

# Calcbench Guide

## Stock-Based Compensation Disclosures



[www.calcbench.com](http://www.calcbench.com)  
[us@calcbench.com](mailto:us@calcbench.com)

## What We Do

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Calcbench harnesses the power of XBRL to provide cutting edge tools for academic research and teaching.

We make working with complicated, detailed financial data faster and easier than ever before.

- **Robust:** 12,000+ company universe with **300 million+** data points
- **Relevant:** Multiple products for accessing data and footnote text to meet your workflow
- **Timely:** Real-time updates of the data as companies file
- **Accurate:** Continuous data quality monitoring and updates
- **Intuitive:** XBRL tag mapping to streamline complexity

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# **Calcbench Guide: Stock-Based Compensation**



## **Part I: Getting Started**

- **Using our online platform**
- **Reading and comparing disclosures**
- **Using the Excel Add-In**

# Analyze Disclosures - Our Online Platform



1. Go to [www.calcbench.com/multi](http://www.calcbench.com/multi).

2. Select a group of companies to research.



3. Type 'compensation' in 'Find Standardized Metrics' field; select precise disclosure you want to research.



4. Work online or export to Excel!

Company	ShareBasedCompensation Q3-2018 Total : \$5,060,000,000 Average : \$230,000,000	ShareBasedCompensation Q2-2018 Total : \$4,995,900,000 Average : \$227,086,364	ShareBasedCompensation Q1-2018 Total : \$6,240,800,000 Average : \$283,672,727	ShareBasedCompensation Y-2017 Total : \$19,590,500,000 Average : \$890,477,273
3M Co (MMM)	\$50,000,000	\$49,000,000	\$159,000,000	\$324,000,000
American Express Co (AXP)	\$76,000,000	\$70,000,000	\$84,000,000	\$282,000,000
Apple Inc (AAPL)	\$1,345,000,000	\$1,351,000,000	\$1,348,000,000	\$4,840,000,000
Boeing Co (BA)	\$52,000,000	\$53,000,000	\$45,000,000	\$202,000,000

# Quickly Read & Compare Comp Disclosures

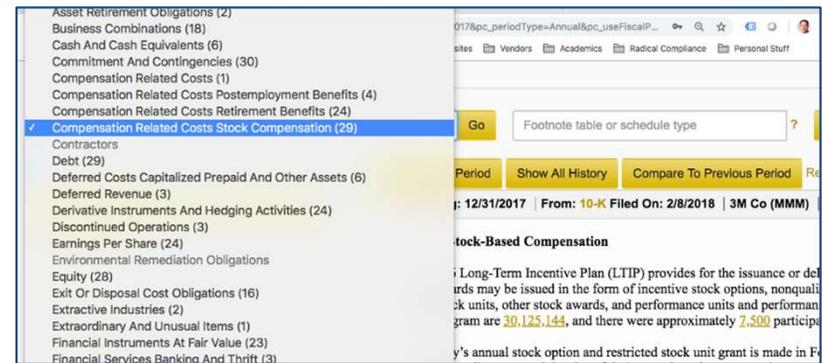


1. Go to: <https://www.calcbench.com/query/footnotes>

2. Select a group of companies to research.



3. Choose 'Compensation Related Costs - Stock Compensation' from drop-down list of disclosure types



(Millions)	Years ended December 31					
	2017		2016		2015	
Cost of sales	\$	49	\$	47	\$	46
Selling, general and administrative expenses		229		206		185
Research, development and related expenses		46		45		45
Stock-based compensation expenses	\$	324	\$	298	\$	276
Income tax benefits	\$	(327)	\$	(222)	\$	(87)
Stock-based compensation expenses (benefits), net of tax	\$	(3)	\$	20	\$	182

**Stock Option Program**

The following table summarizes stock option activity for the years ended December 31:

	2017		2016		2015	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Under option —						
January 1	36,196,232	\$ 112.07	38,552,445	\$ 102.01	39,235,557	\$ 90.38
Granted:						
Annual	5,409,628	175.93	5,591,727	147.99	5,529,444	165.91
Exercised	(6,474,117)	90.37	(7,216,141)	86.76	(5,978,382)	83.74
Forfeited	(166,579)	162.36	(231,799)	148.43	(734,274)	128.99
December 31	34,965,164	\$ 125.72	36,196,232	\$ 112.07	38,552,445	\$ 102.01
Options exercisable						
December 31	24,281,464	\$ 108.50	25,240,759	\$ 95.65	27,262,062	\$ 85.97

Stock options vest over a period from one to three years with the expiration date at 10 years from date of grant. As of December 31, 2017, there was \$67 million of

4. Go to work!

# Analyzing Stock-Based Compensation Data in Excel



1. Download our Excel add-in at [www.calcbench.com/excel](http://www.calcbench.com/excel)
2. Download Analyzing Equity Compensation template at <https://www.calcbench.com/home/guides>
3. Insert the ticker symbol, calendar year, or fiscal period you want to search

		BK Y	BK Y	BK Y	ipm Y
		2014	2013	2012	2014
<b>Stock Option Activity (in shares)</b>					
<i>Metric</i>	<i>Calcbench metric</i>				
Beginning Balance	ShareBasedCompensationArr	65,796,322	82,359,866	86,803,492	87,075,000
Granted	ShareBasedCompensationArr	8,497,823	8,697,870	8,595,973	37,817,000
Exercised	StockIssuedDuringPeriodShare	(12,990,193)	(11,135,754)	(1,959,313)	(24,950,000)
Forfeited	ShareBasedCompensationArr	(4,385,874)	(5,427,790)	(12,747,818)	(2,059,000)
Ending Balace	ShareBasedCompensationArr	48,420,255	65,796,322	82,359,866	59,195,000
Exercisable, weighted average price (usd	ShareBasedCompensationArr	\$34.38	\$34.00	\$33.95	\$46.46

# **Calcbench Guide: Stock-Based Compensation**



## **Part II: Disclosure Details**

- 1. Individuals eligible for stock option plans**
- 2. Company's chosen valuation model for option pricing**
- 3. Total stock compensation expense**
- 4. Stock option activity**
- 5. Restricted stock activity**
- 6. Excess tax benefit**
- 7. Unrecognized Compensation**

# Persons Eligible for Stock Option Plans

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The company explains the plan by name, type, and when it is in effect. The disclosure also includes individuals who are eligible to purchase stock options.

## 13. Stock-Based Compensation

### *Stock Incentive Plans*

Example 1:

We maintain stock incentive plans to attract and retain officers, directors and key employees. Stock awards under these plans include both performance and non-performance based stock incentives. As of December 31, 2017, we had outstanding under these plans stock options to acquire 8.8 million shares of our Class A common stock and 2.5 million restricted stock units and awards. Stock options granted on or prior to December 31, 2017 were granted with exercise prices equal to or greater than the market value of our Class A common stock at the date of grant and with a maximum term of approximately ten years. While historically we have issued stock awards subject to vesting, typically at the rate of 20% per year, some stock awards have been granted with immediate vesting and other stock awards vest only upon the achievement of certain company-specific subscriber, operational and/or financial goals. As of December 31, 2017, we had 65.0 million shares of our Class A common stock available for future grant under our stock incentive plans.

Example 2:

In 2000, the Company established the Regeneron Pharmaceuticals, Inc. 2000 Long-Term Incentive Plan which, as amended and restated and approved by the Company's shareholders (the "2000 Incentive Plan"), provided for the issuance of up to 35,397,043 shares of Common Stock in respect of awards, in addition to any shares subject to awards that were returned to the 2000 Incentive Plan upon expiration, forfeiture, surrender, exchange, cancellation, or termination of previously granted awards.

# Company's chosen valuation model for option pricing



Determining the value of option contracts depends on several variables. Numerous pricing models exist, all using the concepts of rational pricing, option time value, and put-call parity. Common models include Black-Scholes and the Black model; the binomial options pricing model, and Monte Carlo analysis.

The fair value of each option granted under the Company's Incentive Plans during these periods was estimated on the date of grant using the Black-Scholes option-pricing model.

	Number of Options Granted	Weighted-Average Exercise Price	Weighted-Average Fair Value
<b>2017:</b>			
Exercise price equal to Market Price	4,235,015	\$ 383.56	\$ 118.70
<b>2016:</b>			
Exercise price equal to Market Price	4,201,978	\$ 386.44	\$ 126.68
<b>2015:</b>			
Exercise price equal to Market Price	4,495,487	\$ 527.22	\$ 181.65

## Calcbench Metrics

ShareBasedCompensationArrangementByShareBasedPaymentAwardOptionsGrantsInPeriodWeightedAverageGrantDateFairValue

ShareBasedCompensationArrangementsByShareBasedPaymentAwardOptionsGrantsInPeriodWeightedAverageExercisePrice

ShareBasedCompensationArrangementByShareBasedPaymentAwardOptionsGrantsInPeriod

# Total Stock Compensation Expense



The company discloses the total stock-based compensation cost recognized during the fiscal years and the amount.

Total compensation expense recognized for employee stock-based compensation for the years ended December 31, 2017, 2016 and 2015 was as follows:

Classification of expense	Employee Stock-Based Compensation		
	2017	2016	2015
(In thousands)			
Marketing, selling and administrative expenses	\$ 69,459	\$ 32,659	\$ 36,073
Total compensation expense	\$ 69,459	\$ 32,659	\$ 36,073

AllocatedShareBasedCompensationExpense



# Stock Option Activity

Company reports the period's stock option activity for stock-based compensation programs. Tables can vary to include restricted stock, restricted stock units, or performance shares, depending on the plan.

Southern Company's activity in the stock **option** program for 2017 is summarized below:

	<b>Shares Subject to Option</b>		<b>Weighted Average Exercise Price</b>
	<i>(in millions)</i>		
Outstanding at December 31, 2016	24.6	\$	41.28
Exercised	6.0		40.03
Cancelled	—		39.90
<b>Outstanding and Exercisable at December 31, 2017</b>	<b>18.6</b>	<b>\$</b>	<b>41.68</b>

ShareBasedCompensation  
ArrangementsByShareBase  
dPaymentAwardOptions  
ExercisesInPeriodWeighted  
AverageExercisePrice

ShareBasedCompensation  
ArrangementByShareBased  
PaymentAwardOptions  
ForfeituresAndExpirations  
InPeriodWeightedAverage  
ExercisePrice

ShareBasedCompensationArrangementByShare  
BasedPaymentAwardOptionsOutstandingNumber

StockIssuedDuringPeriodSharesStockOptionsExercised

ShareBasedCompensationArrangementByShare  
BasedPaymentAwardOptionsOutstandingNumber

ShareBasedCompensationArrangementByShareBased  
PaymentAwardOptionsOutstandingWeightedAverage  
ExercisePrice



## Restricted Stock Activity

Some companies award restricted stock units (RSUs or SARs) as another form of equity compensation to employees, subject to certain restrictions. Conditions of vesting and schedule of distribution are determined at the time of grant under the plan.

ShareBasedCompensationArrangementByShareBased  
PaymentAwardEquityInstrumentsOtherThanOptions  
NonvestedNumber

ShareBasedCompensationArrangementByShareBased  
PaymentAwardEquityInstrumentsOtherThanOptionsW  
eightedAverageGrantDateFairValue

The following table presents the changes in our **outstanding** SARs during 2017 and the associated weighted average exercise prices:

	Number of SARs (in millions)	Weighted Average Exercise Price
<b>Outstanding</b> at year-end 2016	4.6	\$ 40
Granted	0.3	88
Exercised	(1.2)	33
<b>Outstanding</b> at year-end 2017	<u>3.7</u>	<u>\$ 47</u>

ShareBasedCompensationArrangementByShareBased  
PaymentAwardEquityInstrumentsOtherThanOptions  
ExercisesInPeriodWeightedAverageExercisePrice

ShareBasedCompensationArrangementByShareBased  
PaymentAwardEquityInstrumentsOtherThanOptions  
GrantsInPeriodWeightedAverageGrantDateFairValue

# Excess Tax Benefit



This is the difference between share-based compensation cost recognized on a company's tax return, and the cost recognized on the income statement. It appears on the cash flow statement in the financing cash flow section.

ShareBasedCompensationCashAndNoncash

The table below presents the share-based compensation and the related **excess tax benefit**.

\$ in millions	Year Ended December		
	2017	2016	2015
Share-based compensation	\$1,812	\$2,170	\$2,304
Excess net tax benefit for options exercised	\$ 139	\$ 79	\$ 134
Excess net tax benefit for share-based awards	\$ 719	\$ 147	\$ 406

DeferredTaxExpenseFromStockOptionsExercised

EmployeeServiceShareBasedCompensationTaxBenefit  
FromCompensationExpense

# Unrecognized Compensation



Sometimes called *remaining expense*, this is the amount of equity-based compensation not yet recognized because of equity instruments that are currently unvested. Also included is the expected weighted average amount of time until recognition.

The unrecognized compensation expense for all share-based awards was as follows (dollars in millions):

	December 31, 2017	
	Unrecognized Compensation Expense	Remaining Weighted Average Recognition Period (in years)
Restricted stock	\$ 30.6	2.5
Performance units	9.8	2.8
Total unrecognized share-based compensation expense	\$ 40.4	2.6

EmployeeServiceShareBasedCompensationNonvested  
AwardsTotalCompensationCostNotYetRecognized



**Other questions? Just ask!**  
**Drop us a line:**  
[us@calcbench.com](mailto:us@calcbench.com)

[www.calcbench.com](http://www.calcbench.com)

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