

FRS Equity Strategies

A Consulting, Outsourcing, and Educational Institute for Equity Compensation

Using Equity Edge: For Quarter-End Reporting

Stock Administration plays a vital role in the reporting process. The stock administrator's internal clients are typically Payroll, Human Resources, Tax and Accounting/Finance. Requirements will vary slightly from company to company, however there should be a list of predetermined monthly, quarterly and year-end report requirements to be produced by the stock administration department for its internal clients. Listed below are those reports most often required by each department.

Payroll Department

1. For a report of other income and taxes withheld for NQ exercises:
 - A. **Payroll Summary**
 - i) Date range will be fiscal period in question
2. For reports of ordinary income/disqualifying dispositions for ISO and ESPP sales:
 - A. **Stock Option Disqualifying Dispositions** – for options
 - i) Date range will be fiscal period in question
 - B. **Disqualifying Dispositions** – for ESPP
 - i) Date range will be fiscal period in question

Human Resources Department

1. Human Resources may require information to enable compensation analysis or benchmarking against peer companies. International managers may require information on stock options in order to meet local regulatory filing requirements.
 - A. **Personnel Summary**
 - i) As of the end date

Tax Department

1. For disqualifying dispositions:
 - A. **Stock Option Disqualifying Dispositions** – for ISO DDs
 - i) Date range will be fiscal period in question
 - B. **Disqualifying Dispositions** – for ESPP DDs
 - i) Date range will be fiscal period in question

Accounting/Finance Department

1. Weighted Options Outstanding Summary - WOO

- A. Date range will be fiscal period in question
- B. Enter FAS123 under Expense
- C. Enter the Company's effective tax rate
- D. Single or Ratable depending on the Company's method
- E. Forecast: select the current Black-Scholes "Forecast"
- F. Market Value: the system should fill in OR you must fill in with the FMV at End Date
- G. Prior Forecast: select the prior quarter's Black-Scholes "Forecast"
- H. Prior Market Value: the system should fill in OR you must fill in with the FMV at Beg Date
- I. Avg Market Value: Run the Market Value report (you can run multiple reports at the same time) for this same fiscal period and go to the last page and write down the Avg Market Value - you will fill in this number in this field*

* Avg Market Value is not always required. Check with your Accounting Dept to see whether or not an Avg Market Value should be applied.

2. Weighted Awards Outstanding Summary - WAO

- A. Date range will be fiscal period in question
- B. Enter the Company's effective tax rate

3. Plan Summary - All Plans

- A. Date range will be fiscal period in question

4. Purchase Summary (if the company has an ESPP)

- A. Date range will be fiscal period in question

5. Options Granted

- A. Date range will be fiscal period in question

6. Options Exercised

- A. Date range will be fiscal period in question

7. Options Cancelled

- A. Date range will be fiscal period in question

8. Options Outstanding by Price

- A. As of the end date
- B. Under Filter: Sort by price, do not Group

9. Capital Accounts Reconciliation - for the reconciliation of cash, capital accounts and common stock:

- A. Date range will be fiscal period in question