

FREDERIC W. COOK & CO., INC.



2001 BOARD OF DIRECTORS PROFILE AND COMPENSATION AT NASDAQ-100 COMPANIES

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OVERVIEW

There are many studies of board compensation at S&P500, dot.com or Internet companies. This report is unique in that it presents an analysis of the structure, demographics and compensation for boards of directors of the companies included in the Nasdaq-100 Index as of July 1, 2001. This index has become the universal standard for evaluating the performance of technology companies. It reflects the Nasdaq's 100 largest companies across major industry groups.

The information in this report is presented both in summary form and on a company-by-company basis. All information was taken from company proxy statements, annual reports, and 10-K filings for the period July 1, 2000, through June 30, 2001. In cases where publicly available information was unclear, direct inquiries were made to the companies.

The first section of the report summarizes the key structural and demographic aspects of a board of directors such as size, length of term, number of board meetings, number of committees, etc. The second section of the report analyzes the pay components of director compensation. It focuses on the following:

- Annual Board Retainer
- Board Meeting Fees
- Committee Meeting Fees and/or Retainers
- Committee Chairman Fees and/or Retainers
- Stock Option Grants

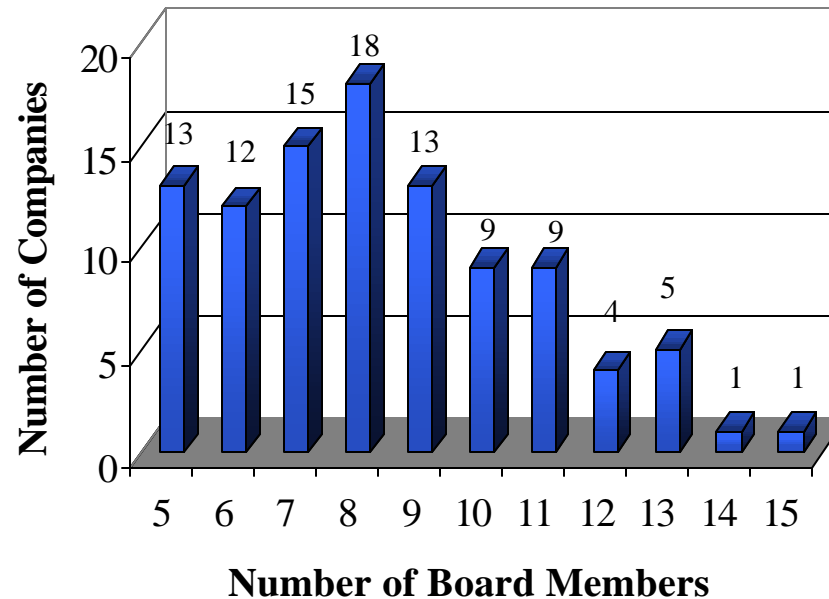
SECTION I – BOARD STRUCTURE DEMOGRAPHICS

A company's board of directors is a vital component to its long-term success. This section provides an overview of the structure and demographics of the boards within the Nasdaq-100, including:

- Number of Board Members
- Composition of Board
 - Inside vs. Outside Directors
 - Affiliation/Career of Board Members
- Average Age of Board
- Length of Board Term
- Board Meetings Per Year
- Board Committees
 - Types of Committees
 - Number of Committee Members Per Committee
 - Number of Meetings Per Committee

SIZE OF BOARD

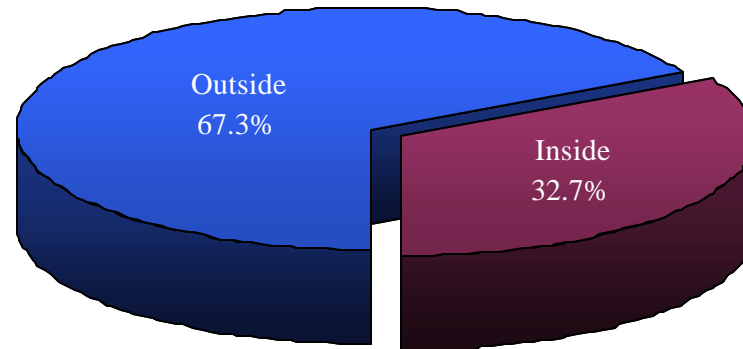
For the 100 survey companies, the average size of a board of directors is 8.3 members. In contrast, more traditional companies have, on average, eleven to twelve members. In general, smaller board sizes are found at companies who have recently gone public, while larger boards are found at companies who have undergone mergers with some of each prior companies' board members being retained going forward. The bar graph below displays the number of board members per company, ranging from a low of five to a high of fifteen.



COMPOSITION OF BOARD

When analyzing the composition of a board of directors, it is useful to understand the relationship between an inside director and an outside director. For the purpose of this study, an inside director is defined as any director who is currently employed by the company or a subsidiary or has worked for the company or a subsidiary in the past. Shareholders argue that board independence is imperative to ensure that the board operates efficiently and effectively in carrying out its goals and responsibilities.

Based on the surveyed companies, outside directors outnumber inside directors roughly two to one, and typically, only outside directors receive fees for board service.



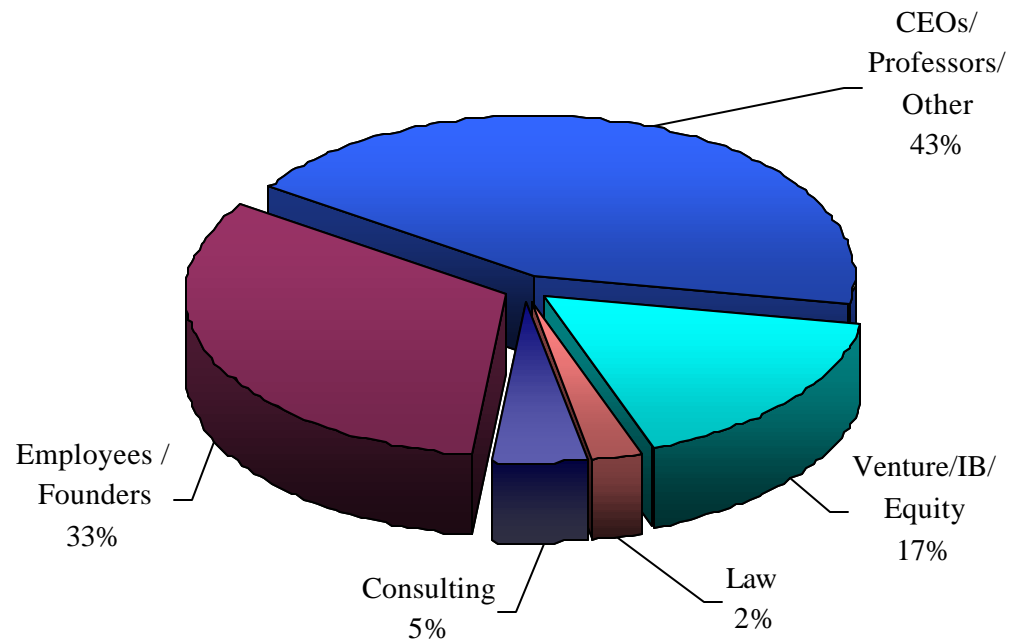
COMPOSITION OF BOARD (CONT'D)

Another way to analyze the composition of boards is to look at the individuals who make up the board. Even though a director may not be directly employed by the company, there are other relationships that could affect the director's perspective. We looked at the members of all 100 company boards and assigned each director to one of the following five categories:

- Venture Capital/Investment Banking/Equity Management
- Employee/Founder
- Consulting Firm
- Law Firm
- CEOs/Professors/Other

The pie chart to the right summarizes our findings. Not surprisingly, Nasdaq-100 board members who work for venture capital firms or have investment affiliations make up a relatively large percentage (17%) of the total group. Historically, these firms have aided technology companies in raising the capital necessary to grow and eventually go public.

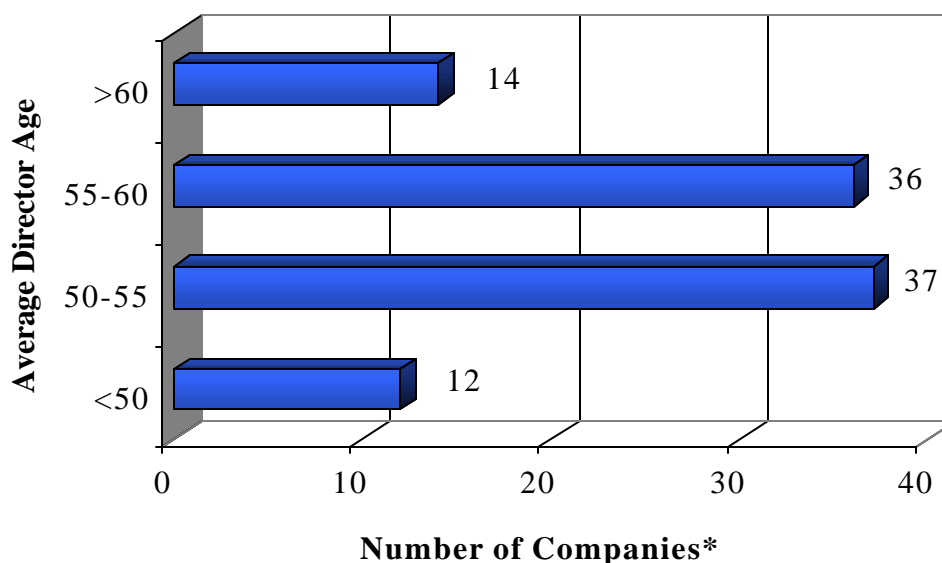
Employees (past and present) and founders make up roughly one-third of the board of directors. However, the largest group, at 43%, is composed, for the most part, of university professors and executives from other companies.



AVERAGE AGE OF BOARD

Many of the Nasdaq-100 companies have relatively young executives and directors in place. In fact, CEOs and other high-level executives are often in their early thirties to mid-forties. This is in stark contrast to “old economy” companies, which generally have more senior executives at the helm.

Our findings indicate that the median age for Nasdaq-100 board members is fifty-five years. Twelve of the 100 companies have average ages below fifty years old with the youngest company, CNET Networks, having an average age of forty-three years. The most senior board, Comcast Corporation, has an average age of sixty-seven years. In contrast, similar surveys indicate that the average age for “old economy” boards falls in the low to mid-sixties.

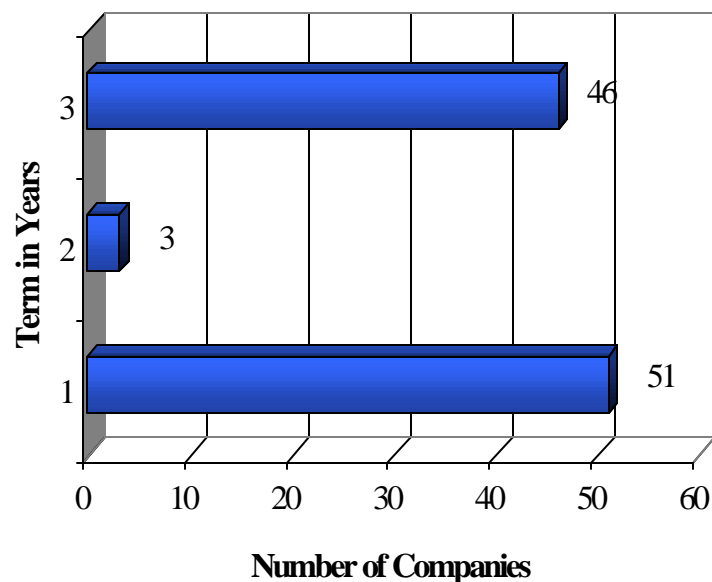


**One company was excluded due to a lack of information*

LENGTH OF BOARD TERM

Another factor to look at is the length of a board member's term. Typically, board members will either be elected on an annual basis or every three years. If companies have three-year board terms, the board is usually staggered so that only a portion (one-third) of the board is elected at each annual meeting. This approach is generally referred to as a "classified" board, with three classes of directors each being elected in different years.

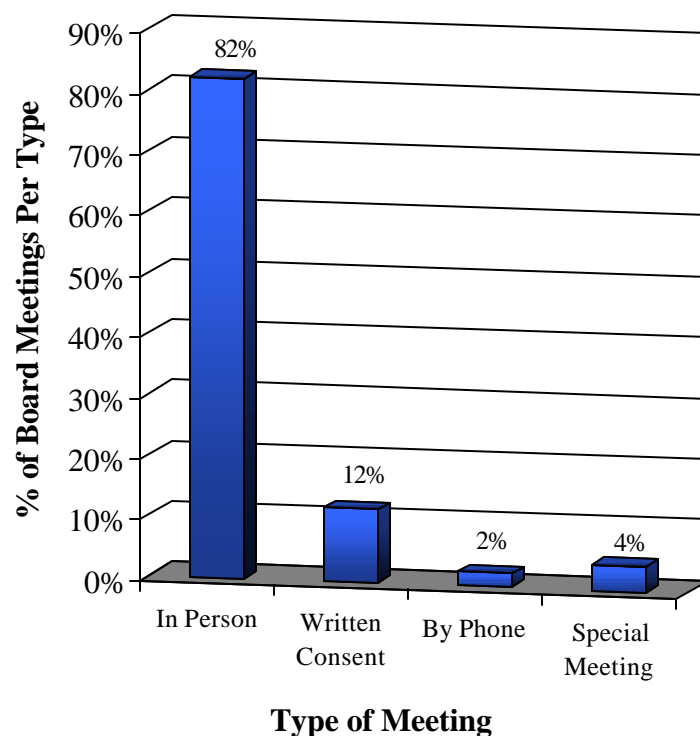
Our research indicates that the companies are split almost evenly between annual terms and three-year terms, with one-year terms holding a slight majority. Only three companies within the study have two-year terms: 3Com, Adobe Systems and PeopleSoft.



BOARD MEETINGS PER YEAR

Generally, boards meet at least quarterly throughout the year, although it is common for boards to meet more often. The frequency of board meetings may increase in certain years, particularly if the company is considering major strategic decisions such as a merger, divestiture, restructuring, or other financial transactions.

Board meetings are not always conducted in-person. The bar graph below indicates the percentage of board meetings at Nasdaq-100 companies that were either in-person, by written consent, by phone or designated special by the company. As evidenced by the graph, the overwhelming majority of meetings were in-person. On average, eight in-person board meetings were held per Nasdaq-100 board.



BOARD COMMITTEES

Typically, a board of directors will have several committees that address specific issues or functions. In our analysis, the following main categories of committees were identified:

- Audit Committee
- Nominating Committee
- Executive Committee
- Finance Committee
- Stock Option Committee
- Compensation Committee

The table below summarizes the prevalence of the various committees.

	<u>Audit</u>	<u>Compensation</u>	<u>Nominating</u>	<u>Executive</u>	<u>Stock Option</u>	<u>Finance</u>	<u>Other</u>
% of Companies	100%	98%	36%	24%	20%	13%	34%
Avg. Members Per Committee	3.1	2.9	3.1	3.0	2.1	2.8	3.4
Avg. Meetings Per Committee	4.3	6.2	0.7	2.7	9.1	5.4	3.4
Total Avg. Meetings Per Committee	4.3						

Our analysis confirms that all 100 companies have an audit committee composed of independent directors in compliance with Nasdaq's listing requirements. After the audit committee, the next most prevalent committee is the compensation committee. While not absolutely required, companies must have a compensation committee (consisting of at least two outside directors) to ensure that certain elements of compensation paid to the CEO and the next four highest-paid executives are deductible as an expense for corporate tax purposes. All but two of the companies have a compensation committee.

However, one of these two companies (Bed Bath & Beyond) has a stock option committee, which may act like a compensation committee. One-fifth of the companies have a stock option committee with 95% of those companies also having a compensation committee. Apple Computer does not have either a compensation committee or a stock option committee.

BOARD COMMITTEES (CONT'D)

Generally, the average number of board members per committee is three, except for the stock option committee, which has an average closer to two members. The number of meetings held by each committee varies significantly. In aggregate, the average number of meetings per committee is slightly greater than four. The nominating committee has the lowest number of meetings at roughly one meeting per year. Many companies with nominating committees never met in 2000 since the company was not faced with replacing or adding a director. In contrast, the stock option committee has the highest number of meetings at slightly over nine per year with meetings often conducted telephonically or by unanimous written consent.

The table below summarizes committee membership on a “per director basis,” which is calculated by summing the total number of directors on all committees and dividing this sum by the total number of directors on the board. On average, directors are members of more than one committee, particularly outside directors. Directors at PMC-Sierra and Smurfit-Stone Container serve on the most number of committees at 2.80 per director, while Apple Computer directors serve on the least number of committees at 0.43 per director (Apple has only one committee consisting of three members out of seven total board members).

<u>Number of Committees Per Director</u>	
Most	2.80
Average	1.16
Median	1.10
Least	0.43

SECTION II – BOARD COMPENSATION

To quantify the compensation provided to directors during fiscal year 2000 for board service, the following assumptions have been made:

- Each director serves on the board for the entire year, with 100% participation in scheduled board and committee meetings
- Each board meets eight times per year, and each committee meets four times per year
- Each director serves on two committees, and each director serves as chairman of one committee
- No board or committee meetings are held by phone; all are in-person
- No board actions are taken by unanimous written consent or via a special meeting
- All stock options are granted at 100% fair market value on December 31, 2000, and valued using a 50% Black-Scholes value*
- Initial one-time option grants are annualized over five years
- Front-loaded grants are typically annualized over three years (i.e., the director's term) **

A profile of director compensation for each company can be found in the summary compensation table starting on page 22 of this report.

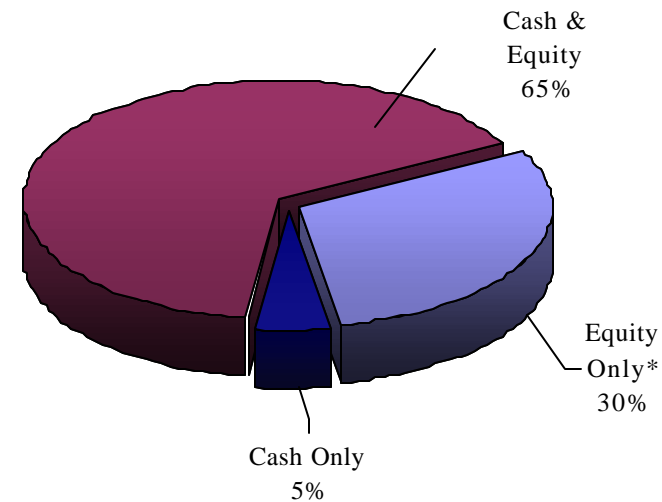
** The actual Black-Scholes ratios of companies within the group range from 28% to as much as 90% or higher. We have used the 50% assumption to simplify the analysis and to minimize the affect of recent market volatility.*

*** In some cases, we annualized grants to obtain a value if a company made grants to directors once during a multi-year term. For example, directors at Biogen are elected to a three-year term and receive a “front-loaded” grant of 30,000 options at election and then again only upon reelection. For comparison purposes, we spread the grant over three years to get an annualized number. (i.e., 10,000 options)*

CASH VERSUS EQUITY

Over time, equity has become a larger portion of director compensation. The emphasis on equity compensation, especially in Nasdaq-100 companies, is driven by a variety of factors including:

- Alignment of interests with those of shareholders
- Accounting and cash flow considerations (options generally do not affect reported earnings and provide positive cash flow at exercise)
- Leveraged return opportunities



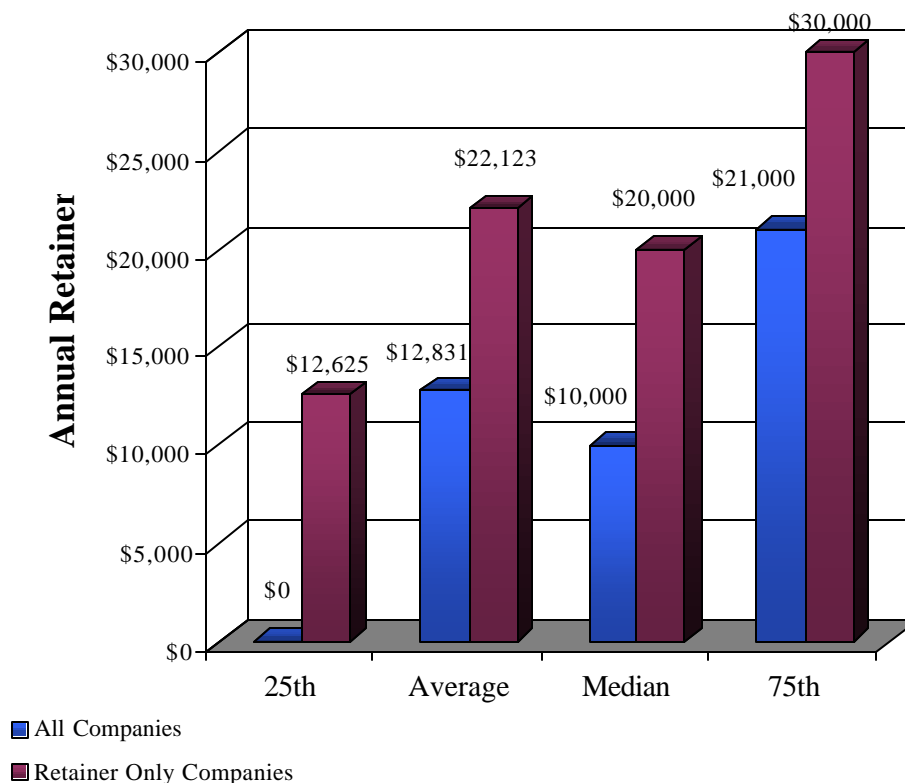
The pie chart to the above right illustrates the pay philosophy (i.e., cash versus equity) within the Nasdaq-100 companies. Over one-quarter of the companies pay directors entirely with equity, which typically takes the form of stock options. Such an approach is very uncommon in “old economy” companies. Moreover, 95% of the Nasdaq-100 companies include equity within some portion of the director’s total compensation. Relatively few companies (5%) pay directors strictly in cash. Interestingly, 7% of the companies* reported no director compensation in fiscal 2000. However, it should be noted that many of these companies made large equity grants in the past to their directors, but we are unable to determine an established grant pattern and have excluded the companies from the equity and total compensation analysis.

**Seven companies include: Amazon.com, BEA Systems, BroadVision, Juniper Networks, RealNetworks, Siebel Systems and XO Communications*

ANNUAL BOARD RETAINER

Among the Nasdaq-100, 58% of the companies pay directors an annual retainer as part of their total compensation. Our findings indicate that of these 58 companies, two require that a portion of the retainer be paid in equity (PACCAR and PanAmSat), while others allow the director a choice between a percentage in cash and a percentage in equity (WorldCom, Bed Bath & Beyond, etc.). The vast majority, however, pay the retainer solely in cash.*

The bar graph to the right summarizes the average, median and the 25th and 75th percentile retainers among the entire Nasdaq-100 and the 58-company subset that provides an annual retainer. Looking just at the 58-company subset, the range is \$12,625 at the 25th percentile and \$30,000 at the 75th percentile.



* Please refer to the section “Additional Compensation Information” for more information on deferred compensation plans that permit directors to defer a portion of their retainer in the form of stock units or cash with interest.

BOARD AND COMMITTEE MEETING FEES

Generally, companies will reimburse directors for travel expenses incurred while attending board or committee meetings. In addition, companies often pay directors on a per meeting basis for attendance at these meetings. Payment is predominately in the form of cash, but a few companies have chosen to pay in stock options (Compuware, Fiserv and Staples).

It should be noted that some companies distinguish between attending meetings in-person and attending them telephonically. Generally, these companies pay larger fees for in-person meetings. Two companies (QLogic and TMP Worldwide) require directors to attend more than five meetings before receiving meeting fees.

The table below summarizes meeting fee practices among the Nasdaq-100:

	<u>Meeting Fees</u>	
	Board	Committee
Companies Paying Meeting Fees	57	46
Avg. In-Person Fee Per Meeting	\$2,020	\$1,062
Median In-Person Fee Per Meeting	\$1,500	\$1,000
Companies Reporting Fees For Phone Meetings	17	10
Avg. Phone Fee Per Meeting	\$698	\$578
Median Phone Fee Per Meeting	\$500	\$500

Of the companies paying fees for board meetings, 75% also pay for committee meetings. Only three companies that pay committee fees do not pay board meeting fees (Concord EFS, Human Genome Sciences and Smurfit-Stone Container).

COMMITTEE MEMBER RETAINER AND CHAIRMAN COMPENSATION

Some companies pay additional retainers to members of a committee. In addition, chairman of committees may be paid either additional fees per meeting of a committee or annual retainers for chairing a committee. These retainers and fees provide extra compensation for the increased time and effort required to chair a committee.

Committee Member Retainer - A small percentage of the survey group (7%) pays all committee members using a retainer method, with five companies paying the retainer in cash (Biomet, Ericsson, Palm, PeopleSoft and RF Micro Devices) and two paying it in stock options (3Com and NVIDIA). The median compensation for a committee member retainer is \$5,000.

Chairman Compensation - Almost one-quarter of the survey group (twenty-four companies) pays either an annual retainer or additional committee fees to the chairman of a committee.

- **Chairman Retainer** - Of the twenty companies paying a chairman retainer, four pay the retainer in stock options (Level 3 Communications, Millennium Pharmaceuticals, Nextel Communications and Oracle), and the remainder pay in cash. The median retainer for chairing a committee is \$4,000.
- **Chairman Fees Per Meeting** - Of the four companies paying additional meeting fees to chairman, three pay in cash and one pays via performance-accelerated restricted stock (Staples). The median additional compensation for the chairman of a committee is \$750 per meeting.

	Additional Committee Compensation		
	Committee Chairman		Committee Member
	Fees Per Mtg.	Retainer	Retainer
Companies	4	20	7
Median Additional Compensation	\$750	\$4,000	\$5,000

STOCK OPTION VALUATION METHODOLOGY

Companies that award stock options and other forms of equity compensation do so primarily to align director interests with shareholders. Stock options facilitate increased ownership among directors and tie director compensation to changes in stock price.

As indicated earlier in this report, 65% of the Nasdaq-100 companies compensate directors using both cash and equity and 30% use equity grants exclusively. Virtually all of the equity grants to directors are in the form of stock options, which could be classified into one of three categories: 1) initial grant, 2) front-loaded grant and 3) annual grant. Typically, companies award an initial grant to directors when first elected to the board. This is usually followed by annual grants given to directors beginning on the next annual meeting. Some companies use front-loaded grants that provide the director with a large number of options in the first year of a multiple-year term, with no additional options until the next front-loaded grant when reelected. Thus, a front-loaded grant is more like several annual grants that are granted at one time, as opposed to being spread out over the length of the director's term.

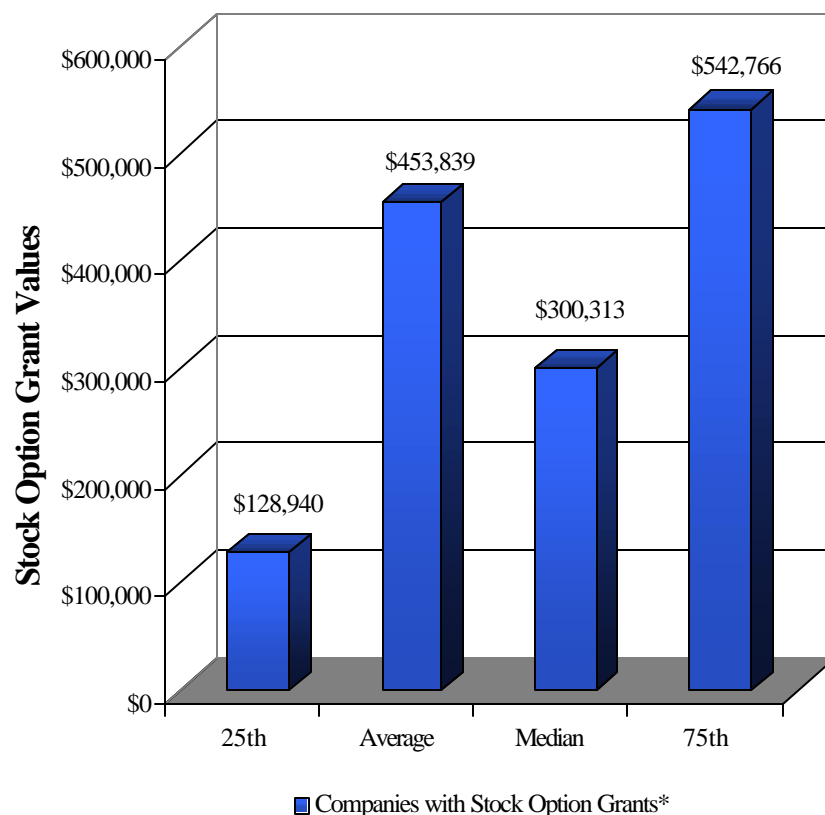
In valuing director options at Nasdaq-100 companies, we assumed a 50% Black-Scholes value to avoid the impact of recent stock market volatility and to simplify the analysis. Actual Black-Scholes values within the group range from 28% to as much as 90% or higher. The table below provides an example of the tremendous amount of price fluctuation in these stocks over the last year.

Average Closing Price on 6/30/00	\$57.39
Average Closing Price on 12/31/00	\$41.21
Average Closing Price on 6/30/01	\$33.04
% Return over Period	-28.20%

We multiplied the 50% Black-Scholes value by the closing price of the company stock on December 31, 2000. This date was chosen for consistency purposes since it was the midpoint of the time period analyzed.

STOCK OPTION GRANT VALUES

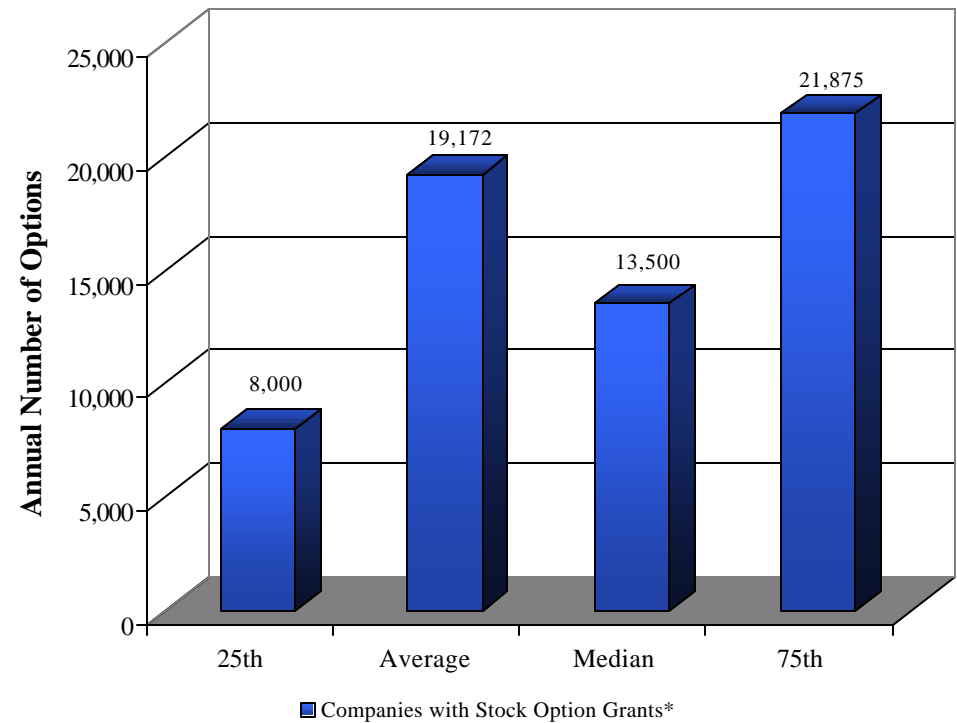
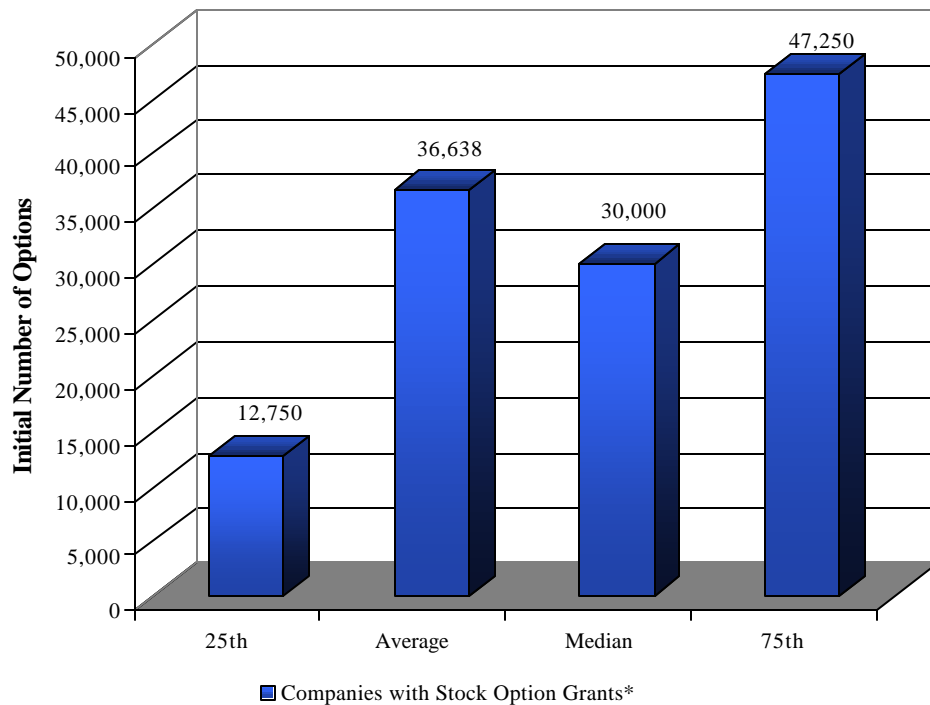
The bar graph below summarizes the annualized present value of stock option grants for Nasdaq-100 companies that have disclosed established stock option grant patterns.* Stock option grant values range from \$128,940 at the 25th percentile to \$542,766 at the 75th percentile for all 100 companies in the index.*



**Excludes seven companies footnoted earlier that reported no director compensation and two other companies (Gemstar-TV Guide Int'l and Paychex) that provide cash compensation and have made equity grants previously, but where we are unable to determine an established grant pattern.*

STOCK OPTION GRANT SIZES

Many times, companies, and in particular technology companies, focus on the size of director grants in terms of shares as opposed to equity value. Below we summarize the survey data on shares granted. In the bar graph to the left, the median initial number of options granted at hire for Nasdaq-100 companies* is 30,000. In the bar graph to the right, the median annual number of ongoing options granted is 13,500.

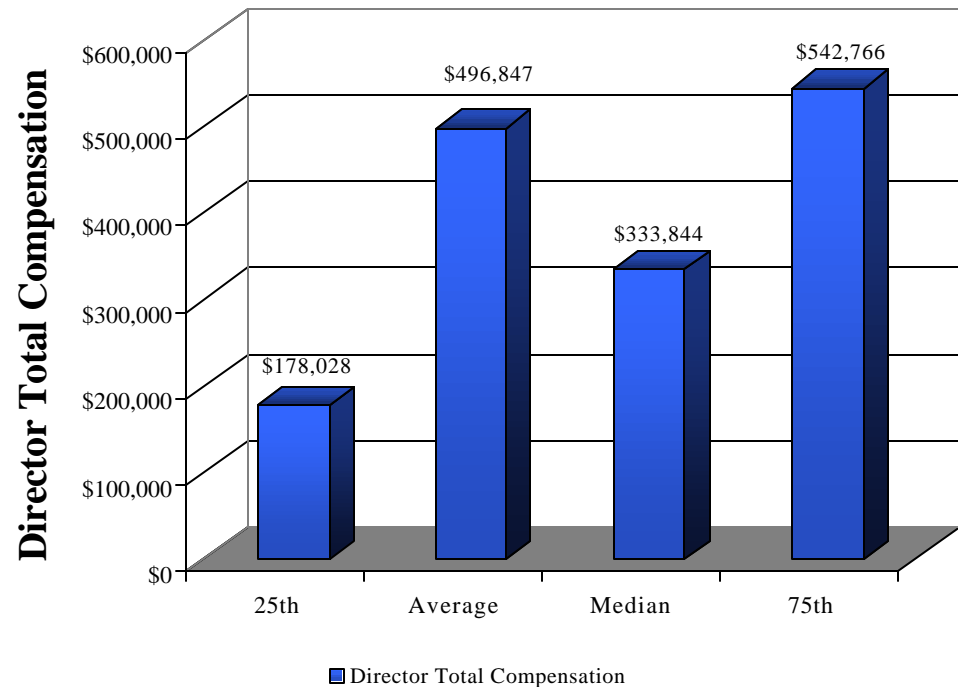
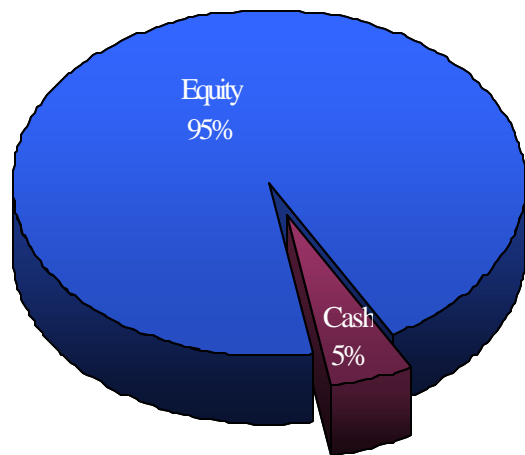


** Excludes seven companies footnoted earlier that reported no director compensation and two other companies (Gemstar-TV Guide Int'l and Paychex) that provide cash compensation and have made equity grants previously, but where we are unable to determine an established grant pattern.*

DIRECTOR TOTAL COMPENSATION

The size of director total compensation for Nasdaq-100 companies* ranges from a low of \$10,000 to a high of \$3,768,344. The bar graph on the lower right summarizes the level of annual total director compensation among Nasdaq-100 companies.*

In addition, the pie chart on the left below shows that the total compensation value to directors is largely weighted in favor of equity over cash. It should be noted that stock option grants are valued as of December 31, 2000. Many of these options are currently underwater due to the recent decline in technology stocks.



**Excludes seven companies footnoted earlier that reported no director compensation and two other companies (Gemstar-TV Guide Int'l and Paychex) that provide cash compensation and have made equity grants previously, but where we are unable to determine an established grant pattern.*

ADDITIONAL COMPENSATION INFORMATION

- Fourteen companies offer directors an opportunity to defer their annual retainer and other meeting fees. The majority of plans offer directors the opportunity to defer the amount in stock units of the company or in a cash fund that accumulates interest.

ADC Telecommunications	Exodus Communications	PACCAR
Altera	Genzyme	PanAmSat
Biogen	Intel	Tellabs
Conexant Systems	Molex	USA Networks
Dell	Novell	

- Some companies disclose perquisites available to directors
 - Altera allows directors to receive medical, dental and vision insurance benefits at the same level generally available to employees
 - Applied Materials reimburses non-California residents for expenses incurred in preparing California tax returns
- One company (Electronic Arts) discloses stock ownership requirements for its board
 - Within three years of election to the board, directors are required to own common shares having a value of at least three times the annual retainer
- One company (Novell) has a charitable award program in place in which the company donates \$1 million upon the death of the director to a non-profit organization of the director's choice

ADDITIONAL COMPENSATION INFORMATION (CONT'D)

- Three companies link director compensation to performance measures (other than stock price)
 - ADC Telecommunications states that directors receive a stock option grant “provided that the company’s return on equity for the fiscal year immediately preceding that annual meeting is at least 10%”
 - Compuware grants options to directors if the company achieves earnings per share equal to or exceeding the executive bonus plan target and additional options if the company achieves earnings per share equal to or exceeding the maximum for the executive bonus plan
 - Molex increases the number of option grants if the following two financial conditions are met:
 - 1) Net profits (after taxes) are at least 10% of net sales revenue, and
 - 2) Net sales revenue increases at least one and one-half times the “Worldwide Growth” of the general connector market as compared to the previous year’s net sales revenue
- Several companies penalize directors who do not attend at least 75% of the meetings
 - ADC Telecommunications reduces the director’s stock option grant by 25% (from 12,000 option shares to 9,000 option shares)
 - Comverse Technology makes directors forfeit 5,400 shares per meeting missed (approximately 20% of the annual grant) in the event that the director fails to attend at least five meetings of the board and any of its committees which the director is a member
- Directors of Broadcom declined to accept their annual grant of 12,000 options in 2000; however, these values are still included in the analysis

**SUMMARY OF
DIRECTOR
COMPENSATION
BY COMPANY**

Company	Stock Price 12/31/00	Annual Retainer	Board Meeting Fee (A)	Committee Meeting Fee (B)	Committee Member Retainer	Committee Chair Fees/Retainer (C)	Total Annual Retainer & Fees	Annualized Equity Grant Value (D)	Total Compensation (E)	Initial Stock Option Grant - Shares	Annual Stock Option Grant - Shares
3COM ⁽¹⁾	\$8.50	\$20,000	\$0	\$0	\$42,500	\$5,000	\$67,500	\$127,500	\$195,000	30,000	30,000
ABGENIX ⁽²⁾	\$59.06	\$5,000	\$8,000	\$4,000	\$0	\$0	\$17,000	\$354,375	\$371,375	30,000	7,500
ADC TELECOMMUNICATIONS ⁽³⁾	\$18.13	\$20,000	\$8,000	\$6,800	\$0	\$3,000	\$37,800	\$130,500	\$168,300	24,000	12,000
ADELPHIA COMMUNICATIONS ⁽⁴⁾	\$8.00	\$0	\$6,000	\$6,000	\$0	\$0	\$12,000	\$0	\$12,000	0	0
ADOBE SYSTEMS	\$58.19	\$24,000	\$12,000	\$8,000	\$0	\$0	\$44,000	\$1,280,125	\$1,324,125	60,000	40,000
ALTERA ⁽⁵⁾	\$26.31	\$12,000	\$16,000	\$16,000	\$0	\$0	\$44,000	\$789,375	\$833,375	60,000	60,000
AMAZON.COM ⁽⁶⁾	\$15.56	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0	0
AMGEN	\$63.94	\$20,000	\$10,000	\$6,000	\$0	\$6,000	\$42,000	\$792,825	\$834,825	60,000	16,000
APPLE COMPUTER ⁽⁷⁾	\$14.88	\$0	\$0	\$0	\$0	\$0	\$0	\$59,500	\$59,500	30,000	8,000
APPLIED MATERIALS	\$38.19	\$20,000	\$24,000	\$4,000	\$0	\$0	\$48,000	\$244,400	\$292,400	24,000	10,000
APPLIED MICRO CIRCUITS ⁽⁸⁾	\$75.05	\$12,000	\$4,000	\$0	\$0	\$0	\$16,000	\$3,752,344	\$3,768,344	100,000	100,000
ARIBA	\$53.63	\$0	\$0	\$0	\$0	\$0	\$0	\$348,563	\$348,563	25,000	10,000
AT HOME	\$5.53	\$28,000	\$0	\$0	\$0	\$0	\$28,000	\$27,656	\$55,656	10,000	10,000
ATMEL	\$11.63	\$0	\$0	\$0	\$0	\$0	\$0	\$116,250	\$116,250	20,000	20,000
BEA SYSTEMS ⁽⁶⁾	\$67.31	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0	0
BED, BATH & BEYOND ⁽⁴⁾	\$22.38	\$10,000	\$0	\$0	\$0	\$0	\$10,000	\$0	\$10,000	0	0
BIOGEN ^{(9),(10)}	\$60.06	\$20,000	\$12,000	\$4,000	\$0	\$2,000	\$38,000	\$300,313	\$338,313	30,000	10,000
BIOMET ^{(11),(12)}	\$26.46	\$15,000	\$8,000	\$8,000	\$6,429	\$0	\$37,429	\$33,073	\$70,501	7,500	2,500
BROADCOM ⁽¹³⁾	\$84.00	\$0	\$0	\$0	\$0	\$0	\$0	\$1,075,200	\$1,075,200	80,000	12,000
BROADVISION ⁽⁶⁾	\$11.81	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0	0
BROCADE COMMUNICATIONS ⁽¹⁴⁾	\$91.81	\$0	\$0	\$0	\$0	\$0	\$0	\$3,672,500	\$3,672,500	20,000	80,000
CHECKPOINT SOFTWARE ⁽¹⁵⁾	\$89.04	\$0	\$0	\$0	\$0	\$0	\$0	\$801,375	\$801,375	45,000	11,250
CHIRON	\$44.50	\$16,000	\$16,000	\$8,000	\$0	\$5,000	\$45,000	\$400,500	\$445,500	30,000	15,000
CIENA	\$81.25	\$0	\$20,000	\$10,000	\$0	\$0	\$30,000	\$1,137,500	\$1,167,500	60,000	20,000
CINTAS	\$53.19	\$12,000	\$18,000	\$9,600	\$0	\$2,500	\$42,100	\$39,891	\$81,991	1,500	1,500
CISCO	\$38.25	\$32,000	\$0	\$0	\$0	\$0	\$32,000	\$573,750	\$605,750	30,000	30,000
CITRIX SYSTEMS ⁽¹⁶⁾	\$22.50	\$0	\$12,000	\$4,000	\$0	\$0	\$16,000	\$675,000	\$691,000	180,000	60,000
CMGI	\$5.59	\$0	\$0	\$0	\$0	\$0	\$0	\$107,400	\$107,400	96,000	24,000
CNET NETWORKS	\$16.00	\$0	\$0	\$0	\$0	\$0	\$0	\$256,000	\$256,000	80,000	20,000
COMCAST	\$41.75	\$35,000	\$16,000	\$8,000	\$0	\$1,000	\$60,000	\$127,755	\$187,755	9,000	5,400
COMPUWARE ⁽¹⁷⁾	\$6.25	\$0	\$50,000	\$25,000	\$0	\$0	\$75,000	\$62,500	\$137,500	20,000	20,000

**SUMMARY OF
DIRECTOR
COMPENSATION
BY COMPANY**

Company	Stock Price 12/31/00	Annual Retainer	Board Meeting Fee (A)	Committee Meeting Fee (B)	Committee Member Retainer	Committee Chair Fees/Retainer (C)	Total Annual Retainer & Fees	Annualized Equity Grant Value (D)	Total Compensation (E)	Initial Stock Option Grant - Shares	Annual Stock Option Grant - Shares
COMVERSE TECHNOLOGY	\$108.63	\$0	\$22,000	\$22,000	\$0	\$0	\$44,000	\$1,466,438	\$1,510,438	27,000	27,000
CONCORD EFS ⁽¹⁸⁾	\$43.94	\$8,000	\$0	\$8,000	\$0	\$667	\$16,667	\$238,910	\$255,577	10,875	10,875
CONEXANT SYSTEMS	\$15.38	\$30,000	\$0	\$0	\$0	\$0	\$30,000	\$184,500	\$214,500	40,000	20,000
COSTCO WHOLESALE	\$39.94	\$30,000	\$8,000	\$4,000	\$0	\$0	\$42,000	\$239,625	\$281,625	12,000	12,000
DELL	\$17.44	\$40,000	\$0	\$0	\$0	\$0	\$40,000	\$199,788	\$239,788	49,382	16,298
EBAY	\$33.00	\$0	\$0	\$0	\$0	\$0	\$0	\$990,000	\$990,000	180,000	30,000
EHOSTAR COMMUNICATIONS	\$22.75	\$0	\$4,000	\$0	\$0	\$0	\$4,000	\$109,200	\$113,200	8,000	10,000
ELECTRONIC ARTS ⁽¹⁹⁾	\$42.63	\$16,000	\$9,600	\$8,000	\$0	\$0	\$33,600	\$379,363	\$412,963	25,000	16,000
ERICSSON ^{(4),(20),(21)}	\$11.19	\$47,619	\$0	\$0	\$19,048	\$0	\$66,667	\$0	\$66,667	0	0
EXODUS COMMUNICATIONS	\$20.00	\$0	\$20,000	\$8,000	\$0	\$2,000	\$30,000	\$440,000	\$470,000	60,000	40,000
FISERV ⁽²²⁾	\$31.63	\$16,000	\$85,500	\$0	\$0	\$0	\$101,500	\$94,875	\$196,375	6,000	6,000
FLEXTRONICS INTERNATIONAL ⁽²³⁾	\$28.50	\$0	\$0	\$0	\$0	\$0	\$0	\$153,900	\$153,900	30,000	6,000
GEMSTAR-TV GUIDE INT'L ⁽²⁴⁾	\$46.13	\$25,000	\$8,000	\$8,000	\$0	\$0	\$41,000	\$0	\$41,000	0	0
GENZYME ⁽²⁵⁾	\$44.97	\$25,000	\$8,000	\$4,000	\$0	\$2,000	\$39,000	\$323,438	\$362,438	24,000	24,000
HUMAN GENOME SCIENCES ⁽²⁶⁾	\$69.31	\$25,000	\$0	\$8,000	\$0	\$0	\$33,000	\$739,333	\$772,333	48,000	8,000
I2 TECHNOLOGIES ⁽²⁷⁾	\$54.38	\$0	\$0	\$0	\$0	\$0	\$0	\$217,500	\$217,500	8,000	8,000
IDEC PHARMACEUTICALS	\$63.19	\$12,500	\$20,000	\$8,000	\$0	\$0	\$40,500	\$473,906	\$514,406	35,000	10,000
IMMUNEX	\$40.63	\$24,000	\$8,000	\$8,000	\$0	\$4,000	\$44,000	\$446,875	\$490,875	30,000	20,000
INKTOMI	\$17.88	\$0	\$0	\$0	\$0	\$0	\$0	\$223,438	\$223,438	25,000	25,000
INTEL ⁽²⁸⁾	\$30.06	\$24,000	\$32,000	\$0	\$0	\$0	\$56,000	\$225,469	\$281,469	15,000	15,000
INTUIT	\$39.44	\$0	\$0	\$0	\$0	\$0	\$0	\$532,406	\$532,406	45,000	22,500
JDS UNIPHASE	\$41.69	\$0	\$12,000	\$4,000	\$0	\$0	\$16,000	\$333,500	\$349,500	40,000	10,000
JUNIPER NETWORKS ⁽⁶⁾	\$126.06	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0	0
KLA-TENCOR	\$33.69	\$20,000	\$8,000	\$4,000	\$0	\$0	\$32,000	\$202,125	\$234,125	20,000	10,000
LEVEL 3 COMMUNICATIONS ⁽²⁹⁾	\$32.81	\$0	\$0	\$0	\$0	\$10,000	\$10,000	\$200,000	\$210,000	N/A	N/A
LINEAR TECHNOLOGY ⁽³⁰⁾	\$46.25	\$20,000	\$12,000	\$0	\$0	\$0	\$32,000	\$246,667	\$278,667	10,667	10,667
MAXIM INTEGRATED PRODUCTS	\$47.81	\$4,000	\$8,000	\$8,000	\$0	\$0	\$20,000	\$191,250	\$211,250	8,000	8,000
MCLEODUSA	\$14.13	\$0	\$8,000	\$8,000	\$0	\$0	\$16,000	\$508,500	\$524,500	120,000	60,000
MEDIMMUNE	\$47.69	\$10,000	\$20,000	\$8,000	\$0	\$0	\$38,000	\$715,313	\$753,313	30,000	30,000
MERCURY INTERACTIVE	\$90.25	\$25,000	\$0	\$0	\$0	\$0	\$25,000	\$812,250	\$837,250	50,000	10,000
METROMEDIA FIBER NETWORK ⁽³¹⁾	\$10.13	\$20,000	\$9,600	\$4,000	\$0	\$0	\$33,600	\$405,000	\$438,600	80,000	80,000

SUMMARY OF DIRECTOR COMPENSATION BY COMPANY

Company	Stock Price 12/31/00	Annual Retainer	Board Meeting Fee (A)	Committee Meeting Fee (B)	Committee Member Retainer	Committee Chair Fees/Retainer (C)	Total Annual Retainer & Fees	Annualized Equity Grant Value (D)	Total Compensation (E)	Initial Stock Option Grant - Shares	Annual Stock Option Grant - Shares
MICROCHIP TECHNOLOGY ⁽³²⁾	\$21.94	\$13,000	\$12,800	\$0	\$0	\$0	\$25,800	\$98,719	\$124,519	15,000	7,500
MICROSOFT	\$43.38	\$8,000	\$8,000	\$4,000	\$0	\$0	\$20,000	\$130,125	\$150,125	10,000	5,000
MILLENUM PHARMACEUTICALS ^(33,34)	\$61.88	\$15,000	\$12,000	\$6,000	\$0	\$15,469	\$48,469	\$371,250	\$419,719	30,000	7,500
MOLEX ⁽³⁵⁾	\$35.50	\$35,000	\$16,000	\$0	\$0	\$0	\$51,000	\$44,375	\$95,375	2,500	2,500
NETWORK APPLIANCE	\$64.19	\$0	\$0	\$0	\$0	\$0	\$0	\$641,875	\$641,875	40,000	15,000
NEXTEL COMMUNICATIONS ^(29,36)	\$24.75	\$0	\$0	\$0	\$0	\$61,875	\$61,875	\$309,375	\$371,250	25,000	25,000
NOVELL ⁽³⁷⁾	\$5.22	\$20,000	\$9,600	\$8,000	\$0	\$2,500	\$40,100	\$46,969	\$87,069	30,000	15,000
NOVELLUS SYSTEMS	\$35.94	\$30,000	\$12,000	\$4,000	\$0	\$0	\$46,000	\$179,688	\$225,688	10,000	10,000
NVIDIA ⁽²⁹⁾	\$32.77	\$0	\$0	\$0	\$327,656	\$0	\$327,656	\$851,906	\$1,179,563	100,000	40,000
ORACLE ^{(38),(39),(40)}	\$29.06	\$40,000	\$12,000	\$16,344	\$0	\$799,219	\$867,563	\$1,046,250	\$1,913,813	120,000	60,000
PACCAR ⁽⁴¹⁾	\$49.25	\$60,000	\$40,000	\$40,000	\$0	\$0	\$140,000	\$0	\$140,000	0	0
PALM	\$28.31	\$20,000	\$0	\$0	\$10,000	\$0	\$30,000	\$283,125	\$313,125	40,000	15,000
PANAMSAT ⁽⁴²⁾	\$34.69	\$50,000	\$0	\$0	\$0	\$5,000	\$55,000	\$8,672	\$63,672	500	500
PARAMETRIC TECHNOLOGY ^{(43),(44)}	\$13.44	\$10,000	\$16,000	\$7,000	\$0	\$0	\$33,000	\$134,375	\$167,375	40,000	15,000
PAYCHEX ⁽²⁴⁾	\$48.63	\$6,000	\$8,000	\$4,000	\$0	\$0	\$18,000	\$0	\$18,000	0	0
PEOPLESOFT	\$37.19	\$20,000	\$0	\$0	\$10,000	\$0	\$30,000	\$446,250	\$476,250	60,000	15,000
PMC-SIERRA	\$78.63	\$12,000	\$8,000	\$0	\$0	\$0	\$20,000	\$629,000	\$649,000	40,000	10,000
QLOGIC ^{(45),(46)}	\$77.00	\$24,000	\$3,000	\$0	\$0	\$4,000	\$31,000	\$1,478,400	\$1,509,400	64,000	32,000
QUALCOMM ⁽⁴⁷⁾	\$82.19	\$0	\$8,000	\$8,000	\$0	\$1,875	\$17,875	\$493,125	\$511,000	20,000	10,000
RATIONAL SOFTWARE	\$38.94	\$0	\$10,000	\$0	\$0	\$0	\$10,000	\$584,063	\$594,063	70,000	20,000
REALNETWORKS ⁽⁶⁾	\$8.69	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0	0
RF MICRO DEVICES	\$27.44	\$12,000	\$8,000	\$0	\$4,000	\$0	\$24,000	\$274,375	\$298,375	20,000	20,000
SANMINA ⁽⁴⁸⁾	\$38.31	\$10,000	\$16,000	\$8,000	\$0	\$0	\$34,000	\$459,750	\$493,750	40,000	20,000
SIEBEL SYSTEMS ⁽⁶⁾	\$67.63	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0	0
SMURFIT-STONE CONTAINER ⁽⁴⁹⁾	\$14.94	\$35,000	\$0	\$12,000	\$0	\$1,000	\$48,000	\$22,406	\$70,406	3,000	3,000
STAPLES ⁽⁵⁰⁾	\$11.81	\$0	\$112,219	\$0	\$0	\$11,813	\$124,031	\$88,594	\$212,625	15,000	15,000
STARBUCKS ⁽⁵¹⁾	\$22.13	\$0	\$0	\$0	\$0	\$0	\$0	\$553,125	\$553,125	50,000	50,000
SUN MICROSYSTEMS ⁽⁵²⁾	\$27.88	\$0	\$8,000	\$8,000	\$0	\$4,000	\$20,000	\$334,500	\$354,500	40,000	20,000
TELLABS	\$56.50	\$30,000	\$12,000	\$0	\$0	\$0	\$42,000	\$192,100	\$234,100	10,000	6,000
TMP WORLDWIDE ⁽⁵³⁾	\$55.00	\$15,000	\$15,000	\$0	\$0	\$0	\$30,000	\$233,750	\$263,750	22,500	5,000
USA NETWORKS ⁽⁵⁴⁾	\$19.44	\$30,000	\$8,000	\$8,000	\$0	\$0	\$46,000	\$48,594	\$94,594	5,000	5,000

**SUMMARY OF
DIRECTOR
COMPENSATION
BY COMPANY**

Company	Stock Price 12/31/00	Annual Retainer	Board Meeting Fee (A)	Committee Meeting Fee (B)	Committee Member Retainer	Committee Chair Fees/Retainer (C)	Total Annual Retainer & Fees	Annualized Equity Grant Value (D)	Total Compensation (E)	Initial Stock Option Grant - Shares	Annual Stock Option Grant - Shares
VERISIGN	\$74.19	\$0	\$0	\$0	\$0	\$0	\$0	\$333,844	\$333,844	15,000	7,500
VERITAS SOFTWARE	\$87.50	\$0	\$0	\$0	\$0	\$0	\$0	\$446,250	\$446,250	25,000	6,500
VITESSE SEMICONDUCTOR ⁽⁵⁵⁾	\$55.31	\$0	\$16,000	\$0	\$0	\$0	\$16,000	\$1,106,250	\$1,122,250	40,000	40,000
WORLDCOM	\$14.06	\$35,000	\$8,000	\$8,000	\$0	\$3,000	\$54,000	\$70,313	\$124,313	10,000	10,000
XILINX	\$46.13	\$30,000	\$0	\$0	\$0	\$5,000	\$35,000	\$387,450	\$422,450	36,000	12,000
XO COMMUNICATIONS ^{(6), (56)}	\$17.81	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0	0
YAHOO!	\$30.06	\$0	\$0	\$0	\$0	\$0	\$0	\$390,813	\$390,813	50,000	20,000
HIGH	\$126.06	\$60,000	\$112,219	\$40,000	\$327,656	\$799,219	\$867,563	\$3,752,344	\$3,768,344	180,000	100,000
75TH PERCENTILE	\$55.08	\$21,000	\$16,000	\$8,000	\$30,774		\$42,025	\$542,766	\$542,766	47,250	21,875
AVERAGE	\$40.48	\$12,831	\$16,163	\$8,494	\$59,947		\$39,727	\$453,839	\$496,847	36,638	19,172
MEDIAN	\$37.69	\$10,000	\$12,000	\$8,000	\$10,000		\$30,000	\$300,313	\$333,844	30,000	13,500
25TH PERCENTILE	\$19.86	\$0	\$8,000	\$4,000	\$8,214		\$3,000	\$128,940	\$178,028	12,750	8,000
LOW	\$5.22	\$0	\$3,000	\$0	\$4,000	\$667	\$0	\$0	\$10,000	0	0

Notes:

- (A) Assumes eight in-person meetings per Board
- (B) Assumes two committees per director and four in-person meetings per committee
- (C) Assumes director is chairman of one committee with four in-person committee meetings
- (D) Stock option grant valued using 50% Black-Scholes ratio; annualized grants are footnoted below
- (E) Total Compensation is the sum of total annual retainer and fees and annualized equity grant value
- (1) Lead Board of Director receives an additional \$10,000 retainer and additional stock options (not included)
- (2) Initial option grant last reported in 2000 proxy at 120,000 given the two for one split in July 2000; assumed that initial grant reduced by same factor that annual grant was reduced (i.e., 30,000 annual grant reduced to 7,500)
- (3) Stock options are performance-based - See "Additional Compensation Information" for complete description
- (4) No equity compensation for services in 2000 disclosed
- (5) Equity grants reflect two for one split in August 2000
- (6) No cash or equity compensation for services in 2000 disclosed; options have been granted in the past but we are unable to determine an established grant pattern and have therefore excluded the company from the equity and total director compensation portions of the analysis
- (7) Equity grant consists of 30,000 option shares upon initial election to the Board and 10,000 option shares per year starting on the fourth anniversary of director's initial election; equivalent to option grant of 8,000 per year
- (8) Equity grants reflect two for one split in October 2000
- (9) Equity grant consists of 30,000 option shares upon initial election to the Board and upon every third anniversary; equivalent to option grant of 10,000 per year
- (10) Additional compensation for scientific board (not included)
- (11) Equity grant consists of 7,500 option shares upon initial election to the Board and upon every third anniversary; equivalent to option grant of 2,500 per year (reflects three for two split in August 2001)
- (12) Additional \$15,000 for committee members serving on Executive Committee (annualized on per director basis to be \$6,429)
- (13) Non-employee directors declined to take annual grant of 12,000 options in 2000 (still included in analysis)
- (14) Equity grant consists of 20,000 upon initial election to the Board and upon every quarter of the year thereafter; equivalent to option grant of 80,000 per year
- (15) Equity grants reflect three for two split in February 2001
- (16) Equity grant consists of 180,000 option shares upon initial election to the Board and upon every third anniversary; equivalent to option grant of 60,000 per year
- (17) All fees paid in stock options; Initial and annual stock option grants are performance-based - See "Additional Compensation Information" for complete description
- (18) Additional \$4,000 retainer for committee chairman of Audit Committee (annualized on per director basis to be \$667)
- (19) Does not include valuation for Class B option shares granted to directors
- (20) Used conversion ratio of 10.5 Swedish Kronas to the Dollar
- (21) Board Chairman receives 2,500,000 million Kronas (\$238,095), Deputy Directors receive 1,500,000 million Kronas (\$142,857) (not included)
- (22) Equity grant consists of 18,000 option shares upon initial election to the Board and upon every third anniversary; equivalent to option grant of 6,000 per year (reflects three for two split in September 2001)
- (23) Reflects two for one split in October 2000
- (24) No equity compensation for services in 2000 disclosed; options have been granted in the past but we are unable to determine an established grant pattern and have therefore excluded the company from the equity and total compensation portions of the analysis
- (25) Equity grant includes 12,000 Genzyme General options, 6,000 Genzyme Molecular Oncology options and 6,000 Genzyme Biosurgery
- (26) Equity grant consists of 48,000 option shares upon initial election to the Board and upon every third anniversary; in addition, in all other years, director receives an annual grant of 8,000 options; equivalent to option grant of 21,333 per year
- (27) Does not include discretionary option grant of 52,000 shares to one director upon election to board
- (28) Lead independent director receives an additional \$6,000 retainer (not included)
- (29) All retainer fees paid in stock options
- (30) Actual grant in 2000 was 32,000 option shares; annualized over three years since no option grants in 1999 or 1998

Notes (Cont'd)

- (31) Additional "contractual options" granted to directors in 2000 to eight directors totaling 2,500,000 shares (not included)
- (32) Reflects three for two split in September 2000
- (33) Committee Chairman retainer paid in stock options
- (34) Lead director receives 1,500 option shares annually (not included in analysis)
- (35) Director stock option grant equal to 500 times the number of years of service (calculated to be five on per director basis); See "Additional Compensation Information" for complete description
- (36) Chairman of the Board awarded 125,000 stock options (not included in analysis)
- (37) Vice Chairman receives \$100,000 annual retainer (not included)
- (38) Meeting fee varies by committee; calculated on a per meeting fee basis to be \$2,043
- (39) Chairman retainer paid in stock options and varies by committee; calculated on per director basis to be 55,000 option shares
- (40) One director receives annual retainer of \$160,000 and another receives annual retainer of \$100,000 (not included)
- (41) Annual retainer consists of \$10,000 in restricted stock and \$50,000 in cash
- (42) Directors may elect to receive up to 50% of aggregate fee in cash; any amount not paid in cash will be paid in restricted stock (assumed maximum amount paid in cash)
- (43) Meeting fee vary by committee; calculated on a per director basis to be \$875
- (44) Nonemployee Chairman of the Board received \$75,000 and 50,000 option shares; in 2000 made special grants in recognition of operational and organizational initiatives to four directors totaling 150,000 options (not included)
- (45) Board meeting fees are \$1,000 for each meeting in excess of five
- (46) Nonemployee Chairman of the Board receives annual grant of 54,000 options
- (47) Chairman retainer paid to three of four committees; calculated on per director basis to be \$1,875
- (48) Reflects two for one split in January 2001
- (49) Chairman retainer paid to two of six committees; calculated on per director basis to be \$1,000
- (50) All retainer fees paid in stock options and restricted stock; Directors also receive Staples.com options (not included)
- (51) Reflects two for one split in April 2001
- (52) Reflects two for one split in December 2000
- (53) Board and committee meeting fees are \$5,000 for each meeting in excess of five
- (54) Directors designated by Universal and Liberty waive rights to receive options and annual retainer and fees
- (55) Chairman of the Board receives 60,000 options (not included)
- (56) One director received \$12,000 for services as member of Board while another received \$15,000 for service on Special Committee

COMPANY PROFILE

Frederic W. Cook & Co., Inc. provides management compensation consulting services to business clients. Formed in 1973, our firm has served over 1,300 corporations in a wide variety of industries from our offices in New York, Chicago, and Los Angeles. Our primary focus is on performance-based compensation programs which help companies attract and retain key employees, motivate and reward them for improved performance, and align their interests with shareholders. Our range of consulting services encompasses the following:

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