FREDERIC W. COOK & CO., INC.

THE 2010 TOP 250

Long-Term Incentive Grant Practices for Executives

OCTOBER 2010

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At the time this report was being written, uncertainty about the stability of a U.S. and global economic recovery dominated the headlines. Stubbornly high levels of unemployment, continued volatility in the equity markets, and a persistent lack of confidence all contributed to an environment of concern and uncertainty leading into a critical November election. This uncertainty extended into the world of executive compensation as well.

On July 21, 2010, President Obama signed into law the Dodd-Frank Act of 2010. Dodd-Frank finally introduced the legislation intended to regulate executive compensation broadly that many had been expecting since U.S. Treasury's Troubled Asset Relief Program ("TARP") restrictions were put into place in 2008. While Dodd-Frank does not attempt to restrict compensation levels, it will clearly influence the way executive compensation programs and policies are interpreted and designed. Say-on-Pay, pay-for-performance, recoupment policies, and CEO pay ratios are all mandates that will become part of most conversations on executive compensation in the near future.

With increased government intervention looming in the background, coupled with persistent scrutiny from outside governance groups, companies struggled to design and modify long-term incentive programs that strike an effective balance among shareholder alignment, retention, and pay-for-performance. As a result of depressed share prices in early 2009, many shareholder approved equity pools remained limited; forcing companies to conserve shares and deliver value through increased use of full-value shares or cash-based long-term performance plans. Companies continued to wrestle with setting long-term operational performance targets; many settling for shorter performance cycles coupled with longer vesting periods, while some elected to turn to relative performance measurement approaches, such as total shareholder return (TSR). Many of the program modifications follow the same transition we have seen evolving over the past few years.

Key findings from the Frederic W. Cook & Co. 2010 Top 250 report include the following:

- The shift from the use of stock options to long-term performance awards (performance shares and performance units/cash) continues, while the decrease in prevalence of time-vesting restricted stock awards appears to have stabilized.
- Use of long-term performance awards is more prevalent than the combined use of stock options and stock appreciation rights.
- Design variations to "plain vanilla" stock options remain virtually extinct.
- Vesting periods of awards remain fairly stable while performance periods for performance awards continue to decrease slightly.
- While the use of profit measures in long-term performance plans continues to be the most widely used performance category, its prevalence decreased while the use of TSR, cash flow, and revenue measures increased.

The details underlying these findings are presented, along with additional analyses and information, on the following pages. Given the continued economic instability and uncertainty in 2010 combined with the increased influence of corporate governance organizations and significant legislative developments in the area of executive compensation, it will be interesting to see how the long-term incentive landscape changes next year.

OVERVIEW AND BACKGROUND

Since 1973, Frederic W. Cook & Co. has researched and published annual reports on long-term incentive grant practices for executives. This report, our 38th edition, presents information on long-term incentives currently in use for executives of the 250 largest U.S. companies in the Standard & Poor's 500 Index. Selection of these companies was based on market capitalization, i.e., share price multiplied by total common shares outstanding as of February 28, 2010, as reported by Standard & Poor's Research Insight.

SURVEY SCOPE

The report covers the following topics:

- Continuing, discontinued and new long-term incentive grant types
- Grant type design features including vesting and option terms
- Key performance plan characteristics such as length of measurement periods, payout maximums, performance metrics, and measurement approaches (relative versus absolute)
- Long-term incentive grant types by industry

The long-term incentive grant type information in this report is presented both in summary form and on a company-by-company basis. Definitions for each grant type appear in the *Appendix*.

OTHER SURVEY PARAMETERS

Similar to previous editions of the report, all information was obtained from public documents filed with the Securities and Exchange Commission including proxy statements, Form 4, and 8-K filings.

Note that comparisons to prior-year practices do not reflect a constant-company population. Inclusion in this report varies depending on company size and recent corporate actions (such as mergers, acquisitions and bankruptcies). Limited M&A activity over the past year minimized the impact of year-over-year turnover due to transactional activity. Notable examples of companies who did not make the Top 250 in 2010 as a result of these types of actions are Burlington Northern Santa Fe, Schering-Plough, and XTO Energy.

However, continued volatility in the equity markets once again resulted in double-digit turnover in the survey sample due to changes in market capitalization, albeit at a lower rate compared to the 2009 Top 250 report. Of the 2010 Top 250 companies, 30 are new to this year's report (twelve percent, compared with eighteen percent last year). Due to an equity rebound in the financial sector (which includes companies in the housing industry), 38 financial companies are included in the 2010 Top 250 report as compared to 32 in the 2009 Top 250 report; the largest year-over-year increase among all sectors (see "Grant Types by Industry" section below for further detail). As such, "trend" data can be influenced by changes in the survey sample from year-to-year, as well as by actual changes in grant usage.

Executive compensation limitations as a result of TARP participation continued to affect LTI grant practices at most of the financial service companies captured in this report. This year, 19 of the Top 250 companies were participants in TARP. While 15 of these companies have since repaid their TARP commitment, many did not make, or were prohibited from making, regular annual long-term incentive grants to executive officers at the time of their proxy filing due to TARP limitations. Due to the uncertainty surrounding current and continuing long-term incentive grant practices at these companies, the findings contained in this report display the historical grant practices at these nineteen companies unless permanent changes to their programs were specifically disclosed, which most did.

Beginning with the 2008 Top 250 report, the definition of performance shares was changed to include restricted stock with a one-year performance period followed by a restricted period or service-vesting "tail". Prior to 2008, these grants were categorized as restricted stock (discussed further in following sections of the report).

In some circumstances, totals may not add to 100 percent due to rounding or companies having more than one type of practice.

DEFINITION OF USAGE

Executive Long-Term Incentive Grants

The information presented throughout this report focuses on long-term incentive grants currently in use or expected to be in use in the near future, rather than on the company's ability to make a particular type of grant. A grant type is generally considered to be in use at a particular company if grants have been made in the current year or past years, and there is no evidence that this granting practice has been discontinued, or if the company indicates that the grant type will be used prospectively.

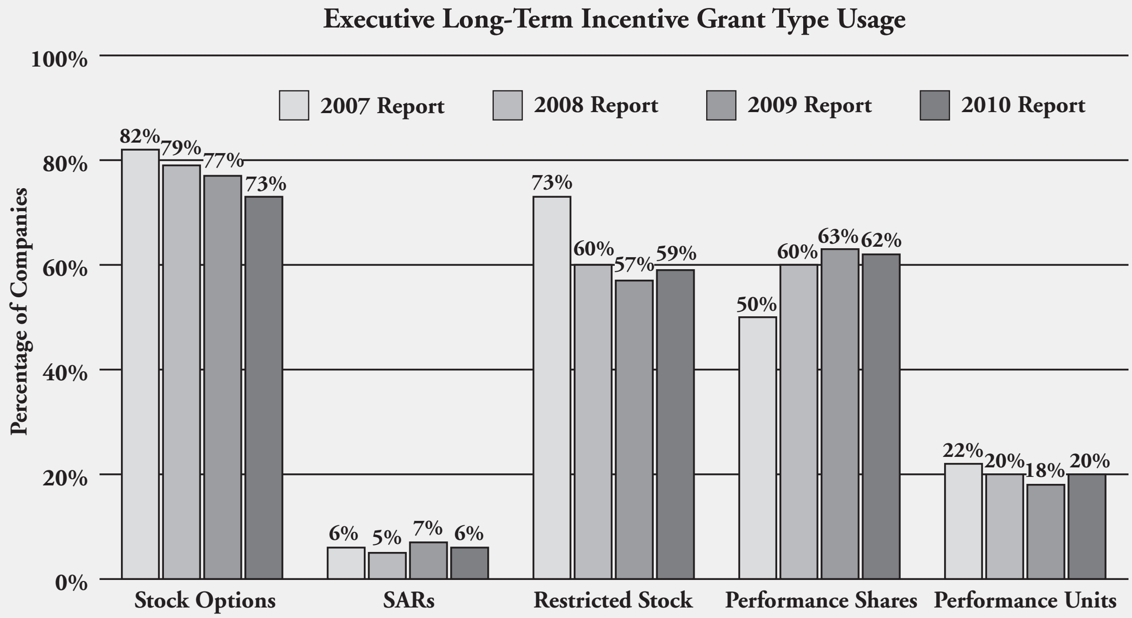
To be considered a "long-term incentive" for purposes of this report, a grant must possess the following general characteristics:

- The grant type must be made under a formal plan or practice and may not be limited by both scope and frequency. A grant with *limited scope* is awarded to only one executive or a very small or select group of executives. A grant with *limited frequency* is an award that is not part of a company's typical grant practices and appears to fall outside the principal long-term incentive program. For example, a grant determined to be made specifically as a hiring incentive, replacement of lost benefits upon hiring, or promotional award is not considered a long-term incentive for this report. A grant with limited scope but without limited frequency (e.g., annual grants of performance shares made only to the CEO) may be considered a long-term incentive, and vice versa (e.g., one-time grants made to all executives).
- The grant type must not be delivered primarily to accommodate foreign tax or securities laws. For example, a company that grants stock appreciation rights (SARs) in foreign countries as an alternative to the normal award of stock options in the U.S. would not be considered a grantor of SARs as a long-term incentive for purposes of this report.
- Grants must reward performance, continued service, or both for a period of more than one year.

To identify trends in long-term incentive grant practices, grants have been classified into one of the following three categories:

LONG-TERM INCENTIVE GRANT CATEGORIES	
Continuing	Historical and continuing grants
New	New (latest or current fiscal year) or future (indicated in proxy statement or Form 8-K) grants
Dropped	Eliminated or to-be-discontinued grants

SUMMARY OF GRANT TYPES IN USE



Stock Options are rights to purchase company stock at a specified exercise price over a stated option term and remain the most widely used long-term incentive grant type among Top 250 companies. Seventy-three percent of the companies in the Top 250 grant stock options. Four percent of the Top 250 companies that used stock options in the past dropped options from their long-term incentive programs this year or expect to do so next year, continuing the steady decline in stock option usage from a high of ninety-nine percent prevalence from 1999 through 2003.

Stock Appreciation Rights ("SARs") are rights to receive, at exercise, the increase between the grant price and the market price of a share of stock. Six percent of companies in the Top 250 currently grant SARs, consistent with our 2007 report. Since the 1990s, SARs were rarely granted due to their unfavorable accounting treatment, which was eliminated under FAS 123(R). While different types of SARs can be granted, all but one of the Top 250 companies using SARs grant "freestanding" SARs in replacement of option grants and all are the "stock-settled" variety.

Restricted Stock includes actual shares or share "units" that are earned solely by continued employment. It should be noted that this is the third year the current definition of restricted stock includes only restricted stock with vesting tied to the passage of time. In previous years, this definition also included restricted shares with performance-contingent vesting over a one-year performance period with a service-vesting "tail", which are now classified as performance shares to capture the performance-based nature of this grant type (this change in methodology accounted for part of the decline in usage since 2007, as illustrated in the chart above). Restricted stock for which payout levels are determined following a performance period but shares were not previously granted (i.e., "backward-looking" performance awards), continue to be classified as restricted stock.

Fifty-nine percent of the Top 250 companies grant or have begun to grant restricted stock in the last year. This excludes companies that use restricted stock grants only in hiring situations or as one-time awards under special circumstances. As illustrated in the chart above, restricted stock usage increased slightly this year accompanied by a slight increase in the usage of performance awards and decrease in the use of stock options. Approximately the same number of companies have begun to grant restricted stock in the last year as have discontinued granting restricted stock (fifteen and thirteen companies, respectively), indicating that the observed increase from 2009 to 2010 is attributable mainly to the change in the Top 250 company sample.

Performance Shares consist of stock-denominated "shares", which are earned based on performance over a pre-defined performance period. As mentioned above, this is the third year restricted shares with a one-year performance period and continued service-vesting are classified as performance shares; in past reports such awards were categorized as restricted stock (this change accounted for part of the increase in usage since 2007, as illustrated in the chart above). Fifty-five percent of the Top 250 companies have historically granted performance shares, with an additional seven percent beginning to grant performance shares during the latest fiscal year or planning to do so in the next year resulting in total performance share prevalence of sixty-two percent. Over the past four years, performance shares have become increasingly common and, while performance share prevalence tailed off slightly in 2010, when coupled with the increased use of performance units/cash this year, performance plans broadly remain the only grant type significantly growing in use.

Performance Units/Cash are grants of cash or dollar-denominated "units" which are earned based on performance against predetermined objectives over a pre-defined performance period and may be paid out in cash or stock. Twenty percent of the Top 250 companies granted or have begun to grant performance units/cash in the last year. As illustrated in the chart above, the use of performance units/cash has increased since 2009, perhaps as a result of share availability concerns due to significant decreases in stock prices over the past 24 months.

Number of Long-Term Incentive Grant Types in Use

Companies often use more than one type of long-term incentive vehicle as a means to balance objectives of rewarding for stock price appreciation, longer-term financial or strategic performance, or to provide a vehicle for retention. Almost half of the Top 250 companies use two long-term incentive grant types in their long-term incentive program while only one percent of companies incorporate as many as four. The second most common number of long-term incentive grant types is three, with slightly more than one-third of companies using this number. Sixteen percent of the Top 250 companies grant only one type of long-term incentive.

NUMBER OF GRANT TYPES IN USE

Number of Grant Types	Percentage of Companies Using
1	16%
2	49%
3	34%
4	1%

EXECUTIVE LONG-TERM INCENTIVE GRANT TYPES

Grant Type (See *Appendix* for Definitions)	Percentage of Companies Using Grant Type			
	2007 Report	**2008 Report**	**2009 Report**	**2010 Report**
Stock Options	**82%**	**79%**	**77%**	**73%**
• Performance	4	6	5	2
– Vesting	*2*	*6*	*4*	*2*
– Accelerated Vesting	*2*	*0*	*<1*	*0*
• Premium	2	2	2	<1
SARs	**6%**	**5%**	**7%**	**6%**
• Tandem	0	0	<1	<1
• Freestanding	6	5	7	5
Restricted Stock	**73%**	**60%**	**57%**	**59%**
• PARSAPs	4	1	<1	<1
Performance Shares	**50%**	**60%**	**63%**	**62%**
• MSUs	NA	NA	NA	2%
Performance Units/Cash	**22%**	**20%**	**18%**	**20%**

GRANT TYPE VARIATIONS

Overview

Among the Top 250 companies, fewer than five percent incorporate one or more design features into their executive long-term incentive grants. Frequently, awards with these features are granted selectively in limited circumstances and to relatively few executives. For the first time Market Stock Units (MSUs) are being captured in the Top 250. Please see below for a description of MSUs. The following are the principal grant design variations included in our analysis:

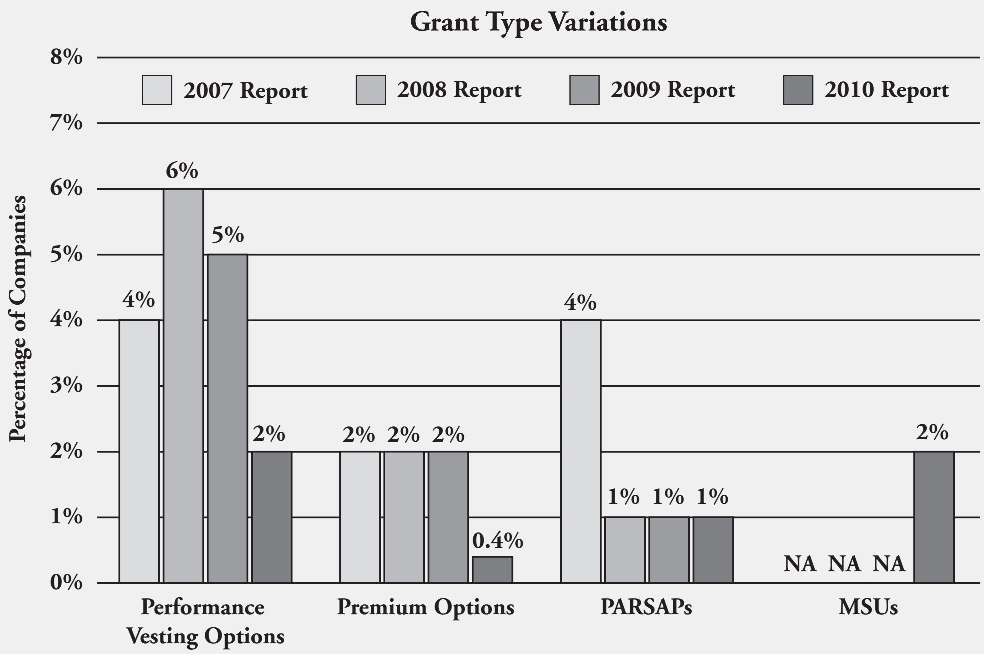
Performance Stock Options are stock options with vesting tied in some manner to specified performance criteria. These options are classified into two categories: 1) performance-vesting options (options that vest only if pre-defined performance criteria are met) and 2) performance-accelerated options (options that have a set service-vesting schedule, but may be exercised earlier if performance criteria are met). Overall, performance stock options are used by only two percent of Top 250 companies, compared to five percent last year and six percent in the 2008 report. No companies currently use performance criteria to accelerate vesting. Over the last four years, the use of options with performance-accelerated vesting has continued to decline, as highlighted in the chart on the preceding page. The decrease presumably is a result of the option expensing mandate in which ultimate vesting is not required to preserve fixed expense.

Premium Stock Options have an exercise price above the market price at grant. Only one company indicates the use of premium stock options. Premium options provide executives with added incentives to increase a Company's stock price and have therefore been viewed favorably by investors. However, such options may potentially motivate executives to undertake too much risk and, all else being equal, consume more shares than stock options granted at market prices. Discount stock options, which have an exercise price below the market price at grant, have disappeared because of adverse tax consequences under recent deferred compensation rules (Internal Revenue Code Section 409A).

Performance-Accelerated Restricted Stock Award Plans ("PARSAPs") represent grants of restricted stock or stock units for which vesting may be accelerated by attainment of specified performance objectives. Like last year, only two of the Top 250 companies grant PARSAPs or plan to in the next fiscal year. This is perhaps due to recent accounting rules that eliminated ultimate service vesting under performance plans as a requirement for fixed accounting.

Market Stock Units ("MSUs") In early 2009 a hybrid LTI grant type was introduced to the market by Frederic W. Cook & Co. to blend the benefits of stock options (direct shareholder alignment) and restricted stock (retention) into a performance-based vehicle called a Market Stock Unit (MSU). Simply stated MSUs are a stock based award that either increases or decreases in value (dollar and number of shares) based on a change in stock price over a pre-determined performance period. For purposes of this report MSUs are considered performance shares.

Over the years, restoration stock options, discount stock options, indexed stock options, and performance-accelerated stock options have nearly disappeared entirely from long-term incentive grant practices among the Top 250 companies. This year, no company uses discount, performance-accelerated or indexed stock options in their long-term incentive program and only one company uses restoration stock options. For this reason, these award types have been dropped from this year's Top 250 report.



GRANT TYPE VARIATIONS	
Performance Vesting Stock Options	Alcoa Inc. Bristol-Myers Squibb Co. EMC Corp. Hartford Financial Services
Premium Stock Options	Citigroup Inc.
PARSAPs	Paychex Inc. Valero Energy
MSUs	Aetna Inc. Biogen Idec Inc. Bristol-Myers Squibb Co. Eli Lilly Newmont Mining Corp.

GRANT TYPES BY INDUSTRY

For the fourth consecutive year, this year's report analyzes the use of long-term incentive grant types in certain sectors. Industry categorizations are based on Standard & Poor's Global Industry Classification Standard (GICS) Sector codes and include utilities, industrials, consumer staples, health care, telecommunications services, consumer discretionary (non-durable goods), materials, information technology, financials and energy. Grant type prevalence by sector is shown in the table below.

Consistent with the 2009 Top 250 report, all of the utilities companies grant performance awards in the form of either performance shares or performance units/cash. Companies in the materials sector are also very likely to grant performance awards, with usage rates of ninety-two percent. This year, stock options are most common among materials companies, granted by eighty-five percent of companies. When stock options and SARs are counted together, their use is most common among industrials and health care companies, with usage of ninety-one percent and ninety-four percent, respectively. Once again companies in the utilities and materials industries show the lowest propensity to award restricted stock with the use of this award type with prevalence close to fifty percent. Finally, SARs are not found at all in the utilities, telecommunications services, materials or information technology sectors, while they show roughly similar prevalence across the remaining sectors. The low prevalence of stock option use in the utility sector may be explained by the fact that this sector tends to trade more like a bond than a stock (i.e. higher dividend yields and lower trading volatility).

LONG-TERM INCENTIVE GRANT TYPE USAGE BY INDUSTRY

		Percentage of Companies Using *(sorted by performance award prevalence)*			
Sector	**Number of Companies**	**Stock Options**	**SARs**	**Restricted Stock**	**Performance Awards**
Utilities	16	50%	0%	50%	100%
Materials	13	85%	0%	46%	92%
Industrials	31	81%	10%	61%	84%
Health Care	31	81%	13%	52%	81%
Telecommunications Services	5	40%	0%	80%	80%
Consumer Staples	29	76%	3%	62%	79%
Consumer Discretionary	30	73%	7%	53%	73%
Information Technology	32	81%	0%	63%	69%
Financials	38	63%	5%	63%	68%
Energy	25	72%	8%	64%	64%
Top 250	**250**	**73%**	**6%**	**59%**	**82%**

GRANT STRUCTURE – STOCK OPTIONS AND RESTRICTED STOCK

Three years ago, the Top 250 analysis was expanded to include other key long-term incentive grant terms and provisions, including the length of stock option terms and vesting provisions.

Stock Option Term

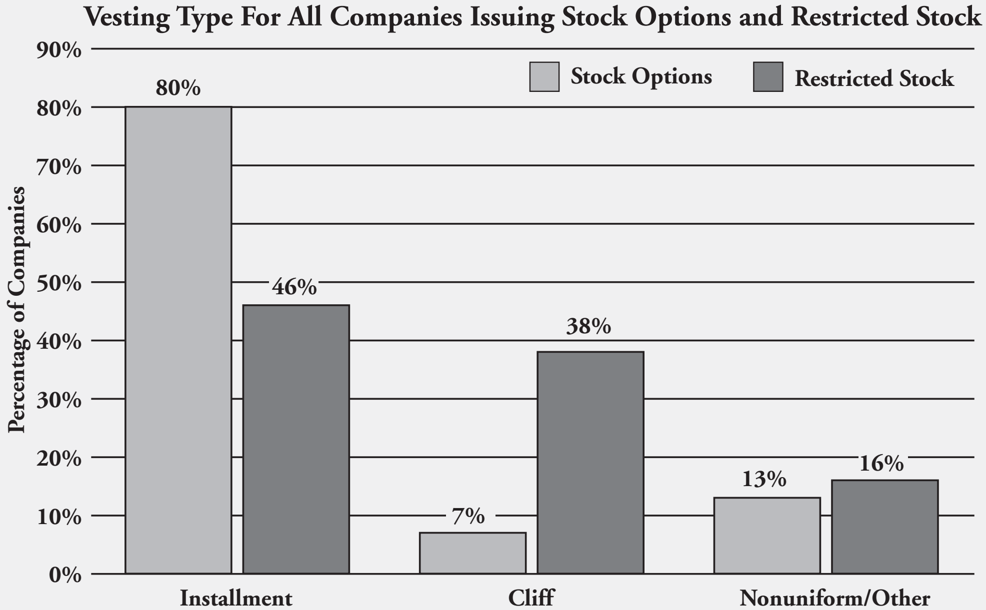
An overwhelming majority of the Top 250 companies continue to use the standard ten year option term. Of the Top 250 companies that grant stock options, eighty percent have a ten-year option term and approximately nineteen percent have an option term of less than ten years, with seven years representing the most common alternative to the traditional ten-year term. This compares to seventy-eight percent with a ten-year option term and twenty-two percent with less than ten years in 2009. The shorter option term may help manage potential shares outstanding but generally has not materially reduced accounting expense as the "expected life" used in calculating option expense for financial reporting purposes often is not significantly affected by such a reduction in the option's "contractual life." None of the Top 250 companies has an option term that extends beyond a ten-year period.

STOCK OPTION TERM

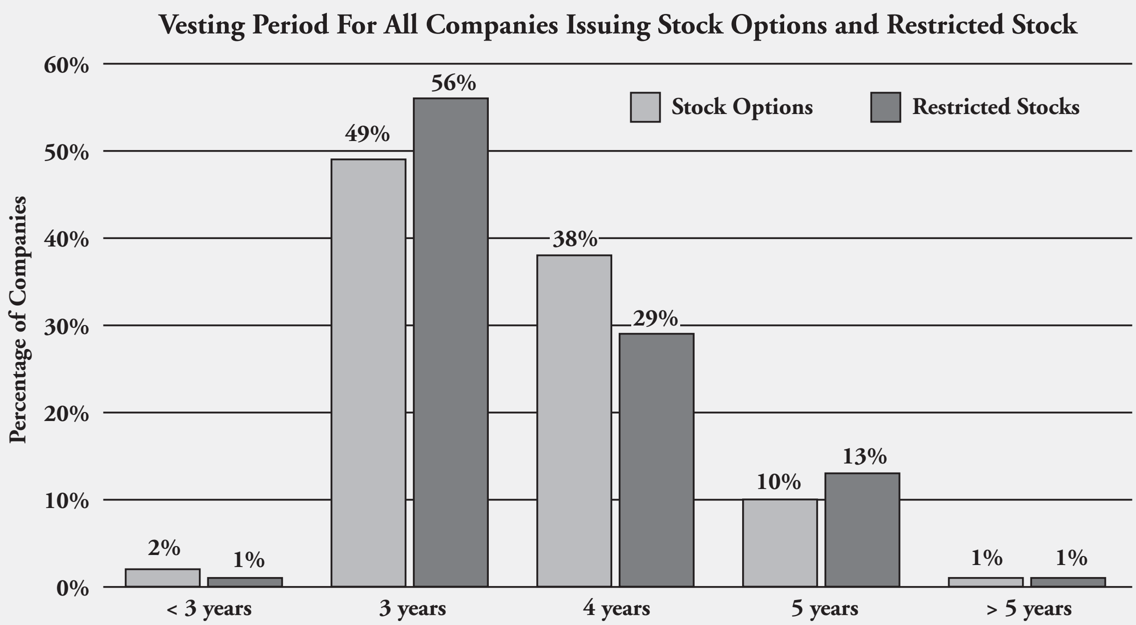
Option Term	Percent of Companies Using
>10 years	0%
10 years	80%
9 years	0%
8 years	2%
7 years	15%
6 years	2%
5 years	<1%

Vesting Schedules

Type of Vesting – As seen in the chart on the following page, eighty percent of the Top 250 companies issuing stock options apply uniform (equal installment) vesting to their stock option grants. Restricted stock grants, in contrast, are often used as retentive awards and therefore companies more often apply "cliff" vesting (i.e., 100% vesting after a specified number of years). Thirty-eight percent of the Top 250 companies granting restricted stock awards apply cliff vesting, versus only seven percent of the Top-250 companies granting stock options. Thirteen percent of companies granting stock options and sixteen percent of companies granting restricted stock use non-uniform vesting (e.g., twenty-five percent vest after year one, twenty-five percent vest after year two, fifty percent vest after year three). Other than an uptick in non-uniform vesting of stock options (thirteen percent in 2010 vs. nine percent in 2009), prevalence of vesting types remains generally the same as compared to the 2009 report.



Vesting Period – Three years continues to be the most common vesting period for both stock options (forty-nine percent of companies) and restricted stock (fifty-six percent of companies). Roughly half of the companies, however, choose vesting periods equal to or greater than four years.



GRANT STRUCTURE – PERFORMANCE AWARDS

The Top 250 report also includes a detailed analysis of performance award features, such as performance measures, performance periods, and payout amounts.

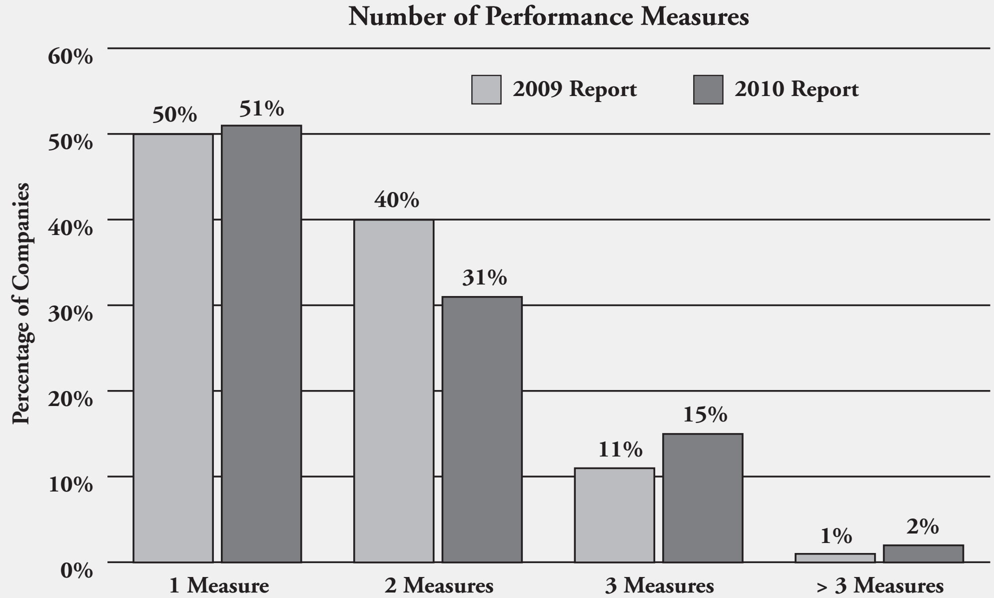
Performance Measures

Categories – Forty-nine percent of the Top 250 companies granting performance awards use some type of "profit" measure as a basis for award payout, still the most prevalent performance measure but not by such a wide margin as prior years (down from fifty-nine percent last year). Given the difficulty in setting long-term performance goals companies increasingly turned to measures conducive to relative measurement such as total shareholder return. TSR was used at thirty-nine percent of Top 250 companies, an increase from thirty-five percent in 2009. Other prevalent measures of performance include capital efficiency ratios (including return on equity and return on assets) as well as revenue. It appears that the significant decrease in the use of profit based measurement was coupled with an increase in the use of cash flow and revenue as companies focused cash generation and top line growth. For the first time the Top 250 report captured information regarding the way goals are expressed. Absolute measurement indicates goals set to internal targets, while a relative approach measures goals against an external benchmark or peer group. Operational metrics (e.g. profit, revenue, etc.) tend to be measured on an absolute basis, with approximately 15-20% measuring operational performance on a relative basis. TSR tends to be measured on a relative basis. Occasionally companies may incorporate both approaches.

PERFORMANCE MEASURE CATEGORIES

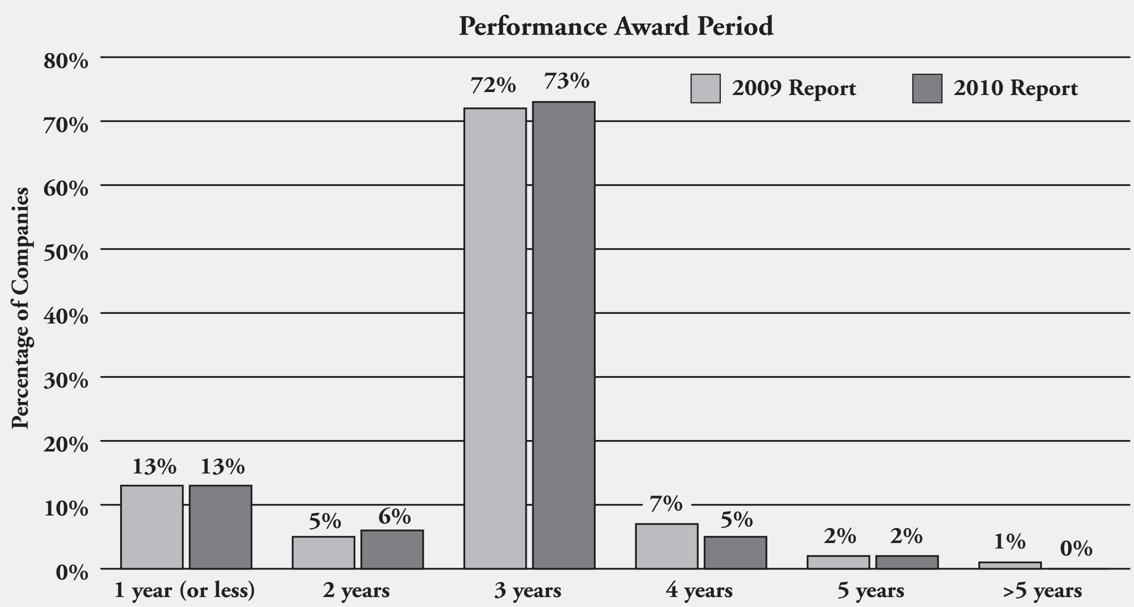
Category	Performance Measures	Percent of Companies Using		Performance Measurement Approach 2010 Report (Absolute/Relative/Both)
		2009 Report	2010 Report	
Profit	Earnings per share, net income, EBIT/EBITDA, operating income, pretax profit	59%	49%	Absolute = 83% Relative = 14% Both = 3%
Total Shareholder Return	Stock price appreciation plus dividends	35%	39%	Absolute = 8% Relative = 88% Both = 4%
Capital Efficiency	Return on equity, return on assets, return on capital	33%	31%	Absolute = 77% Relative = 17% Both = 6%
Revenue	Revenue, revenue growth	18%	20%	Absolute = 80% Relative = 20% Both = 0%
Cash Flow	Cash flow, cash flow growth	10%	12%	Absolute = 100% Relative = 0% Both = 0%
Other	Safety, quality assurance, new business, discretionary, individual performance	10%	12%	NA

Number of Measures Used – Fifty-one percent of performance award programs utilize only one performance measure category, while the other half utilize more than one category. The trend towards the use of two performance measures seems to have abated, re-setting back to 2008 levels (thirty-one percent). However, the use of three or more performance measures has increased noticeably since the 2009 Top 250 report. Note that companies that use both performance shares and performance units/cash (or two types of performance shares) are more heavily weighted in these statistics.



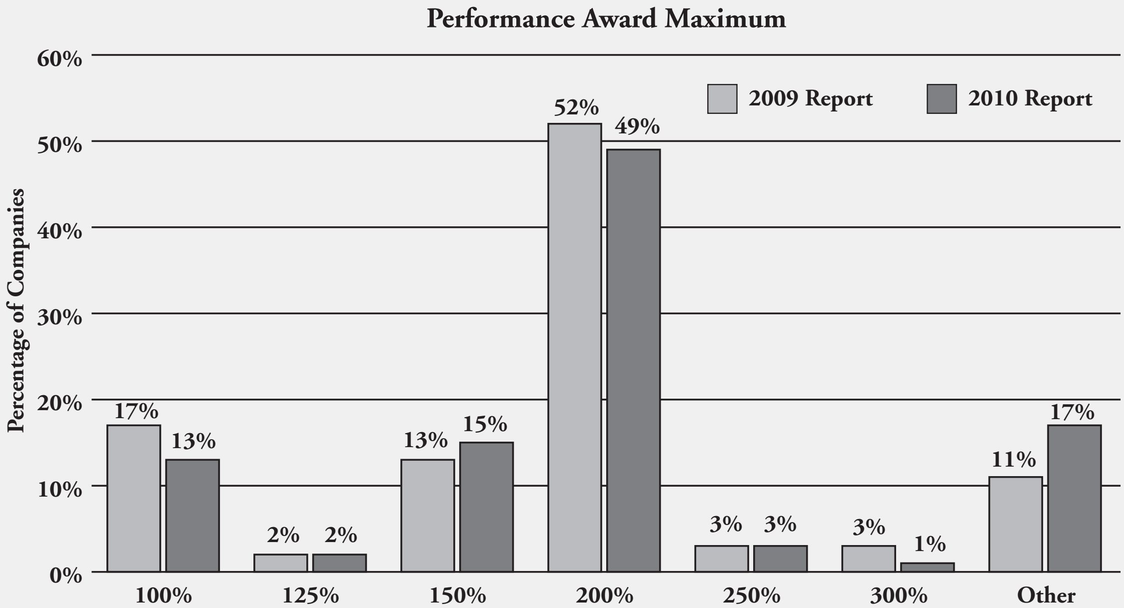
PERFORMANCE AWARD PERIOD

The vast majority of performance award programs used by Top 250 companies (seventy-three percent of programs) utilize a three-year performance period, while seven percent use a performance period greater than three years compared with seventy-two percent and ten percent, respectively, in 2009. While a three year performance period is still most common, this year's Top 250 report supports the trend that companies are increasingly shortening the performance cycle to less than three years. This year, nineteen percent of programs use a performance period that is less than three years compared to only nine percent three years ago.



PERFORMANCE AWARD MAXIMUM PAYOUT

Forty-nine percent of performance award programs used by Top 250 companies set maximum payout levels at 200% of target, down from fifty-two percent in 2009, influenced by an increase in the percentage of companies using a maximum payout other than the options listed below (seventeen percent this year versus eleven percent last year). Maximum payouts range from 100% to 320%, and are distributed as shown in the table below:



SUMMARY OF EXECUTIVE LONG-TERM INCENTIVE GRANT TYPE USAGE BY COMPANY

	EXECUTIVE LONG-TERM INCENTIVE GRANTS				
	APPRECIATION		FULL-VALUE		
	Stock Options	SARs	Time-Based Restricted Stock	Performance Shares	Performance Units/Cash
3M Co.	●		▲	●	
Abbott Laboratories	●			●	
Adobe Systems Inc.	●		▲	●	
Aetna Inc.		●		●	
Aflac Inc.	●		●	●	
Agilent Technologies Inc.	●			●	
Air Products & Chemicals Inc.	●		●	●	
Alcoa Inc.	●		●	●	
Allergan Inc.	●				
Allstate Corp.	●		●		
Altria Group Inc.			●		●
Amazon.com Inc.			●		
American Electric Power Co.				●	
American Express Co.*	●		●		●
American Tower Corp.	●		●		
Ameriprise Financial Inc.	●		●		
Amgen Inc.	●		●	●	
Anadarko Petroleum Corp.	●		●	●	
Aon Corp.	●		●	●	
Apache Corp.	●		●	●	
Apple Inc.			●		
Applied Materials Inc.				●	
Archer-Daniels-Midland Co.	●		●		
AT&T Inc.			▲	●	
Automatic Data Processing	●			●	
Avon Products	●				●
Baker Hughes Inc.	●		●		●
Bank of America Corp.*	❍		●		
Bank of New York Mellon Corp.*	●		●	●	
Baxter International Inc.	●			●	
BB&T Corp.*	●		▲	❍	●
Becton Dickinson & Co.		●	❍	●	
Bed Bath & Beyond Inc.	●			●	
Best Buy Co.	●			❍	
Biogen Idec Inc.	❍		❍	●	▲
Boeing Co.	●		●		●
Boston Properties Inc.			●	●	
Boston Scientific Corp.	●		●	▲	
Bristol-Myers Squibb Co.	●		●	●	
Broadcom Corp.	●		●		
CA Inc.				●	
Cameron International Corp.	●		●	▲	❍

● = Continuing ▲ = New or Prospective Grant Type ❍ = Dropped

* Indicates that company was, or continues to be, subject to restrictions pertaining to TARP participation

SUMMARY OF EXECUTIVE LONG-TERM INCENTIVE GRANT TYPE USAGE BY COMPANY

● = Continuing ▲ = New or Prospective Grant Type ❍ = Dropped

	EXECUTIVE LONG-TERM INCENTIVE GRANTS				
	APPRECIATION		FULL-VALUE		
	Stock Options	SARs	Time-Based Restricted Stock	Performance Shares	Performance Units/Cash
Campbell Soup Co.			❍	●	
Capital One Financial Corp.*	●		●	●	
Cardinal Health Inc.	●		●		●
Carnival Corp.			●		
Caterpillar Inc.		●	●		●
Celgene Corp.	●		●		●
CenturyLink Inc.			●	▲	
Charles Schwab Corp.	●			●	
Chesapeake Energy Corp.			●		
Chevron Corp.	●			●	
Chubb Corp.			●	●	
Cigna Corp.	●			▲	❍
Cisco Systems Inc.	▲		●	❍	
Citigroup Inc.*	●			●	
CME Group Inc.	●		●		
Coach Inc.	●		●		
Coca-Cola Co.	●			▲	
Coca-Cola Enterprises Inc.	●			●	
Cognizant Technology Solutions Corp.	▲		●	●	
Colgate-Palmolive Co.	●			●	
Comcast Corp.	●			●	
ConAgra Foods Inc.	●			●	
ConocoPhillips	●			●	
Consolidated Edison Inc.				●	
Corning Inc.	●				●
Costco Wholesale Corp.			●	●	
CSX Corp.			●		●
Cummins Inc.	●			●	●
CVS Caremark Corp.	●		●		●
Danaher Corp.	●			●	
Deere & Co.	●		●		●
Dell Inc.	●			●	
Devon Energy Corp.	●		●		
Diamond Offshore Drilling Inc.		●			
DIRECTV Group Inc.				●	
Dominion Resources Inc.			●		●
Dow Chemical	●		●	●	
Duke Energy Corp.			●	●	
E.I. du Pont de Nemours & Co.	●		●	●	
Eaton Corp.	❍		▲		❍
eBay Inc.	●		▲	●	
Ecolab Inc.	●			▲	

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SUMMARY OF EXECUTIVE LONG-TERM INCENTIVE GRANT TYPE USAGE BY COMPANY

	EXECUTIVE LONG-TERM INCENTIVE GRANTS				
	APPRECIATION		FULL-VALUE		
	Stock Options	SARs	Time-Based Restricted Stock	Performance Shares	Performance Units/Cash
	● = Continuing		▲ = New or Prospective Grant Type		❍ = Dropped
Edison International	●		▲	●	
EMC Corp.	●		●	●	
Emerson Electric Co.	●		●	●	
Entergy Corp.	●			●	
EOG Resources Inc.		●	●		
Equity Residential	●		●		
Estee Lauder Cos Inc.	●		●	●	
Exelon Corp.	●			●	
Express Scripts Inc.	●		●	●	
Exxon Mobil Corp.			●		
FedEx Corp.	●		●		●
Fifth Third Bancorp*			●	●	
First Solar Inc.			●		
FirstEnergy Corp.			●	●	
Ford Motor Co.	●			●	
Forest Laboratories Inc.	●		●		
FPL Group Inc.	●		●	●	
Franklin Resources Inc.			●	●	
Freeport-McMoRan Corp.	●			▲	
Gap Inc.	●		❍	▲	❍
General Dynamics Corp.	●		●		
General Electric Co.	●		❍	▲	▲
General Mills Inc.	●		●		
Genzyme Corp.	●		❍		▲
Gilead Sciences Inc.	●			●	
Goldman Sachs Group Inc.*	●		●		
Google Inc.	●		●		
Halliburton Co.	●		●		●
Hartford Financial Services*	●		●	●	
HCP Inc.	●		❍	●	
Heinz (H J) Co.	●		●		●
Hershey Co.	●			●	
Hess Corp.	●		●		
Hewlett-Packard Co.			●	●	
Home Depot Inc.	●		❍	●	
Honeywell International Inc.	●		❍		●
Illinois Tool Works	●		❍		●
Intel Corp.	●		●		▲
International Business Machines Corp.	❍				●
International Paper Co.				●	
Intuit Inc.	●		●	●	
Intuitive Surgical Inc.	●				

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	APPRECIATION		FULL-VALUE		
	Stock Options	SARs	Time-Based Restricted Stock	Performance Shares	Performance Units/Cash
ITT Corp.	●		●		●
Johnson & Johnson	●		●	●	
Johnson Controls Inc.	●		●		●
JPMorgan Chase & Co.*		●	●		
Juniper Networks Inc.	●			●	
Kellogg Co.	●			●	
Kimberly-Clark Corp.	●			●	
Kohl's Corp.	●		●	▲	
Kraft Foods Inc.	●		●	▲	
Kroger Co.	●		●		❍
L-3 Communications Holdings Inc.	●		●	●	
Lilly (Eli) & Co.				●	
Lockheed Martin Corp.	●		●		●
Loews Corp.		●			
Lorillard Inc.		●	●		
Lowe's Companies Inc.	●		●	❍	
Marathon Oil Corp.	●		●		●
Marriott International Inc.		●	●		
Marsh & McLennan Cos. Inc.	●		●		
MasterCard Inc.	●			●	
McDonald's Corp.	●			●	●
McGraw-Hill Companies	●			●	
McKesson Corp.	●			●	●
Mead Johnson Nutrition Co.	●		▲	●	
Medco Health Solutions Inc.	●		●		
Medtronic Inc.	●			●	●
Merck & Co.	●		●	●	
MetLife Inc.	●			●	
Microsoft Corp.			●	❍	
Monsanto Co.	●			●	
Morgan Stanley*			●	▲	
Motorola Inc.	●		●		●
Murphy Oil Corp.	●			●	
National Oilwell Varco Inc.	●			●	
NetApp Inc.	●				
Newmont Mining Corp.	●			●	▲
News Corp.					●
NIKE Inc.	●		●		●
Noble Energy Inc.	●		●		
Norfolk Southern Corp.	●		●	●	
Northern Trust Corp.*	●		▲	❍	
Northrop Grumman Corp.	●			●	

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	EXECUTIVE LONG-TERM INCENTIVE GRANTS				
	APPRECIATION		FULL-VALUE		
	Stock Options	SARs	Time-Based Restricted Stock	Performance Shares	Performance Units/Cash
Nucor Corp.			●	●	
NVIDIA Corp.	●		▲		
Occidental Petroleum Corp.				●	●
Omnicom Group	●				
Oracle Corp.	●				
PACCAR Inc.	●			●	●
Parker-Hannifin Corp.	●	●		●	
Paychex Inc.	●				
Peabody Energy Corp.	●			●	
PepsiCo Inc.	●			●	
Pfizer Inc.		●	●	●	●
PG&E Corp.			●	●	
Philip Morris International			●		
PNC Financial Services Group Inc.	●			●	
PPG Industries Inc.	●			●	
PPL Corp.	●		●	●	
Praxair Inc.	●			●	
Precision Castparts Corp.	●				
Priceline.com Inc.			●	●	
Procter & Gamble Co.	●		●	▲	❍
Progress Energy Inc.			●	●	
Progressive Corp.			●	●	
Prudential Financial Inc.	●		❍	●	▲
Public Service Enterprise Group Inc.	●			●	
Public Storage	❍			●	
QUALCOMM Inc.	●		▲	▲	
Quest Diagnostics Inc.	●		●	●	
Raytheon Co.			●	●	
Republic Services Inc.	●		●		●
Reynolds American Inc.			❍	●	❍
Rockwell Collins Inc.	●			●	
Safeway Inc.	●		▲		
Sara Lee Corp.	●		▲	●	
Schlumberger Ltd.	●				
Sears Holdings Corp.			●		●
Sempra Energy	●			●	
Simon Property Group Inc.				▲	
Smith International Inc.				●	
Southern Co.	●				●
Southwest Airlines	●		▲		
Southwestern Energy Co.	●		●		●
Spectra Energy Corp.			●	●	

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	APPRECIATION		FULL-VALUE		
	Stock Options	SARs	Time-Based Restricted Stock	Performance Shares	Performance Units/Cash
Sprint Nextel Corp.	●			▲	●
St Jude Medical Inc.	●				
Staples Inc.	●		●	❍	▲
Starbucks Corp.	●			●	
State Street Corp.*	❍			●	
Stryker Corp.	●		▲		
SunTrust Banks Inc.*	❍		❍	▲	
Symantec Corp.	●		●		●
Sysco Corp.	●		●		●
T. Rowe Price Group	●				
Target Corp.	●		●	●	
Texas Instruments Inc.	●		●		
Thermo Fisher Scientific Inc.	●		●	●	
Time Warner Cable Inc.	●		●		
Time Warner Inc.	●		●	●	
TJX Companies Inc.	●			●	●
Travelers Cos Inc.	●			●	
US Bancorp	●			●	
Union Pacific Corp.	●		●	●	
United Parcel Service Inc.	●		●	●	
United Technologies Corp.		●		●	
UnitedHealth Group Inc.		●	●	●	●
Valero Energy Corp.	●		●		
Verizon Communications Inc.			●	●	
Viacom Inc.	●		●	●	
Visa Inc.	●		●	●	
Vornado Realty Trust	●		●	❍	
Walt Disney Co.	●		●	●	
Walgreen Co.	●		●	●	
Wal-Mart Stores Inc.			●	●	
Waste Management Inc.	▲			●	
WellPoint Inc.	●		●	●	
Wells Fargo & Co.			●	▲	
Western Union Co.	●		●		●
Weyerhaeuser Co.	●		●		
Williams Cos.	●		●	●	
Xcel Energy Inc.				●	
Yahoo Inc.	●		●	●	
Yum! Brands Inc.		●		●	
Zimmer Holdings Inc.	●			●	

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GRANT TYPE CLASSIFICATIONS

For purposes of this report, grant types are classified according to how value is delivered to the recipient, differentiating between "appreciation" grants and "full-value" grants, as summarized below:

Appreciation Grants:	• Stock Options • Stock Appreciation Rights (SARs)
Full-Value Grants:	• Restricted Stock • Performance Shares • Performance Units/Cash

Appreciation grants typically have no intrinsic value at the time of grant and depend upon the appreciation of a company's stock price to deliver value to the recipient. **Full-value grants**, on the other hand, have value at the time of grant and may either increase or decrease in value depending on company performance and/or subsequent changes in stock price. Formula-value grants use financial measures instead of stock price to determine value and may be either an appreciation grant or a full-value grant.

Definitions for each of the above grant types, as well as other grant type variations, follow below.

DEFINITIONS OF LONG-TERM INCENTIVE GRANT TYPES

Appreciation Grants

Stock Options are rights to purchase shares of company stock at a specified price over a stated period, usually ten years or less. Typically, the option price is 100 percent of the stock price at the time of grant and options vest by continued service, although variations of this "plain-vanilla" type option are used in practice:

- Performance-Accelerated Stock Options are options that have a set service-vesting schedule, but may be exercised earlier if specified performance criteria are met, e.g., attaining specific earnings or stock price goals. Options with performance-accelerated vesting provisions eventually become exercisable later in their option term by continued service regardless of attainment of the performance goals.
- Performance-Vesting Stock Options are considered to have "vesting with teeth" because the options are forfeited if performance criteria are not met prior to the expiration of the option term.
- Premium Stock Options are options that have an exercise price above market value at the time of grant.

Stock Appreciation Rights ("SARs") are rights to receive the increase between the grant price and market price of the company stock, which can be settled in stock or cash. Variations of SARs include:

- Freestanding SARs are rights to receive the gain on a "phantom" stock option. Freestanding SARs are granted independently from stock options and, therefore, the exercise of the SAR does not cancel any outstanding stock options.

Full-Value Grants

Restricted Stock consists of grants of actual shares of stock or stock "units" (commonly referred to as "RSUs") that are subject to transfer restrictions and risk of forfeiture until vested by continued employment. Vesting is contingent solely on the passage of time. Note that this is a change in methodology from the 2008 report, which also included performance-based restricted shares with a one-year performance period as restricted stock. Such awards are categorized as performance shares. However, "backward-looking" performance shares for which payout levels are determined following a performance period but shares were not previously granted (e.g., annual bonus paid in the form of restricted stock) are still categorized as restricted stock. Dividends or dividend equivalents are typically paid during the restriction period, on either a current or deferred basis. If deferred, the dividends or equivalents are often converted into additional restricted shares, subject to the same restrictions and risk of forfeiture as the underlying award.

- **Performance-Accelerated Restricted Stock Award Plans ("PARSAPs")**, are grants of restricted stock that may vest early upon attainment of specified performance objectives. PARSAPs eventually vest based on continued service alone.

Performance Shares are grants of actual shares of stock or stock "units" whose payment is contingent on performance as measured against predetermined objectives over a measurement period of one or more years. Note that this is a change in methodology from prior years' reports, which only included performance awards with multi-year performance periods as performance shares. Performance shares differ from performance units/cash in that the value paid fluctuates with stock price changes, as well as performance against objectives. The payout may be settled in cash or stock.

- **Market Stock Units ("MSU")** are restricted stock units earned based on stock price performance (more shares if stock price goes up, less if goes down) over a maturity period. At the maturity date the number of shares earned and paid is the number of MSUs granted times the ratio of the fair market value at the maturity date divided by the fair market value at the grant date, subject to a cap and, in some cases, a floor. Thus, if the stock price goes up, the result is an increase in the shares earned, up to the cap, at an increased stock price. And conversely, if the price declines, the result is a decrease in the shares earned at a decreased stock price.

Performance Units/Cash are grants of cash or dollar-denominated units whose payment or value is contingent on performance against predetermined objectives over a pre-defined measurement period (of one or more years). Actual payouts may be in cash or stock.

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