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## News from Aon

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*For Immediate Release*

## **Companies Concerned with Divulging Proprietary Information in Complying with SEC Regulations, Says Aon's Radford Surveys + Consulting**

*Proxy Season Brings a New Twist to the Ongoing Dilemma of Transparency*

**San Jose, Calif. – February 28, 2008** – This year marks the first anniversary that compensation committees are required to comply with the various disclosure regulations put forth by the Securities and Exchange Commission (SEC) in 2007, creating a challenge in boardrooms nationwide, according to Aon Consulting's Radford Surveys + Consulting, a leading provider of market compensation intelligence and consulting to the high technology and life sciences industries.

At issue is pay-for-performance, a major area of interest and concern for investors who for years have pushed for more performance-oriented programs using short- and long-term incentives, based on specific company metrics. Response letters\* reviewed by Radford consultants clearly indicated that these regulations have left many companies concerned that providing this information may lead to unintentionally disclosing proprietary information in the process.

"Many companies believe it's difficult for them to disclose corporate metrics around short- and long-term incentive plans," said Edward Speidel, senior vice president with Radford Surveys + Consulting. "Companies that resist this year, however, will be asked to provide a convincing case for why and how it would be competitively harmful to disclose this information, especially information already reflecting results that are publicly disclosed."

According to Radford, the substantive requirements of the Compensation Discussion and Analysis (CD&A) have proven to be more cumbersome than expected. Faced with the need to explain the rationale for each material element of their executive compensation programs, companies are using their upcoming CD&A reports as a starting point and re-evaluating whether it contained sufficient executive compensation disclosure information and the "why" and "how" behind the decisions in rewarding executives.

*\*A letter in response to the SEC's Comment Letter that addresses the various questions the SEC has for a company regarding disclosure filings*

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“While many companies did a good job with their CD&As in 2007, there were also many that missed the mark and probably received a free pass,” says Speidel, “Those who choose not to follow the true intent of all the rules this year are going to find themselves being challenged by the SEC and other corporate governance agencies much more than in previous years.”

Public companies should outline their lessons learned from the 2007 proxy season and begin the implementation process for the 2008 proxy season earlier. Some of the key action items, as described in a recent Radford Proxy Preparation webcast, include understanding the vulnerability of the company’s current compensation programs; using “plain” English, as opposed to boiler plate content or legal jargon when developing the CD&A; explaining the reason behind payments and not just the amounts, and reviewing and incorporating important feedback from investors.

“I’m always surprised by the number of internal human resources, legal and compensation professionals that I speak to that have never picked up the corporate governance quotient that Institutional Shareholder Services (ISS) of Risk Metrics, distributes each year,” says Speidel. “It’s very important that they take the time to read it and understand what ISS is saying about their company from a governance and practices perspective and factoring these issues into the discussion with the compensation committee.”

For more information about Radford Surveys + Consulting’s proxy preparation and consulting capabilities and to learn more about Radford’s webcasts, visit [www.radford.com](http://www.radford.com).

### **About Radford Surveys + Consulting**

For more than 30 years, Radford has provided compensation market intelligence to the technology and life sciences industries. Global survey databases, which include three million incumbents, offer current, reliable data to 2,000+ clients. Leveraging Radford survey data, our thought-leading global Radford Consulting team creates tailored solutions for the toughest global business and compensation challenges facing companies at all stages of development. In addition to our consulting team, we also offer equity valuation assistance via Radford Valuation Services, and leading-edge market analyses and survey services with Radford Advisory Services. For more information on Radford, please visit [www.radford.com](http://www.radford.com).

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## About Aon Consulting

Aon Consulting Worldwide ([www.aon.com/hcc](http://www.aon.com/hcc)) is among the top global human capital consulting firms, with 2007 revenues of \$1.352 billion and 6,335 professionals in 117 offices worldwide. Aon Consulting is shaping the workplace of the future through benefits, talent management and rewards strategies and solutions. Aon Consulting was named the best employee benefit consulting firm by the readers of *Business Insurance* magazine in 2006 and 2007.

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