

Preview of the Research Report:

*Indexed Stock Options:
Is It Time To Link Price
with Performance?*



*Executive Compensation
Research™*

199 Independence Road
Concord, MA 01742 Phone: 978-371-0476, extension 14
Fax: 978-369-0228

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OVERVIEW

As the controversy rages in the public media on stock options, there are important legislative and policy changes being considered. Many of the issues with executive compensation relate to the wealth generated for executives that appears to be excessive in relation to the actual performance of their companies. Much of this wealth has been created by the rise in the value of their company's stock and the requisite gain realized in stock options for these executives. This wealth creation has been particularly visible in the growth and decline of the technology industry. Investors, policy makers and investment advisory services often question whether the executives truly deserve these significant payouts in compensation. Unlike other forms of compensation, these payouts do not appear on the company's financial statements, which further aggravates the issues with executive compensation.

The focus of this Special Report is to explore a specific approach to linking equity based compensation programs to a company's performance in relation to external benchmarks—*Indexed Stock Options*. This Report provides an overview of the structure, requirements and an assessment of indexed options. While the debate about expensing options continues, it may be timely for your company's Compensation Committee of the Board, the executives and the professionals responsible for managing executive compensation to assess the desirability about their use. This report can make a major contribution to this discussion.

The forces that shape executive compensation are changing. Institutional shareholders, government regulators, political discourse and several leading executives are calling for an overhaul in how a company accounts for its executive equity compensation. So, this is a critical time to review the alternatives and chart a course that will address the unique needs of the organization.