

1 UNITED STATES SECURITIES AND EXCHANGE COMMISSION

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(Amended 6/18/07)

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INTERACTIVE DATA ROUNDTABLE:

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CREATING INTERACTIVE DATA TO SERVE INVESTORS

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Monday, March 19, 2007

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10:00 a.m.- 12:30 p.m.

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United States Securities and Exchange Commission

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100 F Street, Northeast

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Washington, D.C.

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P R O C E E D I N G S

CHAIRMAN COX: Good morning. Thank you.

All of us here today are part of a big, new, and exciting enterprise, and I particularly want to welcome all of our panelists. We are going to get to these folks in a moment, but many of them are representing companies that voluntarily are filing their information with the Securities and Exchange Commission in interactive data format. They are early adopters, and we are enormously grateful for them as pioneers because, as a result of their work, we are able to report today on a great deal of progress that is being made for the benefit of, not only America's investors, but investors around the world. So thanks to all of you for joining us.

And welcome to the third in our series of roundtables. We are exploring the potential of interactive data to enhance disclosure for the benefit of all investors.

I would especially like to thank everyone in our audience today who is joining us via the Internet. This is, after all, all about interactivity, and there is no better way to do this than to sign on via the Internet.

And if you are watching this via webcast, I fully expect that you have minimized my picture, so that you can simultaneously keep track of where you are in your office pool with the NCAA brackets, and I fully understand that. I

1 want you to know I am not in the least bit offended. Indeed,
2 some day in the not-too-distant future, it is entirely
3 possible that we, in America, will harness the power of
4 interactive data to make it far easier to understand the
5 reams of data from the NCAA tournament.

6 Interactive data, for our purposes today, is not
7 just going to help bettors in the future, but investors, who
8 after all, mark the difference between gambling and investing
9 by the degree to which they can rely on sound information to
10 make intelligent decisions.

11 Interactive data is going to help investors get the
12 most out of all of the facts and figures that are buried, not
13 just deep within the sports pages, but deep within company
14 prospectuses and mutual fund prospectuses. They will do this
15 by using interactive data comprising hidden computer tags for
16 every bit of information -- every individual number or
17 factoid. The result of this hidden magic is that investors,
18 using standard software, will be able immediately to pull up
19 the information the way they want it, without having to slog
20 through pages and pages of dry text.

21 At our previous roundtable events, we have talked a
22 great deal about how investors and analysts -- who are, after
23 all, the consumers of financial information -- will use
24 interactive data in the future to more quickly and easily
25 evaluate investment opportunities and to compare numbers

1 across companies and across industries.

2 Today, we are going to focus on mutual funds and
3 public companies -- the producers of financial information.
4 And we will begin by considering what they are doing right
5 now, today, with interactive data technology. They are
6 working to test it, to refine it, and to provide markets and
7 investors with better ways of sharing information.

8 At our October roundtable, we talked about how to
9 encourage the development of new interactive data software.
10 Later in this program, we will take a brief look at one
11 result of this effort -- the SEC's prototype software to
12 allow investors to view interactive SEC filings.

13 I have spoken previously about the great potential
14 of technology to serve mutual fund investors by providing a
15 user-friendly way to comparison-shop among funds. The first
16 step toward making this consumer benefit a reality was for
17 the various fund companies to come together to create a
18 standard dictionary of interactive data tags.

19 To its great credit, and to the benefit of every
20 individual investor, the fund industry, through its trade
21 association -- the Investment Company Institute -- has
22 completed this dictionary, so that now we have a taxonomy
23 describing each piece of relevant information that is key to
24 an investor's decision to purchase a mutual fund, including
25 investment objectives, costs, and risks.

1 Now, we are ready to take the next steps. The SEC
2 has recently proposed a rule -- which we intend to consider
3 making final very soon -- to allow funds to include
4 interactive data in their SEC filings, together with a
5 companion initiative that we are undertaking to develop a new
6 streamlined user-friendly disclosure document for mutual
7 funds. This should make it far easier for fund investors to
8 find and compare key facts. And it holds the prospect of
9 freeing them from the lengthy, dense legalese that is all too
10 common in today's mutual fund prospectuses.

11 In a few moments, we will hear from John J. --
12 "Jack" -- Brennan, chairman and CEO of the Vanguard Group, a
13 firm that has played an active role in this effort to make
14 interactive data a reality for mutual fund investors.

15 We will we then hear from the director of the SEC's
16 Division of Corporation Finance, John White, on ways that a
17 public company can create interactive data and then use this
18 valuable information, not simply to inform investors and
19 analysts, but also to help people inside the company to do
20 their jobs.

21 And following John's remarks, Terry Savage, the
22 personal finance columnist for the Chicago Sun-Times, will
23 moderate a discussion with participants in our interactive
24 data test group. These technological pioneers, as I have
25 said, have been furnishing their SEC reports to investors

1 using interactive data as part of a test of this new
2 reporting approach.

3 For any company that is considering whether to
4 upgrade its technology, of course, the key questions are:
5 How much time and money will this take? And, more
6 importantly: Can we actually save money by doing this? Our
7 panelists today will describe their experiences in creating
8 interactive versions of their annual, quarterly, and other
9 filings.

10 As you can see, in the spirit of March madness, the
11 selection committee decided on a very large panel for this
12 discussion. But our guests should be relieved to learn that
13 you cannot be eliminated from this event.

14 Following our outstanding panel, we will hear from
15 our final speaker of the day, Richard Bennett, the CEO of The
16 Corporate Library. He is going to address the significance
17 of interactive data for corporate governance, and we look
18 forward to his presentation, as well.

19 Now, before we hear from our guests, I would like
20 to quickly update you on one important item -- our progress
21 in reinventing the SEC's website for interactive data. And,
22 in that connection, I have an announcement to make.

23 Even before interactive data becomes the norm for
24 reporting companies, we are going to tag the executive
25 compensation data, that they have filed the old way, that the

1 companies are now filing this very proxy season. We are
2 going to put an interactive data web tool on the SEC's site,
3 so that users will be able to slice and dice this executive
4 compensation information any way they like, or do industry
5 comparisons, or even do analyses of particular forms of
6 compensation, such as stock options. We are going to do this
7 for at least several hundred of the largest public companies
8 in America. And we expect to have it available in June.

9 But you won't have to wait until June to check out
10 interactive data. As I said, the panelists to my left
11 represent companies that have been voluntarily participating
12 in our interactive test group and, therefore, they are
13 already submitting their filings using XBRL. These
14 interactive data documents that they have filed are already
15 available on the SEC's website.

16 But, since this is still a relatively new
17 technology, most investors don't have XBRL readers on their
18 computers. And so, since last we met for our roundtable
19 discussion on this topic, the SEC has added prototype reader
20 software, and that will soon be available for free at
21 sec.gov.

22 That software will permit you to display all the
23 interactive filings that the SEC has received from our
24 interactive test group of companies. And this prototype
25 will, in fact, read any documents -- whether they are filed

1 with the SEC or elsewhere -- that are constructed in XBRL.

2 Next month, the SEC will release this software for
3 free to the public in open source, so that software
4 developers can use it and build on it, improve it, enhance it
5 for their own products and projects.

6 The idea is to get this software going in the
7 marketplace because there is no doubt that it is the private
8 market and private software developers who will lead the way
9 in driving innovations in interactive data.

10 The SEC doesn't intend to compete with popular
11 financial websites, nor to become a financial information
12 portal to the Web. The aim is to offer prototypes for the
13 free use of all, with the hope that people outside our
14 building will quickly improve upon our offerings and surpass
15 anything available on sec.gov.

16 Speaking of the private markets and innovation, we
17 are fortunate to have with us today a man with significant
18 experience in serving the individual investor. Jack Brennan
19 is chairman and chief executive of Vanguard, and a member of
20 the board of directors of each of the Vanguard mutual funds.
21 The Vanguard Group is the second largest mutual fund
22 organization in America, with current U.S. mutual fund assets
23 of more than \$1 trillion.

24 Mr. Brennan joined Vanguard in July 1982. He was
25 elected president in 1989, chief executive in 1996, and

1 chairman of the board in 1998. He is a governor of and past
2 chairman of the Investment Company Institute, a governor of
3 the NASD, and a past governor of the United Way of America.

4 He graduated from Dartmouth College and received a
5 master's degree from the Harvard Business School.

6 Prior to his formal business training, Mr. Brennan
7 learned the value of the dollar while shoveling snow and
8 mowing lawns, beginning in first or second grade. The
9 details are sketchy at this point, but it seems very clear
10 that he began saving and investing at a very early age. And
11 it is equally clear that his company is now responsible for
12 the investment dollars of millions of Americans.

13 Mr. Brennan is here to discuss the new software now
14 available to mutual fund companies to create interactive data
15 and the potential for mutual funds and their investors.
16 Please join me in welcoming Jack Brennan.

17 (Applause.)

18 MR. BRENNAN: Thank you, Chairman Cox. I didn't
19 realize, actually, on St. Patrick's Day, I would be shoveling
20 snow again -- and the pay wasn't as good this year.

21 Thank you for the opportunity to be here and to
22 talk about the prospects, as you said, for interactive data
23 and its ability to improve disclosure and reporting to
24 investors. You have exciting initiatives underway. I'll
25 talk about the one perspective for our industry.

1 I want to thank you, too, for leading the way
2 aggressively, Chairman Cox, in this modernization initiative.
3 It's a very important topic for investors and I think, very
4 importantly, an opportunity for all of us in the investment
5 community to do our jobs better and more effectively for the
6 people we serve. This ongoing dialogue, which will go on
7 today, will help ensure that we deliver interactive data to
8 investors the right way.

9 I am pleased to represent Vanguard at this forum,
10 and I am honored to do so among the representatives of the
11 companies in the XBRL pilot project. We had a great chance
12 to chat beforehand. I had a little lesson in how it's going.

13 Our panelists have already made great steps towards
14 making interactive data the new standard of business
15 reporting and, as an investor, we are grateful for that.

16 As applied to financial statements, XBRL can be a
17 valuable tool for analysts, a valuable tool for regulators,
18 and, I hope, as an owner of companies, even for the companies
19 that implement it, as they track their own data more
20 efficiently, make themselves more effective, and then publish
21 it more accurately for those of us who use that data.

22 If Chairman Cox's vision is fully realized, tagged
23 data could even help -- we hope -- reduce the volumes of
24 filings that public companies have to make to the SEC, saving
25 us all -- taxpayers and companies -- a lot of money. It

1 seems to me that that would be a huge leap forward for all of
2 us and all parties concerned.

3 You and your companies -- the panelists -- have
4 already invested so much time and effort to get XBRL up and
5 running in your businesses and, as I said, we are grateful
6 because you have created a pathway which others can follow. I
7 applaud and other investors like me applaud your pioneering
8 efforts to make financial data more open, more standardized,
9 more accessible, more universally and more easily updated. I
10 can tell you that it will make our jobs, as the owners of
11 your company and prospective investors in your companies,
12 more productive and more efficient.

13 I want to thank you, too, privately -- in a public
14 forum -- for the free tutorial in the green room. I learned
15 a lot while listening to Terry get prepared for the panel.
16 There is a lot of knowledge in this panel, and I think you
17 will find -- the members of the audience and the members of
18 the Commission -- will find it to be highly insightful.

19 Now, I want to turn to be able to offer my
20 perspective to our audience and to the Commission on how this
21 new technology might be beneficial to mutual fund investors
22 -- the people I serve -- in the fund evaluation, the fund
23 selection and, very importantly, I think, in the fund
24 monitoring processes.

25 As I said, the public companies in the pilot

1 represented here are leading the effort to improve reporting
2 to their investment communities -- individuals, and
3 institutions like Vanguard, who buy stocks. Your experiences
4 are very valuable lessons for us and, now, we at Vanguard are
5 honored to be invited to be in the leadership position, as
6 the SEC extends XBRL into the mutual fund industry. Again,
7 great progress, I believe.

8 As many of you know, the SEC, and as Chairman Cox
9 just mentioned, has proposed a rule to expand the XBRL
10 initiative to mutual funds. If funds like ours would be able
11 to file the risk and return summaries -- it's a term of art
12 in our business -- from fund prospectuses to XBRL on a
13 voluntary basis, much as the companies here have done, these
14 summaries, which are, essentially, the information that is
15 spelled out in the first few pages of a fund's prospectus,
16 would include tagged data on a fund's objectives, its
17 strategy, its risk characteristics, performance, expenses,
18 and fees.

19 In my view, as someone who goes back to when that
20 summary was first put together, working with the SEC many,
21 many years ago, those are, really, the vital few things that
22 investors should understand well before investing in a fund.

23 If implemented industry-wide, this information
24 would be available for investors to search and sort, slice
25 and dice, allowing them -- we hope -- to make better

1 investment decisions across fund complexes and within fund
2 complexes.

3 With this initiative, the SEC -- obviously, well
4 known as the investor's advocate -- hopes to create a
5 powerful interactive tool for millions of mutual fund
6 investors. A great step forward, as I said.

7 If you all vote to initiate this pilot program for
8 XBRL and mutual fund reporting, I can tell you that Vanguard
9 will be happy to participate -- very happy to participate. In
10 fact, we have already begun early preparations to file
11 risk/return summary data in XBRL and, if we are asked, we
12 will be ready to go, and to do so once the pilot program is
13 underway. We would be pleased to do so.

14 As technology spending goes, implementing XBRL for
15 risk/return summaries would not be that large an investment.
16 It's actually relatively modest. It's a change in practice,
17 but not a huge financial investment.

18 The important question, though, is: Even if it is
19 a relatively modest investment, is it a high return on
20 investment for firms like us to benefit mutual fund
21 shareholders?

22 To provide some context, let me just give you a
23 little background around how we view technology and investing
24 broadly at Vanguard.

25 In the last two decades, technology has

1 revolutionized the world of mutual fund investing. Now,
2 that's not an overstatement. It has revolutionized the world
3 of mutual fund investing. When I think back to how things
4 were 25 years ago, when I first joined Vanguard, it is simply
5 amazing how far our industry and our company has come to
6 serving investors better.

7 More than most organizations, by way of background,
8 Vanguard is a virtual company, with no physical presence
9 anywhere in the country, other than our operations centers.
10 So, in many ways, the toll free number was the first
11 technological innovation in our story. It allowed us to be
12 in every investor's home, if you will. A very important
13 technological innovation.

14 The next big change occurred several years later,
15 with the advent of home computing -- putting a potentially
16 powerful, if, in many ways, crude tool in the hands of
17 millions of investors hoping to make better investment
18 decisions.

19 The 800 number, the personal computer -- big leaps
20 forward in the '70s and '80s for a company like us and for
21 many of our competitors in the mutual fund industry.

22 Given the importance of technology in our early
23 years, you can imagine the incredibly enthusiastic response
24 we had when that next major technology came along in the
25 '90s-- the Internet. And we quickly became a pioneer in its

1 use.

2 Our website, Vanguard.com debuted in 1995. Today,
3 well over 80 percent of our interactions with our investors
4 occur on the Web, rather than on the phone or via the mail,
5 as it did in the '80s and in the '70s. And, last year, the
6 vast majority of our new investors to Vanguard came to us and
7 opened their account on the Web, without ever interacting
8 with a Vanguard crew member.

9 What a powerful change in a short period of time --
10 driven by all sorts of environmental factors, as well as our
11 early adoption and major investment in this very important
12 technology, known as the Internet.

13 As you might imagine from that brief history,
14 technology is a huge part of who we are today and, more
15 importantly, a huge part of how we serve our investors. A
16 quarter century ago, we had a handful of technology
17 professionals working for our company. Today, over 20
18 percent of our crew members are dedicated to IT work, and a
19 very significant percentage of our operating budget is
20 dedicated IT because we view technology as the key to serving
21 our investors well and better and allowing them to make
22 better investment decisions.

23 As you know, there are always new technologies
24 emerging -- and that's the good news. The bad news is that,
25 sadly, many of those new technologies do not make long-term

1 investors better investors. So whenever there are new
2 technologies, our initial question isn't only, "Do we have
3 the have capabilities to do this?" but, "What does this new
4 technology do for the long-term investor?"

5 And the most important question is often that
6 second one -- "How will this new technology benefit
7 investors?" That is what the panel is about today.

8 In general, the answer to that question must
9 satisfy two requirements, from our standpoint. One, it must
10 be useful. And, two, it must be usable.

11 The technology must be useful, meaning it empowers
12 clients and our investors in some way to become better at
13 what their task is -- being a long-term investor. And it
14 must be usable, in our way of thinking, meaning, it can make
15 things easier, it's practical, it's investor-friendly.

16 As you may imagine, these requirements are
17 particularly important for our Web side, which, as I said, is
18 the way most of our clients interact with us each and every
19 day.

20 These are the principles that guide our decision
21 and our assessment about process change in technology
22 internally. Frankly, they were also the two main questions
23 we considered in weighing the cost and benefit of
24 participating in a prospective XBRL pilot program. Does XBRL
25 have the power and the potential to make mutual fund

1 disclosure more useful and more usable for our investors? We
2 believe the answer to those two questions are yes and yes.

3 But if XBRL is to reach its potential as a tool for
4 individual mutual fund investors, it should help provide
5 answers to questions about mutual funds that investors most
6 often ask.

7 Applying XBRL to the risk/return summaries may be
8 the right place to start, but it is certainly not the ending
9 point for this initiative. One of the most important aspects
10 of the SEC's initiatives on XBRL, thus far, has been the
11 acknowledgement by all of us in the investment community that
12 there are many opportunities to improve disclosure to
13 investors -- institutional investors, like us, and
14 individuals investors, like those we serve at Vanguard.

15 That's why I have been encouraged, as was alluded
16 to by Chairman Cox, by the efforts to date on a related
17 initiative, and that is to reform mutual fund disclosure by
18 providing investors with a shorter, more useful form of a
19 prospectus disclosure in the form of a shortened prospectus.

20 I can tell you, too, Chairman Cox and the rest of
21 the Commission members we would enthusiastically support such
22 an initiative for a short form disclosure for the prospectus.

23 A new shorter and straightforward version of a
24 prospectus would contain the key information that investors
25 use most, which they most crucially need -- again, the key to

1 great disclosure. It would replace the current form of
2 prospectus, a primary mutual fund disclosure document. And,
3 importantly, this short form prospectus could be delivered
4 electronically and immediately -- unless, of course, the
5 investor wanted it on paper.

6 Carrying forth with the SEC's vision for
7 interactive data, this information in a short form prospectus
8 could be tagged, making it searchable, sortable, comparable
9 and, we would say, much more helpful to the investor who
10 comes to Vanguard.

11 Like the SEC, we believe that Vanguard, for our
12 entire existence, has been an advocate for the investor. We
13 have been leaders in previous disclosure initiatives --
14 things like the plain English initiative of several years
15 ago, which comported so well with our corporate culture and
16 with our corporate practices and policies.

17 But our interest in interactive data is not just
18 because it's the right thing to do -- which it is. It's
19 because we know a lot about what investors want and how they
20 behave. We have learned a great deal over the years about
21 how investors make decisions. Vanguard's sheer size --
22 managing over a trillion dollars of other people's money --
23 enables us to take advantage of a virtual laboratory of
24 millions of investors who access our site, seeking
25 information.

1 We know how they go about researching funds. We
2 know which information they find most relevant and most
3 useful. And we would welcome the opportunity to share that
4 knowledge that we have collected to contribute to the
5 development of an interactive short form document.

6 One thing is clear: Investors aren't using those
7 lengthy prospectuses for making investment decisions. They
8 use data they find on the Internet and other forums, in which
9 they can quickly and easily compare choices. Think about the
10 subject of today's panel. They select their fund, then,
11 after the fact receive a prospectus in the mail.

12 Now, the prospectus, of course, is an important
13 legal document. It explains the fund's objectives,
14 strategies, risks, fees, expenses, past performance, and so
15 on, but I don't think any of us would contend that it's an
16 investor-friendly tool.

17 We want to help investors be successful. The
18 initiatives that the Chairman laid out in his opening
19 comments will be the right tools to make educated investment
20 decisions -- tools, as I alluded to earlier, that are useful
21 and usable.

22 As an aside, I want to share just a fun fact with
23 you about the difference between the old way of doing things
24 and, prospectively, the new way of doing things. Somebody
25 back in my shop calculated that Vanguard's 20 million

1 prospectuses -- 20 million, which we send out every year --
2 stacked on top of each other would be, roughly, 234 times as
3 tall as the Washington Monument. Think about what we could
4 do for global warming and other things if we were to
5 eliminate most of those prospectuses.

6 Further off in the future, frankly, we see the
7 value of exploring the automation of all mutual fund
8 reporting, which could result in the need to generate and
9 file fewer, but, we would say, much more useful and usable
10 reports to our regulators. And we believe that would be a
11 great step forward in the regulation of our highly regulated
12 industry. It's a very attractive prospect for us. We hope
13 it's a very attractive prospect for the SEC.

14 In the panel discussion to get underway shortly, I
15 expect participants will get into some roll-up-your-sleeves
16 nuts-and-bolts kind of details of their experiences with the
17 XBRL pilot program -- their successes, their frustrations,
18 their cost and benefit of rolling out this new technology for
19 their companies. For those not familiar with XBRL and its
20 processes, the nuts and bolts may seem technical and even a
21 bit tedious, but it is important to share these details and
22 experiences.

23 And, as the panelists are discussing the nuts and
24 bolts, I hope you will bear in mind the broader vision that
25 has been laid out by the Commission -- that you are laying

1 the groundwork for more transparent, more readily available,
2 and more standardized information for all investors --
3 investors like Vanguard, who serve millions of individuals.

4 For mutual fund investors, the two initiatives that
5 I discussed today, and that the Chairman mentioned in his
6 opening remarks, represent vitally important potential
7 reforms.

8 The first -- the filing of the mutual fund
9 risk/return summaries in XBRL -- is a step in the right
10 direction.

11 The second -- creating a shorter version of the
12 prospectus as the primary disclosure document for our
13 industry -- I would say, represents a great leap forward and
14 will ensure that investors get the most relevant and useful
15 information delivered in a user-friendly format. This is a
16 solution that makes sense for everyone involved -- from fund
17 providers, to fund investors, to regulators, and legions of
18 postal carriers in between.

19 On behalf of Vanguard's crew and clients and,
20 frankly, the members of the Commission and all mutual fund
21 investors, I would like to thank you, Chairman Cox, for
22 inviting me and for putting forth these interactive data
23 initiatives to improve disclosure to investors.

24 The key to making sure we are providing investors
25 with the most useful and usable information starts with the

1 information the panelists will share with each other today
2 and at other forums like this one. I wish you all the best
3 for a very interesting morning.

4 Thank you for listening to my comments and, again,
5 thank you for what you are doing, Chairman Cox and members of
6 the Commission, for the people I serve. Thank you very much.

7 (Applause.)

8 CHAIRMAN COX: Thank you very much, Jack. I
9 couldn't help but recall, when he mentioned that, if you
10 stacked all the mutual fund prospectuses one atop the other,
11 they would be so much taller than the Washington Monument,
12 that our Office of Economic Analysis has determined that, if
13 all of the lawyers who wrote all of the prospectuses were
14 laid end to end, it would be a good idea. Now, I don't agree
15 with that, but I just pass it on for what it's worth.

16 I want to thank Jack for his time and for his
17 insightful comments and take this opportunity to introduce
18 the Commissioners who are here with us today -- Commissioner
19 Paul Atkins, Commissioner Roel Campos, and Commissioner Kathy
20 Casey. The Commissioners believe that this is such an
21 important topic that -- notwithstanding, as you can imagine,
22 the extraordinary amount of business that is currently and
23 simultaneously underway in divisions and offices throughout
24 the SEC and around the country -- they want to be here for
25 this very, very important roundtable.

1 Now, I would like to turn from mutual funds to
2 public companies and questions of both internal and external
3 reporting by public companies using interactive data. We are
4 fortunate, for this portion of the program, to have another
5 distinguished speaker, who, like Mr. Brennan, also knows how
6 to shovel snow.

7 John White is the director of the SEC's Division of
8 Corporation Finance. Prior to coming to the SEC in 2006, he
9 was, for 25 years, a partner of the law firm of Cravath,
10 Swaine & Moore, where he represented public companies and
11 their financial advisors. He was involved in hundreds of
12 public financings, including numerous initial public
13 offerings.

14 He has served as vice chairman of Northwestern Law
15 School's Securities Regulation Institute, as a member of the
16 board of directors of Practicing Law Institute, and as --
17 well, you know what? I could go on about John, but I think
18 you all know that we are very, very grateful to have John
19 White, first, serving the public here as director of the
20 Division of Corporation Finance and, second, as our next
21 speaker.

22 (Applause.)

23 MR. WHITE: Thank you, Chairman Cox. I see we got
24 the screen. That was the most important thing. The second
25 thing is I'm glad that I'm not one of those lawyers any

1 longer who is being stacked up on the Washington Monument, or
2 whatever it is. As you can figure out, I used to be one of
3 those.

4 What I'm going to do today is give you two brief
5 demos -- or maybe I should say one demo and one thought
6 exercise. First, I'm going to take some real XBRL data from
7 Microsoft and then, second, I'm going to ask you to
8 extrapolate -- or maybe I'll say use your imagination a
9 little bit as to how interactive data might be used to help a
10 company tackle a disclosure problem about stock option
11 granting. So let's get started.

12 We have heard a lot in these roundtables and
13 elsewhere about the usefulness and the power of interactive
14 data for users of financial reporting. And by "users," I
15 mean investors in the first instance, and also the
16 intermediaries who help investors make their investment
17 decisions -- analysts, credit rating agencies, and the like.

18 But I'm going to approach this this morning from a
19 slightly different angle and talk about how interactive data
20 can be used as an important tool for the preparers of
21 disclosures -- how a company that is filing with us can
22 prepare higher quality, more consistent, and
23 easier-to-understand disclosure documents.

24 So let's go to our first demo, and this one is
25 using real XBRL data.

1 With interactive data, preparers will be able to
2 very easily pull and organize information by topic, so that
3 the preparer can then review that information for consistency
4 and completeness.

5 Now, in the example I've got up on screen, we have
6 chosen a very simple topic -- revenue information. And the
7 template that we are using, we are looking at this category
8 of information -- revenue information. We are looking at the
9 revenue line item in the income statement, first. Second, we
10 are looking at the revenue discussion in MD&A. And, third,
11 we are looking at the revenue recognition policy that is
12 discussed in the footnotes to the financial statements.

13 Of course this kind of template could be used for a
14 whole myriad of topics when you are preparing financial
15 documents. Our example uses Microsoft, who is one of the
16 participants in the Commission's pilot program. And we are
17 actually going to pull information from Microsoft's filings
18 using Rivet software. There are multiple different kinds of
19 software, but we are using their program for this.

20 So now we've got the three categories here. The
21 first thing we will do is populate those three categories
22 with information pulled from Microsoft's second quarter 10-Q
23 from last year. Since this data is all tagged, that happens
24 very quickly, very automatically.

25 And, if you were a preparer here, if those three

1 different categories of disclosure about revenue were not
2 consistent with each other and clear, you would be able to
3 see that very quickly, and you could go about correcting it,
4 revising it before you filed and before others viewed this
5 information. And remember that those others would be viewing
6 it using this very same tool.

7 Now, who might those others be? Those could be
8 analysts, investors, the press, and they could do it
9 instantly after the data was filed. And, of course, don't
10 forget that, later, we have teams of reviewers in Corporation
11 Finance that might also have these same tools and could be
12 doing it also.

13 So let's now look at another tool that would be
14 available to a preparer of this information. The structure
15 of the XBRL taxonomies provides the ability to view the
16 underlying authoritative literature -- whether it's
17 accounting or legal -- associated with each piece of tagged
18 information.

19 So, for example, the literature that underlies the
20 revenue recognition policy, which is the bottom left-hand
21 box, you could, like, do a click on that box, and you would
22 get a description of the underlying literature. And, as you
23 will see -- I realize a lot of this is hard to see on the
24 screen, but if you can see it, you would see that one piece
25 of that literature is codification of the SEC's Staff

1 Accounting Bulletins No. 13.

2 You probably can guess what the next slide is going
3 to be because most of this authoritative literature that is
4 behind each one of these boxes is available somewhere on the
5 Internet, and so you click on the red box, and you would go
6 right to the actual underlying authoritative literature -- in
7 this case, the codification of the Staff Accounting
8 Bulletins, topic 13.

9 Let's just go back to our main slide now. So what
10 we have seen so far is how you can automatically compare
11 information from various sections within a single disclosure
12 document when you are preparing it.

13 What if you wanted to look at the same disclosure
14 in earlier periods by your company to better inform you as
15 you were writing the disclosures for this period? Well, that
16 would just be an easy click (indicating). And what do we
17 have now? We have the same three categories of information
18 from Microsoft's second quarter 10-Q from 2005 lined up
19 against the information from 2006.

20 So, as a preparer, you could study how your
21 disclosures had changed, how a change in your business is
22 reflected in each location this year versus last year. It
23 would let you avoid careless errors. But I guess, most
24 importantly, it would let you see what your investors, your
25 security analysts, and the press will be seeing instantly

1 after you file your documents.

2 I mean, think about this as a tool for senior
3 management, as they are getting ready for the earnings
4 conference call. They will be able to look at their filings
5 and how these comparisons are going to look while there is
6 still time to make revisions, so that when they look at this
7 disclosure and it's inconsistent, confusing, needs
8 clarification, they will be able to make the corrections and
9 the clarifications before they file.

10 It would also highlight questions that they might
11 expect during the earnings conference call -- again,
12 remembering that the analysts will have done this very
13 analysis in pulling up these comparisons.

14 I guess, one other thing -- if you have a little
15 trouble comparing, for example, whether the revenue
16 recognition note for Microsoft changed from one year to
17 another, remember that built into XBRL would be the
18 CompareRite feature from Microsoft Word's program. So you
19 could immediately do a CompareRite between those two
20 footnotes to see how they differ.

21 Again, not only will you want to do this, but,
22 remember, the analysts, the press, your investors will be
23 doing it, and they will be doing it instantly and easily, and
24 you want to be ahead of the curve.

25 Now, you can see Microsoft didn't have very many

1 changes from 2005 to 2006, but had they had them, you would
2 be able to view them very quickly.

3 Okay. Let's go back to our main slide again. What
4 we have just looked at are comparisons across time for a
5 single company. What if you wanted to look at multiple
6 companies as you were preparing Microsoft's disclosures?
7 Perhaps we would want to look at Google and Yahoo!, to just,
8 you know, pick two. So press a button, and we now have
9 Microsoft, Google, and Yahoo! all lined up so you can compare
10 the three companies and what they say on each of these
11 topics.

12 If you step back and think about it, this is just
13 an incredibly powerful tool when you are preparing a
14 disclosure document.

15 And one other thing, when you are looking at this,
16 Google and Yahoo! are not in our pilot program, so they don't
17 have XBRL data that we could use for putting these slides
18 together and pull from EDGAR.

19 So, Jeff Naumann, who is in our Office of Chief
20 Accountant, who actually put this demo together and who is
21 out here in the audience -- he had to actually manually
22 create the fields for Google and Yahoo! on the right-hand
23 side of the screen. Now, fortunately, I have known Jeff for
24 a while, and he's a very careful fellow, as I think we can
25 all attest to. So we can be pretty sure he didn't make any

1 errors here. But we know that manual entry is very error
2 prone.

3 But these companies -- once we have Yahoo! and
4 Google using XBRL, we would be confident that there would not
5 be errors in their data when it came up.

6 So that is the end of the demo using actual tagged
7 XBRL data as an aid to preparing better disclosure documents.
8 We looked at data across three trajectories, at different
9 places within a document, over time, across a company's
10 earlier filings, and across multiple companies.

11 What I want you to do for just a minute now is
12 extrapolate from this real life example that I have shown you
13 and think about using interactive data when facing a more
14 sensitive and volatile issue, such as disclosure of stock
15 option granting practices.

16 Just imagine a hypothetical company that had just
17 found out that it had a problem with its stock option
18 granting practices in some prior periods. Should it make
19 disclosure? What should the disclosure be? When should it
20 make it? As it began to wrestle with those questions, how
21 could it use XBRL?

22 Well, first, it could easily go back very quickly
23 and look at all the past disclosures it made concerning
24 option grants -- what did it say, when did it say them, what
25 did it say on this topic -- by looking at its earlier

1 documents.

2 Second, it could easily and quickly look at what
3 other companies were saying and how they were handling the
4 problem -- when, where, and what they were disclosing.

5 And then, third, when it came to preparation of its
6 own disclosure, it could use the three tools that we just
7 looked at -- those being the three that are on the screen --
8 first, in making sure that its disclosure is complete and
9 consistent in all the places where it would show up.

10 And, if you think about it, it would show up in the
11 financial statements. It would show up in the MD&A. It
12 would show up in the new executive compensation CD&A. It
13 would show up in the litigation section. And you could put
14 all of those four or five difference places up on the screen
15 at the same time and compare it as you were preparing the
16 disclosure. You could click on the litigation section, pull
17 up the underlying authoritative literature -- which happens
18 to be S-K 103. It would be a very useful tool as you were
19 putting it together.

20 Second, if you think about a stock option granting
21 problem, it is probably not over in just a single disclosure.
22 It develops quarter after quarter. So your preparers, as
23 they move forward over the quarters, would be able to go back
24 and look at all these myriad of places that their disclosure
25 was appearing, quarter by quarter, to see how those different

1 disclosures related to each other.

2 And they would know, as they were doing this, that
3 each time -- and I have said this about four times, but I'll
4 say it one more time -- that the investors, the analysts, and
5 the press have this same tool, and they are going to be doing
6 it instantly. Of course, in the stock option example, the
7 investigators would have it also, so you would probably
8 really care to look at it before they see it.

9 So that's the end of the second hypothetical. I
10 hope this helps you imagine how this would be a -- I think a
11 really powerful tool in the preparation of disclosure
12 documents by a company facing a problem, such as the stock
13 option problem, as well as more routine disclosures, such as
14 revenue matters.

15 Thank you for the time. And I think you can figure
16 out I am an enthusiastic supporter of all of this. But I am
17 glad that, you know, I am not one of those guys that are
18 stacked up in the Washington Monument stack. Thank you.

19 (Applause.)

20 CHAIRMAN COX: Thank you very much, John.

21 Now, it's my opportunity to turn the program over
22 to the moderator for this panel, Terry Savage.

23 I think you all know Terry from having moderated
24 the last panel on interactive data. She has been a
25 trailblazer, not just in technology, but in a number of

1 respects in the worlds of both business and the media.

2 She was the first female trader at the Chicago
3 Board Options Exchange. And as a syndicated personal finance
4 columnist at the Chicago Sun-Times, Terry has won many
5 awards, including the National Press Club Award for
6 Outstanding Consumer Journalism; the Outstanding Personal
7 Finance Columnist Award, given by the Medill School of
8 Journalism at Northwestern University; and two Emmy Awards
9 for her television commentary.

10 She serves on the board of directors of the Chicago
11 Mercantile Exchange, the Executives' Club of Chicago, Junior
12 Achievement of Illinois, and the Northwestern Memorial
13 Hospital Foundation.

14 She is a Phi Beta Kappa graduate of the University
15 of Michigan, where she won a Woodrow Wilson Fellowship in
16 American history and economics.

17 And, most importantly, she is now the first person,
18 male or female, to moderate two consecutive interactive data
19 roundtables at the Securities and Exchange Commission.

20 Thank you, Terry.

21 MS. SAVAGE: Thank you, Chairman Cox. I see you
22 have been using data mining for my background, too.

23 I would like to say personally I think it's a great
24 honor to be asked back to moderate this panel and to be
25 involved in this project. I write for individual investors,

1 and I think we all agree that your commitment and that of the
2 Commissioners of the SEC to undertake this project and drive
3 it through the start-up phase and into the activity phase,
4 and also the commitment of the companies that are piloting,
5 will be appreciated by many generations of investors to come.

6 As I mention our companies here, I would like to
7 introduce them. We have representatives from a number of
8 companies that are already in the pilot stage, who have been
9 filing XBRL forms -- 10-Ks, 10-Qs -- for some of them, as
10 long as a year.

11 We have representatives who are from the IT
12 department, representatives from the accounting and financial
13 services within companies, and also investor relations --
14 because all of those areas of corporate America will be
15 intimately involved in using, creating, and presenting this
16 information.

17 Now, we also are pretty fortunate we have someone
18 from the analyst community, who will talk about how analysts
19 can use this information.

20 And what would an SEC meeting be like without an
21 accounting person, who will tell us how the accounting
22 profession will work with corporate America finance
23 departments to manage this data.

24 And then a special guest, who has been here before
25 also, I will introduce last.

1 So let me start at the very far end and say in
2 advance that the goal of this panel is to give you an insight
3 into the experience of these corporate participants -- how
4 far along they are, what their experience has been so far in
5 their filings; what they see for the future; what the costs
6 have been for them, or maybe the savings; and what barriers
7 they still see to getting this going on a stand-alone basis,
8 filing all their reports on interactive data format in the
9 future and how long that might take.

10 So let me just -- you have on your programs, I'm
11 told, a complete introduction to each of them. So let me
12 just start -- and will you raise hands, so that everybody
13 knows who you are, and I won't have to reintroduce when we
14 speak.

15 On the far end, James Cinquegrana is the -- these
16 are all people responsible, by they way, for XBRL interactive
17 data reporting at their corporations. James is IT leader for
18 this at GE, in the Corporate Accounting, Capital Markets
19 Department.

20 Next to him is Tom Jacob. He is involved in XBRL
21 -- all the preparation and filings that have been done -- at
22 3M.

23 K.R. Kent is -- we've got the vice chairman and
24 chief financial officer of Ford Motor Credit Company. And,
25 with all the things they do and all the numbers they have to

1 report, all of these companies volunteered to be part of this
2 XBRL program, and, K.R., we will be looking forward to
3 hearing you talk about that.

4 And then Clare O'Leary, who is the person
5 responsible at Pfizer for doing all of the implementation of
6 XBRL financial reporting.

7 Then Patsy Ramsey, who is the director of external
8 reporting for Dow Chemical, responsible for all these reports
9 now done in XBRL.

10 Nick Rolli, who is Altria Corporate Services. Now,
11 he is, in addition to being responsible for XBRL, vice
12 president of investor relations and financial communications.
13 So we expect to get a little more help from you on: Okay.
14 You're doing it. Now, how do you communicate it to those who
15 would use this data?

16 Larry Salva is the senior vice president, chief
17 accounting officer, and controller of Comcast.

18 And you will notice these are all from different
19 industries, so they have, not only the numbers that are
20 required to be reported, but different, also, financial
21 statistics that analysts or investors would use that might
22 not be covered just by the basic numbers on the profit and
23 loss and the balance sheet statements.

24 Andrea Stegall is vice president, corporate
25 governance compliance of the South Financial Group, which is

1 a bank holding company in the South.

2 And, again, a diverse group up corporate accounting
3 people who have agreed to pilot this. And none of you got
4 paid extra for doing this, did you?

5 PANELISTS: (Shaking heads.)

6 MS. SAVAGE: Okay. I didn't think so. I think I
7 could say that.

8 Now, next to Andrea is Elmer Huh, who is a senior
9 vice president at Lehman Brothers of enterprise valuation for
10 the Fixed Income Department. But that doesn't begin to
11 explain Elmer's role in the creation of XBRL.

12 When he was at Morgan Stanley, he worked for eight
13 years with a group of people there to, literally, conceive of
14 the concept of XBRL tagging of data to help analysts better
15 compare and value the corporations they analyze. So,
16 somewhere along the line, you're going to get some credit for
17 being the father of either this monster or this wonderful
18 baby that emerges in XBRL.

19 Next to him is Hal Zeidman, of KPMG -- a partner
20 who has been extensively involved in the XBRL development.
21 And somewhere along the line, given Sarbanes-Oxley, someone
22 is going to say, "Okay. Now, you're doing it. Do you need
23 to certify it? Do you need to test it and put test controls
24 over the actual XBRL?" So this can be a new area of
25 development for the accounting practice. We want you all to

1 keep making money.

2 Next to me, a very interesting man. You know the
3 Webster Dictionary. I predict that, down the road -- maybe
4 only four or five years down the road -- as Webster is to
5 dictionaries, Rob Blake will be to the taxonomy of XBRL --
6 the household name -- because he has left the private sector,
7 where he helped a software company that was working in this
8 area, to become the vice president of domain and taxonomies
9 for XBRL US, which, in short is: Get the project moving
10 forward for creating the dictionary taxonomy, if you will,
11 without which we can't do any, really, reporting.

12 So let me start -- I know you're going to give a
13 PowerPoint presentation in a little bit, but could you just
14 -- some people might be new to this -- explain what the
15 taxonomy is, what it has to include eventually, and where we
16 are now.

17 MR. BLAKE: Sure. Thank you. It's exciting to be
18 here this morning. The taxonomy -- it's kind of a technical
19 term, for those of you that haven't heard it before. There
20 is a few better options that you can use.

21 One of them is -- think of it as a dictionary. And,
22 in this case, since we are talking about XBRL business
23 reporting, these are dictionaries of common terms found --
24 and specifically in this case, since we are public companies,
25 according to U.S. GAAP.

1 And it not only covers numeric items that people
2 tend to look at -- fundamental information on the facing
3 financial statements -- but there also is these dictionaries
4 of terms for things like the notes to the financials and the
5 non-GAAP type of information.

6 So there are taxonomies available which all the
7 panelists have used to mark up and submit information to the
8 SEC. The project that you are alluding to is making those
9 taxonomies -- those dictionaries -- deeper and more broad,
10 meaning more industry coverage, so that it is, in a sense, a
11 bit easier for companies to participate.

12 So that's taxonomy. Just a dictionary. Think of
13 it as a technical term for saying "dictionary."

14 MS. SAVAGE: So let me just follow up with a
15 question. You know, in every community, when they have the
16 United Way, or whatever it is, they have this big thermometer
17 and it shows the red higher -- how much they have collected.

18 So if we had this United Way thermometer -- that
19 big red sign that says, "We're getting toward our goal" --
20 you know, on a 0 to 100, what percent completed are we? How
21 far are we along that path?

22 MR. BLAKE: I thought you were going to save the
23 hard questions for later -- for these guys.

24 MS. SAVAGE: I set you up.

25 MR. BLAKE: Thanks, Terry.

1 The reality is that any public company that is
2 thinking about participating in the program does not need to
3 wait for these revised taxonomies to come to market. So any
4 industry, anybody out there thinking about doing it -- they
5 can do it today.

6 These new taxonomies -- the broader, deeper
7 taxonomies -- think of it as the end of third
8 quarter-beginning of fourth quarter calendar year of this
9 year is the target date to have those available.

10 And we will be working with companies before then,
11 obviously -- especially the folks here on the panel -- to
12 test those to make sure they hold water, they do what you
13 guys need them to do.

14 So percentage-wise, I can't really comment. Just
15 end of this year.

16 MS. SAVAGE: But what you are saying is that if --
17 these are volunteers, and that any company who wanted to do
18 this now, starting now, based on the experience of these
19 people, has enough to get, at least, their 10-Qs and 10-Qs
20 filed.

21 MR. BLAKE: That's correct. I would definitely --
22 for the people thinking about marking up their core financial
23 statements, which I'll let the panelists either agree or
24 disagree with that -- a very robust set of terms to look at
25 your financials against this dictionary.

1 So, yes, absolutely, they are available to jump on
2 in and participate in the program today.

3 MS. SAVAGE: So we hope that, by word of this
4 webcast and by word of your experience, more companies will
5 start thinking about it because I'm sure, one day, it will be
6 mandated. Right, Chairman? One day everybody will be doing
7 it.

8 I would like to just go right down the panel and
9 ask you to explain your experience -- what you filed, how
10 long you have been filing it, and the most interesting
11 experience that you have had in getting this going, whether
12 it's a people issue, it's a taxonomy issue, it's time, or
13 whatever experience, whether it's a hurdle or a surprise that
14 it was easier.

15 So let me just go right down the panel and just get
16 us started. James, would you start us off.

17 MR. CINQUEGRANA: We started filing for General
18 Electric starting in January of last year. So we have done
19 the three Qs. And we are currently doing the K, as we speak.

20 Where I participate is I actually am the one that
21 does it from an IT perspective. Other companies have done it
22 with just their financial folks, but, at General Electric, we
23 decided to get the IT team involved.

24 So we are filing the three financial statements --
25 the income statement, balance sheet, and cash flows -- and,

1 of course, for the K, shareholders equity.

2 In the beginning, a lot of work was done, mainly,
3 by the corporate accounting group. So the majority of the
4 hours were dedicated to the task of tagging the information.
5 So we weren't involved in that particular phase of it. So
6 hundreds of hours were spent in that respect.

7 We also started out with a consultant to help us
8 out; specifically, an XBRL consultant. And then it was given
9 over to me to transition it.

10 And so anything interesting? Not necessarily. I
11 will say it gets easier as you go forward. So what was
12 mainly a few days of activity, in terms of getting the data
13 into the tool that we are using, it is now taking hours. The
14 K is a little bit more complicated, in anticipating some of
15 the changes for the K, but the third quarter was no more than
16 a few hours to do it.

17 MS. SAVAGE: Tom?

18 MR. JACOB: 3M has been filing since the first
19 quarter of 2006 using XBRL -- have done the first three
20 quarters and plan to do the 10-K shortly.

21 We had to make a decision up front whether we
22 wanted to be experts in tagging or not, and we decided too
23 much time involved and chose to use a third party provider to
24 help us.

25 But even with that, you know, the company is still

1 responsible for making sure the tags match, and we still need
2 to make sure the definitions are correct, still need to
3 validate the data. So I would estimate, you know, there is
4 still hundreds of hours involved, even though we weren't
5 tagging the data ourselves.

6 MS. SAVAGE: What was your most interesting
7 experience?

8 MR. JACOB: What was my most interesting
9 experience?

10 MS. SAVAGE: Is this interesting at all? I mean,
11 were there any bumps in the road, or you just assign people
12 to tag?

13 Let me ask you a better question. The two of you
14 you are sitting next to each other. You found, right off the
15 bat -- this isn't really started yet. There are what -- 36
16 companies or something that are voluntarily filing. How did
17 the consultants get there first? Did you have a choice of
18 consultants, the two of you? You can talk off mike. Did you
19 find the same consultant? And how were they ahead of you in
20 knowing how to help you tag?

21 MR. JACOB: Well, we searched around and we -- you
22 know, if you try and find people who you want them to spend
23 your money, it's typically not too difficult. So we had a
24 few people that volunteered to help us, and we ended up going
25 with our financial printer -- it's the most convenient -- who

1 we currently file our 10-Q and 10-K documents with.

2 You know, being in the forefront, probably one of
3 the frustrating things was just nobody to talk to, and the
4 resources, and how to find out, and when you find picky
5 issues, kind of like how you solve them and what do you do.

6 And we did find resources and got those answers,
7 but, you know, being up front is just more difficult.

8 MS. SAVAGE: Well, everybody is going to thank you
9 for doing that.

10 Did you want to add something to that, James, about
11 finding the consultant?

12 MR. CINQUEGRANA: The controller's team, or the
13 corporate accounting team, were the ones that found the
14 consultant through, you know, existing -- I think it was
15 Pricewaterhouse who were involved in finding that. So we
16 weren't involved, from an IT perspective.

17 But it was definitely an added value. I'm sure the
18 SEC wanted General Electric to participate in this voluntary
19 program -- and we did, too -- in order to help out and just
20 contribute in any way we can to understand what is going on.

21 But once we got through the first quarter, we
22 didn't need the consultants anymore because it's not --

23 MS. SAVAGE: So this was short term.

24 MR. CINQUEGRANA: Yes. For us, it was short term.

25 I can't say for others.

1 MS. SAVAGE: Okay. K.R., what was your experience
2 at Ford Motor Credit with getting started, and how long have
3 you been doing it, and what came up in the process?

4 MR. KENT: For both Ford and Ford Credit -- we both
5 are participating in the pilot, so I can talk to both sides.
6 I'm at the credit company myself.

7 For the most part, we worked with an outside firm,
8 CoreFiling. They did a lot of the work for us. But you have
9 to bring it back in to make sure everything is perfect.

10 And it's a different experience in the two
11 companies. Rob talked about taxonomies. It was easier on
12 the Ford Automotive side -- more of a standard balance sheet
13 -- than it was for a captive finance organization.

14 We have created a number of extensions. And when
15 you get into creating your own extensions, you're going to
16 lose standardization until you come across with an
17 industry-wide approach.

18 I will be specific -- we have only done our three
19 main statements. We have not done the notes. We have not
20 done MD&A. That will be lot more work to do those.

21 MS. SAVAGE: In your experience so far, was it
22 taxing on your own employees, in the middle of Sarbanes-Oxley
23 and everything else that the accounting departments have to
24 do?

25 MR. KENT: This was just another added requirement.

1 It wasn't too onerous. I mean, the first time -- as I
2 mentioned before, the first time is harder. It gets easier as
3 you go along. I think when we get to an MD&A or notes, it's
4 going to be much more difficult. The presentation John had,
5 when you start picking up the notes and the MD&A, is really
6 going to be impressive -- that type of analysis -- going
7 forward. But, right now, we only do the basic financial
8 statements.

9 MS. SAVAGE: Okay. Clare, at Pfizer.

10 MS. O'LEARY: Yes. At Pfizer, we, too, only do the
11 basis financial statements in XBRL. And we have been doing
12 the three quarters in 2006, and we are currently working on
13 our annual for 2006.

14 Similar to my panel members, we did not find it
15 actually all that difficult. We did do it completely
16 in-house, with the help of a software provider.

17 And, in terms of the biggest surprise that I
18 personally had since I did it -- you know, representing the
19 accounting side and not having any IT background whatsoever,
20 and going from the theoretical to the practical and actually
21 doing it -- I was surprised that I could do it fairly easily.
22 It was not difficult at all -- except for time commitment,
23 you know, in learning a new software. But for people who
24 don't have an IT background -- which I was a little worried
25 about, personally -- it was very doable.

1 MS. SAVAGE: This is all very good news. And, at
2 some point down here, I'm going to ask you each to give a
3 piece of feedback -- not only for the taxonomy, but for the
4 SEC -- about all these experiences and what you might suggest
5 as they broaden it out.

6 But, Patsy, let me move on to you at Dow Chemical.

7 MS. RAMSEY: Okay. We began implementing in
8 earnest probably the middle of last year. We took a little
9 different approach, in that we backed up and we started with
10 our 2005 10-K. I'm not sure I would recommend that. But we
11 --

12 MS. SAVAGE: So you went backwards with previous --

13 MS. RAMSEY: We did go backwards. We started and
14 we filed our 10-K. And then we caught up and did our first
15 quarter and second quarter 10-Qs. And then we have continued
16 filing.

17 One of the things that we have done is that we now
18 file our XBRL files along with our filing, to the extent that
19 our service provider that transfers those files can handle
20 that. So we attach those exhibits to our 10-K or 10-Q, so
21 that it's out there at the same time.

22 We also chose to do it in-house. We attended a
23 couple of sort of educational sessions -- conferences -- to
24 learn how to do it. I guess I would say I think it's really
25 important for someone from your company to be involved in the

1 tagging of that data, whether you do it with an outside
2 service provider or you do it in-house. It's not going to be
3 correct unless you've got -- well, I don't think it's going
4 to be correct unless you've got someone involved that is
5 actually looking at how those tags are defined and how that
6 best fits with your financial statements.

7 We are just doing our financial statements.
8 However, we are doing the income statement, the balance
9 sheet, the cash flow statement, the statement of
10 stockholders' equity, and the statement of other
11 comprehensive income.

12 And I guess I would say, like Clare, you know, the
13 surprise for me is that, from the standpoint of the
14 taxonomies and the software that we chose, it's really pretty
15 intuitive as to how to use it. There are a few difficulties
16 where the taxonomy isn't quite as developed as it could be
17 for some of the other statements, but it was really pretty
18 intuitive as to how to do it, and we were glad to remove some
19 of that mystique around the technology.

20 MS. SAVAGE: Now, you mentioned something about
21 having someone from your company, and two or three of the
22 earlier people said the same thing. A consultant may do it,
23 but, of course, you are responsible for making sure your tags
24 reflect the stuff you have to report.

25 So here's an interesting question: Where should a

1 company look to find the person that they assign the
2 responsibility of working with the consultants to come up
3 with the correct tags? It's probably not in the IT staff,
4 but is that in the accounting staff? Is that in the internal
5 audit? Where do you find the right person to be the person?

6 MS. RAMSEY: It's definitely within your accounting
7 staff.

8 MS. SAVAGE: And what kind of experience should
9 that liaison person have or be? I knew it wasn't IT, but
10 where in the accounting staff? Someone who has been helping
11 file reports, or someone is helping --

12 MS. RAMSEY: Well, we do it with our external
13 reporting group, you know, because we are familiar with the
14 financial statements. And then, certainly, if we have any
15 question with what makes up a particular line of the
16 financial statements, then we will go to our -- what is
17 called for us our financial and statutory group.

18 MS. SAVAGE: I think a lot of companies are going
19 to be wondering, "Okay. Wait. We've got to find a
20 consultant. Where do we find the right person?" Was that
21 such an obvious choice for you?

22 MS. RAMSEY: Yes.

23 MS. SAVAGE: Everybody is nodding. There was one
24 person that sticks out as the person that you -- all right. I
25 hope that happens for every company.

1 Okay. Nick, at Altria, what have you been filing?
2 And you also have this extra -- well, I think a lot of people
3 here are involved in external communications, but that,
4 specifically, is part of your title. So what has been your
5 experience?

6 MR. ROLLI: Well, right. We have taken a little
7 different approach. I head up investor relations and
8 financial communications, so in dealing with our decision to
9 participate, we decided to do it small, and we have been
10 participating for a year, using our quarterly earnings
11 release -- both the commentary and the financial statements.

12 If you read our release, it's a pretty thorough
13 release, and we thought that would provide us some good key
14 learnings in terms of starting with XBRL. So we started with
15 our quarterly earnings release and have done it for three
16 quarters.

17 You know, we like the flexibility that the pilot
18 program has provided us to do it on our own timetable -- you
19 know, filing the 8-K with the XBRL financials and then
20 posting it to the website.

21 But I would echo the comments that K.R. has said,
22 as well. We use CoreFiling because Business Wire has a
23 relationship with CoreFiling and we, in fact, use Business
24 Wire to distribute our earnings releases, so it was a natural
25 choice for us to go with them, as the consultant and

1 providing a lot of expertise.

2 At the end of the day, you need to have a
3 responsible person in-house to do it, because, you know, the
4 external people, and a company as complex as Altria -- as
5 most of the companies up here on the panel -- we need an
6 expert. And our expert is in our corporate accounting and
7 someone who puts together our financials -- along with
8 investor relations and along with our consultant, as well.

9 I would say that, initially -- I don't have any
10 really funny stories. You don't have funny stories with
11 people that you are asking to do extra work. But I think we
12 did underestimate the time initially to proof the tags. And
13 that was the relationship that I had in investor relations
14 with our accounting group. So not actually doing the
15 tagging. It's a little different position than most people
16 up on the dais here.

17 But, you know, once we got through that issue --
18 and I would echo again, each quarter, it has gotten smoother.
19 The proofreading doesn't get easier, and I think any company
20 has to proofread these documents -- that's always going to be
21 a major concern, and we take it probably to another level at
22 our corporation, in terms of the amount of proofing that we
23 do of our statements. But I can tell you that it has gotten
24 smoother.

25 Costs, for us, are certainly not material. There

1 was some initial up-front cost. We will continue to use
2 CoreFiling. We will continue to do it in-house. And I
3 think, ultimately, our goal is to get the process to be
4 seamless and be one document from CoreFiling and Business
5 Wire -- because, right now, we are working with both of those
6 sets of files. So, once we get it down to one filing, I
7 think it will be terrific.

8 MS. SAVAGE: Well, let me take you to the other end
9 of the -- the more external things. How did you tell people
10 -- or did you announce that you were going to file this way?
11 And who noticed? And did you get any feedback from analysts
12 or anybody?

13 MR. ROLLI: Actually, we didn't do a formal
14 announcement. We do post it -- you know, we file the 8-K,
15 obviously, and we do post it to our website. And it is
16 prominently displayed on our website, along with all our
17 financials.

18 I wanted to get through the process the first year.
19 Part of our goal for '07 is to actually go out and include in
20 a number of perception studies of these with investors to
21 kind of get some feedback -- formal perception studies and
22 actually contact some top investors to see, you know: Did
23 you know we were doing it? How are you using it? Are you
24 using it? And that kind of thing.

25 It's a bit premature to, really, talk about

1 numbers, but, you know, we have gotten some substantial
2 number of hits on our website. But I really haven't done any
3 formal documentation on how they are using it, why they are
4 using it.

5 MS. SAVAGE: Well, let me just push you one more.
6 This is a really uninformed question, but I know you need a
7 reader to read this, and I know the SEC is providing these,
8 as the Chairman said, basic readers, which may get developed
9 by other private enterprise on their website. But, if you
10 are posting these reports in XBRL on your website, did you
11 have to put a reader on your website?

12 MR. ROLLI: We did, yes.

13 MS. SAVAGE: You did?

14 MR. ROLLI: Yes.

15 MS. SAVAGE: Okay. And it's just a free reader.
16 Okay. That's interesting. Was that a big addition, or a big
17 anything?

18 MR. ROLLI: No. No.

19 MS. SAVAGE: Okay. I learn something new every
20 minute here.

21 Okay. Larry Salva, with Comcast Corporation, chief
22 accounting officer and controller. What was your experience?

23 MR. SALVA: Well, I didn't do the filings and the
24 data tagging directly. I have to thank my manager of special
25 projects, Phil Goudreau, for all the hard work he did on

1 doing that.

2 But that's how we started with this project, is
3 that we really only joined the program -- actually joined it
4 after we started a lot of our preparation. We started our
5 internal preparation with Phil's hiring back in mid-year
6 2006.

7 MS. SAVAGE: What was his background? You hired
8 someone that you wanted to deal with this project -- maybe
9 he's here, maybe he's not -- but how did you go search for
10 the person you would hire?

11 MR. SALVA: Actually, I was on a panel last year,
12 and I indicated we were not a member at that time. And part
13 of it was internal resources. And we realized that, in
14 addition to this project, there were a lot of other things
15 that were just kind of put off because of the time commitment
16 that we had to Sarbanes-Oxley, and just a number of other
17 things.

18 So we went out and actually hired someone with an
19 accounting background. His title, actually, is manager of
20 special projects. And the idea was to actually bring him in
21 without specific -- he's, basically, the person that is going
22 to do everything that we could never get to, and he's going
23 to move from one thing to the next and transition that as
24 permanent staff.

25 So Phil, basically, just has a general accounting

1 background -- but very good, so far, in anything that we have
2 deployed him in.

3 And so we started with tagging our first quarter
4 10-Q. We reviewed it internally, but did not file it. We
5 then quickly followed up with our second and third quarter
6 10-Qs, reviewed them all internally.

7 And then, actually, the most interesting thing that
8 occurred was that I almost forgot to tell our audit committee
9 that we were going to do this.

10 And it was the interesting response from them of
11 scratching their heads and saying, "Geez, what responsibility
12 do we have for reviewing these documents before they get
13 filed? Does it fall in the category of: we review the
14 earnings press releases and the 10-Qs and Ks before they
15 file? What should we do with these?" So we actually looked
16 at it internally and said, "We actually go through a process
17 -- a fairly rigorous process -- of internal review."

18 Our cost experience really isn't that much
19 different than anyone else that I have heard. It's that the
20 external cost might be, in the aggregate, less than \$5,000
21 for doing the first year of filings.

22 Our time commitment was probably 150 hours to get
23 the first filing done, including all of our background and
24 research to educate ourselves about XBRL.

25 And then the maintenance cost on each subsequent

1 filing is pretty low -- 20 hours maybe per quarter.

2 But we actually go through and developed a
3 checklist based on the Q&As and that were published by the
4 Public Company Accounting Oversight Board on attestation --
5 if you were going to use your auditors, what should they do.
6 But we do that internally before we file our documents, as a
7 quality control measure.

8 And that was the assurance we gave to the audit
9 committee -- that they don't really need to look at these
10 documents. We are putting them through a fairly vigorous
11 internal review, including a review of our 8-K by the
12 external law firm -- not that there is that much in it, but
13 we don't have any external attestation or assurance on our
14 data tagging, but we are putting it through a fairly rigorous
15 internal process.

16 MS. SAVAGE: That's very interesting. I sit on an
17 audit committee, and there is a sense of, now, especially,
18 you have to look at everything, and some expert has to tell
19 you that what your experts did is okay.

20 We are coming to you, Hal. Just hold on. I know
21 we're going to have a lot of work for you and your
22 profession.

23 But you decided that, internally -- did the
24 auditors attest either to the tags that you used or to the
25 numbers? Did they have to review them -- that they matched

1 on your traditional reporting with the numbers that were on
2 the tags?

3 MR. SALVA: We decided not to do that. We did, in
4 fact, compare our XBRL document to our filed document
5 internally, just as a comparative check, using the viewing
6 software that we selected. But we don't have external
7 assurance on that comparison.

8 MS. SAVAGE: So no external assurance on the
9 reporting of it -- or maybe even on the initial tags or on
10 the reporting of it, and the audit committee didn't,
11 therefore -- because it's the same stuff reported in a
12 different typeface. The audit committee didn't need a
13 separate review of that.

14 CHAIRMAN COX: Terry, if I might interject. That's
15 a very fundamental point. What we are talking about here is
16 simply the way, having arrived at numbers through the normal
17 accounting process, we then make them available. It's almost
18 akin to the choice of financial printer or other things that
19 you might do.

20 And I think we need to think of that very
21 differently from the process of preparing the accounting
22 numbers, and so on. It's not destined to be part of the
23 internal controls process.

24 MS. SAVAGE: Wait a minute, Chairman Cox. I just
25 want to make this clear -- because I'm sure everybody is

1 holding their breath up here. And now I'm starting my
2 journalistic thing.

3 Did you just say that, not only does the actual
4 reporting in two different typefaces, let's say -- XBRL and
5 traditional HTML -- not require any attestation or separate
6 approval by the audit committee, but did you also say that
7 the creation of the tags is a function of the corporate
8 finance department and that the tags, themselves, being used
9 are not a responsibility for either external auditors or the
10 audit committee?

11 CHAIRMAN COX: I think one good way to make sure
12 that this entire effort suffers crib death is to subject it
13 to that sort of approach.

14 This is meant to be a way to convey information
15 that is already provided more usefully to people so that they
16 can get more out of it. But they will never get the
17 opportunity if we subject it to a whole new layer of auditing
18 and accounting.

19 But what companies will be and always have been
20 responsible for is accurately reporting their numbers. And
21 we need to be relentless about making sure that those are the
22 right numbers. And that is what needs to be subjected to
23 audit and internal control testing.

24 MS. SAVAGE: So the tags themselves or the --

25 CHAIRMAN COX: The tagging process is not destined

1 to that. I don't believe that the private sector approach to
2 coming up with data tagging is even consistent with that
3 model. Technology moves too fast. If we tell technology
4 that it can't improve, then it won't. It can be become, you
5 know, government regulations, or it can be modern technology,
6 but it can't be both at the same time.

7 MS. SAVAGE: Great. So under Sarbanes-Oxley, the
8 creation of the tags also is not something that requires
9 attestation.

10 CHAIRMAN COX: I think that's exactly right. You
11 know, we have to have a pretty clear notion of this going
12 into it. Otherwise, as I say, I think the whole effort will
13 suffer crib death.

14 MS. SAVAGE: Thank you for letting me try and
15 re-clarify that three times, because I think I heard from
16 this panel the world's giant sigh of relief.

17 And poor Hal is going, "Oh, no. I thought that was
18 a new line of business for us."

19 Okay. Andrea. Now, in a bank -- I mean, my
20 goodness, in a financial services firm, much like the Ford
21 Motor Credit side of Ford, you know, you are reporting
22 numbers on numbers. Did you have a more difficult experience
23 with this in any way than anybody else because of that fact?

24 MS. STEGALL: I don't think so. I think our
25 experience was probably very similar to what the other

1 panelists have described.

2 Our most pleasant surprise, to date, are Chairman
3 Cox's comments of five minutes ago. We are vastly relieved.

4 Our experience is that we have been doing this for
5 about a year. We have been in the pilot program. We have,
6 to date, filed three Qs, and we will be working over the next
7 two weeks on filing the 6-K.

8 We have done all of it in-house. We have not -- we
9 did talk to some financial printers, but we have decided to
10 keep it all in-house. Our manager of external reporting did
11 all of the tagging. After she got the first 10-Q tagged and
12 ready for submission, had I asked her at that point, "Would
13 you be willing to go with this?" I would have gotten a hard,
14 "No."

15 However, when she finished the second, we had seen
16 probably a 75 percent reduction in the amount of time it took
17 to do the second Q versus the first. So after you go through
18 it one time, it's really downhill from there. So the second
19 two were very easy to do.

20 We did have the support of our software vendor.
21 They actually did some validation for us, which gave us some
22 comfort level before we did our submissions. So they were
23 very good to work with us on that, as well.

24 But, once the manager of external accounting got
25 all of the tagging done and the software vendor helped us

1 with validation of our data, we then put together the 8-K.

2 MS. SAVAGE: Okay. Now, I may be taking you into
3 uncharted territory, but, as a banking firm, you report to a
4 lot of different regulatory bodies. Has anybody from the
5 Office of the Controller of the Currency or anybody that you
6 might report to noticed that you are doing this and said to
7 you, "Hmm, this is interesting," and, particularly, "We'll
8 have some uses for this XBRL outside of the SEC"?

9 MS. STEGALL: No. At this point, not. We are
10 governed by the FDIC and the Federal Reserve. Neither one of
11 those agencies has taken any notice, I don't think.

12 I do know that some of the FDIC reporting, while we
13 don't see XBRL tags in what we are doing, is actually based
14 on XBRL formatting. So I know that some of the FDIC reports
15 are already relying on XBRL. So they should be very
16 comfortable.

17 MS. SAVAGE: So there may some synergies down the
18 road.

19 MS. STEGALL: Right.

20 MS. SAVAGE: Just as I finish up with the companies
21 themselves, am I wrong in saying that all of you were -- you
22 were terrific volunteers. We will acknowledge that. And it
23 certainly took some time and effort and people and attention,
24 and whether it was internal or consultants, it was a project
25 that had some time and expense to it getting started. But

1 did I also hear that, once you got over the initial part of
2 it, it was easier? I mean, the first hump is the worst?

3 Anybody disagree with that conclusion?

4 MR. KENT: The answer to your question is yes. But
5 you've got to keep in mind what pieces a lot of companies
6 did, and that is just the basic statements.

7 We haven't gotten to an MD&A or the notes itself --
8 at least, our company -- and that might be much different.

9 MS. SAVAGE: Thank you. You're setting me up for
10 right where I want to go. That's perfect.

11 Elmer -- the guy who, in those years at Morgan
12 Stanley and now at Lehman Brothers, has been talking to
13 analysts and teaching them how to do valuations and, really,
14 foresaw this kind of a concept of being able to use data
15 interactively.

16 Is what they have done so far, if everybody did it
17 -- and we now know -- Rob says everybody could do it. And
18 they said, "Gee, it was a project, but it wasn't so tough,"
19 and this is just about all any of you have done, is this
20 first level of 10-Ks and Qs, and so forth -- is that helpful
21 at all, or not very helpful? Does it have to go to much
22 greater depth, with the MD&A and the footnotes and things,
23 before it is really useful? Or is it good to just have, at
24 least, this much?

25 MR. HUH: I think any progress made in this area is

1 useful for the analysts. Having gone back to 1999, we have
2 made -- XBRL, itself, has made some substantial progress. And
3 my involvement with this in internal projects for Morgan
4 Stanley and, now, for Lehman -- we do need more.

5 We had a discussion earlier on about how the
6 companies have a lot of this information in their Item 6, in
7 terms of we, as analysts or investors, need to understand
8 what drives value in the company. And when we look at those
9 value drivers, we normally look at the 10-Ks to look at Item
10 6 elements.

11 The taxonomy development process, we hope, will
12 further that along in some of those areas -- i.e., revenues
13 per unit subscriber in the media and cable world.

14 MS. SAVAGE: Slow down for one second because this
15 is pretty important. Some people who don't deal with this
16 might not know. Give us three or four for-examples of what
17 is not captured in the kind of reporting that these companies
18 are doing, which is this Item 6.

19 So what is in there that you analysts would really
20 need?

21 MR. HUH: Okay. What is in there now, probably,
22 most likely, from what we have observed, is top line
23 revenues. Top line revenues, when I look at it from a
24 fundamental basis, is unit, times average selling price,
25 times spot rate, depending on whether you are multinational

1 company or domestic.

2 The unit drivers, depending on what industry you
3 are in -- so let's, for example, say square footage in retail
4 -- is usually found in Item 6, although it's not consistently
5 reported there. It's something that is probably not in the
6 XBRL tagging system right now.

7 MS. SAVAGE: What else?

8 MR. HUH: Unit subscribers, although -- Larry can
9 attest to this, as well; we have discussed this -- that unit
10 subscribers for cable growth may not be there.

11 Airlines. A great example, where you get bounds of
12 information in Item 6. Available seat miles, cargo tons.

13 The list goes on in terms of the value drivers that
14 we would like to see in order to fairly assess the
15 sustainability of a company's revenue base and its growth.

16 I would say that, over the last -- I don't know --
17 10, 15 years, as we looked, you know, having gone back to my
18 old job versus this one, we do look at why companies are
19 looked at or investigated, and a lot of those have turned out
20 to be revenue recognition issues.

21 Mr. White has shown us a great example of
22 comparison of the different types of revenue recognition. It
23 would be a great example in different industries where, if
24 you want do across-the-board kind of analysis very quickly to
25 say who has got more conservative versus more liberal

1 accounting policies on revenue recognition, that would help a
2 lot of people size up the broad range of the spectrum of the
3 sector and then drill down deeper.

4 MS. SAVAGE: So, in other words, before we pat
5 ourselves on the back that we are doing so much, to be
6 really, truly useful, we have to get -- maybe we're in grade
7 school. We've got to get to high school and college, and so
8 forth -- in terms of adding more stuff that can be sent
9 through the XBRL format.

10 MR. HUH: I would say yes. I mean, I think the
11 companies that are here today will attest to you that they
12 are doing the best they can with the current available
13 structure.

14 Having been part of the process of creating version
15 1.0 back seven years ago, it's a difficult process. Having
16 also been involved from, not only the preparer side, but also
17 the user side, I understand both sides of the equation. It's
18 not as easy as people would want it to be at first. There is
19 an investment. There is an undertaking of time.

20 But, as you will see here from all the preparers'
21 side, once you get over that initial investment, it becomes a
22 lot easier and the cost is very incremental. But the
23 benefits are largely more outweighing than the cost.

24 MS. SAVAGE: Now, before we get to Rob's
25 presentation, which is probably going to deal with some of

1 those additional issues of what other things XBRL can cover
2 -- oh, poor, Hal. I can just see the dollar signs clicking
3 in your eyes. This will be one new attestation left to do,
4 so that was shot down very nicely. So I guess we don't need
5 an accountant here.

6 MR. ZEIDMAN: Okay. I'll see you later.

7 MS. SAVAGE: No, no. Back, back, back.

8 Let me just get beyond the end. Will it make your
9 jobs, as the auditing firms, easier when -- let's just skip
10 to the end. Presumably, at some point, there will be an end,
11 and every corporation will be reporting everything in XBRL.

12 Will it change the degree of difficulty for the
13 accountants to go through the numbers? Or is it just like,
14 "Is it French or English?" "It doesn't matter. We speak
15 both languages."?

16 MR. ZEIDMAN: Well, let me give my favorite answer.
17 I do a lot of internal instruction, and people know me by now
18 within the firm and know that my favorite answer is: It
19 depends. So let me give that answer to you here: It
20 depends.

21 Maybe I can just take a minute and explain what I
22 mean by all that and give some various parameters about it.

23 MS. SAVAGE: Please do.

24 MR. ZEIDMAN: Right now, we are talking about
25 principally using XBRL in a paper-centric world. In other

1 words, the financial statements are prepared. Along the way,
2 they are normally prepared. They are presented in a nice
3 paper format. That paper format is -- you take pictures of
4 it, digitize the picture, you put into EDGAR, you put it on
5 your website, and otherwise make it available to any
6 interested party. That's a paper-centric world.

7 And when companies now are looking at using XBRL,
8 by and large, they are not looking at changing that process
9 -- at least, initially. I mean, right now. We are at the
10 very early stages of what I think is an incredibly exciting
11 technology and benefit and one of the -- a great use for the
12 whole Internet and the whole reason for this information
13 revolution that we are in. And we are at a very exciting
14 beginning stage here with this.

15 Where companies are just first getting into it,
16 they are not changing their paper-centric focus, but they are
17 now adding onto that what we will call a data-centric
18 element, where, after the paper is prepared, they then take
19 the paper, and they now tag it and do things other than just
20 take a digital snapshot.

21 From an auditor's perspective, we are auditing the
22 financial statements. By the time the tagging comes along,
23 it is really not that helpful for us. Where it could be
24 helpful, if everyone does it, is in some of our risk analysis
25 and risk assessments, where we can evaluate where our client

1 stands compared to others in their industry, where some of
2 the metrics are, and we can do some interesting risk
3 analysis. So it's not like it won't be useful at all.

4 But let's now look -- if I can just take another
5 minute and fast-forward.

6 MS. SAVAGE: Please do.

7 MR. ZEIDMAN: Because paper-centric is not
8 necessarily where we are going to be 10, 20 years from now.
9 I, hopefully, will be on the beach somewhere 10, 20 years
10 from now, but that's not necessarily where the accounting is
11 is going to be 10, 20 years from now.

12 We will be, I suspect, in a data-centric mode,
13 where companies will be tagging their information much
14 earlier in the data stream.

15 So when a transaction first comes up, or maybe
16 later, when the transaction is first entered into their
17 general ledger -- first really entered into their formal
18 books of account, if you will -- at that data centric mode,
19 then, they will use that tagged data to generate all kinds of
20 information and to make all kinds of information available,
21 one of which will be what we currently have now as a paper
22 model -- an annual report.

23 So that annual report, instead of being the
24 precursor to an XBRL document, will be an outcome of an XBRL
25 document -- which, by the way, makes the controls over that

1 preparation very important.

2 But, at any rate, what happens is, when this
3 information is prepared earlier, then it will be much more
4 available, useful to auditors on a real time basis, so we
5 will not only be able to cross-compare companies from a risk
6 assessment standpoint and maybe do some final -- we call them
7 final analytical reviews of the company that we are auditing
8 from a temporal standpoint of comparing the final numbers,
9 you know, based upon a paper data, we will actually be able
10 to get more of the raw information and start doing selections
11 from an audit perspective.

12 We are not there yet because our clients aren't
13 there yet, but they will get there. We will all get there.
14 This is, as I say, the very early stages of an exciting
15 technology.

16 MS. SAVAGE: That was an absolutely great
17 explanation. That's what I meant. Eventually, down the
18 road, everything comes from the tags first. You're right.
19 This is a big transition, and a very exciting one. I think
20 you've conveyed that. Thank you very much.

21 All right, Rob. A lot of this seems to depend --
22 you said, "Okay. Everybody can go ahead and start doing this
23 first level." Analysts don't think it's quite enough. And
24 it's way before the ultimate level of every piece of
25 financial data you get gets tagged as it goes in. It is an

1 adjunct kind of a thing.

2 So you are the man who is going to set the stage
3 for the first level, the second level, the third level, and
4 changing the mentality of how we deal with financial data.
5 Where are we? I think it's time for your presentation.

6 MR. BLAKE: Thanks, Terry. I would like to tie
7 back to Chairman Cox's opening comments. Terry mentioned
8 that I tend to be interested in these taxonomies. Chairman,
9 you and I should probably follow up after this. I think you
10 started your own taxonomy at the beginning of this
11 presentation. I think you have officially started the XBRL
12 taxonomy -- extensible basketball reporting language, that we
13 might be able to chat on. I don't know if you have any free
14 time, though, but we could --

15 The second thing is you alluded to your view -- oh,
16 you already want to get started on it?

17 CHAIRMAN COX: No. I just wanted to let you know
18 that I have it in Beta at home.

19 MR. BLAKE: That's great. I'll -- I'm at a loss
20 for words.

21 The second thing you mentioned in your presentation
22 was your SEC viewer. And I thought it might make sense to
23 kind of show everybody a little bit about the SEC viewer.
24 This is the piece of software you have up on your website
25 that is free for everyone to use. And that is something you

1 will be turning over to the open source community -- which is
2 fantastic.

3 So in a couple quick minutes, for those people that
4 do participate, I thought I would do a little bit of how
5 things are today and how things are with interactive data.

6 So take a look at your screen. I'm sure most of
7 you are familiar with doing a quick company search. Patsy
8 had been kind enough to let me use the Dow Chemical Company
9 to do this demonstration.

10 So let's say that we wanted to go take a look at
11 Dow's latest filings. And she mentioned that she just did
12 the 10-K. So there is the list. I'm sure that it made sense
13 to everybody -- all the HTML files.

14 Let's say we wanted to look for the income
15 statement. Anybody see the income statement? I think it's
16 somewhere -- Patsy, what page is it? Do you remember?

17 MS. RAMSEY: 50.

18 MR. BLAKE: Oh, here we go. Like, 54, 55, right.
19 So everybody has been through this exercise -- go on the
20 website. I mean, there just has to be a better way.

21 And the good news is there is a better way. And
22 this is the SEC interactive viewer. Available right now.
23 This is being done live. No net.

24 And let's go ahead and see what we can do with
25 interactive data. So let's go ahead. Patsy, here is all

1 your Dow Chemical filings that you have done, and your latest
2 one is the annual report. I could quickly get at -- in this
3 case, as you mentioned, you filed your fundamentals, your
4 facing financials. So here is your income statement forming.

5 At the top of the screen are all the different
6 report sections that I could get at. So if we wanted to take
7 a look at Dow's balance sheet very quickly or move to the
8 cash flow -- nice and easy to navigate and do, being able to
9 go through any of the reports.

10 We can also have the SEC viewer site calculate
11 yearly information. So, as interactive data comes into the
12 system, we can take that and have the system automatically
13 kind of grab the quarterlies and build this view of the Dow
14 Chemical Corporation's information. So I think that's
15 something that is pretty hard to get at on the just basic
16 searching site, so this is a great use of the new viewer.

17 If we go ahead back to the latest filing of Dow
18 and, as we navigate through each of the rows and we stop over
19 any of the rows, a definition appears, so that you can gain a
20 little insight into the authoritative information, and
21 definition.

22 And, if you click on that, you get any of the
23 information set up about that row from the taxonomy -- from
24 that dictionary. And you can also link back and see what
25 authoritative information is available for that. You all

1 talked about your internal folks tying back these tags to
2 your statements. This is very helpful. This is what the
3 taxonomy provides.

4 Let's go ahead and let's take a look at one of the
5 other new features. Let's go to the cash flow here.

6 And what we want to do is take a look at the new
7 charting features that are built into the SEC viewer. And so
8 whatever report that I'm on, it picks up all the information
9 for me.

10 And I'm going to go ahead and grab all three of the
11 columns, or the time periods of information that is
12 available. I can select any rows that are here on the
13 financial statement, so let's grab net income, depreciation
14 and amortization, and let's scroll all the way to the bottom
15 and do a little cash provided by operating activities -- just
16 kind of a mix of some things, and what does that look like.

17 So we add those three items. And then let's go
18 ahead and get the graph as large as we can. And let's see
19 what that graph looks like.

20 So, Patsy, again, this is all straight off the SEC
21 site, right? Just interactive data driving all this, as Dow
22 Chemical reported to the market, right? So it's some basic
23 charting information.

24 But we know that, in this collaborative
25 spreadsheet-dominated world we live in, it might be something

1 even just as easy as getting this out to Excel. So I'm
2 looking at the cash flow, and I wanted to do -- so, Elmer,
3 you know, you guys -- the analysts -- you want to bring it
4 down into your models.

5 You can just go ahead and, in the new viewer that
6 is available, you click on "Export to Excel," and whatever
7 information you are looking at very easily is downloaded to
8 your local spreadsheet in a very, I think you will see,
9 usable format -- all right here.

10 So I just thought I would give everybody a quick
11 tour of the new viewer. You first rolled this out in
12 December. It was updated in the past couple weeks. I think
13 it looks great. So congratulations to the team that worked
14 on this. And thanks for letting me show a little bit to you.

15 MS. SAVAGE: As my son would say, way cool. That
16 is just -- that's really cool, isn't it? It's embarrassing
17 to even ask you: What's next? What will it take to get
18 whatever else the analysts -- I mean, you know, the analysts
19 want everything. They pester people at conference calls, and
20 everything else, so then why not pester you.

21 You mean anybody who is currently reporting who
22 wants to participate -- or who is -- all these companies --
23 you could do all that for all these companies. That's really
24 impressive.

25 Okay. I feel like I'm asking too much of you, but

1 what is next, and how does that progress?

2 MR. BLAKE: Well, I think you have heard the common
3 theme of everyone here is that the core financials, the
4 fundamentals, exciting stuff to look at the numbers, but I
5 think, really, the next step -- what is it? Like, high
6 school, or second grade, or whatever level up -- is the
7 notes, the non-financial, the disclosure. I think that's
8 really what the market wants to get their hands into a little
9 more easy than it is today.

10 So just take everything you saw here, take John
11 White's opening demo, kind of bring that non-financial
12 information into a world like this -- that's what we are
13 talking about, and that's where the taxonomy project will
14 help the companies here today and out on the call do it
15 easier and better.

16 MS. SAVAGE: How hard is that to do? I mean, notes
17 are not like numbers exactly. I mean, they are words. How
18 do you do that?

19 MR. BLAKE: As you have heard a number of the
20 panelists say, it's more work because there are pages and
21 pages of MD&A and disclosure information.

22 But I think you will find that it is similar to
23 your first efforts on the core financials. Once you get that
24 framework set up in your notes and MD&A -- so what you have
25 heard pretty commonly is the first time it takes a little

1 bit, so there is no doubting that. And it's magnified on the
2 disclosures. But once you move into the second, third, and
3 beyond, I think it will be a repeatable process, and you are
4 also going to find software vendors adding deeper support for
5 interactive data in their systems.

6 MS. SAVAGE: Having been involved with some MD&As,
7 and so forth, those are statements written by companies
8 about, say, risks to our business. Our risk is that -- you
9 know, the world collapses. Our risk is consumers run out of
10 money. Our risk is that the raw materials prices go up.
11 Everybody has got a different group of -- for instance, let's
12 just say risks.

13 So are you going to create, like, one from Column
14 A, two from Column B? How do you translate some company's
15 particular risks? Our risk is, as a cable company, we only
16 have three major transmission lines, and one goes down -- or
17 something like that. That's not something anyone else has.
18 How do you put that in interactive format? Or is it just
19 that you are going to translate the paragraph and put it up
20 there under "Risks"?

21 MR. BLAKE: I think the answer is yes.

22 MS. SAVAGE: I don't remember the question.

23 MR. BLAKE: All right. What I mean is the taxonomy
24 is actually going to enable -- and this is just kind of tied
25 back to that logical progression. You very well could, just

1 to get started tagging information in disclosures, add a --
2 you're kind of alluding to a paragraph level? Or do you just
3 say, "This is my litigation," and you tag -- well, as you saw
4 me do with Dow, I had to scroll through 55 pages, just to get
5 to the financial.

6 Imagine if the computer -- even if you just tagged
7 the whole thing as one tag, you're still going to be able to
8 have the computer get at that faster than you can do today.

9 So that's your first step.

10 The second step, though, is there is lots of
11 important information at a very detailed level. The taxonomy
12 is also going to support that.

13 And it's the working with the major accounting
14 firms and the stakeholders in the industry -- we build these
15 taxonomies to know what Comcast needs in their statements, to
16 know what Dow needs in their statements. So that's how the
17 worlds kind of come together.

18 MS. SAVAGE: All right. I can't believe we have
19 gone down this time so quickly. I want to ask the Chairman
20 one question and, while I do, I'm going to ask each of you to
21 come up with one word of advice for anybody, either the
22 audience of other companies, or for Rob, who is working on
23 the taxonomy, or the SEC staff.

24 But, Mr. Chairman, did you say that, right now, for
25 the major public companies, your staff has translated the

1 compensation table into XBRL, and that it is up there for
2 this year's filings?

3 CHAIRMAN COX: Well, I said something that is
4 almost that good. I said that we are working on it, and it
5 should be up in June.

6 MS. SAVAGE: In June? I mean, that's what is
7 happening?

8 CHAIRMAN COX: Right. So the companies that are
9 currently filing their proxy statements will have their data
10 tagged, and it should be up and available for everybody to
11 use, if you have access anywhere on earth to the Worldwide
12 Web, in June.

13 MS. SAVAGE: Okay. Well, that is going to make the
14 job of The Corporate Library much easier, so I want to save
15 time for --

16 CHAIRMAN COX: Before you move on to the wrap-up
17 questions, I just want to see if I have inferred something
18 very general from what everybody on the panel said.

19 I heard about the fact that there was an initial
20 requirement to learn something. The something sounded like
21 it included the software. And I'm wondering whether I can
22 fairly infer that, in this new system, where the whole point
23 is, really, to index things so you can find them -- whether
24 the people who already do the accounting and already do the
25 disclosure to investors in markets are probably the best

1 people, in the long run, to do the tagging.

2 So that we are not talking about setting up a whole
3 new industry of outside people you have to hire, but, rather,
4 what we are talking about doing is suffusing our existing
5 work force with an additional skill, in the same way that we
6 did when we first got them a computer.

7 Probably, if we had had a roundtable a quarter
8 century ago and talked about the importance of everybody
9 having a PC, people would have noticed that there would be
10 some real start-up cost in learning this thing called DOS and
11 that maybe, some day, we would have to learn something called
12 Windows, and so on. But, once you do it, it is actually
13 going to save you time.

14 Is this like that?

15 MR. SALVA: I would say absolutely. In fact,
16 that's the -- while we took it as a special project, or took
17 it in as a special project, the transition, for us, in going
18 into the second year, will be to transition this
19 responsibility to the person that then actually prepares the
20 10-Q filing, so that it just becomes part of their normal
21 responsibility.

22 And the manager that was working on it is now going
23 to direct the next step, if you will, and that's the data
24 tagging of the footnotes, et cetera.

25 And as each one gets mastered, if you will, it will

1 just be made part of the process.

2 MS. SAVAGE: Please, to my panel, go ahead. This
3 is what I had envisioned. It's your rare opportunity to
4 speak directly to the Chairman with any thoughts you have on
5 this project. So go ahead. Anyone? Any other thoughts that
6 you want the Commission to know?

7 CHAIRMAN COX: I just want you to know, I think
8 this is my rare opportunity to talk to Terry Savage,
9 personally.

10 MS. SAVAGE: That's -- what is it? -- opposite ends
11 of the floor. Any other thoughts, either for -- go ahead,
12 Patsy.

13 MS. RAMSEY: Please know that I don't understand
14 the world of an analyst and when and how they use their
15 information. But I guess one of my biggest concerns is that,
16 as we get into filing, not only our financial statements, but
17 the footnotes and perhaps MD&A, and maybe Item 6, and some of
18 those items, that tagging more data means more time.

19 And then I think we have to understand, you know,
20 does more time mean that we have missed our window of
21 opportunity to provide that information to the analyst in a
22 timely manner in order for them to do whatever it is that
23 they do?

24 Because it seems to me that a lot of their
25 analytical work would be done, you know, around the earnings

1 release. And this information is not -- at least, for our
2 our company and, at least, I think, for most companies today
3 -- it's not available when you file that 8-K and release
4 earnings. It's available when you do your 10-Q or you do
5 your 10-K.

6 So that might be, you know, 40 days. That might
7 be, you know, 55 days --

8 MS. SAVAGE: Oh, interesting. Timing is
9 everything.

10 MS. RAMSEY: -- you know, depending upon whether
11 you are a large accelerated filer and when your filings are
12 due.

13 But I want to make sure that we take a reasonable
14 approach to that, you know, and that, if we go to all of this
15 effort, that we are making sure that we are providing
16 information in a timely manner and we are not missing that
17 window.

18 MS. SAVAGE: A really good point. Any other
19 thoughts before we wind it up? Yes, one more from our
20 accountant -- always having the last word. Hal?

21 MR. ZEIDMAN: I have to have the last word. Just
22 one thought about something that has been pretty assumed --
23 which is the taxonomy.

24 As Rob was giving the basis for the taxonomy
25 development and when it was expected to be developed, I think

1 it's important to understand -- at least, from an
2 accountant's perspective -- I don't consider this taxonomy
3 development, even of basic financial statements, and
4 footnotes, and that sort of thing to be something that is
5 ever complete, because the accounting rules change all the
6 time. And whenever those rules change, whenever there is
7 further development in those rules or expectations, the
8 taxonomy needs to be adjusted to keep pace with it.

9 So I just think that that is something very
10 important, in order for the taxonomy to continue to be
11 relevant, that people need to think about. And that's going
12 to be an effort for everyone, I think.

13 MS. SAVAGE: Thank you very much, Hal and Rob. That
14 means you have lifetime job security in the new XBRL-U.S.
15 consortium.

16 MR. ZEIDMAN: Any way I can help Rob, just let me
17 know.

18 MS. SAVAGE: And I want to thank my panelists. You
19 have been -- as the Chairman thanked you for actually doing
20 this, you have been great at explaining what it is you have
21 been doing. I thank you very much, and I turn it back over
22 to Chairman Cox.

23 CHAIRMAN COX: Thank you very much, Terry. And why
24 don't we have a round of applause for this outstanding
25 presentation by our panel.

1 (Applause.)

2 CHAIRMAN COX: I want to thank you very much, not
3 only for the work that you have done today in sharing your
4 experience with the Securities and Exchange Commission and a
5 broad audience that is with us on the Web, but also the work
6 that you have done that we acknowledged earlier in
7 participating in this test program.

8 Your willingness to be leaders is making it almost
9 certainly easier for many, many companies that will follow in
10 your footsteps. So thank you for your leadership.

11 I think we are now set up very nicely for an
12 excellent final portion of today's program. We are fortunate
13 to have an outstanding closer for today's event with us to
14 discuss the value of interactive data in establishing and
15 maintaining good corporate governance -- one other demand
16 that we are going to place on this new technology.

17 Richard Bennett is chief executive officer of The
18 Corporate Library, a leading source for U.S. corporate
19 governance and director/executive compensation information
20 and analysis. He has an extensive background in both
21 politics and government service and in the private sector.

22 On the private side, he has founded and managed
23 several businesses. He worked as director of corporate
24 governance for Lens Investment Management, LLC from 1997 to
25 2002.

1 On the political side, he's a former president of
2 of the Maine Senate, where he was elected to four terms, in
3 addition to serving two terms in the Maine House of
4 Representatives.

5 He is director of Biddeford Internet Corporation,
6 serves as a non-executive director of Trucost, a U.K.-based
7 firm that offers products and services that allow companies,
8 governments, and fund managers to better understand their
9 environmental performance.

10 He is a member of the President's Commission on
11 White House Fellowships.

12 He received his bachelor's degree with honors from
13 Harvard University in 1986 and an MBA from the University of
14 Southern Maine in 2000.

15 Please welcome Rick Bennett.

16 MR. BENNETT: Thank you very much, Chairman Cox,
17 distinguished Commissioners, and distinguished panelists.

18 I am delighted to be here and relieved from the
19 real and recent snow-shoveling duties up in Maine, where we
20 recently had quite a bit of snow and ice. I will say that
21 it's much better coming down here and listening to the
22 wonderful inaugural period of this exciting new initiative.

23 While I will not say that this initiative will
24 remake American capitalism, I think it is fair to say that
25 our whole system of capital markets requires the kind of

1 consistent quality, usable, analyzable information we have
2 heard about this morning. This is truly cutting edge stuff,
3 and I am pleased to be here to learn so much more about the
4 process that is underway at the SEC and in the companies and
5 to meet all of you, the panelists, hear all the progress and
6 plans.

7 I'm thrilled about the initiative's progress with
8 financial data, and I am looking forward to future
9 advancements we can make into more data areas -- like
10 corporate governance data, which my company is devoted to.

11 T.S. Eliot once famously questioned: Where is the
12 wisdom we have lost in knowledge? Where is the knowledge we
13 have lost in information?

14 In today's world, we are awash in data and
15 information. It is turning that data into knowledge where
16 the weaknesses of the information age are so often exposed.
17 The brilliance of the interactive initiative is not in the
18 provisioning of the data, therefore. The wow comes with the
19 immediacy of the tools to analyze the data, to compare it, to
20 manipulate it, to turn it more readily into intelligence,
21 into understanding.

22 The real time provisioning of data in a format
23 ready for research will save huge amounts of time, huge
24 amounts of money, and will deliver into the laptops of
25 individual investors real power -- the power of knowledge.

1 Truly, one wonders why companies like those ably
2 represented by our panelists would voluntarily subject
3 themselves to the enhanced transparency, the extra work and,
4 therefore, the accountability created by this initiative.
5 Aside from the admirable desire to do what the SEC wishes,
6 there is a greater purpose here, and I think you have heard
7 it in the comments today.

8 Obviously, greater disclosure with enhanced utility
9 helps the companies themselves. In a less developed market,
10 these companies would be rewarded with greater liquidity and
11 a lower cost of capital. In this market, they are rewarded
12 reputationally by being able to communicate to the investing
13 public a reassurance that they embrace transparency and
14 disclosure.

15 In short, they suggest that they have nothing to
16 hide. They tell the world that they are
17 shareholder-friendly; that they value their partnership with
18 the investment community.

19 Of course, issuers have a stake in turning
20 information into knowledge for their own purposes. They can
21 more readily figure out how they are doing, how to benchmark
22 their own performance.

23 And, of course, fullness of disclosure is something
24 used by many corporate governance firms as a simple but
25 important measure of quality of accountability and, hence,

1 corporate governance. After all, as Justice Brandeis
2 observed, sunlight is the best disinfectant.

3 Now, I have the honor of serving as CEO of a
4 well-known governance research firm. At The Corporate
5 Library, we dedicate a portion of our small staff to data
6 collection and maintenance, and we sell data, as well as our
7 analytics. Why would we want to embrace an SEC initiative to
8 make that data free?

9 Well, happily, our business model is more in line
10 with the challenge asserted by T.S. Eliot -- information,
11 knowledge, wisdom. Sure, data can be a great business, but,
12 ultimately, it is and should be a commodity.

13 The Corporate Library and others like us have a
14 much greater interest in getting our people to use their
15 brains -- in reading, analyzing, and reporting intelligently
16 on the information, rather than re-punching numbers into
17 redundant databases. There is more money to be made in
18 selling knowledge, rather than just information. And, of
19 course, it's a lot more fun.

20 And, of course, our clients demand it. One of our
21 largest and long-time clients a prominent D&O insurance
22 underwriter, said it best. They consider they pay us for our
23 nose -- that is, our intuition. And that olfactory sense is
24 only cultivated by our value-added work over time, sifting
25 through mounds of data. It is this process that creates

1 knowledge out of information.

2 Now, there is really no reason to stop here with
3 this financial data. Indeed, under Chairman Cox's
4 leadership, other areas of data are already being exposed to
5 greater scrutiny in SEC filings.

6 This year, research firms like mine who wish to
7 analyze and rate corporate governance and compensation
8 practices have been rewarded with new buffet tables of
9 delight in the executive and director compensation areas. The
10 new CD&A section of company proxies, with their new tabular
11 displays, are already bearing fruit in improved public
12 understanding of the facts of compensation.

13 The news today about the tagging for XBRL of this
14 data is exciting indeed. In our view, nothing reveals more
15 about the power relationship in the boardroom than executive
16 compensation practices.

17 Well, now we have more usable data coupled with
18 better comprehension because of the consistency in
19 presentation and assumptions mandated this year by the SEC
20 regulations. Thanks to the new tables and the more useful
21 analyzable data in proxies, for example, The Corporate
22 Library was able last week to publish a small bit of research
23 on the alluring subject of executive perks.

24 Paul Hodgson, our senior compensation analyst,
25 examined a sample of 100 companies that have filed under the

1 new disclosure regulations as of March 12. He found some
2 interesting things. In the aggregate, the disclosed cost of
3 perks at these 100 companies was over 130 percent higher than
4 the previous year, under the poorer disclosure standards. He
5 also found that the new reports show that some CEOs received
6 over 1,000 percent more in perks in 2006 than in 2005.

7 The largest increase in the sample was experienced
8 by the CEO of Merck. In 2005, he, according to the filings,
9 received only a company match to the savings plan worth
10 \$9,450, but, in 2006, he received aircraft benefits,
11 commuting benefits, security alarm monitoring systems,
12 dividend equivalents, and a company match to the savings plan
13 -- all with a combined value of \$210,536.

14 Another high increase was experienced by the CEO of
15 Enstar. In the current filing, the company disclosed
16 benefits such as 401(k) contributions, dividend equivalents,
17 financial planning and health services plans, company-leased
18 vehicles, home security systems, tickets to sporting events,
19 and tax gross-ups for life insurance benefits. A gross-up,
20 by the way, is when, not only does the executive get the
21 perk, but the company pays the income tax associated with it.
22 Now, in the prior year, only the savings plan and the life
23 insurance were reported, despite the fact that, likely, the
24 provision of this long list of perks happened then, as well.

25 For the most part, these are not newly-awarded

1 perks. They are just newly-reported perks, thanks to the
2 SEC's new regulations requiring consistent, reliable, quality
3 information disclosed in a format rendered easy for
4 comparative analysis.

5 Honeywell International has long been a darling of
6 executive compensation conference speeches because of their
7 voluntary reporting of such details in their proxies for five
8 years now. The new disclosure standards changed some of the
9 formatting for Honeywell, but the aggregate dollar value of
10 these perks at that company remained roughly the same between
11 last year's reports and this.

12 These are real life examples of why disclosure and
13 a consistent, reliable, formatted disclosure is so critical.

14 Now, you may wonder, of course, why we are
15 interested in such things, when the numbers involved, while
16 large for individual pay, are only a drop in the bucket for a
17 multibillion-dollar enterprise. The Corporate Library is
18 interested because our clients are interested. These reports
19 provide a window into the boardroom that informs not only
20 about compensation practices, but about board decisionmaking.

21 We have found links between such details and risk
22 and return. Our clients are a motley assortment of
23 investment managers, search firms, pension funds,
24 compensation consultants, law firms, and D&O insurance
25 underwriters, who use our ratings and other analytics to set

1 pricing on D&O liability coverage, which, in turn, has an
2 impact on the issuers -- the companies.

3 People use this value-added analysis for a lot of
4 purposes that reduce friction and enhance the efficiencies of
5 the capital markets. With usable, consistent data, we are
6 able to overlay our intuition and analysis -- which is our
7 nose -- to give our clients useful research. This, in turn,
8 obviously, provides greater transparency, improved
9 accountability, and better governance throughout our capital
10 system.

11 There is still a lot of work to do. In fact, these
12 recent initiatives are, really, just scratching the surface
13 for a future where underlying data that is already publicly
14 available will become thoroughly commoditized. My hope is
15 that we will go beyond just financial data.

16 It is easy to forget the human element that
17 underlies all of American business, but it is always exposed
18 to our view. So we should try to tag non-financial data,
19 too. Whole new taxonomies are yet to be created.

20 In the corporate governance area, I know the world
21 will benefit from tagging the directed data in proxies. For
22 example, allowing easy searches for directors by name or by
23 directors' CIKs, capturing age, tenure, executive titles. The
24 list is long.

25 We could capture types of options in the footnotes

1 to the beneficial ownership table.

2 We could tag elements of related party transactions
3 -- the names of the people involved, the dollar value of the
4 transactions, family relationships.

5 I really couldn't tell you what everybody will do
6 with all this information. But in a usable format, creative
7 people will find ways of using it to make a better capital
8 system.

9 I am thrilled that the SEC is moving ahead now with
10 the tagging of the CD&A tables and data. The possibilities
11 here are limitless. And the good created by helping
12 investors and delivering confidence in our markets will be
13 extraordinary.

14 You know, more than 100 million American families
15 are now members of the investor class. These initiatives,
16 such as the one we are talking about today, bring the
17 investment world closer to individual people. They make it a
18 bit less frightening. They encourage understanding. With
19 understanding, you eventually get participation. That can
20 only be good for maintaining the dynamic engine of
21 inventiveness and growth that is the hope of the capitalist
22 system and promises to be transformative for corporate
23 accounting and accountability.

24 Thank you very much.

25 (Applause.)

