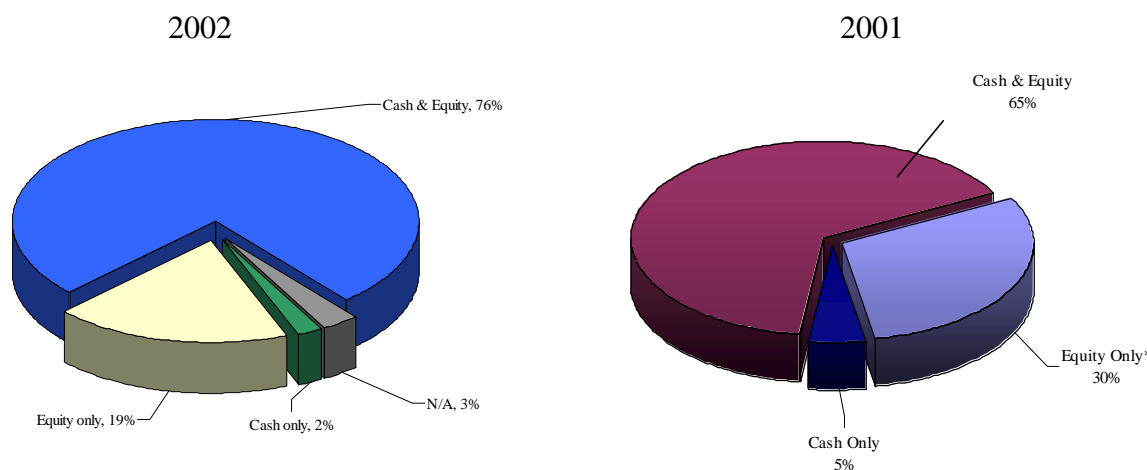


Frederic W. Cook & Co., Inc.
2002 Board of Directors Profile and Compensation Report at Nasdaq-100 Companies
Executive Summary

The following is a summary of our second annual study on the structure, demographics and compensation for boards in the technology sector; as represented by the Nasdaq-100:

- The average annual compensation for an outside board member is slightly less than \$250,000, roughly one-half of the amount that we found in our prior study
 - Decrease in value is due largely to company stock price declines
 - Equity values made up roughly 90% of the total value awarded to directors, down slightly from 95% in 2001
- More than three-quarters (75%) of the companies use a combination of cash and stock options
 - There has been a shift away from remuneration through equity only (30% used only equity in 2001 versus 19% in 2002)



- Company's paying annual retainers increased from 58% to 69%, with the vast majority paying the retainer in cash
 - Median annual retainer value stayed constant at \$20,000
- Median board and committee meeting fees also stayed constant at \$1,500 and \$1,000 per meeting, respectively
 - There is a small increase from last year in the number of companies who provide board and committee meeting fees

- A few more companies awarded committee member retainers in 2002 than in 2001, but they still represent only 10% of the companies
- Committee chairman retainers also seem to be more prevalent among companies, with one-quarter of all companies awarding compensation either in the form of cash retainers or additional option grants
 - Median cash retainer was \$4,000 and median option grant was 5,700 shares
- The annual present value of stock option grants ranges from approximately \$85,000 at the 25th percentile to roughly \$300,000 at the 75th percentile
 - Grant values are considerably lower than last year due to decreases in share price
- On average, when directors join a board, they receive 30,000 options and then 14,000 options per year thereafter
 - A reduction in grant levels also contributed to the overall decline in total compensation to directors
 - Average grants to directors in 2001 were 36,000 options upon initial election and 19,000 annually thereafter
- Several companies offer additional pay to lead independent directors of the Board either in the form of cash retainers or additional option grants
- Although arguably sound corporate governance, stock ownership guidelines are still almost non-existent among the survey companies
- Several companies noted compensation changes during the year with the majority of these companies decreasing fees due to business conditions and cost-saving measures
- Audit and nominating committee meetings increased on average over the prior year
 - Note that a number of companies have expanded the role of their nominating committee to also include a strong focus on corporate governance issues
- There are 29 companies new to this year's survey and 71 returning companies
 - Median revenues and market capitalization are roughly \$1.3 and \$4.2 billion, respectively, for these 100 companies

Frederic W. Cook & Co., Inc. provides management compensation consulting services to business clients. Formed in 1973, our firm has served over 1,300 corporations across all industries from our offices in New York, Chicago, and Los Angeles. This study was conducted by Lou Taormina in our New York office. Questions/comments should be directed to Mr. Taormina at (212) 986-6330. Additional copies may be obtained from our website (www.fwcook.com) or by contacting our firm directly.