

Finding Hidden Intelligence in SEC Filings

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10-K Wizard

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SCIP Wednesday, May 2, 2007



Why Search SEC Filings

- ◆ What can you find?
- ◆ Why is it important?
- ◆ How can you apply the data?
- ◆ How can you provide analysis for your clients?



Sample Research Questions

- ◆ Is X Corporation on the verge of bankruptcy?
- ◆ How do I find out if a company has been backdating its stock options?
- ◆ What boards does Michael Dell sit on?
- ◆ How can I quickly get a list of Google's subsidiaries?
- ◆ Where can I find TiVo's 2002 Intellectual Property and Technology License Agreement ("Development Agreement") with DIRECTV?




Sample Research Questions

- ◆ Who is the chairman of Dell's independent audit committee?
- ◆ What is Martha Stewart making now?
- ◆ XYZ Corp. is a private company. Can I find information about it in SEC filings?
- ◆ Financial footnotes: do they have significant information?
- ◆ How can I get a copy of Microsoft's recent Clawback Policy?




Today's Agenda:

- ◆ “SEC 101”
- ◆ Basic SEC filings
 - Purpose
 - Finding hidden intelligence in each
- ◆ Searching SEC filings
 - Databases (fee and free)
 - Evaluation of databases
 - Search techniques





“SEC 101”




What is the SEC?


- ◆ U. S. Securities and Exchange Commission
- ◆ Regulatory agency responsible for administering the federal securities laws



The SEC's Purpose



- ◆ Remember 1929?
- ◆ Result – The SEC
- ◆ Purpose:
 - Protect investors
 - Promote disclosure of corporate information



SEC's Structure and Duties


Structure	Duties
<ul style="list-style-type: none">◆ 5 Commissioners◆ Overlapping 5 year terms◆ 1 Commissioner is designated Chairman	<ul style="list-style-type: none">◆ Interpret federal securities laws◆ Rulemaking◆ Enforcement



Who Has to File... and What?

- ◆ Public companies
- ◆ Step 1 - register securities (Securities Act of 1933)
- ◆ Step 2 - offer securities to public (Securities Act of 1933)
- ◆ Thereafter - update shareholders and public with periodic reports (Securities Exchange Act of 1934)

It's all about fairness and disclosure.



Aha ... Disclosure!


Savvy researchers know that SEC filings contain a treasure trove of information.



Initial Disclosure

- ◆ The Registration Statement
- ◆ Discloses material facts about the company and the securities it plans to sell
- ◆ Sworn financials





Registration Statements

- ◆ Document filed with SEC prior to Initial Public Offering (IPO)
- ◆ Another name for IPO (S-1, etc.)
- ◆ Includes Prospectus (424)
- ◆ Registration: Forms S1-S-11 and any amendments
 - Registration info
 - Prospectus
 - Exhibits
- ◆ Describes the securities offered
- ◆ Gives information on the nature of the business
- ◆ Accurate facts
- ◆ Enables investors to make realistic appraisal of company
- ◆ Provides listing on an Exchange



What's in an Initial Public Offering (IPO)



- ◆ Industry overview
- ◆ Information on executives & management
- ◆ Current situation of the private company going public
- ◆ Accounting statements
- ◆ Company goals
- ◆ Legal representation
- ◆ Company's properties
- ◆ Articles of incorporation
- ◆ Stock option agreements

The date of this prospectus is _____, 2007.



Table of Contents

	<u>Page</u>
Prospectus Summary	1
Risk Factors	9
Forward-Looking Statements	15
Use of Proceeds	16
Price Range of Common Stock	16
Dividend Policy	16
Capitalization	17
Selected Consolidated Financial Data	18
Management's Discussion and Analysis of Financial Condition and Results of Operations	20
Business	33
Management	50
Principal and Selling Stockholders	66
Relationships and Transactions with Related Parties	68
Description of Capital Stock Certificate of Incorporation and By-Laws	70
Shares Eligible for Future Sale	73
Underwriting	75
Legal Matters	78
Experts	78
Where You Can Find More Information	78
Index of Consolidated Financial Statements	F-1


this prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus.



What's in a 424?

- ◆ Prospectus is another term for a 424 form
- ◆ Contains brief information about:
 - Costs
 - Investment objectives
 - Risks
 - Performance
- ◆ 424A=Additions or changes
- ◆ 424B=Previously omitted





We will allocate a portion of the aggregate purchase price to one of three property components: land, building, and real estate intangibles. Of these three components, only amounts allocated to buildings are depreciated. For federal income tax purposes, we depreciate (1) amounts allocated to building on a straight-line basis over 39.5 years, (2) amounts allocated to the 15-year asset class improvements on the property site, on a declining balance method and (3) amounts allocated to the five- and seven-year asset classes, which generally include other improvements, on the double declining balance method.

Real estate taxes paid for the tax year ended 2005 (the most recent tax year for which information is generally available) were approximately \$920,000. The real estate taxes paid were calculated based on the assessed value by a tax rate of 3.487%.


The historical information relating to the occupancy of Paces West for 2001-2005 was not available from the seller.

The following table lists, on an aggregate basis, all of the scheduled lease expirations over each of the years ending December 31, 2006 through 2015 for Paces West. The table shows the approximate percentage represented by the applicable lease expirations:

Year Ending December 31	Number of Leases Expiring	Approx. Total Area of Expiring Leases (Sq. Ft.)	Total Annual Rental Income of Expiring Leases (\$)
2006	4	20,843	\$ 400,152
2007	6	22,159	291,180
2008	6	31,267	671,976
2009	6	34,270	768,468
2010	8	51,372	902,432
2011	3	53,862	1,016,793
2012	4	95,101	2,377,500
2013	0	—	—
2014	3	79,949	1,576,312
2015	2	112,916	\$ 2,118,192


Riverside Plaza

On June 2, 2006, we acquired a fee simple interest in a 35-story office building and an adjacent 3-story fitness center containing approximately 1.2 million combined rentable square feet in Chicago through our acquisition of all of the common stock of BCSF III Illinois Properties Business Trust, through Behinger Harvard South Riverside Holding Business Trust ("BHST") a subsidiary of Behinger Harvard CP. The total contract price for Riverside Plaza, exclusive of closing costs and initial escrows, was approximately \$277.5 million. The purchase price for the transaction was shared between the Riverside Plaza seller, Beacon Capital Strategic Partners III, L.P., an unaffiliated third party, and our advisor and its affiliates. Behinger Harvard South Riverside, LLC ("BHSL") a subsidiary of BH Riverside Trust, borrowed \$202 million under a loan agreement with Greenwich Capital Financial Products, Inc. dated June 2, 2006 (the "Riverside Plaza Loan Agreement") to pay the purchase price and paid the remaining amount from proceeds of our offering of common stock to the public.




Periodic Filings


- ◆ Public companies must file annual and other periodic reports to update the information contained in their original filings.
 - 10-K
 - 10-Q
 - 8-K
 - DEF 14A (Proxy)
 - Insider



10-K: What's its function?

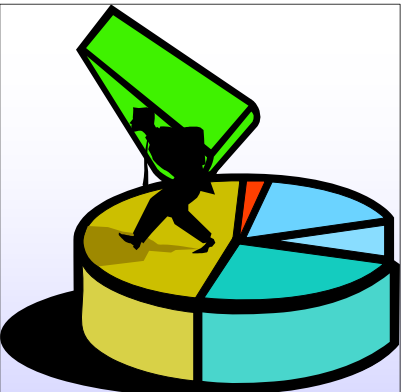



- ◆ Filed annually
- ◆ May be amended (red flag)
- ◆ Sworn financials
- ◆ Financial footnotes
- ◆ **NOTE:** Annual Report to Shareholders (ARS) is not official SEC document




10-Ks for research

- ◆ Balance sheet
- ◆ Income Statement
- ◆ Stockholders' Equity Statement
- ◆ Cash Flow Statement
- ◆ Tables of previous years' financial activities (usually five or ten years)
- ◆ Financial data in ratio form
- ◆ Management philosophy
- ◆ List of officers
- ◆ Legal matters
- ◆ Exhibits



	Item 3. Legal Proceedings
	<p>Environmental Litigation. Corning has been named by the Environmental Protection Agency (the Agency) under the Superfund Act, or by state governments under similar state hazardous waste sites. Under the Superfund Act, all parties who may have contributed any waste to a hazardous waste site, identified by such Agency, are jointly and severally liable for cleanup costs, unless otherwise. It is Corning's policy to accrue for its estimated liability related to Superfund sites and other environmental liabilities related to property owned by Corning based on expert and external consultants. Corning has accrued approximately \$16 million (undiscounted) for its estimated liability for environmental cleanup and litigation at December 31, 2006. Management believes that the accrued reserve is a reasonable estimate of the Company's liability and that the risk of an additional loss in an amount materially higher than that accrued is not probable.</p> <p>Dow Corning Bankruptcy. Corning and Dow Chemical each own 50% of the common stock of Dow Corning. In May 1993, Dow Corning filed for bankruptcy protection to address approximately 100,000 breast implant product lawsuits. On June 1, 2004, Dow Corning emerged from Chapter 11 with a Plan of Reorganization (the Plan) which provided for the settlement or other releases for Corning and Dow Chemical as shareholders in exchange for contributions to the Plan.</p>
16	
<p>Under the terms of the Plan, Dow Corning has established and is funding a Settlement Trust and a Litigation Facility to provide a means for tort claimants to settle or litigate the approximately \$1.5 billion to the Settlement Trust. As of December 31, 2006, Dow Corning had recorded a reserve for breast implant litigation of \$1.7 billion and anticipates incurring approximately \$1.5 billion to the Settlement Trust. As of December 31, 2006, Dow Corning is defending claims asserted by a number of commercial creditors who claim additional interest at default rates and enforcement of judgments. On June 26, 2006, the U.S. Court of Appeals vacated the judgment of the District Court fixing the interest component, ruled that default interest and enforcement costs were not proper, and directed that the matter be remanded for further proceedings. Dow Corning filed a petition for rehearing by the Court of Appeals, which was denied. It has filed a motion for summary judgment with the District Court, which has not yet been decided. As of December 31, 2006, Dow Corning has estimated the interest payable to commercial creditors to be within the range of \$68 million to \$100 million. A single amount within the range appears to be a better estimate than any other amount within the range. Dow Corning has recorded the minimum liability within the range. Should Dornier's earnings would be reduced by its 50% share of the amount in excess of \$68 million, net of applicable tax benefits. There are a number of other claims in the bankruptcy proceeding. The amount of such claims is not known. It is reasonably possible that Dow Corning may record bankruptcy-related charges in the future. There are no remaining tort claims against Corning, other than those established by the Plan or otherwise defended by the Litigation Facility.</p>	

	CORNING INC / NY 10-K 02/27/2007			
	Cash Flows			
(In millions of U.S. dollars)				
	Year ended December 31,			
	2006	2005	2004	
Cash Flows from Operating Activities, Excluding Reorganization:				
Net income	\$ 668.4	\$ 506.5	\$ 238.3	
Depreciation and amortization	217.9	211.6	210.6	
Changes in deferred revenue	239.3	111.4	-	
Minority interests share in income	111.9	52.0	18.4	
Other, net	53.4	66.5	74.9	
Changes in operating assets and liabilities				
Changes in accounts and notes receivable	(144.0)	(33.2)	(10.5)	
Changes in accounts payable	56.4	21.2	(36.7)	
Changes in inventory	(61.7)	(107.2)	37.2	
Changes in other operating assets and liabilities	(100.5)	45.6	183.8	
Cash provided by operating activities	1,041.1	874.4	716.0	
Cash Flows from Investing Activities:				
Capital expenditures	(511.6)	(200.5)	(109.4)	
Acquisitions of businesses, net of cash received	-	-	(92.0)	
Proceeds from sales and maturities of securities	5,060.4	3,379.1	4,529.8	
Purchases of securities	(5,281.6)	(4,107.7)	(3,645.0)	
Other, net	(36.7)	(7.0)	(21.4)	
Cash provided by (used in) investing activities	(769.5)	(936.1)	662.0	
Cash Flows from Financing Activities, Excluding Reorganization:				
Long-term borrowings	-	-	12.0	
Payments on long-term debt	(11.9)	(11.1)	(9.3)	
Net change in short-term borrowings	15.1	7.4	(2.1)	
Distributions to minority interests	(22.7)	(58.2)	(3.8)	
Cash received from minority interests	40.2	48.6	-	
Dividends paid to stockholders	(180.0)	(90.0)	-	
Cash used in financing activities	(159.3)	(103.3)	(3.2)	
Cash Flows Related to Reorganization:				

TRIVIA



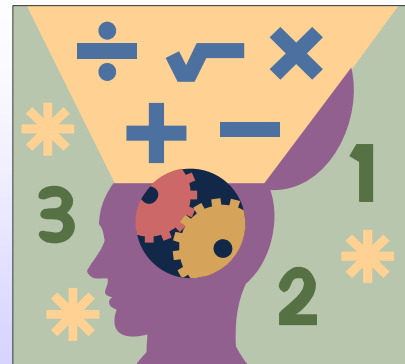
What is the average time it take to read and gather data from a 10-K?

1.5 hours

10-Q: Company's \$ IQ



- ◆ Unaudited document published quarterly
- ◆ Comprehensive overview of business
- ◆ Evaluation tool for investment purposes
- ◆ Notes significant changes or events



10-Qs: what to find




- ◆ Financial statements
- ◆ Management discussions
- ◆ List of material events
 - Stock splits
 - Acquisitions
 - Securities quotes
 - Takeovers

Item 1. Financial Statements

VILLAGE SUPER MARKET, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS
 (in Thousands) (Unaudited)

	January 27, 2007
ASSETS	
Current assets	
Cash and cash equivalents	\$ 54,580
Merchandise inventories	32,182
Patronage dividend receivable	2,383
Other current assets	9,650
Total current assets	98,795
Notes receivable from Wakefern	28,252
Property, equipment and fixtures, net	122,391
Investment in Wakefern, at cost	16,391
Goodwill	10,605
Other assets	2,897
TOTAL ASSETS	\$ 279,331
LIABILITIES AND SHAREHOLDERS' EQUITY	
Current liabilities	
Current portion of long-term debt	\$ 5,854
Current portion of notes payable to Wakefern	379
Accounts payable to Wakefern	46,553
Accounts payable and accrued expenses	27,409
Total current liabilities	80,195
Long-term debt	21,832



Example of Financial footnotes to the 10-Q

VILLAGE SUPER MARKET, INC.
 NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
 (in Thousands) (Unaudited)

**Notes can lead to other filings:
Follow the NOTES!**

1. In the opinion of management, the accompanying unaudited consolidated condensed financial statements contain all adjustments (consisting of normal and recurring accruals) necessary to present fairly the consolidated financial position as of January 27, 2007 and the consolidated results of operations and cash flows for the thirteen and twenty-six week periods ended January 27, 2007 and January 28, 2006.

 The significant accounting policies followed by Village Super Market, Inc. (the "Company") are set forth in Note 1 to the Company's consolidated financial statements included in the July 29, 2006 Village Super Market, Inc. Annual Report on Form 10-K, which should be read in conjunction with these financial statements.
2. The results of operations for the periods ended January 27, 2007 are not necessarily indicative of the results to be expected for the full fiscal year.
3. At both January 27, 2007 and July 29, 2006, approximately 70% of merchandise inventories are valued by the LIFO method while the balance is valued by FIFO. If the FIFO method had been used for the entire inventory, inventories would have been \$12,295 and \$11,795 higher than reported at January 27, 2007 and July 29, 2006, respectively.
4. The Company has two classes of common stock. Class A common stock is entitled to one vote per share and to cash dividends as declared 54% greater than those paid on Class B common stock. Class B common stock is entitled to 10 votes per share. Class A and Class B common stock share equally on a per share basis in any distributions in liquidation. Shares of Class B common stock are convertible on a share for share basis for Class A common stock at any time. Class B common stock is not transferable except to another holder of Class B common stock or by will or under the laws of intestacy or pursuant to a resolution of the Board of Directors of the Company approving the transfer.



Exhibits: Not just for Viewing...

- ◆ Valuable information
- ◆ Material contracts and agreements
- ◆ Subsidiaries
- ◆ Articles of Incorporation
- ◆ Charters
- ◆ Legal opinions
- ◆ Guidelines
- ◆ Consents



Example – Subsidiary List (always Exh. 21 to 10-K)



EXHIBIT 21.1

Subsidiaries of The Coca-Cola Company
As of December 31, 2006

The Coca-Cola Company Subsidiaries:	Organized Under Law of:	Percentage of Voting Power
	Delaware	
Burq's, Inc.	Mississippi	100
Bottling Investments Corporation	Delaware	100
AOCBC Holding Company	Georgia	100
Brucephal, Inc.	Delaware	100
CCDA Waters LLC	Delaware	100
Caribbean Refresco, Inc.	Delaware	100
CFI Financial Corporation, Inc.	Delaware	100
Coca-Cola China Industries Limited	China	89.50
Coca-Cola Oasis, Inc.	Delaware	100
Caribbean International Sales Corporation, Inc.	Netx21.jpg	100
Carolina Coca-Cola Bottling Investments, Inc.	DelType: JPEG Image	100
Coca-Cola Financial Corporation	DelSize: 57.3 KB	100
Coca-Cola Interamerican Corporation	DelDimension: 991 x 453 pixels	100
Coca-Cola South Asia Holdings, Inc.	Delaware	100
Coca-Cola (China) Investments Limited	China	100
Coca-Cola (China) Beverages Limited	China	100
Shanghai Shen-mei Beverage & Food Co. Ltd.	China	40
Coca-Cola India Limited	India	100



Executive Compensation

EXHIBIT 10.19: Executive Compensation Agreement - MARLENE HUTCHESON

EXECUTIVE COMPENSATION AGREEMENT

Between

SOUTH TEXAS OIL COMPANY

and

MARLENE HUTCHESON

This Agreement is made this 1st day of March 2007, by and between SOUTH TEXAS OIL COMPANY, a Nevada corporation ("SOUTH TEXAS OIL"), and MARLENE HUTCHESON ("EXECUTIVE").

WHEREAS, SOUTH TEXAS OIL is engaged in the business of oil and gas exploration and development; and

WHEREAS, SOUTH TEXAS OIL desires to retain the services of EXECUTIVE in the capacity of its Chief Financial Officer.

NOW THEREFORE, IT IS AGREED AS FOLLOWS:

SECTION 1. EMPLOYMENT.

1.1 EXECUTIVE EMPLOYMENT. SOUTH TEXAS OIL appoints EXECUTIVE and EXECUTIVE accepts the appointment as Chief Financial Officer until February 1, 2008.


SECTION 2. DUTIES. EXECUTIVE shall serve as Chief Financial Officer of SOUTH TEXAS OIL, with such duties as are customarily associated with such position in public corporations and specifically as set out in the By-Laws of SOUTH TEXAS OIL.

SECTION 3. EXTENT OF SERVICES. EXECUTIVE shall devote her best efforts, attention, and energies to the performance of her duties as set out above.

Nothing in this Agreement shall preclude EXECUTIVE from conducting other business or holding official positions or directorships in other entities, the activities of which do not directly conflict with EXECUTIVE's duties and responsibilities as Chief Financial Officer of SOUTH TEXAS OIL.

From an 8-K/A dated 3/14/2007 by South Texas Oil

Gives definition of duties, responsibilities and compensation.



SECTION 5. **EXECUTIVE COMPENSATION.**

5.1 **BASE SALARY.** SOUTH TEXAS OIL will pay to EXECUTIVE a base salary for the first year in the amount of Three Thousand Dollars (\$3,000) per month, payable in accordance with SOUTH TEXAS OIL's standard payroll procedures but no less frequently than monthly, at the election of EXECUTIVE. The Executive's Base Salary shall be reviewed, and may be increased but not decreased, annually, by the Board pursuant to its normal performance review policies for senior executives, with the first such review occurring not later than July 2007.

5.2 **BONUSES.** EXECUTIVE shall be eligible to receive a discretionary bonus for each year (or portion thereof) during the term of this Agreement and any extensions thereof, with the actual amount of any such bonus to be determined in the sole discretion of the Board of Directors based upon its evaluation of EXECUTIVE's performance during such year.

SECTION 6. **TERMINATION.**

6.1 **Termination for Cause by Company.** This Agreement may be terminated for "cause" by Company. For purposes hereof, "cause" shall mean any of the following events:

- a. Any embezzlement or wrongful diversion of funds of SOUTH TEXAS OIL or any other affiliate of SOUTH TEXAS OIL by EXECUTIVE;
- b. Malfeasance or insubordination by EXECUTIVE in the conduct of his duties prescribed by the Board of Directors;
- c. Material breach of this Agreement by EXECUTIVE that remains uncured for a period of at least thirty (30) days following written notice from SOUTH TEXAS OIL to EXECUTIVE of such alleged breach, which written notice describes in reasonable detail the nature of such alleged breach; or
- d. Conviction or the entry of a plea of nolo contendere or equivalent plea of a felony in a court of competent jurisdiction, or any other crime or offense involving moral turpitude.

6.2 **Termination for Good Reason by EXECUTIVE.** This Agreement may be terminated for "good reason" by EXECUTIVE giving rise to the severance pay provisions set forth in paragraph 6.3 below. For purposes hereof, "good reason" shall mean only the following events:


READ!



8-Ks are OK...

- ◆ Filed anytime in the year
- ◆ Extraordinary event
 - Acquisition or merger
 - Bankruptcy
 - Resignation
 - Changes in finances
 - Sale of company
 - New agreements





Hancock Fabrics filed this 8-K on 3/27/2007

Item 1.03 Bankruptcy or Receivership.

(a) On March 21, 2007, Hancock Fabrics, Inc. (the "Company") filed voluntary petition for reorganization under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code"), in the United States Bankruptcy Court for the District of Delaware (the "Court") (Case No. 07-10333). The reorganization case is being administered under the caption "In re Hancock Fabrics, Inc., Case No. 07-10333." The Company will continue to operate its business as a "debtor-in-possession" under the jurisdiction of the Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Court.

On March 22, 2007, the Company announced that it received approval of the Court of a \$105 million "debtor-in-possession" financing arrangement with Wachovia Bank, N.A., in which the Company will gain additional borrowing capacity. In addition, the Company announced it had reached an agreement in principle with another lender for an additional loan of up to \$17.5 million.

The Company also received approval of the Court for a number of "First Day Motions" to support its employees, customers, vendors and other stakeholders. Among other things, the Court approved requests to continue to pay the Company's employees and to fulfill the needs of the Company's customers.


Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(c) On March 21, 2007, the Company retained Mr. Jeff Neland to serve as the Company's Interim Executive Vice President and Chief Financial Officer and Mr. David Hull to serve as the Company's Interim Executive Vice President and Chief Operating Officer.

Mr. Neland has more than 25 years of senior financial management and advisory experience for under-performing companies, and he has led many distressed clients to stability and profitability. Mr. Neland has been with Corporate Revitalization Partners, LLC since 2005 and became a partner in 2006. From 2002 to 2005, Mr. Neland was Senior Vice President and Group President of Cabin Management Group of DeCone Aircraft. Prior to joining DeCone, Mr. Neland provided interim management and advisory services for distressed companies for over 14 years. Mr. Neland received a bachelor's degree in business management from Indiana University. He earned a master's degree in finance, graduating with honors from the University of Southern California.

Mr. Hull has experience in developing and analyzing the capital structure, financial performance and risk status of companies in a range of industries. Mr. Hull has been with Corporate Revitalization Partners, LLC ("CRP") since 2003 and became a partner in 2006. His work has focused on providing restructuring and interim management services to under-performing companies and companies in Chapter 11 bankruptcy proceedings. From 2000 to 2003, Mr. Hull was employed by Prudential Capital Group. Mr. Hull earned a bachelor's degree in business administration from Southern Methodist University with a concentration in finance and a minor in economics.


[Back to top](#)



Proxy Solicitation



- ◆ Also called Proxy Statement, DEF 14A
- ◆ Sent to shareholders
- ◆ Discusses issues to be voted on at annual meeting: Yes or No
- ◆ Disclosure of material facts

There's that word "Disclosure" again.



What's buried in a Proxy?

- ◆ Executive compensation (CD&A)
- ◆ Option grants
- ◆ Names and bios of officers and directors
- ◆ Audit committee report
- ◆ Auditor's fees
- ◆ Beneficial ownership

Example: Executive Compensation Table

DreamWorks Animation SKG, Inc. Proxy dated 03/30/07		SUMMARY COMPENSATION TABLE				
Name and Principal Position	Year	Salary (\$)	Stock Awards (\$ ⁽¹⁾)	Option Awards (\$ ⁽¹⁾)	All Other Compensation (\$ ⁽²⁾)	Total (\$)
Jeffrey Katzenberg ⁽³⁾ Chief Executive Officer	2006	\$ 1	\$ 2,816,435	\$ 2,383,179	\$ —	\$ 5,199,615
Kristina M. Lesig ⁽³⁾ Former Chief Financial Officer	2006	\$ 553,942	\$ 374,976	\$ 1,954,258	\$ 1,642,995	\$ 4,526,171
Roger A. Enrico ⁽³⁾ Chairman of the Board	2006	\$ 1	\$ 665,954	\$ 542,988	\$ 239,753	\$ 1,448,696
Lewis W. Coleman ⁽³⁾ President and Chief Financial Officer	2006	\$ 1,250,000	\$ 568,566	\$ 287,087	\$ 251,640	\$ 2,357,293
Ann Daly ⁽³⁾ Chief Operating Officer	2006	\$ 1,000,000	\$ 1,175,586	\$ 1,126,868	\$ 46,499	\$ 3,348,953
Katherine Kendrick ⁽³⁾ General Counsel and Secretary	2006	\$ 600,000	\$ 52,258	\$ 312,004	\$ 44,443	\$ 1,008,705

⁽¹⁾ The amounts reflected in each respective column represent the dollar amount recognized for financial statement reporting purposes for the year ended December 31, 2006, as computed in accordance with FAS 123R. The amounts reflected in each respective column may include amounts associated with equity awards granted prior to 2006. For a further discussion of the assumptions used in the calculation of the 2006 compensation cost (for all applicable grants of equity awards) pursuant to FAS 123R, please see "Part II—Item 8—Financial Statements and Supplementary Data—Notes to Financial Statements—Footnote No. 14 Stockholders' Equity—Employee Benefits Plan" of the Company's Annual Report on Form 10-K for the year ended December 31, 2006. For further discussion of grants made in 2006, see the accompanying "Grant of Plan-Based Awards Table."

35

Example: Compensation, Discussion & Analysis (CD&A)

[Table of Contents](#)

EXECUTIVE COMPENSATION

Harley Davidson, Inc.'s Proxy dated 03/28/2007

Compensation Discussion and Analysis

Introduction

This **Compensation Discussion and Analysis ("CD&A")** is being included pursuant to new SEC rules regarding the disclosure of executive compensation that are designed to enhance disclosure of public companies' executive compensation policies. This CD&A addresses our compensation programs and policies for fiscal year 2006 and how they affected executives in our FLG, which we describe in more detail beginning on page 32 of this Proxy Statement. Among these FLG are our:

- President and Chief Executive Officer, Harley-Davidson
- Vice President and Chief Financial Officer, Harley-Davidson
- Vice President and Treasurer, Harley-Davidson (who served as Acting Chief Financial Officer, Harley-Davidson for part of the year)
- President and Chief Operating Officer, the Motor Company
- Vice President, New Business, the Motor Company (formerly Vice President of Parts and Accessories, the Motor Company)
- Vice President, General Counsel and Secretary/Chief Compliance Officer, Harley-Davidson

Together, the incumbents of these six positions represent our NEOs for 2006. In this CD&A, we discuss executive compensation as it broadly covers executives in our FLG, as well as how these programs and policies more specifically affect our NEOs. A subset of our FLG is the LSC, which is comprised of our executive officers. We describe our LSC in more detail on page 5 of this Proxy Statement, with a complete listing of the members of the LSC on page 7.

We believe that our employees are a sustainable long term competitive advantage. We compete to attract and retain executive and employee talent primarily with companies for whom engineering, manufacturing and maintaining strong product brands and a lifestyle are important parts of their businesses. The compensation programs and policies we have developed and implemented enable us to compete for these qualified and talented employees.

These executive compensation programs and policies include the following:

- Base salary
- Annual cash incentive compensation
- Equity-based awards
- Perquisite payments (cash payments made in lieu of receiving other benefits such as a car and payment of club dues), and other limited perquisites

Executive Compensation Packages - 2006

USA TODAY

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Money » Company News » Company Calendars » Executive Suite » Company Research » Annual Report

GET A QUOTE: [Enter symbol(s) or keywords] GO DJIA 12,895.87 +83.54 NASDAQ 2,511.40

Special Report: Executive Compensation

Updated 3h 12m ago | Comment | Recommend | E-mail | Save | Print


USA TODAY's executive compensation report is based on data from Salary.com's CompAnalyst Executive™. This chart shows 2006 compensation for CEOs at 150 large companies whose fiscal year ended on or after Dec. 15, 2006. Chart alphabetical by company. Back to main story.

Company (ticker)	Chief executive ¹	Salary	Bonuses	Perks, other compensation	Stock & options	Total
Occidental Petroleum (OXY)	Ray R. Irani	\$1,300,000	\$2,800,000	\$2,479,243	\$45,563,945	\$52,143,188
Merrill Lynch (MER)	E. Stanley O'Neal	\$700,000	\$18,500,000	\$375,290	\$26,000,049	\$46,375,347
Ford Motor (F)	Alan Mulally	\$666,867	\$18,500,000	\$334,433	\$19,627,000	\$39,128,100
Altria Group (MO)	Louis C. Camilleri	\$1,750,000	\$19,500,000	\$409,987	\$10,017,875	\$31,677,862
AT&T (T)	Edward Whitacre Jr.	\$2,100,000	\$6,783,000	\$481,945	\$22,152,797	\$31,467,742
Jetras (JET)	Ronald A. Williams	\$1,073,077	\$7,732,500	\$70,655	\$21,583,853	\$30,460,085
JPMorgan Chase (JPM)	James Dimon	\$1,000,000	\$13,000,000	\$407,850	\$13,000,000	\$27,407,850
Concast (CMCSA)	Brian L. Roberts	\$2,501,000	\$11,402,454	\$2,924,132	\$10,623,690	\$27,451,276
Duke Energy (DUK)	James E. Rogers	0	0	\$165,390	\$27,162,928	\$27,328,318
Wells Fargo (WFC)	Richard M. Kovacevich	\$995,000	\$8,500,000	\$543,521	\$16,826,149	\$26,864,670
American International Group (AIG)	Martin J. Sullivan	\$1,000,000	\$15,963,656	\$703,432	\$9,018,512	\$26,685,600
Cigroup (C)	Charles Prince II	\$1,000,000	\$13,200,000	\$258,338	\$10,413,273	\$24,871,611




Insider Trading: not just for finding dirt...

- ◆ Who files: officers, directors & beneficial owners with more than 10% ownership of securities
- ◆ Initial Report (Form 3)
- ◆ Change in Holdings in any given month (Form 4)
- ◆ Annual statement of changes in beneficial ownership (Form 5)




What can be found...

- ◆ Discover both legal and illegal conduct
- ◆ Names connection (follow the money)
- ◆ What is someone worth
- ◆ What type of transaction
 - Bona fide gift
 - Grant, award
 - Small acquisition
 - Deposit or withdrawal
 - Equity swap
 - Tax liability






Filing Date	Transaction Date(s)	Name	Type	Shares	Price	Value	Total Holdings	Options
04/04/2006	03/31/2006	MARTHA STEWART LIVING OMNIMEDIA INC (MARTHA STEWART FAMILY LIMITED PARTNERSHIP) 10% Owner	Transaction Type: J ⁺ Form: 4 Ownership Form: I Table II trans. Acq/Disp: D	82,306.00	-	-	26,791,206.00	New Filing
09/01/2005	-	MARTHA STEWART LIVING OMNIMEDIA INC (STEWART MARTHA) 10% Owner	Transaction Type: J ⁺ Form: 4 Ownership Form: I Table II trans. Acq/Disp: D	27,623,512.00	-	-	27,623,512.00	New Filing
09/01/2005	08/30/2005	MARTHA STEWART LIVING OMNIMEDIA INC (STEWART MARTHA) 10% Owner	Transaction Type: G ⁺ Form: 4 Ownership Form: D Table I trans. Acq/Disp: D	1,000,000.00	-	-	5,100.00	New Filing
09/01/2005	-	MARTHA STEWART LIVING OMNIMEDIA INC (STEWART MARTHA) 10% Owner	Transaction Type: J ⁺ Form: 4 Ownership Form: I Table I trans. Acq/Disp: D	-	-	-	29,016.00	New Filing
09/01/2005	-	MARTHA STEWART LIVING OMNIMEDIA INC (STEWART MARTHA) 10% Owner	Transaction Type: J ⁺ Form: 4 Ownership Form: I Table I trans. Acq/Disp: D	-	-	-	37,270.00	New Filing
08/02/2005	07/29/2005	MARTHA STEWART LIVING OMNIMEDIA INC (MARTHA STEWART FAMILY LIMITED PARTNERSHIP) 10% Owner	Transaction Type: G ⁺ Form: 4 Ownership Form: I Table II trans. Acq/Disp: D	1,077,734.00	-	-	27,623,512.00	New Filing
08/02/2005	07/29/2005	MARTHA STEWART LIVING OMNIMEDIA INC (MARTHA STEWART FAMILY LIMITED PARTNERSHIP) 10% Owner	Transaction Type: G ⁺ Form: 4 Ownership Form: I Table I trans. Acq/Disp: A	1,077,734.00	-	-	1,077,734.00	New Filing
08/02/2005	07/29/2005	MARTHA STEWART LIVING OMNIMEDIA INC (MARTHA STEWART FAMILY LIMITED PARTNERSHIP) 10% Owner	Transaction Type: J ⁺ Form: 4 Ownership Form: I Table I trans. Acq/Disp: D	5,766.00	-	-	1,071,968.00	New Filing



TRIVIA


How long have Insider Forms
(3, 4,5) been required to be filed
electronically?

4 years



CI Checklist

- ◆ For Corporate Strategies (10-K, 8-K)
 - Management Discussion and Analysis
 - Financial footnotes
 - Certain relationships & transactions
- ◆ For Product Strategies (10-K, MDA, 8-K)
 - Monitor revenues, expansions, new partnerships and acquisitions
 - 10-K business revenue
 - Annual shareholder report
- ◆ For Internal Turmoil or Changes (8-K, 10-K)
 - Who has the power



CI Checklist (cont'd)

- ◆ For Subsidiaries and Locations (10-K, Exhibit 21)
 - FYI: not required to file all companies
- ◆ For Employees (10-K, Item 1 & Exhibits)
 - How many
 - Employee benefits (stock purchase plans, retirements)
- ◆ For Legal Items (10-K, Item 3)
 - Current litigation, class action lawsuits, liability
- ◆ For Acquisitions, Mergers, Takeovers (8-K, TO)
 - Changes in competitive position
 - Company's ability to compete



Research & Analysis Tips

- ◆ Select the most effective database for each project
- ◆ Prepare search string before going online. Call Customer Support first.
- ◆ Evaluate results
 - Read carefully
 - Evaluate
 - Take time
 - Compare
 - Understand
- ◆ The process can be lengthy.
Remember: Treasures are difficult to find!



SEC Databases

- ◆ 10-K Wizard <http://www.10kwizard.com>
- ◆ EdgarOnline <http://www.edgar-online.com/>
- ◆ Factset <http://www.factset.com/>
- ◆ GSI's LIVEDGAR <http://www.gsonline.com>
- ◆ SEC.gov <http://sec.gov>
- ◆ Securities Mosaic
<http://www.securitiesmosaic.com>



Evaluating Databases

- ◆ Ease of use
- ◆ Archival data (scope and depth)
- ◆ Types of information available
- ◆ What fits in with your culture
- ◆ Search techniques
- ◆ Price
- ◆ How often updated
- ◆ Customer support
- ◆ Print formats
- ◆ Alerts set-up
- ◆ Real-time data feeds
- ◆ News coverage
- ◆ Reputation
- ◆ Where will the product be in the next 5 years?



Bibliography – Current Awareness

- ◆ Footnoted.org <http://footnoted.org/>
- ◆ Blogging Stocks <http://www.bloggingstocks.com/>
- ◆ Corporate Governance Blog <http://blog.issproxy.com/>
- ◆ Wall Street Journal Law Blog <http://blogs.wsj.com/law/>
- ◆ Corporate Counsel.net Blog
<http://www.thecorporatecounsel.net/blog/index.html>
- ◆ SEC News Digest (official) <http://sec.gov>
- ◆ CCH Internet Research Network – current development newsletters, trackers <http://business.cch.com> \$
- ◆ Securities Mosaic - *Daily Securities News*, *SM Blogwatch*
<http://www.securitiesmosaic.com> \$
- ◆ GSI - *SECurities Digest* and *SEC Currents* email newsletters
<http://www.gsonline.com> \$
- ◆ 10K Wizard - Alerts, searchable *SEC News Digest*
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- ◆ Yahoo! Finance Company Profiles <http://finance.yahoo.com>



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- ◆ Securities Law Series, multiple titles, St. Paul: Thomson/West (2007-).
- ◆ Securities Regulation in a Nutshell, 9th ed., Thomas L. Hazen and David L. Ratner, St. Paul: Thomson/West (2007).
- ◆ Sarbanes-Oxley Deskbook, John T. Bostelman, NY: Practising Law Institute (2003-).
- ◆ Skeptical Business Searcher, Robert Berkman, Medford, NJ: Information Today, Inc. (2004).

Online:

- ◆ SEC - <http://sec.gov>
- ◆ The Motley Fool: Web Resources List
<http://www.fool.com/community/resource>



Thanks for coming ...

Our presentation is on SCIP
and on LLRX.com