



Compensation Analytics

Cash • Benefits • Equity • Perks

Executive Compensation and Benefits



Most companies provide a broad range of benefits to senior executives and middle management. These programs compensate employees for their efforts on behalf of the company and motivate them to make the organization more productive and successful.

However, many executive benefit programs are developed one plan at a time and without a consistent approach or vision. The result is a patchwork of benefits that may leave gaps in coverage or overlap with needless expense. Executives often cannot appreciate the total value of benefits to which they are entitled. This presents a serious governance issue for many top executives and boards of directors.

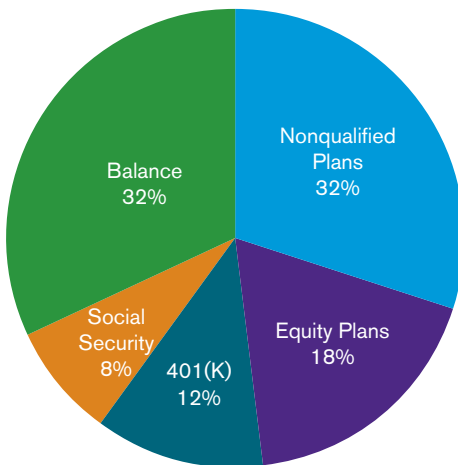
THE A&M ADVANTAGE

Compensation Analytics was developed by Alvarez & Marsal's Executive Compensation and Benefits (A&M ECB) group to help address all these issues. The system calculates the aggregate value of benefit programs under various economic and tax assumptions to give the company a comprehensive understanding of its total executive benefits package. All benefit programs are valued, including:

- Current year cash compensation
- Projected retirement benefits
- Equity programs
- Other company benefit programs and perquisites
- Change-in-control provisions
- Severance benefits

Compensation Analytics gives management and the board of directors the tools to exercise effective oversight of benefit programs and the ability to evaluate the adequacy and appropriateness of these benefits, both individually and in the aggregate.

Projected Sources of Retirement Income



Will your executives have a financially secure retirement?

Many executives are concerned about their ability to maintain their standard of living after retirement. A common retirement income planning tool is the replacement ratio, which measures the percentage of pre-retirement income an executive will need after retirement.

For lower income retirees, qualified retirement benefit plans and Social Security can provide significant benefits. However, because of the statutory limitations and discrimination rules in qualified plans and Social Security, higher earning executives can expect significantly less on a percentage basis from these plans and must look to other sources to make up any shortfall. In fact, the higher an executive's pre-retirement income, the greater will be the gap in retirement income.

Compensation Analytics can calculate the post-retirement income the company's benefits package is capable of providing — both on a company-wide basis and executive-by-executive — under various economic and tax scenarios. This enables the organization to determine whether its executives will have the ability — through company and personal programs — to face retirement on a financially secure basis and allows the efficient development of supplemental plans to address perceived shortfalls.

OUR APPROACH

Alvarez & Marsal Executive Compensation and Benefits (A&M ECB) is dedicated to providing comprehensive, unbiased solutions for clients' executive benefits program needs. ECB and its Compensation Analytics technology can help ensure your executive benefits programs — a key element in any company's compensation, incentive and rewards package — are both efficient and cost effective, and are delivering benefits that your executives need, understand and appreciate.

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ABOUT ALVAREZ & MARSAL

Companies, investors and government entities around the world turn to Alvarez & Marsal (A&M) when conventional approaches are not enough to activate change and achieve results.

Privately-held since 1983, A&M is a leading global professional services firm that delivers performance improvement, turnaround management and business advisory services to organizations seeking to transform operations, catapult growth and accelerate results through decisive action. Our senior professionals are experienced operators, world-class consultants and industry veterans who draw upon the firm's restructuring heritage to help leaders turn change into a strategic business asset, manage risk and unlock value at every stage.