

FREDERIC W. COOK & CO., INC.

2011

AGGREGATE SHARE-BASED COMPENSATION

*Measuring the Cost and Dilutive Impact
of Aggregate Share-Based Compensation*

NOVEMBER 2011

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EXECUTIVE SUMMARY

We are pleased to present our first study of aggregate share-based compensation. This report expands on prior Fair Value Transfer (“FVT”) reports in two meaningful ways. First, in addition to FVT, we examine market rates for share usage and overhang. Second, this report provides a broader perspective on FVT rates for the six year period from 2005 to 2010.

As with prior FVT reports, our research focused on 240 companies spread across four broad industry groups. This is broadly the same sample of companies studied in our 2008 FVT report (our most recent report). Companies that were not available due to acquisitions, or had grown/contracted outside the sample size range, were replaced by randomly selected companies in each size and industry category.

Our research reveals the following insights:

- Median overhang has decreased from 11.4% in 2008 to 10.9% in 2010.
 - Overhang from outstanding awards has also decreased from 6.3% to 5.7%.
- Median share usage rates rose from 2.7% in 2008 to 2.9% in 2009, but declined to 2.3% in 2010. This is likely due to slightly larger 2009 grants in terms of number of shares following the stock market collapse in October 2008.
- Aggregate FVT remained relatively steady from 2008 through 2010 (i.e., 0.8% to 0.9% as a percentage of market capitalization), but was higher than was observed from 2005 through 2008 (i.e., 0.7%) which was a period of relative economic stability.

In the following pages, we present a detailed explanation of our analysis, along with other key findings.

With an ever increasing focus on executive compensation levels and dilution, it is vital for compensation committees and boards of directors to ask themselves:

- What level of overall shareholder dilution is reasonable based on market rates?
- What total equity usage is competitive for a company of our size and in our industry?
- What should we be spending, in the aggregate, on long-term incentive grants annually?

Compensation committees often use several methods and develop various market reference points to help inform their decisions. Market reference points typically include:

- **Overhang:** Represents potential voting dilution that shareholders would experience as a result of outstanding equity awards plus shares available for grant. It assumes that all awards are settled by issuing additional shares. This analysis is often used when establishing a new share reserve.
- **Share Usage:** Represents the percentage of company shares granted annually to support long-term incentive plan awards. This rate is stated on an option-equivalent basis whereby all full-value share awards are converted into option equivalents based on the economic value of an option relative to a full-value share. This analysis is helpful in testing the reasonableness of the annual equity program budget from a share usage and reserve depletion perspective.
- **Fair Value Transfer:** Represents the company's gross grant date P&L cost from equity awards as a percentage of market cap at grant, for a given fiscal year. Like the option-equivalent share usage rate described above, this analysis is helpful in testing the reasonableness of an annual equity program cost relative to the company's size.

METHODOLOGY

Overhang

- Measures the number of shares represented by outstanding grants and available shares remaining for future grants as a percentage of fully diluted company shares at year end
- Diluted overhang illustrates the potential voting dilution that shareholders would absorb as a result of outstanding equity awards plus shares available for grant
- Assumes that the company grants equity covering all available shares in the plan pool and that all equity is immediately exercised
- Overhang is measured at a point in time and is expressed on a fully diluted basis, meaning that shares issued or issuable (i.e., the numerator) are also included in the denominator

An example calculation of Overhang is shown below:

Outstanding Awards at Fiscal Year End		
Options	3,000,000	A
Full-Value Shares (Restricted/Performance)	1,000,000	B
<i>Total</i>	<i>4,000,000</i>	A + B
Future Available Shares at Fiscal Year End	6,000,000	C
Common Shares Outstanding at Fiscal Year End	90,000,000	D

Overhang		
From Grants Outstanding	4.0%	$(A + B) \div (A + B + C + D)$
From Future Available	6.0%	$C \div (A + B + C + D)$
<i>Total Overhang</i>	<i>10.0%</i>	$(A + B + C) \div (A + B + C + D)$

Share Usage

- Measures the company’s annual share usage rate as a percentage of average outstanding company shares (i.e., the “run rate” or “burn rate”) against those of its peers or general industry practices
- When full value awards are stated on an option-equivalent basis, it facilitates trade-offs between various long-term incentive vehicles since all award types are expressed on an economically equivalent basis
 - The option-equivalent basis is determined by converting all full-value awards to options based on a company’s Black-Scholes value, which is measured as the weighted average fair value of options granted in a year

An example calculation of Share Usage is shown below:

Options		
Weighted-Average Exercise Price	\$100	
Weighted-Average Fair Value of Options	\$25	
Black-Scholes %	25%	A
Options Granted	1,000,000	B
Full-Value Shares		
Restricted/Performance Shares Granted	200,000	C
Option-Equivalents Granted (B-S Conv.)	800,000	(C ÷ A) = D
Weighted-Average Basic Shares Outstanding	50,000,000	E
Share Usage	3.60%	(B + D) ÷ E

Fair Value Transfer (FVT)

- Measures the aggregate pre-tax compensation cost of grants made in a given year (the cost of which will likely be spread over multiple years for profit and loss purposes), and divides by weighted-average market cap to make cost proportionate to company size.
- Facilitates trade-offs between various LTI vehicles since all award types are expressed on an economically equivalent basis.
- Differentiates the cost impact of various grant types (i.e., recognizes that an option has less cost than a full value share).

METHODOLOGY

For the purposes of this report, pre-tax fair value of equity awards was calculated for the most recent three fiscal years available using each company's Form 10-K disclosure, supplemented with information from proxy statements as necessary.

Fair value is calculated as follows:

- Options are valued using the reported, weighted-average fair value of options granted during the year.
- Restricted shares are valued at fair market value on grant date.
- Performance shares are valued at grant date fair value.

FVT as a percentage of market capitalization is calculated using the weighted-average market capitalization at the time the grants were made:

$$\text{FVT}\% = \frac{\text{Pre-Tax Fair Value of Equity Awards Granted During the Year}}{\text{Weighted-Average Market Capitalization}}$$

An example calculation of FVT is shown below:

Options		
Options Granted	1,000,000	A
Weighted-Average Exercise Price	\$100	
Weighted-Average Fair Value of Options	\$25	B
<i>Aggregate Pre-Tax Fair Value</i>	<i>\$25,000,000</i>	<i>A x B = C</i>
Full-Value Shares		
Restricted/Performance Shares Granted	200,000	D
Weighted-Average Grant Date Fair Value	\$100	E
<i>Aggregate Pre-Tax Fair Value</i>	<i>\$20,000,000</i>	<i>D x E = F</i>
<i>FVT</i>	<i>\$45,000,000</i>	<i>C + F = G</i>
Weighted-Average Basic Shares Outstanding	50,000,000	
Weighted-Average Market Capitalization	\$5,000,000,000	H
<i>FVT % of Market Capitalization</i>	<i>0.90%</i>	<i>G ÷ H</i>

In addition to measuring FVT as a percentage of market capitalization, the aggregate pre-tax compensation costs of grants made in a year relative to total revenue is also considered. The calculation is the same as above except FVT is divided by total revenue.

RESEARCH SAMPLE

To identify patterns in overhang, share usage, and FVT rates among companies of different sizes and industry sectors, we selected 240 publicly traded companies based on market capitalization as of April 30, 2011 and industry classification according to Standard & Poor's Global Industry Classification Standard Industry Group codes:

Industry Grouping	Market Cap Segments			Total
	Small Cap Less than \$1B	Mid Cap \$1B to \$5B	Large Cap Greater than \$5B	
Financial	20	20	20	60
Industrial	20	20	20	60
Retail	20	20	20	60
Technology	20	20	20	60
Total	80	80	80	240

The list of companies is broadly the same as the 2008 report. However, due to acquisitions and company growth, the list of companies was updated as needed. Recent IPOs and delinquent-filers were removed during the screening process. A complete list of the research sample is included in the *Appendix*.

Market capitalization as of April 30, 2011 and trailing 12-month revenue for the research sample are as follows:

Industry Grouping	Market Capitalization			Revenue		
	As of April 30, 2011			Trailing 12-Month		
	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
Financial	\$516	\$2,338	\$9,428	\$300	\$1,058	\$3,939
Industrial	\$790	\$3,431	\$8,635	\$1,114	\$3,156	\$6,860
Retail	\$564	\$2,019	\$10,228	\$1,568	\$3,597	\$9,370
Technology	\$707	\$2,605	\$7,505	\$354	\$1,013	\$3,709
Market Cap Segment	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
Small Cap	\$212	\$398	\$688	\$205	\$539	\$931
Mid Cap	\$1,574	\$2,519	\$3,932	\$986	\$2,157	\$4,215
Large Cap	\$8,849	\$13,000	\$24,990	\$3,531	\$9,123	\$24,536

SUMMARY FINDINGS

The charts and tables on the following pages summarize median overhang, share usage, FVT and equity cost as a percentage of revenue from this year's study in the aggregate and by various categories:

By Size

- Small, Mid, and Large Cap companies

By Industry

- Financial, Industrial, Retail, and Technology ("Tech") companies

The data illustrate a number of trends:

- Median overhang has decreased from 11.4% to 10.9% 2008 to 2010.
 - Overhang from outstanding awards has also decreased from 6.3% to 5.7%.
- Median share usage rates rose from 2.7% in 2008 to 2.9% in 2009 but declined to 2.3% in 2010. This is likely due to slightly larger 2009 grants in terms of number of shares following the stock market collapse in October 2008.
- Aggregate FVT remained relatively steady from 2008 through 2010 (i.e., 0.8% to 0.9% as a percentage of market capitalization), but was higher than was observed from 2005 through 2008 (i.e., 0.7%) which was a period of relative economic stability.

Other key findings include:

Overhang:

- Generally, median total overhang is greater at small cap companies (e.g., 12.4% on average from 2008 to 2010 versus 10.8% for mid cap companies).
- Similarly, technology-oriented companies have higher total overhang at the median than the other industries observed (e.g., 16.5% on average from 2008 to 2010 versus 8.4% to 11.6% for the other three industries).
 - Human-capital-intensive industries favor equity compensation to foster a sense of ownership and provide strong retention value.

Share Usage:

- On an option-equivalent basis, smaller companies tend to use a greater proportion of shares outstanding for annual equity awards (e.g., in 2010 at median, small cap companies used 2.8% of shares outstanding for equity awards versus 2.3% and 2.0% at mid cap and large cap companies respectively).
 - This is likely a function of i) the desire by these companies to conserve cash by delivering more total direct compensation through equity awards and ii) companies with lower valuations relative to peers requiring more equity to deliver competitive equity awards.
- Share usage was lowest in the financial industry followed by industrials and retail. Technology had the highest usage.

Fair Value Transfer:

- There continues to be an inverse correlation between company size and aggregate FVT granted as a percentage of market capitalization; smaller companies need to grant a larger proportion of their market cap to deliver competitive compensation values (e.g., at the median, small caps transferred 1.5% of market cap through equity awards from 2008 to 2010 on average while large caps transferred 0.7%).
- Tech companies continue to have significantly higher FVT than companies in other industry sectors (e.g., 1.5% at the median versus 1.1%, 0.7% and 0.6% for retail, industrial and financial respectively on average over the last three years).
 - Financial services companies show the lowest aggregate FVT
 - Investment banks, also a human capital-intensive firm type, tend to show higher FVT as a percentage of market capitalization than the financial industry as a whole, but they comprise only a small percentage of the financial sector sample

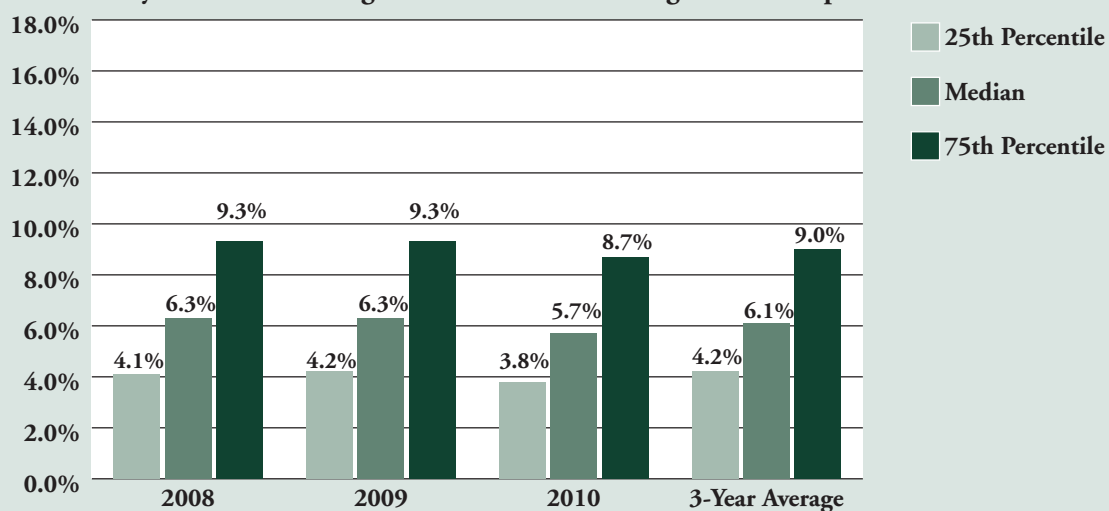
Aggregate Annual Grant Date Equity Compensation Cost (as a percentage of revenue):

- There is little differentiation in equity compensation costs as a percentage of revenue based on company size. On a three-year average basis, median rates across the size ranges were 0.8%, 0.7%, and 0.7% at small, mid, and large cap companies, respectively.
- Like FVT, tech companies have the highest equity compensation cost as a percentage of revenue relative to the other industries examined (e.g., 2.9% at the median versus 0.9%, 0.5%, and 0.5% for financial, industrial, and retail respectively on average over the last three years).

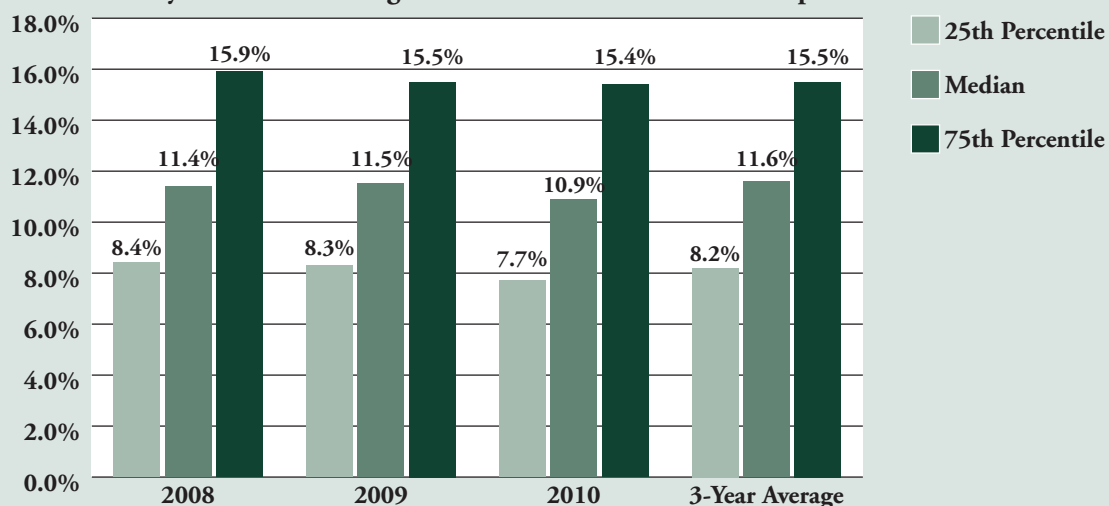
SUMMARY FINDINGS

The charts below display the overhang and share usage rates from 2008 to 2010 for the entire sample.

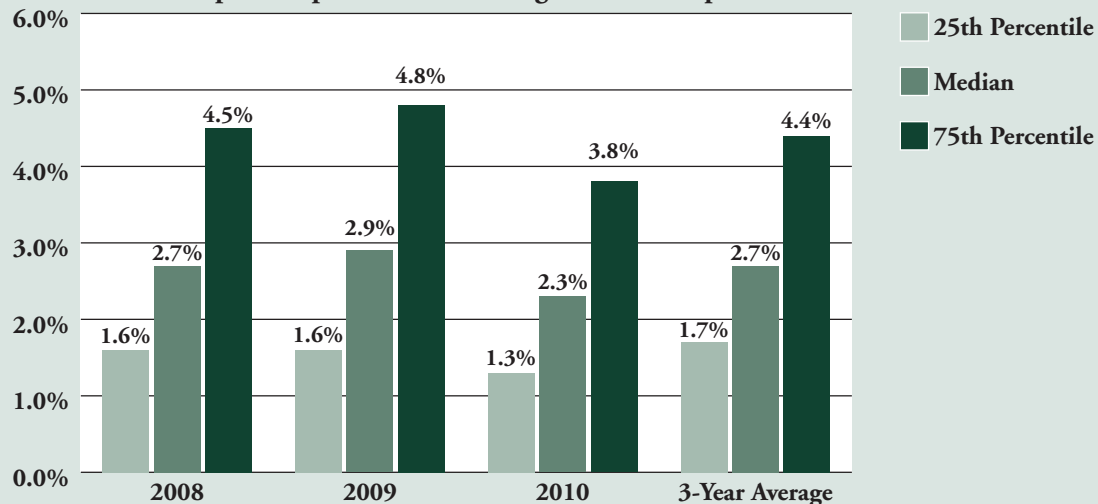
Fully Diluted Overhang from Grants Outstanding – Total Sample



Fully Diluted Overhang incl. Shares Available – Total Sample

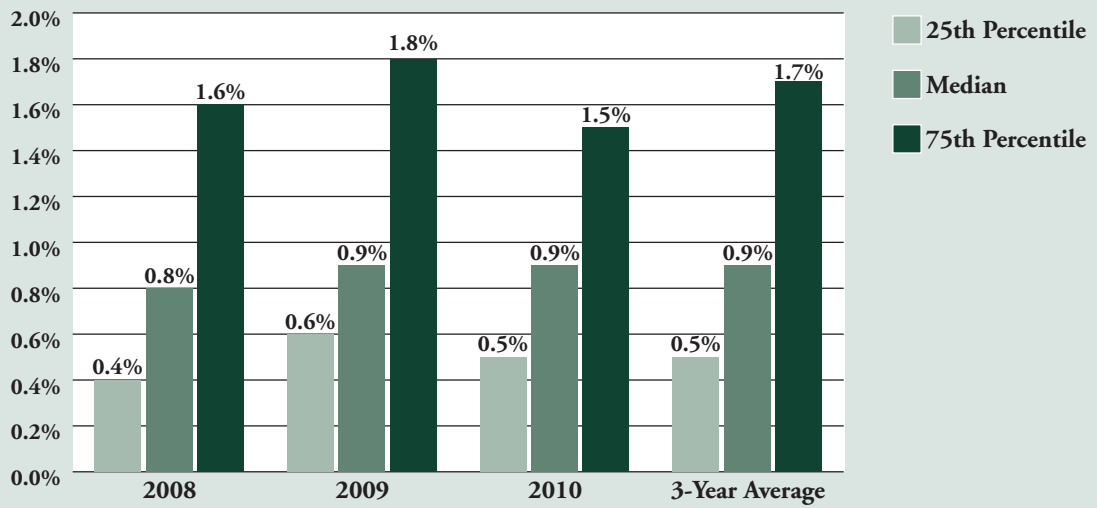


Option-Equivalent Share Usage – Total Sample

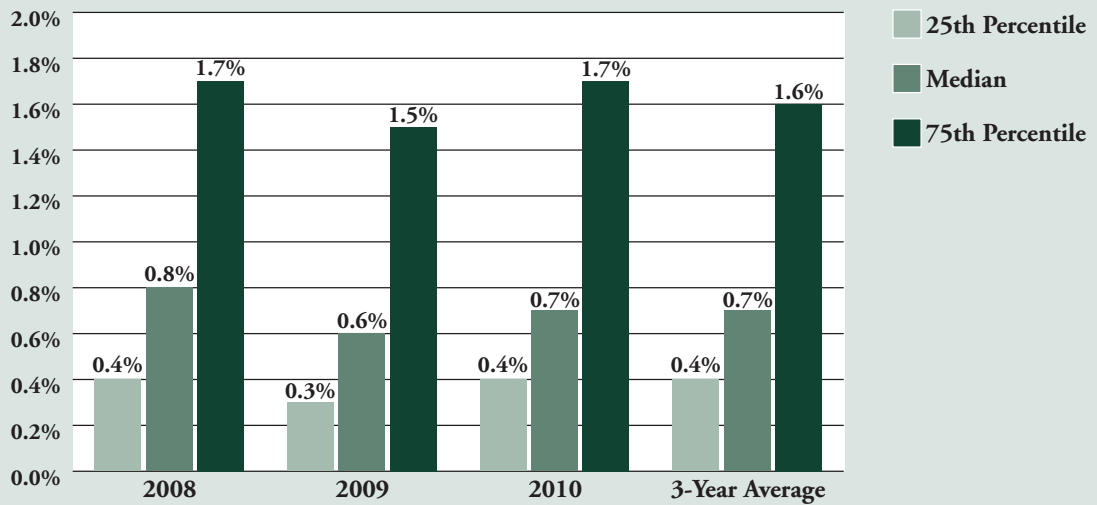


The charts below display the fair value transfer and aggregate equity cost as a % of revenue rates from 2008 to 2010 for the entire sample.

FVT – Total Sample



Aggregate Equity Cost as a % of Revenue – Total Sample



DETAILED RESEARCH RESULTS BY INDUSTRY & MARKET CAP SEGMENT

Overhang from Grants Outstanding (as a % of Fully Diluted Shares Outstanding)

Industry	75th Percentile Fully Diluted Overhang from Grants Outstanding															
	Small Cap				Mid Cap				Large Cap				All Sizes			
	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008
Financial	9.1	9.0	9.4	9.9	5.4	4.5	5.6	5.8	7.9	7.8	7.6	8.4	8.0	7.6	8.1	8.1
Industrial	8.2	8.3	8.8	8.6	5.5	5.5	6.0	5.4	6.6	7.0	7.0	6.3	7.3	7.2	7.8	7.9
Retail	10.7	11.4	10.9	9.5	6.9	6.7	7.2	6.4	6.4	6.1	6.3	7.6	7.6	7.4	7.6	7.7
Technology	12.6	13.3	11.7	12.3	12.4	10.6	12.4	14.3	12.0	10.6	12.4	13.6	12.5	11.0	12.1	13.6
All	9.7	10.4	10.1	10.5	7.9	7.4	8.2	8.5	8.9	8.3	8.6	8.7	9.0	8.7	9.3	9.3

Industry	Median Fully Diluted Overhang from Grants Outstanding															
	Small Cap				Mid Cap				Large Cap				All Sizes			
	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008
Financial	7.9	7.1	7.8	7.8	3.4	2.5	3.0	6.2	5.7	5.3	5.5	6.2	4.7	4.5	4.5	5.4
Industrial	6.5	5.4	7.3	5.9	4.4	4.4	4.4	4.7	4.8	4.6	5.2	4.7	5.0	4.7	5.3	4.7
Retail	7.2	7.7	7.2	6.8	5.4	5.1	6.0	5.8	5.7	5.3	5.8	5.8	6.0	5.7	6.1	6.0
Technology	9.3	8.7	9.4	11.1	9.8	8.7	9.6	10.3	9.4	8.3	9.9	10.3	9.5	8.7	9.5	10.6
All	7.8	7.3	7.7	8.0	5.4	5.0	5.7	5.5	5.8	5.5	5.9	6.2	6.1	5.7	6.3	6.3

Industry	25th Percentile Fully Diluted Overhang from Grants Outstanding															
	Small Cap				Mid Cap				Large Cap				All Sizes			
	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008
Financial	2.7	2.6	2.5	3.0	2.0	2.0	1.9	2.0	4.2	3.5	3.8	4.1	2.6	2.1	2.5	3.0
Industrial	4.4	3.9	4.7	4.4	3.6	3.3	4.0	3.3	3.0	3.4	3.2	2.8	3.6	3.5	4.0	3.0
Retail	5.3	5.6	5.6	4.9	3.9	2.9	4.3	4.1	5.1	3.8	4.7	4.7	4.8	4.7	4.9	4.7
Technology	7.4	6.1	6.9	8.4	7.7	7.0	8.3	7.8	6.3	5.4	6.3	7.1	7.4	6.1	7.4	7.8
All	4.9	4.7	5.1	4.4	3.5	2.9	3.6	3.8	4.3	3.8	4.3	4.1	4.2	3.8	4.2	4.1

DETAILED RESEARCH RESULTS BY INDUSTRY & MARKET CAP SEGMENT

Overhang including Shares Available (as a % of Fully Diluted Shares Outstanding)

75th Percentile Fully Diluted Overhang incl. Shares Available for Grant																
	Small Cap				Mid Cap				Large Cap				All Sizes			
Industry	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008
Financial	13.2	13.3	13.5	14.8	8.3	8.2	8.5	10.0	13.5	13.5	13.6	13.3	12.8	11.8	12.8	12.6
Industrial	13.8	14.6	13.3	13.4	13.2	12.6	12.5	13.9	10.8	11.5	11.4	11.1	12.5	12.3	12.2	12.8
Retail	16.5	16.8	17.0	14.7	14.3	16.2	13.1	13.7	13.2	12.4	13.3	13.2	14.8	15.5	14.7	14.1
Technology	20.7	21.6	20.9	20.6	19.3	19.6	19.5	20.4	18.4	17.1	18.6	20.5	19.5	19.1	19.2	20.5
All	16.5	18.0	16.9	16.0	14.5	14.7	14.9	15.8	15.3	14.5	15.3	16.1	15.5	15.4	15.5	15.9

Median Fully Diluted Overhang incl. Shares Available for Grant																
	Small Cap				Mid Cap				Large Cap				All Sizes			
Industry	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008
Financial	11.0	10.6	11.1	9.9	6.6	5.9	6.3	10.5	10.1	9.7	10.3	10.5	8.4	8.2	8.5	9.3
Industrial	9.7	9.7	10.4	9.5	8.9	8.6	8.6	9.6	9.5	8.7	9.4	9.6	9.7	8.9	9.7	9.8
Retail	12.5	13.2	12.5	11.3	10.8	11.9	10.6	11.2	10.7	10.7	10.7	11.2	11.6	11.6	11.1	11.3
Technology	16.1	16.4	17.3	16.2	15.9	15.1	15.6	17.9	17.0	15.3	16.9	17.9	16.5	15.5	16.4	17.6
All	12.4	11.8	12.4	11.7	10.8	10.0	11.2	11.9	11.0	10.8	11.3	11.2	11.6	10.9	11.5	11.4

25th Percentile Fully Diluted Overhang incl. Shares Available for Grant																
	Small Cap				Mid Cap				Large Cap				All Sizes			
Industry	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008
Financial	6.5	6.7	6.2	6.3	5.4	4.7	5.1	5.9	6.9	7.3	6.7	7.4	6.1	5.8	5.3	6.8
Industrial	8.2	7.7	8.6	7.8	6.7	6.2	6.9	6.5	8.1	7.4	8.1	8.1	7.8	6.7	7.3	7.7
Retail	9.9	10.1	10.2	9.4	9.1	7.7	7.5	8.3	9.5	8.6	9.1	9.5	9.4	8.8	9.1	9.0
Technology	13.4	11.2	13.0	13.5	13.4	11.8	13.8	13.3	14.6	12.2	14.4	15.7	13.5	11.8	13.9	13.3
All	8.5	8.7	9.1	9.1	6.9	6.5	6.9	7.7	9.2	8.0	9.1	9.2	8.2	7.7	8.3	8.4

DETAILED RESEARCH RESULTS BY INDUSTRY & MARKET CAP SEGMENT

Option-Equivalent Share Usage (as a % of Weighted Average Basic Shares Outstanding)

Industry	75th Percentile Annual Option-Equivalent Share Usage															
	Small Cap				Mid Cap				Large Cap				All Sizes			
	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008
Financial	3.0	3.4	3.2	3.1	2.8	1.7	2.4	5.4	3.1	2.6	3.3	2.9	3.1	2.4	2.9	3.5
Industrial	4.4	3.3	4.9	5.2	4.9	3.7	4.9	4.2	2.2	2.2	2.8	2.3	3.7	3.1	4.5	3.5
Retail	6.3	5.5	6.2	6.1	3.2	3.0	3.8	3.0	2.7	2.4	2.5	3.6	4.3	3.4	4.5	4.1
Technology	6.6	6.2	8.2	6.8	5.9	5.9	5.7	5.9	4.3	4.3	4.8	3.9	5.8	5.5	6.0	5.5
All	5.6	4.5	6.0	5.7	4.5	3.4	4.6	4.7	3.4	3.1	3.9	3.0	4.4	3.8	4.8	4.5

Industry	Median Annual Option-Equivalent Share Usage															
	Small Cap				Mid Cap				Large Cap				All Sizes			
	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008
Financial	1.4	1.3	1.0	1.9	2.4	1.1	1.9	2.9	2.2	1.8	2.6	2.4	2.3	1.3	2.0	2.5
Industrial	2.9	2.7	3.7	2.7	3.0	2.3	3.3	2.9	1.4	1.5	1.5	1.2	2.4	2.2	2.4	2.2
Retail	4.2	3.9	4.7	3.7	2.5	1.8	2.9	1.9	2.0	1.7	2.0	1.7	2.6	2.2	3.0	2.4
Technology	5.0	4.3	5.1	4.9	4.5	4.7	4.2	3.6	3.7	3.5	3.8	3.1	4.3	4.0	4.3	3.8
All	3.6	2.8	3.7	3.5	2.6	2.3	2.7	2.8	2.3	2.0	2.5	2.2	2.7	2.3	2.9	2.7

Industry	25th Percentile Annual Option-Equivalent Share Usage															
	Small Cap				Mid Cap				Large Cap				All Sizes			
	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008
Financial	0.8	0.6	0.5	1.1	1.8	0.8	0.9	2.5	1.5	1.2	1.7	1.8	1.2	0.8	0.8	1.5
Industrial	1.9	1.2	1.9	1.8	1.9	1.8	1.9	1.7	1.2	1.1	1.2	1.0	1.3	1.3	1.5	1.2
Retail	3.0	2.3	3.2	2.8	1.6	1.0	1.9	1.2	1.5	1.2	1.5	1.4	1.7	1.3	1.9	1.4
Technology	3.7	2.4	3.0	3.7	2.9	3.0	2.7	2.6	2.9	3.1	2.8	2.0	3.0	2.8	2.8	2.6
All	2.3	1.4	1.9	1.9	1.9	1.3	1.7	1.7	1.4	1.3	1.5	1.3	1.7	1.3	1.6	1.6

DETAILED RESEARCH RESULTS BY INDUSTRY & MARKET CAP SEGMENT

FVT (as a % of Weighted Average Market Cap)

Industry	75th Percentile FVT															
	Small Cap				Mid Cap				Large Cap				All Sizes			
	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008
Financial	1.3	1.6	0.8	1.1	0.8	0.7	0.8	1.0	0.8	0.7	1.0	0.6	0.8	0.8	0.9	0.8
Industrial	2.1	1.5	2.0	2.4	1.3	1.0	1.6	1.1	0.7	0.7	0.7	0.5	1.3	1.1	1.5	1.1
Retail	2.4	2.9	2.9	2.2	1.2	1.1	1.4	1.1	0.9	0.7	0.9	1.0	1.9	1.5	1.9	1.6
Technology	3.4	3.1	3.8	3.1	2.5	2.4	2.7	2.1	1.4	1.5	1.7	1.3	2.5	2.3	2.6	2.3
All	2.4	2.4	2.7	2.5	1.5	1.3	1.6	1.4	0.9	0.9	1.1	0.8	1.7	1.5	1.8	1.6

Industry	Median FVT															
	Small Cap				Mid Cap				Large Cap				All Sizes			
	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008
Financial	0.5	0.5	0.7	0.4	0.6	0.4	0.6	0.6	0.6	0.5	0.7	0.5	0.6	0.4	0.6	0.5
Industrial	1.3	1.2	1.5	1.2	0.8	0.8	0.9	0.6	0.4	0.5	0.5	0.4	0.7	0.7	0.8	0.6
Retail	2.0	2.0	2.1	1.6	0.9	0.8	1.1	0.6	0.7	0.5	0.8	0.6	1.1	0.9	1.1	0.9
Technology	2.2	1.8	2.3	2.3	1.7	2.1	1.8	1.4	1.0	1.1	1.4	0.8	1.5	1.5	1.6	1.3
All	1.5	1.3	1.6	1.3	0.9	0.9	0.9	0.9	0.7	0.6	0.8	0.5	0.9	0.9	0.9	0.8

Industry	25th Percentile FVT															
	Small Cap				Mid Cap				Large Cap				All Sizes			
	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008
Financial	0.2	0.3	0.2	0.3	0.4	0.2	0.3	0.4	0.4	0.4	0.5	0.3	0.3	0.3	0.3	0.3
Industrial	0.9	0.9	1.0	0.7	0.5	0.6	0.6	0.5	0.3	0.3	0.4	0.3	0.5	0.5	0.5	0.4
Retail	1.4	1.3	1.8	1.2	0.5	0.4	0.7	0.3	0.5	0.4	0.5	0.5	0.7	0.5	0.7	0.5
Technology	1.5	1.1	1.6	1.6	1.2	1.2	1.1	1.2	0.9	0.9	0.9	0.5	1.1	1.0	1.1	0.9
All	0.9	0.7	0.8	0.7	0.5	0.5	0.6	0.5	0.4	0.4	0.5	0.4	0.5	0.5	0.6	0.4

DETAILED RESEARCH RESULTS BY INDUSTRY & MARKET CAP SEGMENT

Aggregate Annual Grant Date Equity Compensation Cost (as a % of Revenue)

Industry	75th Percentile Aggregate Annual Grant Date Equity Compensation Cost															
	Small Cap				Mid Cap				Large Cap				All Sizes			
	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008
Financial	1.2	1.6	1.1	1.2	1.6	1.6	1.0	1.8	1.5	2.2	1.7	1.2	1.5	1.8	1.3	1.5
Industrial	1.0	0.9	0.9	1.3	0.9	1.0	0.8	0.8	0.6	0.6	0.6	0.7	0.8	0.7	0.8	0.8
Retail	0.8	1.0	0.6	0.8	0.6	0.7	0.5	0.5	0.7	0.7	0.7	0.8	0.7	0.7	0.6	0.8
Technology	4.2	3.4	4.5	6.4	4.2	4.5	3.7	4.8	5.1	5.5	5.1	4.7	4.6	4.5	4.3	5.1
All	1.9	1.9	1.8	2.0	1.4	1.5	1.1	1.5	1.8	1.8	1.9	1.6	1.6	1.7	1.5	1.7

Industry	Median Aggregate Annual Grant Date Equity Compensation Cost															
	Small Cap				Mid Cap				Large Cap				All Sizes			
	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008
Financial	0.7	0.8	0.2	0.7	1.0	0.6	0.6	1.4	1.2	1.3	0.9	0.9	0.9	0.9	0.6	1.0
Industrial	0.5	0.4	0.5	0.5	0.6	0.6	0.5	0.5	0.5	0.5	0.4	0.4	0.5	0.5	0.5	0.5
Retail	0.5	0.5	0.5	0.5	0.4	0.4	0.3	0.4	0.4	0.4	0.4	0.5	0.5	0.4	0.4	0.4
Technology	2.9	2.6	2.0	3.4	1.8	2.6	1.4	1.6	3.2	2.9	2.8	2.1	2.9	2.7	2.2	2.6
All	0.8	0.7	0.5	0.8	0.7	0.7	0.6	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.6	0.8

Industry	25th Percentile Aggregate Annual Grant Date Equity Compensation Cost															
	Small Cap				Mid Cap				Large Cap				All Sizes			
	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008	3-Yr Avg.	2010	2009	2008
Financial	0.4	0.3	0.1	0.4	0.5	0.4	0.4	0.8	0.6	0.5	0.5	0.6	0.4	0.4	0.2	0.5
Industrial	0.4	0.2	0.2	0.2	0.3	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Retail	0.3	0.4	0.3	0.3	0.1	0.1	0.1	0.1	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.3
Technology	1.7	1.4	0.8	1.8	0.9	0.9	0.7	0.9	1.9	1.6	2.1	1.5	1.4	1.4	0.9	1.3
All	0.4	0.4	0.2	0.4	0.4	0.4	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.3	0.4

Research Sample Composition (n = 240)

3M CO	CUMMINS INC	JOHNSON OUTDOORS	REGAL-BELOIT CORP
A.C. MOORE ARTS & CRAFTS INC	DEERE & CO	JOS A BANK CLOTHIERS INC	RESOURCES CONNECTION INC
ABERCROMBIE & FITCH-CL A	DICKS SPORTING GOODS INC	JOY GLOBAL INC	RIMAGE CORP
ACCELRY INC	DIGITAL RIVER INC	JUNIPER NETWORKS INC	ROBERT HALF INTL INC
ADOBE SYSTEMS INC	DILLARDS INC -CL A	KBW INC	ROCKWELL COLLINS INC
AEROPOSTALE INC	DIME COMMUNITY BANCSHARES	KELLY SERVICES INC -CL A	ROSS STORES INC
ALAMO GROUP INC	DONNELLEY (R R) & SONS CO	KIRKLAND'S INC	RYDER SYSTEM INC
ALTERA CORP	DRUGSTORE.COM INC	KLA-TENCOR CORP	SAIA INC
AMAZON.COM INC	DSW INC	KOHL'S CORP	SAKS INC
AMB PROPERTY CORP	DUFF & PHELPS CORP	KORN/FERRY INTERNATIONAL	SHERWIN-WILLIAMS CO
ANALOG DEVICES	DUKE REALTY CORP	LAM RESEARCH CORP	SIGMA DESIGNS INC
ANN INC	E TRADE FINANCIAL CORP	LASALLE HOTEL PROPERTIES	SKYWEST INC
APARTMENT INVST & MGMT CO	EARTHLINK INC	LEGG MASON INC	SONUS NETWORKS INC
APPLIED MATERIALS INC	EMCORE CORP	LEXMARK INTL INC -CL A	SOVRAN SELF STORAGE INC
APPLIED MICRO CIRCUITS CORP	ENPRO INDUSTRIES INC	LIMITED BRANDS INC	SPX CORP
ARKANSAS BEST CORP	EXPEDITORS INTL WASH INC	LINCOLN NATIONAL CORP	STAMPS.COM INC
ASSURANT INC	EXPRESS INC	LOWE'S COMPANIES INC	STANCORP FINANCIAL GROUP INC
ATLAS AIR WORLDWIDE HLDG INC	F5 NETWORKS INC	LSI CORP	STANDARD PARKING CORP
AUTOZONE INC	FAIRCHILD SEMICONDUCTOR INTL	M & T BANK CORP	STAPLES INC
AVERY DENNISON CORP	FALCONSTOR SOFTWARE INC	MACK-CALI REALTY CORP	STRATASYS INC
AXCELIS TECHNOLOGIES INC	FBL FINANCIAL GROUP INC-CL A	MACY'S INC	SUN BANCORP INC/NJ
BARNES & NOBLE INC	FINISH LINE INC -CL A	MAXIMUS INC	SYPRIS SOLUTIONS INC
BB&T CORP	FIRST ACCEPTANCE CORP	MAXWELL TECHNOLOGIES	TALBOTS INC
BEBE STORES INC	FIRST DEFIANCE FINANCIAL CP	MENTOR GRAPHICS CORP	TANGER FACTORY OUTLET CTRS
BED BATH & BEYOND INC	FIRSTMERIT CORP	METLIFE INC	TARGET CORP
BEST BUY CO INC	FLUOR CORP	METTLER-TOLEDO INTL INC	TCF FINANCIAL CORP
BIG LOTS INC	FOOT LOCKER INC	MICRON TECHNOLOGY INC	TD AMERITRADE HOLDING CORP
BON-TON STORES INC	FUELCELL ENERGY INC	MIDAS INC	TEKELEC
BRIGGS & STRATTON	GAMCO INVESTORS INC	MOLEX INC	TENNANT CO
BROADCOM CORP -CL A	GAMESTOP CORP	MORGAN STANLEY	TIBCO SOFTWARE INC
BROWN & BROWN INC	GAP INC	NCR CORP	TIFFANY & CO
BROWN SHOE CO INC	GENERAL DYNAMICS CORP	NETAPP INC	TIMKEN CO
BUILD-A-BEAR WORKSHOP INC	GENERAL ELECTRIC CO	NETFLIX INC	TJX COMPANIES INC
CACHE INC	GENESCO INC	NORDSTROM INC	TNS INC
CADENCE DESIGN SYSTEMS INC	GENESEE & WYOMING INC -CL A	NORTHROP GRUMMAN CORP	TOMPKINS FINANCIAL CORP
CAPITAL ONE FINANCIAL CORP	GNC HOLDINGS INC	OCEANFIRST FINANCIAL CORP	TRACTOR SUPPLY CO
CASCADE BANCORP	GOLDMAN SACHS GROUP INC	OFFICE DEPOT INC	TRAVELERS COS INC
CATERPILLAR INC	GOODRICH CORP	OFFICEMAX INC	TRIMBLE NAVIGATION LTD
CBIZ INC	GRAFTECH INTERNATIONAL LTD	OPENWAVE SYSTEMS INC	TTM TECHNOLOGIES INC
CENVEO INC	GRIFFON CORP	ORACLE CORP	U S BANCORP
CERADYNE INC	GUARANTY BANCORP	OVERSTOCK.COM INC	UNION PACIFIC CORP
CHILDRENS PLACE RETAIL STRS	GUESS INC	OWENS CORNING	UNITED FIRE & CAS CO
CINCINNATI FINANCIAL CORP	HANCOCK HOLDING CO	PACER INTERNATIONAL INC	UNITED ONLINE INC
CINTAS CORP	HARRIS & HARRIS GROUP	PACIFIC SUNWEAR CALIF INC	UNITED RENTALS INC
CITIZENS REPUBLIC BANCORP	HARRIS CORP	PENNEY (J C) CO	URS CORP
CITRIX SYSTEMS INC	HARTFORD FINANCIAL SERVICES	PENTAIR INC	VALLEY NATIONAL BANCORP
CNA SURETY CORP	HEALTHCARE REALTY TRUST INC	PETSMART INC	VORNADO REALTY TRUST
CNO FINANCIAL GROUP INC	HOME DEPOT INC	PIER 1 IMPORTS INC/DE	WABASH NATIONAL CORP
COGNEX CORP	HUB GROUP INC -CL A	PIPER JAFFRAY COS INC	WALTER ENERGY INC
COGNIZANT TECH SOLUTIONS	INFORMATICA CORP	PLUG POWER INC	WASHINGTON BANKING CO
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COLFAX CORP	INTEGRATED DEVICE TECH INC	POWER-ONE INC	WASTE MANAGEMENT INC
COMERICA INC	INTEL CORP	PRESIDENTIAL LIFE CORP	WEBSense INC
COMPUTER SCIENCES CORP	INTERLINE BRANDS INC	PRICE (T ROWE) GROUP	WELLS FARGO & CO
COMSCORE INC	INTERNET CAPITAL GROUP INC	PRICELINE.COM INC	WHITNEY HOLDING CORP
CON-WAY INC	IRON MOUNTAIN INC	PRINCIPAL FINANCIAL GRP INC	WILLIAMS-SONOMA INC
COST PLUS INC	JABIL CIRCUIT INC	PROLOGIS	WILMINGTON TRUST CORP
CREE INC	JACOBS ENGINEERING GROUP INC	QUANTA SERVICES INC	XILINX INC
CSG SYSTEMS INTL INC	JDS UNIPHASE CORP	QUANTUM CORP	ZALE CORP
CTS CORP	JEFFERIES GROUP INC	RADIOSHACK CORP	ZIONS BANCORPORATION

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