



2006 EXECUTIVE STOCK OWNERSHIP GUIDELINES REPORT

Research Report

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An Analysis of Stock Ownership Policies at Fortune 500® Companies

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EXECUTIVE SUMMARY

Shareholder pressure for improved alignment of executive and shareholder interests has led, in part, to increased use of executive stock ownership guidelines and holding requirements. This trend, in conjunction with improved transparency in corporate governance disclosure, has generated a wealth of new information on the prevalence and design of stock ownership policies. Furthermore, the SEC's new compensation disclosure regulations include the requirement for disclosure of corporate policies on stock retention and hedging in the new Compensation Discussion and Analysis ("CD&A") section, ensuring continued public discussion of ownership guidelines and holding requirements for years to come.

Although different in structure, both ownership guidelines and holding requirements encourage executives to develop a sizable equity stake in the companies they lead. Ownership guidelines generally establish stock acquisition goals that executives must achieve within a specified period of time, typically over a three to five year period. Holding requirements call upon executives to retain a certain percentage of shares acquired through the exercise or vesting of stock options, restricted stock, and other equity awards.

With disclosure of these policies on the rise, Equilar reviewed trends in the prevalence and design of executive ownership guidelines and holding requirements among Fortune 500 companies for fiscal years 2004 and 2005. This report, covering numerous aspects of the design of share retention policies, along with the accompanying Fortune 500 database, is an invaluable tool for compensation professionals seeking to adopt or amend ownership guidelines and holding requirements for companies of all sizes.

TO PURCHASE THIS REPORT

To purchase a complete copy of this report or the Fortune 500 executive and director stock ownership guidelines database, please contact Equilar by phone at (877) 441-6090 or via e-mail at info@equilar.com.

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