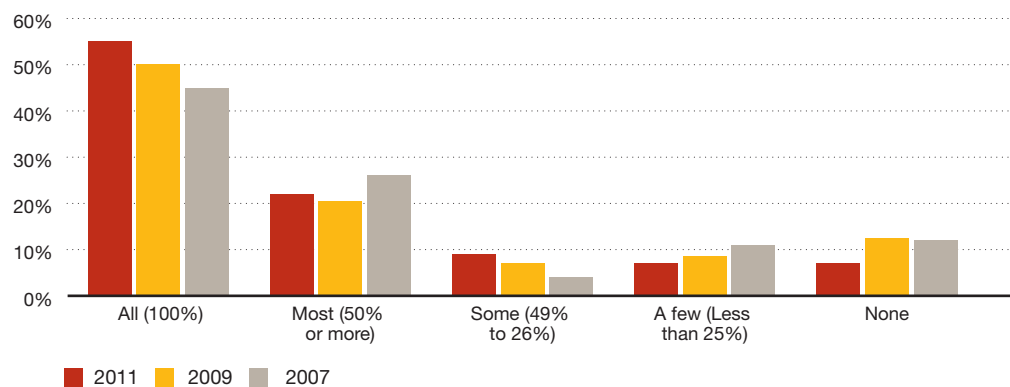
Countries Where Equity Plan Costs are Charged Back
 (data shown as a % of companies in that country that charge back equity costs)



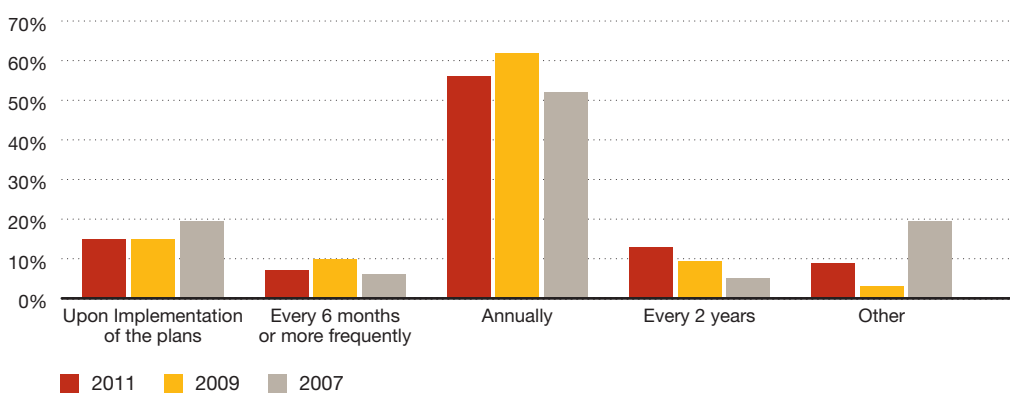
Level of Plan Compliance



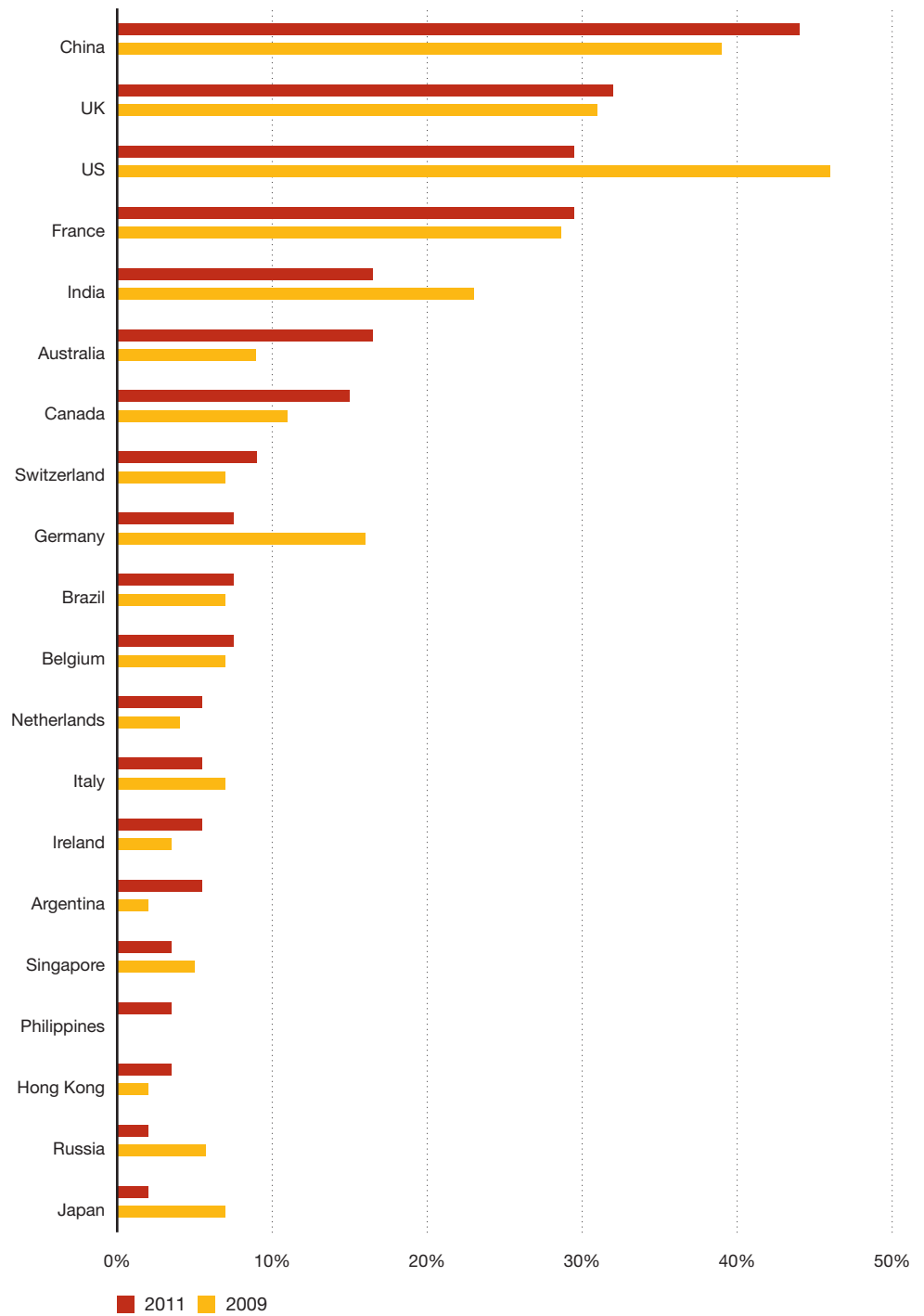
Prevalence of Internal Compliance Reviews



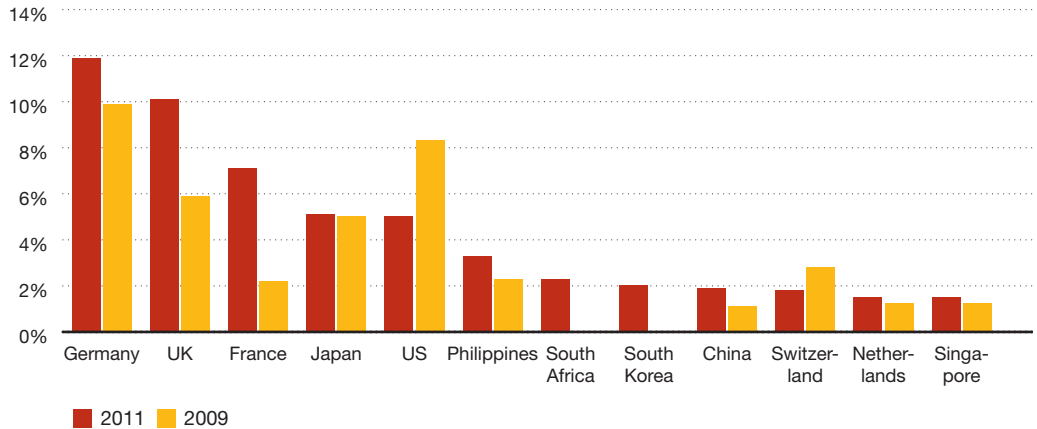
Frequency of internal compliance reviews



Countries with Most Challenging Tax Compliance

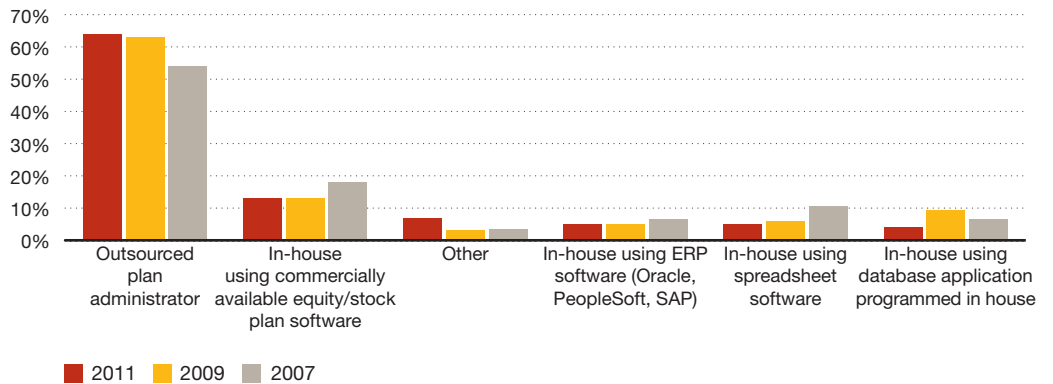


Companies Audited in the Last Three Years (as % of companies that grant equity in that country)

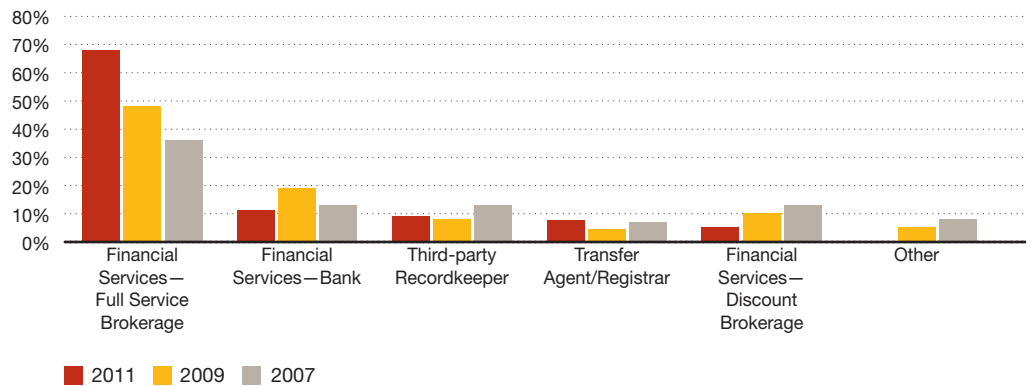


Section F – Process & Administration

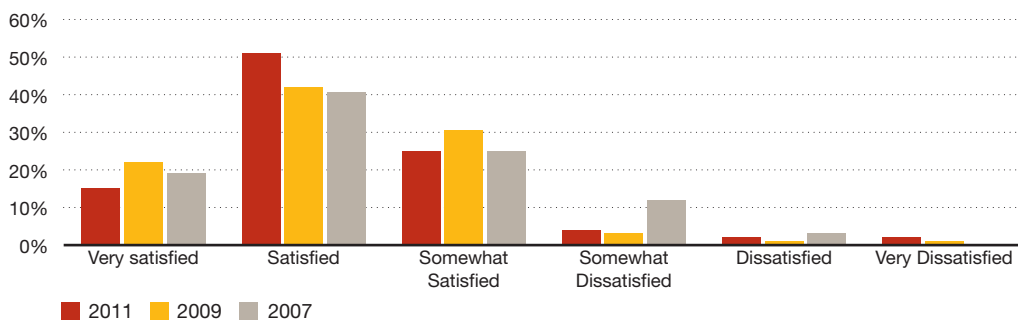
Where equity/stock-based compensation data is stored



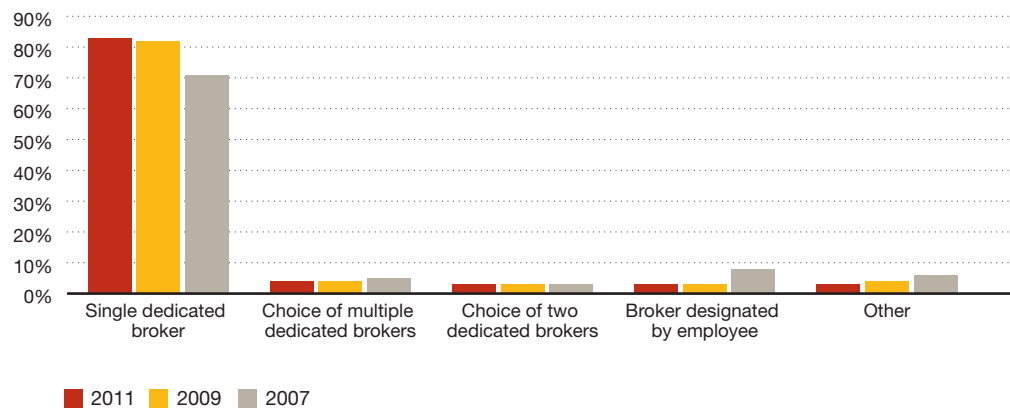
Current primary service provider



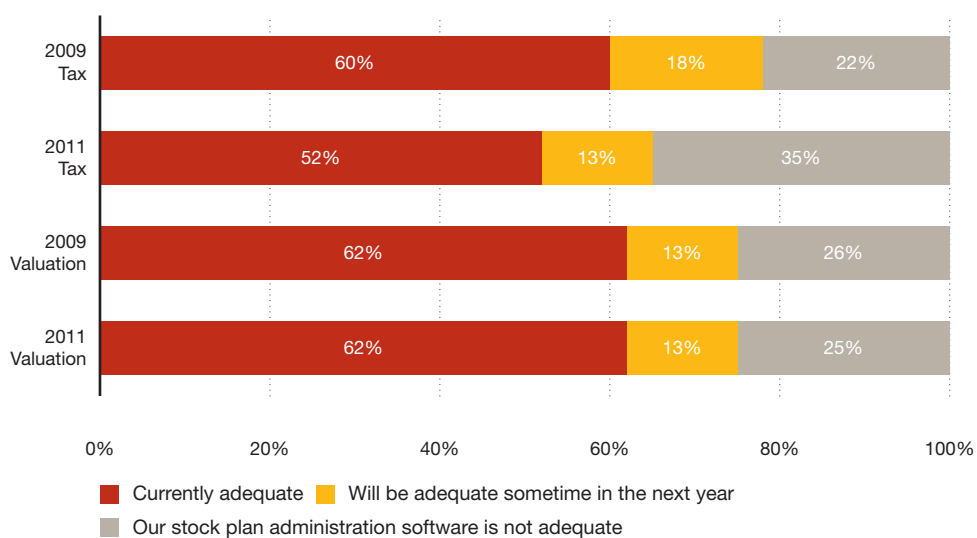
Satisfaction with current stock plan administrator



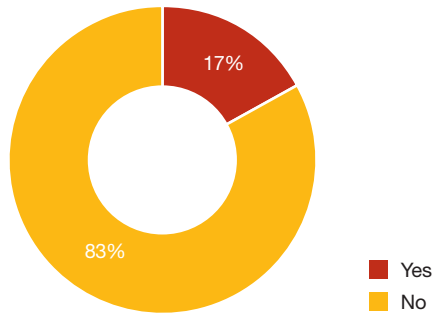
Types of brokerage agreements



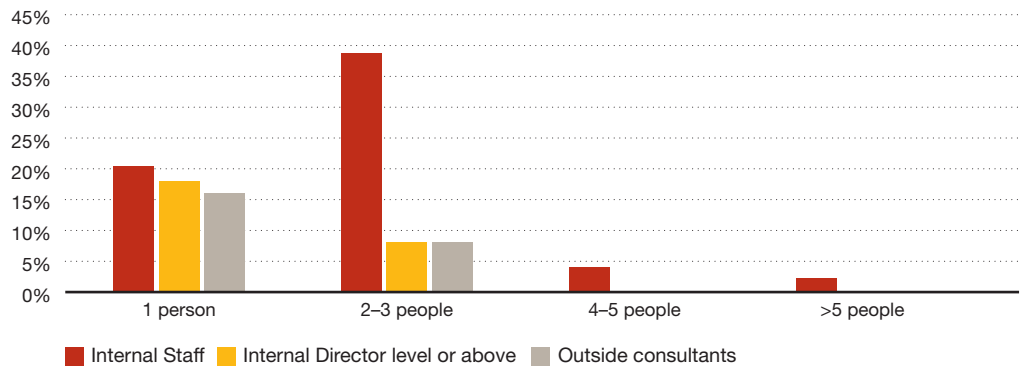
Does SPA Software Support Valuation & Tax Needs?



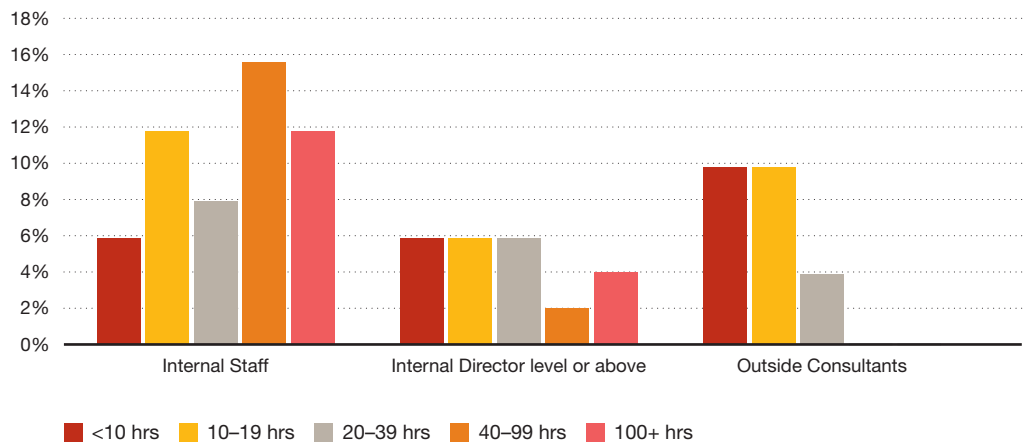
Do you outsource your IFRS/FAS 123R tax tracking?



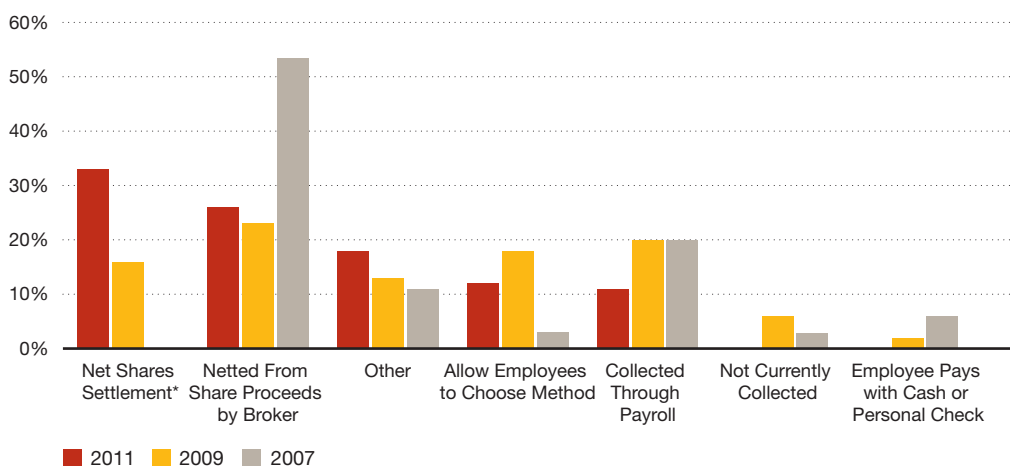
Number of people required for tax tracking



Hours required for tax tracking

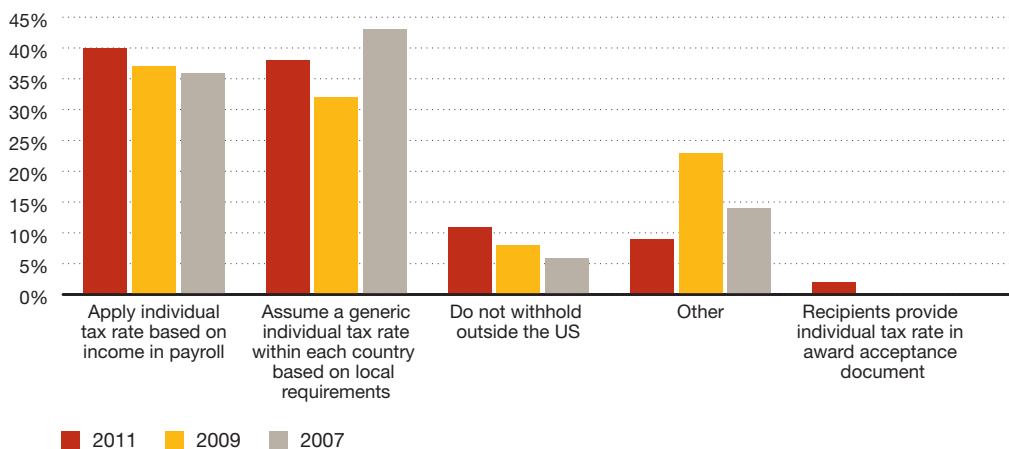


Method of collecting taxes upon exercise or share delivery

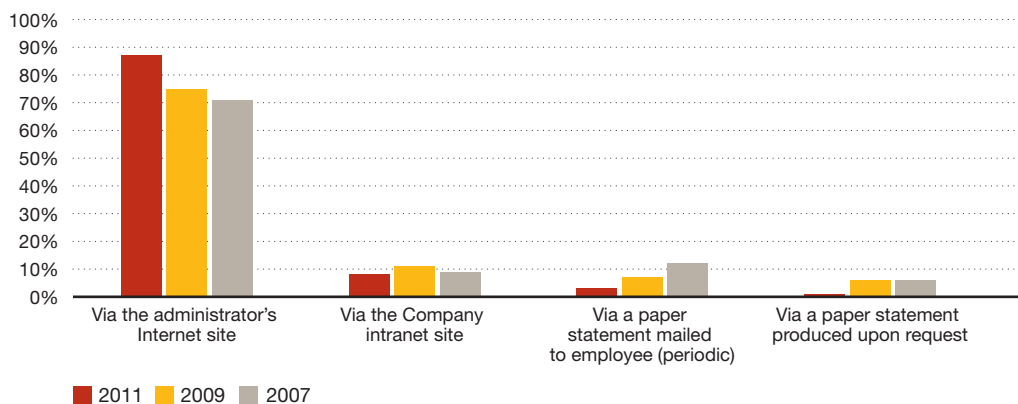


*Net Shares Settlement was a new choice in 2009

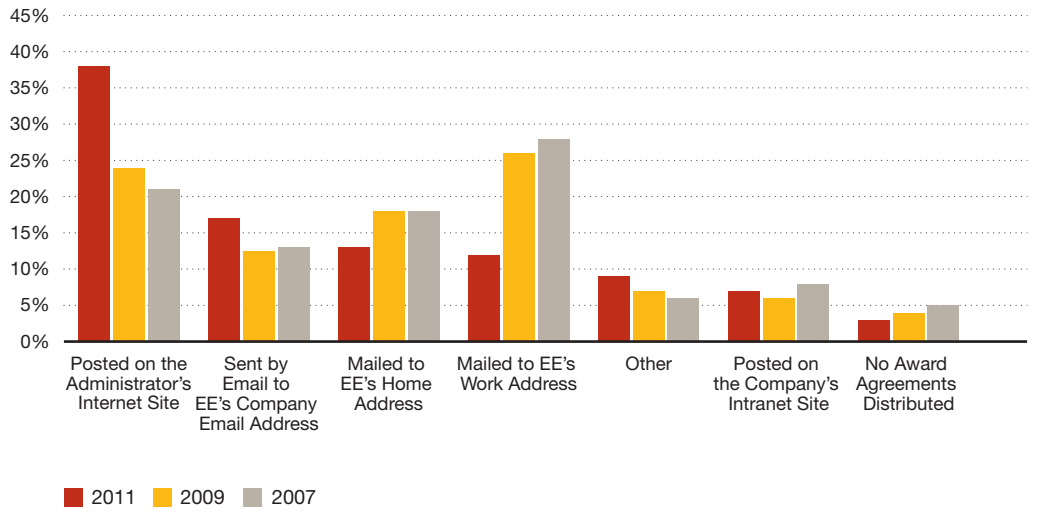
If RSUs are granted outside the US, how is withholding handled



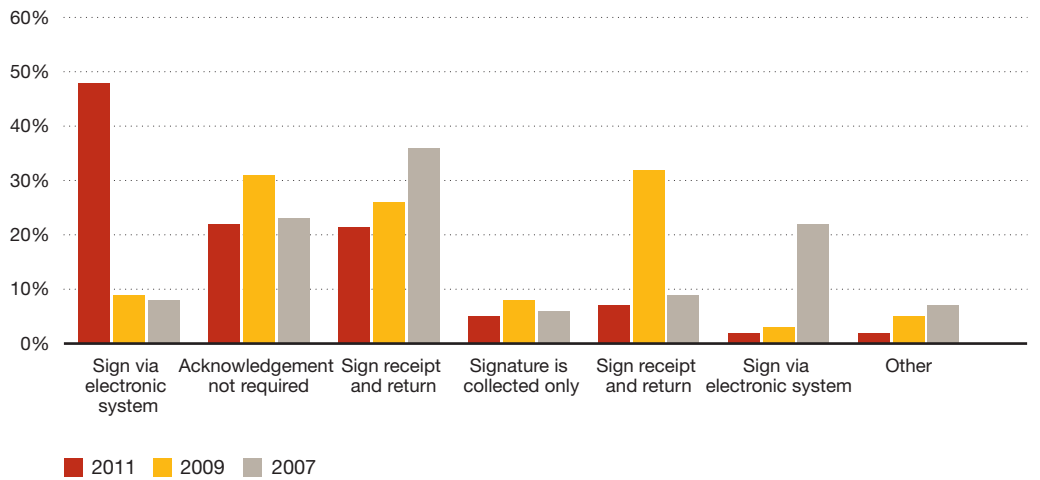
Employee access to plan records



Method of award agreement delivery



How do employees acknowledge receipt at grant?



Section G – Communication

When do you communicate your equity plans to employees? (Check all the apply)

	2011	2009	2007
Annually: with total rewards package	45%	48%	39%
When Board approves	44%	39%	55%
Ad hoc	19%	22%	25%
Other	17%	13%	13%
Don't communicate equity plans	2%	5%	1%
Valid responses	113	127	144

How do you communicate equity plans to different employee demographic groups? (Check all the apply)

	2011	2009	2007
Same time, same details	63%	56%	62%
Same time, different details	24%	21%	25%
Different times, different details	6%	8%	6%
Different times, same details	5%	9%	
Other	3%	6%	8%
Valid responses	88	99	104

Did you change how you communicate your plans to ensure there is no effective delay between the Board's Approval of the plans and when employees reach an understanding of those plans? (Check all the apply)

	2011	2009	2007
We don't communicate plans to employees	4%	4%	1%
Yes	18%	24%	27%
No	79%	71%	72%
Valid responses	84	94	99

How have you changed your employee communications to better coincide with Board approval?

	2011			2009			2007		
	Continuing unchanged	New (added)	Discontinued	Continuing unchanged	New (added)	Discontinued	Continuing unchanged	New (added)	Discontinued
We communicate plan via intranet/internet	15%	1%	0%	17%	3%	0%	15%	2%	0%
We communicate plan via email	19%	1%	0%	15%	2%	0%	14%	2%	1%
We require employee acknowledgement of Award Agreement via intranet/internet	11%	3%	0%	9%	2%	1%	7%	2%	0%
We require employee acknowledgement of Award Agreement via email	4%	1%	1%	5%	0%	0%	4%	0%	0%
We hold in-country group meetings with employees	6%	1%	1%	7%	0%	1%	7%	1%	1%
We hold in-country individual employee-supervisor meetings	9%	0%	0%	9%	0%	0%	14%	0%	0%
We hold webcasts	4%	1%	0%	4%	1%	0%	3%	1%	1%
We distribute printed materials	18%	0%	4%	18%	1%	2%	22%	1%	2%
Totals	85%	8%	7%	84%	11%	5%	86%	9%	6%
Valid responses	237	22	20	242	31	15	274	28	18
	Total = 279			Total = 288			Total = 320		

How have you changed your employee communications to encourage employee understanding of the plans?

	2011			2009			2007		
	Continuing unchanged	New (added)	Discontinued	Continuing unchanged	New (added)	Discontinued	Continuing unchanged	New (added)	Discontinued
We communicate plan via intranet/internet	18%	2%	0%	20%	4%	0%	17%	4%	0%
We communicate plan via email	20%	2%	0%	18%	3%	0%	14%	3%	1%
We hold in-country group meetings with employees	10%	1%	1%	10%	1%	0%	9%	2%	1%
We hold in-country individual employee-supervisor meetings	12%	0%	0%	10%	1%	0%	15%	1%	0%
We hold webcast	7%	1%	0%	6%	1%	0%	4%	1%	1%
We distribute printed materials	18%	2%	5%	21%	2%	3%	24%	1%	2%
Totals	85%	8%	7%	84%	12%	4%	83%	12%	5%
Valid responses	201	20	16	234	34	11	250	36	14
	Total = 237			Total = 279			Total = 300		

Do you translate plan documents into local languages?

	2011	2009	2007
We do not translate plan documents into the local language(s)	52%	49%	46%
We translate only plan documents required by law	34%	37%	26%
We translate all plan documents, required and not required by law	7%	4%	19%
We translate more documents than required by law, but not all	7%	9%	9%
Valid responses	83	91	97

Select the three techniques you consider are the most effective in building employee understanding of your company's global equity plan(s).

	2011	2009	2007
Printed materials (brochures/flyers/newsletters)	43%	42%	55%
Letter from senior management	41%	34%	32%
In-country HR meeting/group meeting	41%	41%	39%
Intranet/Internet	39%	55%	48%
Email	34%	34%	23%
Individual employee-supervisor meeting	32%	30%	50%
Help-line to a live person (in company)	31%	32%	29%
Service provider presentation	15%	15%	8%
Corporate video/webcast	14%	11%	7%
Valid responses	254	283	293

To the best of your knowledge, how well do you think employees understand what benefit is available to them through your equity plans?

	2011	2009	2007
Understand a good deal	40%	27%	46%
Somewhat understand	34%	54%	35%
Partially understand	18%	14%	17%
Understand very little	4%	1%	1%
Completely understand	3%	4%	2%
Understand nothing	0%	0%	0%
Valid responses	90	98	101

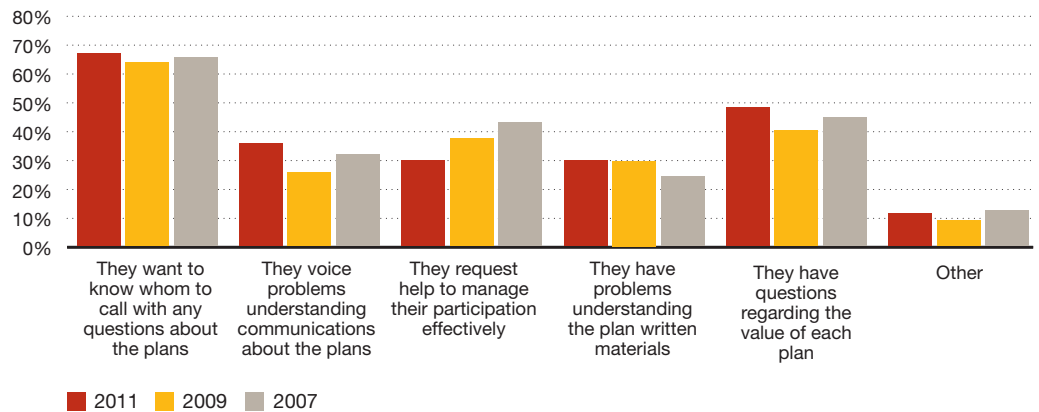
To the best of your knowledge, how well do you think employees understand the mechanics of what they need to do to reap that benefit of your equity plans for themselves?

	2011	2009	2007
Somewhat understand	41%	59%	38%
Understand a good deal	28%	19%	39%
Partially understand	20%	15%	16%
Understand very little	8%	3%	6%
Completely understand	3%	4%	2%
Understand nothing	0%	0%	—
Valid responses	90	97	101

How frequently do you gather feedback from employees regarding their equity plans?

	2011	2009	2007
Only when employees initiate	48%	43%	44%
Ad hoc	44%	45%	42%
Annually	8%	11%	14%
Valid responses	84	88	86

Employee feedback regarding equity plans



Country-Specific Findings

Australia

Which type of employee equity/stock compensation plan does your company provide to its Australian employees? (Check all that apply.)

	2011 Count	2011	2009	2007
Option and Rights plans	24	62%	85%	85%
Phantom Stock/Units or SARs	13	33%	28%	21%
Tax deferred share plan – incentive pay	6	15%	6%	6%
Tax deferred share plan – salary sacrifice of base pay	0	0%	9%	3%
Tax-exempt share plan	1	3%	4%	3%
Loan-funded share plan	0	0%	2%	0%
Number of responding companies		44		

Are the options or rights under the options-rights plan subject to vesting conditions, in addition to performance?

	2011 Count	2011	2009	2007
Yes	27	77%	61%	90%
No	8	23%	39%	10%
Valid responses		35		

If yes, what sort of vesting condition applies?

	2011 Count	2011	2009	2007
Continued employment for 1 year or less	1	4%	0%	0%
Continued employment for 1-2 years	0	0%	7%	11%
Continued employment for 2-3 years	9	33%	33%	19%
Continued employment for 3-4 years	12	45%	41%	52%
Continued employment for 4-5 years	2	7%	7%	4%
Continued employment for 5 or more years	0	0%	0%	7%
Some other vesting condition	3	11%	11%	7%
Valid responses		27		

In light of the changes in timing of taxation or stock options, has your company changed its granting practices?

	2011 Count	2011
Yes	10	23%
No	33	77%
Valid responses	43	<i>* New question for 2011</i>

What was the change in practice?

	2011 Count	2011
No longer grant stock options	7	100%
Give employee choice of receiving stock options with no replacement	0	0%
Give employees choice of receiving stock options with replacement	0	0%
Only grant restricted shares restricted stock prospectively	3	—
Valid responses	7	<i>* New question for 2011</i>

Are the shares acquired on exercise of the options or rights subject to a disposal/holding restriction?

	2011 Count	2011	2009	2007
Yes	2	6%	19%	7%
No	32	94%	81%	93%
Valid responses		34		

How long after exercise/release is the disposal/holding period?

	2011 Count	2011	2009	2007
One year or less	3	43%	10%	—
More than one year but less than two years	0	0%	10%	—
More than two years	4	57%	80%	—
Valid responses		7		

Which of the following issues have you considered in relation to this plan?
(Check all that apply.)

	2011 Count	2011	2009	2007
Tax deductibility for discount element of securities	0	0%	22%	33%
Accounting and valuation under AASB2	4	31%	22%	67%
Disclosure under CLERP 9 and AASB 1046	0	0%	11%	33%
Consistency with ASX Principle 9	1	8%	22%	17%
Whether shares will be sourced on market or through new issue	4	31%	56%	33%
Recharge of cost of participation of employees in foreign locations	7	54%	44%	0%
Number of responding companies		16		

In relation to options, how do you work out the exercise price of the options?

	2011 Count	2011	2009	2007
At market value at the time of grant	25	96%	91%	85%
Exercise price above market value at time of grant	1	4%	4%	12%
At a discount to market value at the time of grant	0	0%	4%	4%
Valid responses		26		

How do you work out the size of option allocations to make?

	2011 Count	2011	2009	2007
Pricing model (e.g., Black-Scholes)	9	36%	35%	27%
Grant value as a % of salary or bonus	5	20%	43%	38%
Present or expected value of projected gain	0	0%	3%	0%
Other	11	44%	20%	35%
Valid responses		25		

Has your company analyzed the imposition of payroll tax on equity plan awards in certain states?

	2011 Count	2011	2009	2007
Yes	8	28%	41%	53%
No	21	72%	59%	47%
Valid responses		29		

If yes, has this requirement caused your company to reduce or modify awards to Australian employees?

	2011 Count	2011	2009	2007
Yes	3	38%	8%	0%
No	5	63%	92%	100%
Valid responses		8		

If you attach a performance condition to vesting, have you changed the condition in the past 12 months?

	2011 Count	2011	2009
Yes	3	7%	6%
No	13	30%	37%
Does not apply	28	64%	57%
Valid responses		44	

Was the performance condition met at the last test?

	2011 Count	2011	2009
Fully	3	7%	24%
Partially	7	16%	11%
Not at all	5	12%	2%
Does not apply	28	65%	63%
Valid responses		43	

Belgium

In your opinion, does the taxation of stock options at grant reduce the success of stock option plans in Belgium?

	2011 Count	2011	2009	2007	2006 Revised
Yes	17	52%	38%	61%	77%
No	16	48%	63%	39%	23%
Valid responses		33			

Are the shares acquired on exercise of the options or rights subject to a disposal/holding restriction?

	2011 Count	2011	2009	2007	2006 Revised
Yes	6	18%	17%	26%	53%
No	27	82%	83%	74%	47%
Valid responses		33			

Belgian tax law allows an individual to elect taxation at either grant or at exercise for stock options. Have you designed your stock option plan so as to authorize such election in Belgium?

	2011 Count	2011	2009	2007	2006 Revised
Yes	15	56%	60%	54%	63%
No	12	44%	40%	46%	37%
Valid responses		27			

If you answered “no” to the previous question, why does your organization not authorize such election?

	2011 Count	2011	2009	2007	2006 Revised
Legal interpretation unclear, so counsel advised us not to	0	0%	0%	0%	32%
Taxation at exercise is unfavorable	1	14%	0%	0%	11%
Minimize administration	4	57%	60%	33%	—
Other	2	29%	40%	67%	58%
Valid responses		7			

Canada

Do you currently offer participants a choice between settlement in shares or cash for your equity/stock-based compensation plan?

	2011 Count	2011	2009	2007	2006 Revised
Yes, we currently offer choice of cash or shares	10	17%	17%	26%	31%
No, we do not offer or plan to offer choice	48	83%	83%	74%	69%
Valid responses		58			

Do your company’s shares meet “prescribed share” requirements?

	2011 Count	2011	2009	2007	2006 Revised
Yes	16	76%	77%	83%	59%
No	5	24%	23%	17%	41%
Valid responses		21			

How will your company withhold tax from employees where shares are issued?

	2011 Count	2011
Request a cheque from the employee for the withholding	1	2%
Use a "broker" or other intermediary to facilitate a market sale of shares, with proceeds from the sale used to satisfy withholdings	12	24%
Net settlement	14	28%
Payroll deduction	9	18%
Combination of the above	14	28%
Valid responses		50

** New question for 2011*

Has your company decided to redesign its tandem option plan?

	2011 Count	2011
Yes, we will be eliminating the cash-out choice	0	0%
Yes, but I am not sure of the details	0	0%
No, we are not considering changes at this time	9	100%
We are in discussions but have not made a final decision	0	0%
We do not have such a plan to my knowledge	46	—
Valid responses		55

** New question for 2011*

How do you currently calculate the tax withholding on stock option benefits?

	2011 Count	2011
Top marginal rate	12	31%
Based on tax tables	18	46%
Flat rate	9	23%
No tax withholding is performed	5	—
Valid responses		44

** New question for 2011*

If you have a tandem option plan, where an employee chooses to take cash rather than shares, will your company forgo the deduction?

	2011 Count	2011
Yes	0	0%
No	5	13%
Valid responses		5

** New question for 2011*

China

Has your company completed the tax filings with the local in-charge tax authorities?

	2011 Count	2011	2009	2007	2006 Revised
Yes	20	71%	71%	54%	77%
No	8	29%	29%	46%	23%
Valid responses		28			

Where are shares granted to PRC nationals held?

	2011 Count	2011	2009	2007	2006 Revised
No shares delivered/held	26	53%	61%	35%	—
US	13	27%	19%	35%	39%
PRC	4	8%	0%	3%	13%
Hong Kong	0	0%	6%	6%	2%
Other	6	12%	14%	19%	46%
Valid responses		49			

Has your company implemented a mandatory Cashless Exercise under the stock option plan?

	2011 Count	2011	2009	2007
Yes	12	46%	68%	56%
No	14	54%	32%	44%
Valid responses		28		

Does the broker send all proceeds to the home/headquarter country parent?

	2011 Count	2011	2009	2007	2006 Revised
Yes	10	37%	47%	44%	27%
No	17	63%	53%	56%	73%
Valid responses		27			

Do you offer Stock Purchase Plan/ESPP to your employees in China who are local nationals?

	2011 Count	2011	2009	2007	2006 Revised
Yes	3	6%	9%	10%	7%
No	51	94%	91%	90%	93%
Valid responses		54			

When setting a long-term incentive (LTI) plan, what is the average percentage of the LTI as a portion of their total compensation for each type of employee? **(one answer per row)**

	Board Members	Senior Executive – CEO/General Manager	Middle Manager – Others (please specify)	Others (please specify)
0 – 10%	2	1	7	5
11 – 25%	1	10	13	1
26 – 50%	4	16	3	1
51 – 75%	3	4	1	0
76 – 100%	1	1	0	0
Not known at the time of the survey	13	5	1	3

When setting a long-term incentive (LTI) plan, what is the average percentage of the LTI as a portion of their total compensation for each type of employee? **(one answer per row)**

	Board Members	Senior Executive – CEO/General Manager	Middle Manager – Others (please specify)	Others (please specify)
0 – 10%	18%	3%	29%	71%
11 – 25%	9%	31%	54%	14%
26 – 50%	36%	50%	13%	14%
51 – 75%	27%	13%	4%	0%
76 – 100%	9%	3%	0%	0%
Valid responses		11		

The source of the shares rewarded in LTI plan is (choose all that apply)

	2011 Count	2011
Treasury stock	13	37%
Stock repurchased from secondary market	0	0%
Transferred from other shareholders	0	0%
New stock	11	32%
Stock is not needed	6	17%
Others (please specify)	5	14%
Valid responses		35

In relation to options, how did you work out the exercise price?

	2011 Count	2011
At a discount to market value at the time of grant	0	0%
At market value at the time of grant	23	82%
Exercise price above market value at time of grant	1	4%
Combination of the above	1	4%
Other	3	11%
Valid responses		28

How do you determine the number of shares granted to each individual?

	2011 Count	2011
Based on a percentage of the total compensation	8	19%
Based on standard rate for job level	5	12%
Alignment with market benchmarking/common practice	11	26%
Combination of the above	12	28%
No principle, based on management discretion	2	5%
Other	5	12%
Valid responses		43

How often do you grant equity-based awards?

	2011 Count	2011
Once a year	35	80%
Twice a year	1	2%
No fixed schedule	0	0%
Other (please specify)	8	18%
Valid responses		44

Does your company offer performance criteria for granting or exercising of your equity awards?

	2011 Count	2011
No performance criteria for granting or exercising	23	57%
Performance criteria for granting only	7	17%
Performance criteria for exercising only	5	12%
Performance criteria for both granting and exercising, criteria are same	0	0%
Performance criteria for both granting and exercising, criteria are different	1	2%
Other (please specify)	5	12%
Valid responses		41

China recently adopted foreign exchange regulations that require companies granting equity awards to register with the State Administration Foreign exchange (SAFE) (also known as the Circular 78 filing) – have you completed the SAFE filing?

	2011 Count	2011
Yes, completed	12	41%
Yes, in process	6	21%
No	11	38%
Valid responses		29

Finland

Are your equity plans offered to the majority of the staff?

	2011 Count	2011	2009	2007
Yes	4	16%	28%	50%
No	21	84%	72%	50%
Valid responses		25		

If the answer is “yes,” which plans are offered to the majority of staff?
(Check all that apply)

	2011 Count	2011	2009	2007
Stock options	2	50%	60%	22%
RSUs	3	75%	80%	33%
ESPP	2	50%	60%	33%
RS	0	0%	0%	11%
PS	0	0%	0%	11%
SAR	0	0%	0%	0%
Other	0	0%	0%	11%
Number of responding companies		7		

France

Do you have a qualified plan/sub-plan for your stock options?

	2011 Count	2011	2009	2007
Yes	20	43%	56%	53%
No	26	57%	44%	47%
Valid responses		46		

Which of the following best describes the reason why you do not have a qualified plan/
sub-plan for your **stock options**?

	2011 Count	2011	2009	2007	2006 Revised
Too restrictive	0	0%	0%	7%	18%
Administratively too burdensome	8	42%	100%	57%	47%
Too Expensive	3	16%			
Lack of Tax Efficiency	0	0%			
Too regulated/lack of flexibility	0	0%			
Other	8	42%	0%	36%	35%
Valid responses		19			

For your Qualified Stock Option Plan, have you imposed a restriction on transfer to ensure that the 4-year holding period is met?

	2011 Count	2011	2009	2007	2006 Revised
Yes	11	50%	76%	70%	63%
No	11	50%	24%	30%	38%
Valid responses		22			

Which of the following best describes the price at which your qualified stock options are granted? (Check one answer only)

	2011 Count	2011	2009	2007	2006 Revised
Hold shares in escrow	0	0%	17%	6%	14%
Impose restrictions through the vesting schedule	4	17%	28%	41%	36%
Impose restrictions on exercisability	5	22%	22%	29%	31%
Impose restrictions on sale	3	13%			
Personal commitment	2	9%			
Do nothing	6	26%	22%	18%	6%
Other	3	13%	11%	6%	14%
Valid responses		23			

How do you enforce the restriction on transfers? (Check one answer only)

	2011 Count	2011	2009	2007	2006 Revised
Stock price on date of grant based on other method (e.g., high, low, open, close)	4	21%			
Average of the high and low stock price on the effective date of the grant	9	47%	52%	25%	39%
100% of the "20-Day Average" stock price at grant	4	21%	16%	15%	11%
Between 95% and less than 100% of the "20-Day Average" stock price at grant	2	11%	16%	10%	5%
Between 80% and less than 95% of the "20-Day Average" stock price at grant	2	11%	8%	0%	2%
More than the fair market value at grant	0	0%	8%	0%	7%
Objective method of valuation (private companies only)	0	0%			
Other	2	11%	0%	50%	36%
Valid responses		23			

Do you have a **qualified plan/sub-plan** for your free shares awards?

	2011 Count	2011	2009	2007	2006 Revised
Yes	13	30%	41%	29%	24%
No	31	70%	59%	71%	76%
Valid responses		44			

If “No,” which of the following best describes the reason why you do not have a **qualified plan/sub-plan** for your free shares awards?

	2011 Count	2011
Too restrictive	1	5%
Administratively too burdensome	9	41%
Too expensive	2	9%
Lack of tax efficiency	1	5%
Too regulated/lack of flexibility	1	5%
Other	9	41%
Valid responses		23

Have you imposed a restriction on transfer of the shares to ensure that the minimum 2-year blocking period post-acquisition period is met in France?

	2011 Count	2011	2009	2007	2006 Revised
Yes	15	37%	76%	33%	38%
No	26	63%	24%	67%	63%
Valid responses		41			

How do you enforce the restriction on transfers?

	2011 Count	2011
Hold shares in escrow	5	22%
Hold shares in PEE	0	0%
Impose restrictions on sale	7	31%
Personal commitment	1	4%
Do nothing	7	30%
Other	3	13%
Valid responses		23

Have you imposed a restriction on the exercise of the options/transfer of the shares for the options and free shares awarded to the corporate officers of the granting company?
(Check one answer in each column only)

	2011 Stock Options	2011 Shares	2011 Stock Options	2011 Share	2009 Stock Options	2009 Share	2007 Stock Options	2007 Free Shares
Yes, we impose restriction to exercise the options	9	4	69%	50%	63%	17%	69%	57%
Yes, we impose restriction to sell the underlying shares	0	0	0%	0%	6%	33%	8%	29%
No, we do not impose restrictions on grants to corporate officers	4	4	31%	50%	31%	50%	23%	14%
Valid responses		13						

Does your company offer a regulated savings plan (“Plan d’Epargne d’Entreprise” – PEE)?

	2011 Count	2011	2009	2007
Yes	6	19%	27%	29%
No	26	81%	73%	71%
Valid responses		32		

How is the matching contribution, if any, computed under the PEE?

	2011 Count	2011	2009	2007
As a percentage of the employee’s contribution	0	0%	40%	29%
As a fixed amount in euros	2	50%	40%	14%
Combination of both	1	25%	20%	57%
Other	1	25%	0%	0%
Valid responses		4		

Does your company offer a regulated savings plan for retirement purposes (“Plan d’épargne pour la retraite collectif” – PERCO)?

	2011 Count	2011	2009	2007
Yes	3	13%	14%	13%
No	20	87%	86%	87%
Valid responses		23		

Germany

If your equity awards qualify for the “lesser of EUR 135 or 50% of the benefit” tax exemption, do you facilitate this exemption through reduced withholding?

	2011 Count	2011	2009	2007	2006 Revised
Yes	4	19%	8%	38%	37%
No	17	81%	92%	63%	63%
Valid responses		21			

Ireland

Does your organization operate a SAYE Scheme for employees?

	2011 Count	2011	2009	2007	2006 Revised
Yes	6	25%	7%	0%	15%
No	18	75%	93%	100%	85%
Valid responses		24			

If yes, are all employees eligible for participation?

	2011 Count	2011	2009	2007	2006 Revised
Yes	5	100%	—	—	83%
No	0	0%	—	—	0%
Valid responses		5			

If yes, is the SAYE Scheme Revenue approved?

	2011 Count	2011	2009	2007	2006 Revised
Yes	4	100%	—	—	43%
No	0	0%	—	100%	14%
Valid responses		4			

Does your organization operate a Profit Sharing Scheme for employees?

	2011 Count	2011	2009	2007	2006 Revised
Yes	4	15%	15%	0%	10%
No	22	85%	85%	100%	90%
Valid responses		26			

Does your organization operate an Approved Share Option Scheme (ASOS)?

	2011 Count	2011	2009	2007	2006 Revised
Yes	0	0%	15%	7%	25%
No	27	100%	85%	93%	75%
Valid responses		27			

Italy

If your company's equity awards qualify for the local EUR 2,065.83 exemption, does your company track employee compliance with the 3-year holding period?

	2011 Count	2011	2009	2007	2006 Revised
We do not qualify for the local EUR 2,065.83 exemption	8	38%	25%	—	—
Yes	2	10%	8%	17%	30%
No	11	52%	50%	83%	70%
Valid responses		21			

If yes, how does your company track compliance?

	2011 Count	2011	2009	2007
Coordinate with broker to track	1	50%	0%	—
Require employee to notify employer of an early disposition	1	50%	100%	—
Impose a sale restriction	0	0%	0%	—
Valid responses		2		

If the employee disposes of the shares prior to meeting the 3-year holding period, does your company withhold and remit income and social tax on the previously exempt amount?

	2011 Count	2011	2009	2007
Yes	4	36%	57%	43%
No	7	64%	43%	57%
Valid responses		11		

Japan

Is your equity/stock compensation plan deemed to be a "local" plan or an "offshore" plan by local tax standards?

	2011 Count	2011	2009	2007	2006 Revised
Local	0	0%	6%	13%	11%
Offshore	23	100%	94%	88%	89%
Valid responses		23			

Mexico

What is the source of the shares that are acquired by the employees?

	2011 Count	2011
Previously acquired shares that are transferred from Treasury at the time the employees acquire the shares	14	44%
Shares purchased in the market at the time the employees acquire the shares	1	3%
Shares previously placed in a trust for the purpose of holding the shares for the employees	1	3%
New shares issued at the time the employees acquire the shares	10	31%
The employees do not acquire actual shares under our plan	6	19%
Valid responses		32

Do you consider the economic value of previously delivered benefits under the equity incentive arrangement when calculating a subsequent indemnity or severance payment?

	2011 Count	2011
Yes	2	7%
No	15	56%
Never had the case	10	37%
Valid responses		27

Does the company deduct the value of the economic benefit given to the employees (e.g., the discount on the purchase price)?

	2011 Count	2011
Yes, as a compensation expense	7	29%
No	17	71%
Valid responses		24

Do you disclose the value of the benefit the employees receive at the time they acquire the shares in the employer's annual information report and the employees wage and withholding certificate (Form 37, page 2)?

	2011 Count	2011
Yes	12	71%
No	5	29%
Valid responses		17

Do you apply the income tax transition rule to stock options, restricted stock, or RSUs outstanding on December 31, 2004, in order to treat part or all of the income as exempt at the time the shares are subsequently acquired by the employees?

	2011 Count	2011
Yes	0	0%
No	3	25%
We did not have any employee stock options outstanding on December 31, 2004	9	75%
Valid responses		12

Netherlands

Based on Dutch company law and the Dutch Corporate Governance Code, companies listed in The Netherlands have to submit proposals for new equity incentive plans and changes to such plans relating to the management board to the general shareholders' meeting for approval. Prior to such approval, is there a dialogue with/consultation of major shareholders, institutional investors and/or their representative organizations?

	2011 Count	2011
Yes, there is active prior consultation/dialogue	5	24%
Yes, but only a "last minute" check	0	0%
No, we do not do this	16	76%
Valid responses		21

Do the corporate governance disclosure requirements provide you with new opportunities and will they drive change?

	2011 Count	2011
No, it's just another task to complete	3	23%
Yes, this provides an opportunity to effectively communicate to investors the link between business strategy and compensation	1	8%
Yes, this is a meaningful exercise in responsible management of executive pay	0	0%
This is a non-event	9	69%
Valid responses		13

Has the abolition of the corporate tax deduction had an impact on plan design; for example, have you moved from equity settled to a cash settled plan?

	2011 Count	2011	2009	2007
Yes	1	3%	11%	3%
No	33	97%	89%	97%
Valid responses		34		

Singapore

What is the maximum percentage of shares an employee can hold under an equity/stock-based plan in your company?

	2011 Count	2011	2009	2007	2006 Revised
>5%	5	42%	44%	50%	29%
5%	7	58%	22%	30%	50%
4%	0	0%	11%	0%	7%
3%	0	0%	0%	0%	0%
2%	0	0%	0%	10%	0%
1%	0	0%	22%	10%	14%
Valid responses		12			

Can employees who are terminated exercise their options after termination?

	2011 Count	2011	2009	2007
Yes	30	91%	78%	88%
No	3	9%	22%	13%
Valid responses		33		

When can employees exercise their stock options post-termination?

	2011 Count	2011	2009	2007	2006 Revised
1 year	3	9%	13%	4%	8%
180 days	1	3%	10%	4%	6%
Within 90 days of termination	8	24%	20%	18%	47%
Within 60 days of termination	2	6%	7%	6%	6%
Within 30 days of termination	3	9%	20%	14%	9%
For as long as the option exercise term	5	15%	10%	8%	6%
Depends on the reason for termination	20	59%	63%	41%	11%
Other	4	12%	7%	6%	8%
Valid responses		46			

Are the option grants in Singapore in addition to annual bonus or a partial replacement of bonus?

	2011 Count	2011	2009	2007	2006 Revised
Addition	30	97%	90%	100%	97%
Replacement	1	3%	10%	0%	3%
Valid responses		31			

Is your program considered “qualified” for local purposes (i.e., is it considered a Company Employee Equity-Based Remuneration Scheme “CEEBR”)?

	2011 Count	2011	2009	2007
Yes	2	11%	16%	30%
No	17	89%	84%	70%
Valid responses		19		

South Africa

Do you offer combined instruments (e.g., Share option with Deferred Bonus Plan or Long-Term Incentive Plan)?

	2011 Count	2011	2009	2007	2006 Revised
Yes	5	19%	13%	26%	10%
No	21	81%	88%	74%	90%
Valid responses		26			

Do you currently or are you planning to offer participants a choice between settlement in shares or cash for your equity/stock-based compensation plan?

	2011 Count	2011	2009	2007	2006 Revised
Yes, offer choice	5	17%	13%	17%	17%
No, do not offer choice	23	79%	87%	83%	83%
No, but planning to offer choice	1	3%	0%	0%	0%
Valid responses		29			

Does the specific tax treatment of equity-based settlements in the hands of the company compel you to consider settlement in cash rather than in shares?

	2011 Count	2011	2009	2007	2006 Revised
Yes	3	14%	36%	31%	16%
No	19	86%	64%	69%	84%
Valid responses		22			

Do you currently offer a so-called Deferred Delivery Plan?

	2011 Count	2011	2009	2007	2006 Revised
Yes	0	0%	0%	0%	3%
No	24	100%	100%	100%	97%
Valid responses		24			

Which of the following plans replaces the Deferred Delivery Plan?
(Check one answer only)

	2011 Count	2011	2009	2007
Share Option Plan	2	14%	17%	29%
Share Purchase Plan	1	7%	0%	0%
Share Awards (including Performance Shares, Restricted Shares)	2	14%	0%	0%
Deferred Bonus Plan (with or without Matching Shares)	1	7%	0%	0%
Long-Term Incentive Plan/RSU	7	50%	50%	57%
Share Appreciation Scheme (Phantom Scheme)	1	7%	33%	14%
Cash deferred bonus	0	0%	0%	0%
Valid responses		14		

Spain

Is your plan designed to offer the opportunity to exempt 40% of the option spread at exercise from tax?

	2011 Count	2011	2009	2007
Yes	3	13%	14%	13%
No	20	87%	86%	87%
Valid responses		23		

If your equity awards qualify for the local EUR 12,000 exemption, does your company track employee compliance with the 3-year holding period?

	2011 Count	2011	2009	2007
Yes	2	13%	11%	25%
No	14	88%	89%	75%
Valid responses		16		

If "Yes," how does your company track compliance?

	2011 Count	2011	2009	2007
Impose a sale restriction	1	50%	0%	33%
Coordinate with broker to track	1	50%	0%	0%
Require employee to notify employer of an early disposition	0	0%	100%	0%
Other	0	0%	0%	67%
Valid responses		2		

If the employee disposes of the shares prior to meeting the 3-year holding period, does your company withhold and remit social tax on the previously exempt amount?

	2011 Count	2011	2009	2007
Yes	6	35%	36%	22%
No	11	65%	64%	78%
Valid responses		17		

Switzerland

What percent of your employee's total compensation is delivered through some type of equity-based compensation instrument?

	2011 Execs	2011 Mgrs	2011 < Mgr	2009 Execs	2009 Mgrs	2009 < Mgr	2007 Execs	2007 Mgrs	2007 < Mgr
More than 50%	24%	5%	0%	24%	6%	0%	24%	0%	0%
Between 30 – 50%	24%	14%	0%	18%	6%	7%	24%	18%	0%
Between 10 – 30%	28%	48%	41%	29%	44%	13%	43%	59%	25%
Less than 10%	24%	33%	59%	18%	33%	67%	5%	18%	58%
Percent varies based on some performance measure	0%	0%	0%	12%	11%	13%	5%	6%	17%

Do you have a tax ruling with the Swiss tax authorities to qualify or clarify the tax treatment of any of your equity plans?

	2011 Count	2011
Yes	15	52%
No	14	48%
Valid responses		29

Do you consciously use holding periods in order to benefit from the tax discount in Switzerland?

	2011 Count	2011	2009	2007
Yes	5	14%	18%	9%
No	32	86%	82%	91%
Valid responses		37		

Does your plan have a mandatory holding period after stock is purchased by the employee?

	2011 Count	2011	2009	2007
Yes	2	7%	17%	15%
No	28	93%	83%	85%
Valid responses		30		

If “Yes,” what is the length of the holding period?

	2011 Count	2011	2009	2007
1 year	0	0%	0%	0%
2 years	1	50%	25%	0%
3 years	1	50%	75%	0%
4 years	0	0%	0%	50%
5 years	0	0%	0%	0%
Other	0	0%	0%	50%
Valid responses		2		

Thailand

Has your company implemented a mandatory Cashless Exercise under the Stock/Share Option Plan?

	2011 Count	2011	2009	2007
Yes	2	13%	13%	33%
No	14	88%	87%	67%
Valid responses		16		

Are you implementing a mandatory Cashless Exercise Stock/Share Option Plan because of exchange control restrictions?

	2011 Count	2011	2009	2007
Yes	2	100%	17%	42%
No	0	0%	83%	58%
Valid responses		2		

Does your company have a tax ruling with the Thai Revenue Department to qualify or clarify the tax treatment of any of your equity plans?

	2011 Count	2011	2009	2007
Yes	2	13%	10%	9%
No	13	87%	90%	91%
Valid responses		15		

Is your company aware of potential ongoing reporting obligations with the Thai Securities and Exchange Commission in respect of stock exercises and purchases?

	2011 Count	2011	2009	2007
Yes	8	62%	86%	62%
No	5	38%	14%	10%
Valid responses		13		

United Kingdom

Which of the following types of share or incentive plans does your company operate now for UK employees? (Check all that apply)

	2011 Count	2011	2009	2007
Share Options, including Approved Company Share Option Plan (CSOP)	35	36%	55%	64%
Share Awards (including performance shares and restricted shares)	48	50%	63%	60%
Approved Share Incentive Plan (SIP)	4	4%	12%	4%
Share Purchase arrangements	0	0%	10%	13%
Bonus Deferral into Shares	0	0%	6%	2%
Approved Savings-Related Share Option Plan (SAYE or Sharesave)	0	0%	6%	7%
Phantom Options or Stock Appreciation Rights (SAR)	0	0%	10%	9%
None of the above	7	7%	16%	9%
Other	3	3%	10%	9%
Number of responding companies		97		

Which of the following types of share or incentive plans is your company considering for UK employees? (Check all that apply)

	2011 Count	2011	2009	2007
Share Options, including Approved Company Share Option Plan (CSOP)	10	19%	17%	29%
Share Awards (including performance shares and restricted shares)	2	4%	3%	6%
Approved Share Incentive Plan (SIP)	2	4%	0%	0%
Share Purchase arrangements	0	0%	0%	3%
Bonus Deferral into Shares	0	0%	0%	0%
Approved Savings-Related Share Option Plan (SAYE or Sharesave)	2	4%	0%	0%
Phantom Options or Stock Appreciation Rights (SAR)	3	6%	3%	0%
None of the above	41	76%	80%	3%
Other	0	0%	0%	68%
Valid responses		60		

Approximately what percentage of employees in the UK currently holds options?
(vested & unvested)

	2011 Count	2011	2009	2007
10% or fewer	32	71%	53%	67%
11 – 25%	8	18%	15%	19%
26 – 50%	1	2%	8%	3%
51 – 75%	0	0%	13%	3%
76 – 90%	2	4%	3%	3%
Over 90%	2	4%	10%	6%
Valid responses		45		

What performance conditions must be met before the Share Options may be exercised?

	2011 Count	2011	2009	2007
No conditions must be met	39	83%	84%	89%
Other performance conditions	4	9%	9%	5%
Earnings per share (EPS) only	2	4%	2%	3%
Total shareholder return (TSR) only	1	2%	5%	3%
TSR and EPS	1	2%	0%	0%
Valid responses		47		

Do you transfer all or part of the employer's national insurance contributions for your Share Options to your employees using a joint election?

	2011 Count	2011	2009	2007
No, we do not transfer national insurance contributions	24	71%	60%	72%
Yes, but with no adjustment to size of awards	10	29%	32%	0%
Yes and adjust the size of awards to compensate	0	0%	8%	28%
Valid responses		34		

Does your company operate an Approved Company Share Option Plan (CSOP)?

	2011 Count	2011	2009	2007
Yes	13	28%	18%	37%
No	33	72%	82%	63%
Valid responses		46		

Approximately what percentage of employees in the UK currently holds Share Awards?

	2011 Count	2011	2009	2007
10% or fewer	26	54%	57%	83%
11 – 25%	8	17%	13%	0%
26 – 50%	6	13%	0%	4%
51 – 75%	1	2%	9%	4%
76 – 90%	2	4%	13%	4%
Over 90%	5	10%	9%	4%
Valid responses		48		

What performance conditions must be met before the Share Awards vest?

	2011 Count	2011	2009	2007
No performance conditions must be met	27	52%	73%	64%
Total shareholder return (TSR) only	1	2%	7%	11%
Earnings per share (EPS) only	1	2%	2%	8%
TSR and EPS	2	4%	0%	0%
Other performance conditions	21	40%	18%	17%
Valid responses		52		

Do you transfer all or part of the employer's national insurance contributions for your Share Awards to your employees using a joint election?

	2011 Count	2011	2009	2007
No, we do not transfer national insurance contributions	25	76%	68%	88%
Yes, but with no adjustment to size of awards	0	0%	0%	13%
Yes, and adjust the size of awards to compensate	8	24%	32%	0%
Valid responses		33		

If you provide a SAYE/Sharesave plan, which option periods are available for your last SAYE/Sharesave offer?

	2011 Count	2011	2009	2007
3-year	4	100%	67%	100%
5-year	0	0%	33%	0%
7-year	0	0%	0%	0%
Valid responses		4		

For your last SAYE/Sharesave offer, what discount was the Option exercise price to the market price at grant?

	2011 Count	2011	2009	2007
0%	0	0%	67%	50%
10%	1	20%	33%	25%
15%	0	0%	0%	25%
20%	4	80%	0%	0%
Other	0	0%	0%	0%
Valid responses		5		

Which types of shares do you currently offer through your SIP?

	2011 Count	2011	2009	2007
Free Shares	8	67%	67%	57%
Partnership Shares	2	17%	17%	0%
Matching Shares	1	8%	17%	43%
Dividend Shares	1	8%	0%	0%
Valid responses		12		

United States

Which type of options does your company grant in the US?

	2011 Count	2011	2009	2007
Tax Qualified Incentive Stock Options (ISOs)	2	4%	12%	3%
Non-Qualified Stock Options (NQSOs)	39	78%	76%	82%
Both ISO's and NQSO's	9	18%	12%	16%
Valid responses		50		

Do you allow executives that exercise options to perform a cashless exercise?

	2011 Count	2011	2009	2007
Yes	60	86%	88%	89%
No	10	14%	12%	11%
Valid responses		70		

If an employee performs a disqualifying disposition, does your company report the compensation element on the employee's annual Form W-2?

	2011 Count	2011	2009	2007
Yes	36	86%	91%	82%
No	6	14%	9%	18%
Valid responses		42		

How often do employees trigger a disqualifying disposition?

	2011 Count	2011	2009	2007
Almost Always	4	13%	9%	12%
Usually	7	22%	9%	16%
Sometimes	6	19%	41%	28%
Seldom	7	22%	22%	20%
Never	8	25%	19%	24%
Valid responses		32		

Do you operate a US IRC Section 423 Plan?

	2011 Count	2011	2009	2007
Yes, and we plan to continue it	15	33%	0%	23%
Yes, but we plan to discontinue it	0	0%	33%	0%
No, we recently discontinued	4	9%	6%	6%
No, we have never operated one	27	59%	61%	71%
Valid responses		46		

For RS grants in 2010, what **percentage of employees** receiving RS made an 83(b) election to be taxed at grant?

	2011 Count	2011	2009	2007
5% or Less	42	95%	89%	97%
6 – 10%	0	0%	3%	0%
11 – 25%	0	0%	0%	0%
Over 25%	2	5%	8%	3%
Valid responses		44		

For RS grants in 2011, for what percentage of shares granted have 83(b) elections to be taxed at grant been made?

	2011 Count	2011	2009	2007
5% or Less	35	95%	91%	97%
6 – 10%	0	0%	3%	0%
11 – 25%	0	0%	0%	0%
Over 25%	2	5%	6%	3%
Valid responses		37		

If your company pays dividends on restricted stock, does it report dividends paid on unvested restricted stock as compensation income (and withhold the corresponding income and social tax)?

	2011 Count	2011	2009	2007
Yes	24	77%	83%	86%
No	7	23%	17%	14%
Valid responses		31		

How does your company assess the new executive compensation disclosure requirements for SEC filers to provide adequate transparency?

	2011 Count	2011	2009	2007
New disclosures provide complete data on the right reporting areas	27	43%	68%	68%
New disclosures provide incomplete data but all key reporting areas are there	3	5%	3%	4%
New disclosures provide complete data but key reporting areas are missing	27	43%	10%	0%
New disclosures provide incomplete data and omit key reporting areas	0	0%	0%	11%
We have not yet addressed this issue	6	10%	19%	18%
Number of responding companies		63		

Which of the following payments/accruals did your company report for NEOs (named executive officer) relative to termination/change in control? **(Check all that apply)**

	2011 Count	2011	2009	2007
Shares are kept in a non-US trust	4	24%	20%	45%
Executives to continue vesting after termination/change in control	13	76%	60%	36%
Company loans funds to executive to purchase	1	6%	10%	0%
Company loans funds to purchase shares to employees – at full recourse	1	6%	20%	0%
Company loans funds to purchase shares to employees	2	12%	10%	18%
Company loans funds to employees at no interest	2	12%	10%	0%
Number of responding companies		23		

What perquisites did your company report in the Summary Compensation Table for your CEO? **(Check all that apply)**

	2011 Count	2011	2009	2007
Clerical support for personal matters	2	3%	0%	0%
Club membership not used exclusively for business purposes	13	21%	22%	32%
Commuting expenses	12	20%	13%	23%
Discounts on co. products and services not available to other employees	1	2%	3%	5%
Housing and other living expenses, including relocation assistance	17	28%	15%	32%
Personal financial, tax or investment services	32	52%	35%	86%
Personal use of company aircraft or watercraft	10	16%	12%	64%
Personal use of company owned or leased property	14	23%	10%	0%
Security at personal residence or during personal travel	16	26%	28%	41%
Tax gross-ups	14	23%	47%	68%
Valid responses		131		

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