

*Carl Levin, Chairman*

*Norm Coleman, Ranking Minority Member*

**EXHIBIT LIST**

**Hearing On**

**EXECUTIVE STOCK OPTIONS:  
SHOULD THE IRS AND STOCKHOLDERS BE  
GIVEN DIFFERENT INFORMATION?**

June 5, 2007

1. *Executive Stock Option Compensation - Book versus Tax Return Differential For Exercised Stock Options*, chart prepared by the Permanent Subcommittee on Investigations Staff.
2. *Executive Stock Option Compensation - Book versus Tax Return Differential For Exercised Stock Options* (detailed version), chart prepared by the Permanent Subcommittee on Investigations Staff.
3. *KB Home Executive Stock Option Compensation - Book versus Tax Return Differential*, chart prepared by the Permanent Subcommittee on Investigations Staff.
4. *Occidental Petroleum Executive Stock Option Compensation - Book versus Tax Return Differential*, chart prepared by the Permanent Subcommittee on Investigations Staff.
5. *Cisco Systems Executive Stock Option Compensation - Book versus Tax Return Differential*, chart prepared by the Permanent Subcommittee on Investigations Staff.
6. *UnitedHealth Group Executive Stock Option Compensation - Book versus Tax Return Differential*, chart prepared by the Permanent Subcommittee on Investigations Staff.
7. *Safeway Executive Stock Option Compensation - Book versus Tax Return Differential*, chart prepared by the Permanent Subcommittee on Investigations Staff.
8. *Monster Executive Stock Option Compensation - Book versus Tax Return Differential*, chart prepared by the Permanent Subcommittee on Investigations Staff.
9. *Mercury Executive Stock Option Compensation - Book versus Tax Return Differential*, chart prepared by the Permanent Subcommittee on Investigations Staff.
10. *Comverse Executive Stock Option Compensation - Book versus Tax Return Differential*, chart prepared by the Permanent Subcommittee on Investigations Staff.
11. *Apple Executive Stock Option Compensation - Book versus Tax Return Differential*, chart prepared by the Permanent Subcommittee on Investigations Staff.
12. *Note To Charts Prepared By The Permanent Subcommittee On Investigations Staff.*

## Executive Stock Option Compensation - Book versus Tax Return Differential For Exercised Stock Options

| <u>Company</u>       | Total Accounting<br>Expense had FAS 123R<br><u>been in effect</u> | Total<br>Reported<br><u>Tax Deduction</u> | Percentage<br>Book/Tax Return<br><u>Differential</u> |
|----------------------|---|---|--|
| KB Home              | \$11.5 million  | \$143.7 million                           | 1249%  |
| Occidental Petroleum | \$29.0 million  | \$352.9 million                           | 1216%  |
| Cisco Systems        | \$21.1 million  | \$169.3 million                           | 801%   |
| UnitedHealth         | \$45.7 million  | \$317.7 million                           | 695%   |
| Safeway              | \$6.5 million   | \$39.4 million                            | 606%   |
| Monster              | \$6.8 million   | \$24.0 million                            | 351%   |
| Mercury Interactive  | \$1.8 million   | \$4.5 million                             | 249%   |
| Comverse             | \$8.3 million   | \$19.5 million                            | 234%   |
| Apple                | \$87.0 million  | \$192.4 million                           | 221%   |
|                      | \$217.7 million   | \$1.26 billion                            |  |

**Executive Stock Option Compensation - Book versus Tax Return Differential  
For Exercised Stock Options**

| Company                 | Executive  | Options exercised (1) | Total Actual Accounting Expense (5) | Total Accounting Expense had FAS 123R been in effect(3) | Total Reported Tax Deduction(3) | Book/Tax Return Differential | Percentage |
|-------------------------|------------|-----------------------|-------------------------------------|---|---------------------------------|------------------------------|------------|
| KB Home                 | Former CEO | 3,161,000             | \$ -0-                              | \$11,506,000  | \$143,676,000                   |                              | 1249%      |
| Occidental Petroleum    | CEO        | 12,245,000            | \$832,000                           | \$29,014,000  | \$352,895,000                   |                              | 1216%      |
| Cisco Systems           | CEO        | 12,350,000            | \$ -0-                              | \$21,140,000  | \$169,282,000                   |                              | 801%       |
| UnitedHealth            | Former CEO | 9,158,000             | \$ -0-                              | \$45,685,000  | \$317,679,000                   |                              | 695%       |
| Safeway                 | CEO        | 2,220,000             | \$ -0-                              | \$6,512,000   | \$39,443,000                    |                              | 606%       |
| Monster                 | Former COO | 704,581               | \$ -0-                              | \$6,831,000   | \$24,001,000                    |                              | 351%       |
| Mercury Interactive (4) | Various    | 133,450               | \$ -0-                              | \$1,809,000   | \$4,508,000                     |                              | 249%       |
| Comverse                | Various    | 1,842,000             | \$ -0-                              | \$8,346,000   | \$19,544,000                    |                              | 234%       |
| Apple                   | Various    | 13,070,000            | \$ -0-                              | \$87,034,000  | \$192,402,000                   |                              | 221%       |

**Permanent Subcommittee on Investigations**

**EXHIBIT #2**

(1) The Subcommittee examined executive stock options that were exercised by corporate executives in the years 2002 to 2006, except that Apple provided exercises from 1998 to 2006. Number of options is rounded to nearest thousand.

(2) Financial Accounting Standard 123R, which requires all corporations to book an expense for stock option compensation, took effect for all fiscal years beginning after June 15, 2005. (3) Figures are rounded to nearest thousand.

(4) In 2006, Mercury Interactive Incorporated was acquired by Hewlett Packard, and is now a wholly owned subsidiary.

(5) Occidental Petroleum voluntarily started expensing stock option grants in 2005.



**Occidental Petroleum Stock Option Compensation - Book versus Tax Return Differential**

| Company              | Executive | Calendar/Fiscal Year Exercised | Grant Date | Number of Options Exercised(1) | Black Scholes Value | Reported Book Expense (2) | Total Accounting Expense had FAS 123R been in Effect (3) | Total Reported Tax Deduction |
|----------------------|-----------|--------------------------------|------------|--------------------------------|---------------------|---------------------------|--|------------------------------|
| Occidental Petroleum | CEO       | 2002                           | 4/28/1993  | 250,910                        | \$ 2.76             | \$ -0-                    | \$ 801,748.00  | \$ 777,573.00                |
|                      |           | 2003                           | 4/29/1994  | 288,734                        | \$ 2.76             | \$ -0-                    | \$ 795,751.00  | \$ 1,621,819.00              |
|                      |           | 2004                           | 4/27/1995  | 391,354                        | \$ 2.76             | \$ -0-                    | \$ 1,078,572.00  | \$ 4,217,250.00              |
|                      |           | 2004                           | 7/10/1996  | 208,646                        | \$ 2.57             | \$ -0-                    | \$ 535,177.00  | \$ 2,117,976.00              |
|                      |           | 2004                           | 7/10/1996  | 183,150                        | \$ 2.57             | \$ -0-                    | \$ 469,780.00  | \$ 1,849,980.00              |
|                      |           | 2005                           | 7/2/1997   | 392,120                        | \$ 2.57             | \$ -0-                    | \$ 1,006,768.00  | \$ 8,270,066.00              |
|                      |           | 2005                           | 7/2/1997   | 224,730                        | \$ 2.57             | \$ -0-                    | \$ 576,994.00  | \$ 4,739,702.00              |
|                      |           | 2005                           | 7/2/1997   | 54,360                         | \$ 2.57             | \$ -0-                    | \$ 139,569.00  | \$ 1,576,282.00              |
|                      |           | 2005                           | 7/2/1997   | 53,400                         | \$ 2.57             | \$ -0-                    | \$ 137,105.00  | \$ 1,538,660.00              |
|                      |           | 2005                           | 7/2/1997   | 20,000                         | \$ 2.57             | \$ -0-                    | \$ 51,350.00   | \$ 577,250.00                |
|                      |           | 2006                           | 7/2/1997   | 1,247,510                      | \$ 2.57             | \$ -0-                    | \$ 3,202,982.00  | \$ 48,543,733.00             |
|                      |           | 2006                           | 7/8/1998   | 642,302                        | \$ 2.52             | \$ -0-                    | \$ 1,619,886.00  | \$ 24,792,857.00             |
|                      |           | 2003                           | 2/17/1999  | 496,760                        | \$ 0.87             | \$ -0-                    | \$ 429,697.00  | \$ 5,263,594.00              |
|                      |           | 2003                           | 2/17/1999  | 89,800                         | \$ 0.87             | \$ -0-                    | \$ 77,677.00   | \$ 952,522.00                |
|                      |           | 2004                           | 7/14/1999  | 416,850                        | \$ 1.94             | \$ -0-                    | \$ 808,689.00  | \$ 5,018,207.00              |
|                      |           | 2005                           | 7/14/1999  | 583,150                        | \$ 1.94             | \$ -0-                    | \$ 1,131,311.00  | \$ 13,720,441.00             |
|                      |           | 2004                           | 7/19/2000  | 1,170,000                      | \$ 2.27             | \$ -0-                    | \$ 2,650,050.00  | \$ 22,088,482.00             |
|                      |           | 2004                           | 7/19/2000  | 93,800                         | \$ 2.27             | \$ -0-                    | \$ 212,457.00  | \$ 1,766,521.00              |
|                      |           | 2005                           | 7/19/2000  | 226,240                        | \$ 2.27             | \$ -0-                    | \$ 512,434.00  | \$ 7,140,044.00              |
|                      |           | 2006                           | 7/11/2001  | 2,592,518                      | \$ 2.95             | \$ -0-                    | \$ 7,647,928.00  | \$ 99,099,001.00             |
|                      |           | 2006                           | 7/17/2002  | 1,184,870                      | \$ 2.68             | \$ 88,207.00              | \$ 2,956,060.00  | \$ 45,481,235.00             |
|                      |           | 2006                           | 7/16/2003  | 1,393,576                      | \$ 1.60             | \$ 743,938.00             | \$ 2,171,910.00  | \$ 51,764,381.00             |
| <b>Totals</b>        |           |                                |            | <b>12,244,780</b>              |                     | <b>\$ 832,145.00</b>      | <b>\$ 29,013,895.00</b>                                  | <b>\$ 352,897,576.00</b>     |

As of latest SEC proxy, total approximate number of remaining stock options held: 706,424

- (1) Portions of the 2002 and 2003 grants did not fully vest until after July 1, 2005. For the options that vested after July 1, 2005, Occidental Petroleum booked an accounting expense.
- (2) Occidental Petroleum began voluntarily expensing stock option grants under FAS 123R as of July 1, 2005.
- (3) Total Accounting Expense is calculated as if FAS 123R had been in effect at time of stock option grant.

**Cisco Systems Executive Stock Option Compensation - Book versus Tax Return Differential**

| Company       | Executive     | Fiscal Year Exercised | Grant Date | Number of Options Exercised | Black Scholes Value | Reported Book Expense | Total Accounting Expense had FAS 123R been in Effect (1) (2) | Total Reported Tax Deduction |
|---------------|---------------|-----------------------|------------|-----------------------------|---------------------|-----------------------|--|------------------------------|
| Cisco Systems | CEO           | FY2004                | 8/16/1995  | 2,000,000                   | \$ 1.09             | \$ -0-                | \$ 2,170,200.00  | \$ 38,277,709.00             |
|               |               | FY2005                | 1/23/1996  | 1,800,000                   | \$ 1.26             | \$ -0-                |  |                              |
|               |               |                       | 7/29/1996  | 2,700,000                   | \$ 1.61             | \$ -0-                |  |                              |
|               | FY2006        |                       | 4/28/1997  | 4,500,000                   | \$ 1.63             | \$ -0-                | \$ 6,610,187.00  | \$ 61,329,110.00             |
|               |               |                       | 5/1/1998   | 1,350,000                   | \$ 3.72             | \$ -0-                | \$ 12,359,702.00   | \$ 69,674,752.00             |
|               | <b>Totals</b> |                       |            |                             | <b>12,350,000</b>   |                       | <b>\$ -0-</b>  | <b>\$ 21,140,089.00</b>      |

As of latest SEC proxy, total approximate number of remaining stock options held: 29,850,000

(1) Total Accounting Expense is calculated as if FAS 123R had been in effect at time of stock option grant.

(2) An additional expense of approximately \$139 million would have been incurred for options currently "underwater." These options will expire within the next 18 months. Because the options are "underwater" and not expected to be exercised, no tax deduction is anticipated for these options.

**UnitedHealth Group Executive Stock Option Compensation - Book versus Tax Return Differential**

| Company      | Executive  | Calendar/Fiscal Year Exercised | Corrected Grant Date (1) | Number of Options Exercised | Black Scholes Value | Reported Book Expense (4) | Total Accounting Expense had FAS 123R had been in Effect(5) | Total Reported Tax Deduction |
|--------------|------------|--------------------------------|--------------------------|-----------------------------|---------------------|---------------------------|---|------------------------------|
| UnitedHealth | Former CEO | 2003                           | 6/7/1995                 | 1,200,000                   | \$ 3.04             | \$ -0-                    | \$ 3,647,269.00   | \$ 26,478,000.00             |
|              |            | 2003                           | 7/30/1996                | 2,000,000                   | \$ 2.35             | \$ -0-                    | \$ 4,703,038.00   | \$ 44,692,500.00             |
|              |            | 2004                           | 2/11/1997                | 2,000,000                   | \$ 3.35             | \$ -0-                    | \$ 24,023,619.00  | \$ 68,881,200.00             |
|              |            | 2004                           | 1/27/1998                | 1,308,000 (2)               | \$ 3.20             | \$ -0-                    | \$ 4,191,745.00   | \$ 45,671,632.00             |
|              |            | 2003                           | 1/7/1999                 | 1,920,000                   | \$ 3.32             | \$ -0-                    | \$ 6,369,717.00   | \$ 7,537,053.00              |
|              |            | 2006                           |                          |                             |                     |                           |   | \$ 84,963,833.00             |
|              |            | 2006                           | 12/16/1999               | 729,504 (3)                 | \$ 3.77             | \$ -0-                    | \$ 2,749,249.00   | \$ 39,454,713.00             |
|              |            |                                |                          | 9,157,504                   |                     | \$ -0-                    | \$ 45,684,637.00  | \$ 317,678,931.00            |

As of latest SEC proxy, total approximate number of remaining stock options held: 33,262,496

- (1) Corrected Grant Dates are the corrected measurement dates adopted by UnitedHealth Group in its restatement, as disclosed in its Form 10-K filed March 6, 2007.
- (2) The 1/27/1998 grant was for 1,600,000 options, of which 292,000 have not yet been exercised. Book Expense for this grant reflects only the stock options actually exercised.
- (3) The 12/16/1999 grant was for 8,000,000 options, of which 7,270,496 have not yet been exercised. Book Expense for this grant reflects only the stock options actually exercised.
- (4) Reported Book Expense reflects charges under APB 25, prior to UnitedHealth's restatement.
- (5) Total Accounting Expense is calculated as if FAS 123R had been in effect at time of stock option grant.

**Safeway Executive Stock Option Compensation - Book versus Tax Return Differential**

| Company       | Executive | Calendar/Fiscal Year Exercised | Grant Date | Number of Options Exercised | Black Scholes value | Reported Book Expense | Total Accounting Expense had FAS 123R been in Effect (1) | Total Reported Tax Deduction |
|---------------|-----------|--------------------------------|------------|-----------------------------|---------------------|-----------------------|--|------------------------------|
| Safeway       | CEO       | 2004                           | 4/11/1994  | 1,150,000                   | \$ 3.09             | \$ -0-                | \$ 3,549,404.00  | \$ 17,179,775.00             |
|               |           | 2003                           | 4/11/1994  | 850,000                     | \$ 3.09             | \$ -0-                | \$ 2,623,472.00  | \$ 13,048,875.00             |
|               |           | 2002                           | 10/26/1992 | 220,000                     | \$ 1.54             | \$ -0-                | \$ 338,971.00  | \$ 9,214,150.00              |
| <b>Totals</b> |           |                                |            | <b>2,220,000</b>            |                     | <b>\$ -0-</b>         | <b>\$ 6,511,847.00</b>                                   | <b>\$ 39,442,800.00</b>      |

As of latest SEC proxy, total approximate number of remaining stock options held: 5,580,000

(1) Total Accounting Expense is calculated as if FAS 123R had been in effect at time of stock option grant.

## Monster Executive Stock Option Compensation - Book versus Tax Return Differential

| Company | Executive | Calendar/Fiscal Year Exercised | Grant Date | Number of Options Exercised | Black Scholes Value | Reported Book Expense | Total Accounting Expense had FAS 123R been in Effect (1) | Total Reported Tax Deduction |
|---------|-----------|--------------------------------|------------|-----------------------------|---------------------|-----------------------|--|------------------------------|
| Monster | COO       | 2005                           | 01/06/97   | 133,332                     | \$ 3.15             | \$ -0-                | \$ 419,996.00  | \$ 4,861,911.00              |
|         |           | 2005                           | 12/12/97   | 10,000                      | \$ 3.67             | \$ -0-                | \$ 36,700.00   | \$ 358,232.00                |
|         |           | 2005 & 2006                    | 12/09/98   | 150,000                     | \$ 5.50             | \$ -0-                | \$ 825,000.00  | \$ 4,747,867.00              |
|         |           | 2006                           | 08/05/99   | 400,000                     | \$ 13.39            | \$ -0-                | \$ 5,356,000.00  | \$ 13,806,011.00             |
|         |           | 2006                           | 04/04/01   | 5,000                       | \$ 22.80            | \$ -0-                | \$ 114,000.00  | \$ 151,062.00                |
|         |           | 2003                           | 01/24/03   | 6,249                       | \$ 6.37             | \$ -0-                | \$ 79,625.00   | \$ 76,147.00                 |
|         |           |                                |            | 704,581                     |                     | \$ -0-                | \$ 6,831,321   | \$ 24,001,230                |

As of latest SEC proxy, total approximate number of stock options held: 500,000

(1) Total Accounting Expense is calculated as if FAS 123R had been in effect at time of stock option grant.

**Mercury Interactive Executive Stock Option Compensation - Book versus Tax Return Differential**

| Company (1)         | Executive            | Calendar/Fiscal Year Exercised | Corrected Grant Date(2) | Number of Options Exercised | Black Scholes Value(3) | Reported Book Expense(4) | Total Accounting Expense had FAS 123R been in Effect(5) | Total Reported Tax Deduction |
|---------------------|----------------------|--------------------------------|-------------------------|-----------------------------|------------------------|--------------------------|---|------------------------------|
| Mercury Interactive | Director             | 2004                           | 5/26/1999               | 20,000                      | \$ 10.68               | \$ -0-                   | \$ 213,658.00   | \$ 616,774.00                |
|                     | Officer              | 2001                           | 3/9/1998                | 16,666                      | \$ 6.70                | \$ -0-                   | \$ 111,679.00   | \$ 961,045.00                |
|                     | Officer              | 2000                           | 6/9/1997                | 50,000                      | \$ 2.95                | \$ -0-                   | \$ 147,275.00   | \$ 2,068,625.00              |
|                     | Officer              | 2004                           | 7/15/1999               | 6,250                       | \$ 8.85                | \$ -0-                   | \$ 55,332.00  | \$ 191,834.00                |
|                     | Officer              | 2003                           | 7/6/2001                | 35,792                      | \$ 33.94               | \$ -0-                   | \$ 1,214,934.00   | \$ 546,275.00                |
|                     | Sales Acct Mgr       | 2005                           | 1/30/2002               | 683                         | \$ 25.98               | \$ -0-                   | \$ 17,746.00  | \$ 6,193.00                  |
|                     | Sales Engineer       | 2004                           | 1/30/2002               | 670                         | \$ 25.98               | \$ -0-                   | \$ 17,408.00  | \$ 14,386.00                 |
|                     | Sales Acct Mgr       | 2005                           | 1/30/2002               | 24                          | \$ 25.98               | \$ -0-                   | \$ 624.00   | \$ 229.00                    |
|                     | Application Engineer | 2004                           | 7/15/1999               | 80                          | \$ 8.85                | \$ -0-                   | \$ 708.00   | \$ 2,473.00                  |
|                     | VP- Sales            | 2004                           | 7/15/1999               | 3,375                       | \$ 8.85                | \$ -0-                   | \$ 29,879.00  | \$ 99,892.00                 |
|                     |                      |                                |                         | 133,540                     |                        | \$ -0-                   | \$ 1,809,243.00   | \$ 4,507,726.00              |

**Permanent Subcommittee on Investigations**  
**EXHIBIT #9**

(1) In 2006, Mercury Interactive Incorporated was acquired by Hewlett Packard, and is now a wholly owned subsidiary.  
 (2) Mercury Interactive misdated some stock option grants. These dates reflect the grant dates that should have been used, according to Mercury Interactive.  
 (3) Some of the stock options were misdated and were granted with exercise prices that were below the market value at grant date, making them "in the money" options when granted. Mercury Interactive supplied the Black Scholes calculations for these options reflecting their increased values.  
 (4) Reported Book Expense charges under APB 25, pre Mercury Interactive's restatement.  
 (5) Total Accounting Expense is calculated as if FAS 123R had been in effect at time of stock option grant. Since Mercury Interactive had been acquired prior to FAS 123R going into effect, FAS 123 was used for calculation purposes.

**Comverse Executive Stock Option Compensation - Book versus Tax Return Differential**

| Company  | Executive                     | Calendar/Fiscal Year Exercised | Corrected Grant Date (1) | Approximate Number of Options Exercised | Black Scholes Value | Reported Book Expense | Total Accounting Expense had FAS 123R been in Effect (2) | Total Reported Tax Deduction |
|----------|-------------------------------|--------------------------------|--------------------------|---|---------------------|-----------------------|--|------------------------------|
| Comverse | Former CEO                    | 2003                           | 4/12/1995                | 550,000                                 | \$ 3.49             | \$ -0-                | \$ 1,917,190.00  | \$ 7,680,670.00              |
|          |                               | 2003                           | 9/9/2006                 | 274,740                                 | \$ 8.06             | \$ -0-                | \$ 2,214,542.00  | \$ 2,999,019.00              |
|          |                               | 2003                           | 12/23/2002               | 324,500                                 | \$ 1.74             | \$ -0-                | \$ 563,819.00  | \$ 5,303,214.00              |
|          | CEO (3)<br>foreign subsidiary | 2003                           | 2/24/1998                | 37,500                                  | \$ 8.95             | \$ -0-                | \$ 335,670.00  | \$ -0-                       |
|          |                               | 2003                           | 10/19/1998               | 75,000                                  | \$ 7.63             | \$ -0-                | \$ 572,085.00  | \$ -0-                       |
|          |                               | 2003                           | 12/23/2002               | 25,500                                  | \$ 1.74             | \$ -0-                | \$ 44,306.00   | \$ -0-                       |
|          |                               | 2003                           | 12/23/2002               | 76,500                                  | \$ 3.11             | \$ -0-                | \$ 237,861.00  | \$ -0-                       |
|          |                               | 2003                           | 12/23/2002               | 175,500                                 | \$ 4.68             | \$ -0-                | \$ 820,831.00  | \$ -0-                       |
|          | Former CFO                    | 2004                           | 2/24/1998                | 9,600                                   | \$ 8.95             | \$ -0-                | \$ 85,932.00   | \$ 140,192.00                |
|          |                               | 2003                           | 2/24/1998                | 28,610                                  | \$ 8.95             | \$ -0-                | \$ 256,094.00  | \$ 186,059.00                |
|          |                               | 2003                           | 10/19/1998               | 15,000                                  | \$ 7.63             | \$ -0-                | \$ 114,417.00  | \$ 103,800.00                |
|          |                               | 2004                           | 12/23/2002               | 3,188                                   | \$ 1.74             | \$ -0-                | \$ 5,539.00  | \$ 46,226.00                 |
|          |                               | 2005                           | 1,828                    | \$ 3.11                                 | \$ -0-              | \$ 5,684.00           | \$ 30,177.00   | \$ 69,979.00                 |
|          |                               | 2005                           | 4,239                    | \$ 3.11                                 | \$ -0-              | \$ 13,180.00          | \$ 16,508.00   | \$ 16,508.00                 |
|          |                               | 2005                           | 1,000                    | \$ 4.68                                 | \$ -0-              | \$ 4,677.00           | \$ 40,948.00   | \$ 145,123.00                |
|          |                               | 2005                           | 8,755                    | \$ 4.68                                 | \$ -0-              | \$ 30,183.00          | \$ 87,967.00   | \$ 87,967.00                 |
|          |                               | 2005                           | 5,296                    | \$ 5.70                                 | \$ -0-              | \$ 23,988.00          | \$ 23,988.00   | \$ 69,911.00                 |
|          |                               | 2005                           | 4,209                    | \$ 3.11                                 | \$ -0-              | \$ 151,871.00         | \$ 151,871.00  | \$ 338,141.00                |
|          |                               | 2003                           | 12/23/2002               | 48,844                                  | \$ 5.70             | \$ -0-                | \$ 551,373.00  | \$ 1,510,340.00              |
|          |                               | 2003/2005                      | 12/23/2002               | 96,744                                  | \$ 5.70             | \$ -0-                | \$ 17.00   | \$ 50.00                     |
|          |                               | 2005                           | 3                        | \$ 75,245                               | \$ 4.68             | \$ -0-                | \$ 351,928.00  | \$ 812,316.00                |
|          |                               | 2003/2004                      | 12/23/2002               | 382                                     | \$ 10.03            | \$ -0-                | \$ 3,832.00  | \$ 3,984.00                  |
|          |                               | 2005                           | 12/22/2003               |   |                     |                       |  |                              |
|          |                               |                                |                          | 1,842,183                               |                     | \$ -0-                | \$ 1,639,663.00  | \$ 3,560,773.00              |
|          |                               |                                |                          |   |                     | \$ -0-                | \$ 8,345,967.00  | \$ 19,543,676.00             |

(1) Comverse misdated some stock option grants. These dates reflect the grant dates that should have been used, according to Comverse.  
(2) Total Accounting Expense is calculated as if FAS 123R had been in effect at time of stock option grant.  
(3) Because this executive is an Israeli employee, Comverse would have incurred an accounting expense for his stock options, but is barred from claiming any tax deduction for his stock option exercises because he does not have to declare his gains as income for U.S. tax purposes.

**Apple Executive Stock Option Compensation - Book versus Tax Return Differential**

| Company                             | Executive      | Calendar/Fiscal Year Exercised | Grant Date   | Shares Exercised | Black Scholes Value | Reported Book Expense | Total Accounting Expense had FAS 123R been in Effect (1)(2) | Total Reported Tax Deduction |                  |
|-------------------------------------|----------------|--------------------------------|--------------|------------------|---------------------|-----------------------|---|------------------------------|------------------|
| Apple                               | COO            | various                        | 2/2/1998     | 2,800,000        | \$ 3.95             | \$ -0-                | \$ 11,072,320.00  | \$ 29,260,314.96             |                  |
|                                     |                | various                        | 3/2/1999     | 1,200,000        | \$ 5.24             | \$ -0-                | \$ 6,287,280.00   | \$ 6,276,761.00              |                  |
|                                     |                | various                        | 1/17/2001    | 2,000,000        | \$ 6.15             | \$ -0-                | \$ 12,300,200.00  | \$ 21,772,865.70             |                  |
|                                     | Sr. VP, Retail | various                        | 12/14/1999   | 2,400,000        | \$ 12.86            | \$ -0-                | \$ 30,862,560.00  | \$ 22,637,586.89             |                  |
|                                     |                | various                        | 10/26/2000   | 600,000          | \$ 6.19             | \$ -0-                | \$ 3,714,840.00   | \$ 9,626,250.00              |                  |
|                                     |                | various                        | 5/21/2002    | 600,000          | \$ 6.02             | \$ -0-                | \$ 3,610,800.00   | \$ 15,646,500.00             |                  |
|                                     | CFO            | various                        | various      | 3,600,000.00     | \$                  | \$                    | \$  | \$ 38,188,200.00             | \$ 47,910,336.89 |
|                                     |                |                                | various      | 40,000           | \$ 2.95             | \$ -0-                | \$ 118,071.93   | \$ 425,595.65                |                  |
|                                     |                |                                | various      | 60,000           | \$ 2.28             | \$ -0-                | \$ 137,008.77   | \$ 638,420.00                |                  |
|                                     |                |                                | various      | 40,000           | \$ 2.24             | \$ -0-                | \$ 89,511.01  | \$ 425,595.65                |                  |
| various                             |                |                                | 100,000      | \$ 2.95          | \$ -0-              | \$ 295,113.80         | \$ 837,825.00   |                              |                  |
| various                             |                |                                | 60,000       | \$ 2.83          | \$ -0-              | \$ 169,996.77         | \$ 502,695.00   |                              |                  |
| various                             |                |                                | 100,000      | \$ 4.38          | \$ -0-              | \$ 438,230.00         | \$ 851,887.50   |                              |                  |
| various                             |                |                                | 126,672      | \$ 5.42          | \$ -0-              | \$ 686,004.88         | \$ 2,796,456.89   |                              |                  |
| various                             |                |                                | 440,000      | \$ 6.56          | \$ -0-              | \$ 2,886,224.00       | \$ 24,660,572.70  |                              |                  |
| various                             |                |                                | 400,000      | \$ 6.19          | \$ -0-              | \$ 2,476,560.00       | \$ 11,452,968.82  |                              |                  |
| Sr. VP, Worldwide Product Marketing | various        | various                        | 200,000      | \$ 5.46          | \$ -0-              | \$ 1,091,600.00       | \$ 8,753,678.18   |                              |                  |
|                                     |                | various                        | 200,000      | \$ 6.27          | \$ -0-              | \$ 1,254,440.00       | \$ 9,012,374.79   |                              |                  |
|                                     |                | various                        | 1,766,672.00 | \$               | \$                  | \$ 9,642,761.16       | \$ 60,358,070.17  |                              |                  |
|                                     |                | various                        | 80,000       | \$ 2.59          | \$ -0-              | \$ 207,294.96         | \$ 1,245,353.68   |                              |                  |
|                                     |                | various                        | 80,000       | \$ 2.60          | \$ -0-              | \$ 208,280.00         | \$ 1,116,603.93   |                              |                  |
|                                     |                | various                        | 160,000      | \$ 2.41          | \$ -0-              | \$ 386,272.00         | \$ 1,700,906.19   |                              |                  |
|                                     |                | various                        | 186,668      | \$ 5.42          | \$ -0-              | \$ 1,010,919.22       | \$ 1,026,996.00   |                              |                  |
|                                     |                | various                        | 246,668      | \$ 5.62          | \$ -0-              | \$ 1,387,433.50       | \$ 2,895,722.72   |                              |                  |
|                                     |                | various                        | 150,000      | \$ 13.61         | \$ -0-              | \$ 2,041,695.00       | \$ 2,313,828.82   |                              |                  |
|                                     |                | various                        | 400,000      | \$ 5.01          | \$ -0-              | \$ 2,002,480.00       | \$ 4,348,207.85   |                              |                  |
| Total                               | various        | various                        | 200,000      | \$ 5.22          | \$ -0-              | \$ 1,044,480.00       | \$ 6,330,879.27   |                              |                  |
|                                     |                | various                        | 200,000      | \$ 6.27          | \$ -0-              | \$ 1,254,440.00       | \$ 5,845,278.29   |                              |                  |
|                                     |                | various                        | 1,703,336.00 | \$               | \$                  | \$ 9,543,294.68       | \$ 26,823,776.74  |                              |                  |
|                                     |                |                                |              | 13,070,008       |                     | \$ -0-                | \$ 87,034,055.84  | \$ 192,402,125.46            |                  |

(1) Total Accounting Expense is calculated as if FAS 123R had been in effect at time of stock option grant.

(2) Approximately 55 million options granted to Apple's CEO were cancelled. These options, which had vested, would have resulted in an additional accounting expense of over \$570 million, and if exercised, in an additional tax deduction.

NOTE TO CHARTS PREPARED BY THE  
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS STAFF

The preceding charts represent the Subcommittee's effort, with the assistance of the named corporations, to demonstrate the effect of the new accounting rules for stock options in Financial Accounting Statement 123R, which has only recently gone into effect. Because the options exercised in 2006 and prior years (and deducted on the corporate tax returns for those years) were in almost every instance granted in years before FAS 123R was effective, it was not possible to present actual cases in which the book treatment under FAS 123R could be directly compared with the deductions allowed under the Tax Code, and such a direct comparison will not be possible until option grants made in 2005 and 2006 are exercised, in perhaps two or three more years. Accordingly, the Subcommittee asked the identified companies to calculate what the book expense would have been if FAS 123R had been in effect at the time the options recently exercised were granted and to compare those hypothetical book expenses to the tax deductions actually claimed.

Several of the companies who assisted the Subcommittee with these calculations had been involved in the backdating of options during the relevant period and have restated earnings, and will in some instances be filing amended income tax returns. In some instances the amended returns will reduce the compensation deductions taken because the fact the backdated options were "in the money" at the time they were actually granted resulted in the receipt by executives of compensation subject to the \$1 million cap of Internal Revenue Code section 162(m). These facts complicated the process of comparing FAS 123R book to tax figures for those companies. In these situations, the Subcommittee requested the corporations to calculate the FAS 123R expense based on the actual date of the stock option grant (the measurement date) and to assume that the strike price was the market price on that date, even if the actual strike price had been set on a different date when the stock price was lower. Using these assumptions, the option grants would be "at the money" and would not have an intrinsic value on that date that would inflate the Black-Scholes value above what the fair value would be in a FAS 123R calculation on a typical option grant. In addition, the grant would have no intrinsic value on that date that would subject any part of the grant to the deduction cap under tax code section 162(m). For this reason, the Subcommittee Staff believes that it is appropriate to compare the calculated FAS 123R expense to the tax deduction originally claimed on the corporate tax return, even though a corporation's restatement of earnings may result in the filing of an amended tax return with different deduction amounts.