

Equity Compensation Financial Reporting

KEY BENEFITS

- **Focus on Accuracy of Equity Compensation Calculations:**
 - Performance awards
 - Employee movements and allocations
- **Timely Distribution of Results to All Stakeholders Encourages Collaboration**
- **Deep tax and accounting expertise in equity compensation**
- **Significant ROI in the form of increased savings and efficiency**
- **Total data ownership provides protection from future audits.**

Equity Compensation is on everyone's radar. Inside the company, boards, compensation committees and executives are all aware that equity plays a critical role in performance. Outside the company, shareholders, regulators and watch dog groups are concerned about fairness. This makes equity compensation a high profile item with many important stakeholders – all of whom are interested in financial reporting.

Many companies depend on their stock administration systems to assist with financial reporting, but are quickly realizing that canned reports held together with spreadsheets are not the answer.

EquiLink takes a unique approach to financial reporting with a configurable system that can handle modifications, accelerated vesting schedules, retirement eligibility, mark to market and performance conditions. There is also a planning feature that can be used to test the impact of any number of "what if" scenarios.

Employee mobility adds to the challenge as equity compensation must be allocated in line with their movements around the world.

EquiLink is an application designed to get these complexities under control, allowing companies to

satisfy all stakeholders. Most importantly, EquiLink gives its clients complete access to their own data, rather than going through various gatekeepers.

Calculate. Allocate. Integrate

EquiLink is an application that handles the complex calculations around compensation expense, including performance measures, multiple tranches and retirement eligibility. These calculations are allocated in line with the movements of employees around the world. The results are integrated with the appropriate systems in accounting, human resources, tax and financial reporting.

Why ARMtech created EquiLink

In a word—spreadsheets. Most companies take spreadsheets from their brokers, which are then summarized and typed into internal spreadsheets. These spreadsheets are maintained separately by each department for their own purposes.

Complex calculations and the impact of employee mobility require a lot of manual maintenance. Collaboration is difficult. Integration impossible.

EquiLink is a hosted database application designed to address these issues.

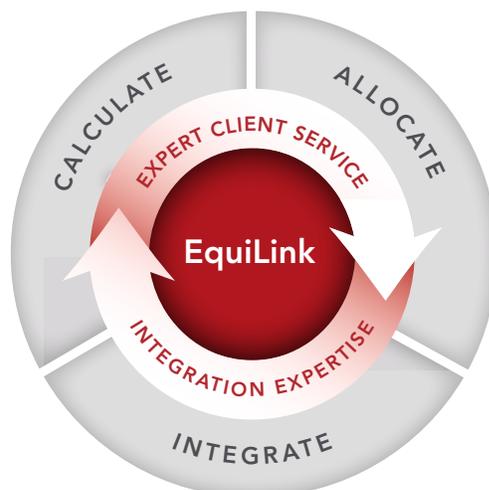
Major Challenges When Dealing with Equity Compensation:

Accounting:

- Compensation expense must be updated for multiple tranches, performance, dividends, retirement eligibility
- Mark to market and historic accounting
- Difficult to allocate compensation expense to departments, projects, facilities & accounts for budgets and journal entries
- Releases require a true-up to the equity accounts
- Need to rollforward shares and accruals at the individual and general ledger account level

Human Resources:

- Incorrect payroll withholding due



The EquiLink™ Solution for All Stakeholders

Accounting

- Automated amortization calculations for performance awards with complex tranches.
- Both mark to market and historic accounting.
- Allocation tool links compensation expense with employee transfers.
- Roll forward reports for capital stock and compensation ensure accurate balances.
- Automated true-up for releases.
- Full support for retirement eligibility, dividends, releases.
- Automatic roll up provides full journal entry support.

Human Resources

- Allocation tool links vesting schedules with employee transfers to accurately calculate withholding taxes by jurisdiction.
- Employee gains & corporate tax deduction calculated in the same system eliminating reconciliations.
- Solid defense against payroll audits.
- Automated feeds to all compensation and payroll systems.

Tax

- Allocation tool values deferred tax assets based on employee mobility.
- Days in country or state provide solid calculations and audit defense.
- Employee gains and corporate tax deduction calculated in same system eliminates reconciliations.
- Automated feeds to tax provision and return systems.

Financial Reporting

- Support for financial footnotes reported in 10Q,10K and proxy filings.
- Standard calculations and reports provide reduce time spent in reconciliations.
- Single source of data ensures consistent reporting throughout all disclosures.
- Automated feeds to financial reporting systems.

CALCULATE. ALLOCATE. INTEGRATE

EquiLink supports detailed equity compensation calculations including performance awards, multiple tranches, and retirement eligibility. Results are allocated with employee movements and integrated with accounting, tax and payroll systems.

to employee transfers

- Disconnect between employee gains and corporate tax deductions creates payroll audit issues
- HR planning for transfers, promotions, terminations and restructuring require manual maintenance
- No integration with budget, payroll and compensation systems

Tax:

- Difficult to maintain accurate tax rates for deferred tax assets where employees are moving
- Deductions for intercompany service fees subject to challenge, resulting in double taxation
- Disconnect between employee gains and corporate tax deduction creates income tax audit issues
- Conflicting rules by countries and states regarding the vesting of employee income and allowance of corporate deductions
- No integration with tax provision and compliance systems

EquiLink: The Right Combination of Technology and Service

The equity compensation issues of every company are unique. We offer flexible technology and the highest level of client service to meet these challenges.

Web-based Technology

- Secure access encourages collaboration
- Hosted solution reduces cost
- SAS 70 Level 2 certification ensures safety
- Data base application provides opportunities for integration with other systems

Services

- Deep tax and accounting expertise in equity compensation
- Experienced in system integration to create lasting process improvements
- Proven track record of client service (Fortune 500) for 15 years

About ARMtech

ARMtech is a leading tax and accounting Software-As-A-Service (SAAS) firm. ARMtech has Level 2 SAS70 Certification. Every client has their own process, performance, and reporting challenges. ARMtech recognizes this and has developed a unique blend of web-based technology and services designed to meet the equity compensation needs of individual companies. We specialize in calculating and allocating the RIGHT compensation expense number. We track the mobility of grantees, calculate compensation expense for complex performance plans, and integrate equity compensation information into departmental systems.

ARMtech is a spinoff of TaxStream, a software company that has serviced the tax industry for 12 years. The products and services of TaxStream are currently used by more than 60% of the Fortune 500 and all of the top ten accounting firms in the US. TaxStream was sold to Thomson Reuters in January of 2008 and is now called ONEsource.

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