EXECUTIVE CHANGE IN CONTROL REPORT

2013 / 2014

ANALYSIS OF EXECUTIVE CHANGE IN CONTROL ARRANGEMENTS OF THE TOP 200 COMPANIES

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INTRODUCTION

Political activists, shareholder advisory firms and the media have launched a direct assault on executive compensation. Accordingly, increased attention has been placed on "Golden Parachutes" and the associated "Gross-Up" payments for excise taxes imposed as a result of Internal Revenue Code Section 280G.

Shareholder advisory firms have stated policies to vote against companies' say-on-pay resolutions and / or the re-election of members of the compensation committees if "poor pay practices" are present. Poor pay practices include providing severance benefits in excess of three (3) times compensation, excessive perquisites and new excise tax Gross-Ups for Golden Parachute payments.

Public companies must quantify and disclose the magnitude of potential parachute payments to top executives, regardless of whether they are severance payments, acceleration of equity awards (such as stock options), fringe benefits and / or any "Gross-Up" payments for excise tax.

To understand current pay practices — and to analyze their transparency — **Alvarez & Marsal Taxand, LLC's Compensation and Benefits Practice** conducted a study on change in control arrangements among the top 200 publicly traded companies in the United States. The study analyzed the 20 largest public companies in 10 different industries based on market capitalization. The study was also performed in 2006, 2007, 2009, and 2011. This report represents the findings for 2013.

This analysis is based on information contained in each company's 2013 SEC filings and disclosures. In particular, we reviewed the employment agreements of CEOs and other named executive officers ("Other NEOs"), as well as company policies, equity plans, annual bonus plans, retirement plans, deferred compensation plans and proxy disclosures.

While change in control arrangements face increased scrutiny by shareholder activists, there continue to be additional strategic reasons for compensation committees to benchmark executive parachute payments.

- It is important to recognize the original purpose of these arrangements: to ensure that executives evaluate every opportunity, including an acquisition, to maximize shareholder value, not just consider how such an event will affect their personal circumstances. By addressing change in control provisions in executive compensation packages, boards can be assured that executives will approach the intricacies of negotiation without the distraction of personal considerations.
- Compensation committees need to utilize parachute payment arrangements as a tool to attract qualified candidates and to reward top performers for the successful results of their strategies.
- Shareholders have increased concerns regarding corporate governance. By benchmarking and evaluating executive change in control arrangements, boards and their compensation committees can demonstrate a sense of accountability to both shareholders and regulators – and show that they are not merely complying with the letter of SEC regulations, they are acting within the spirit of the guidance.

To understand current pay practices — and to analyze their transparency — Alvarez & Marsal Taxand, LLC's Compensation and Benefits Practice conducted a study on change in control arrangements among the top 200 publicly traded companies in the United States. The study analyzed the 20 largest public companies in 10 different industries, based on market capitalization. The study was also performed in 2006, 2007, 2009, and 2011.

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Executive change in control arrangements historically remained "under the radar" of shareholders, regulators, and other interested parties until shortly before a change in control. However, this has dramatically changed due to the SEC proxy compensation disclosure rules, say-on-pay and additional Golden Parachute disclosures required by the Dodd-Frank Wall Street Reform and Consumer Protection Act, and the influence of shareholder advisory firms. Boards and, in particular, compensation committees, should take a close look at the magnitude of the potential payments. It is essential to determine whether a company's arrangements are in line with its peers and whether modifications are warranted.

Companies need to be prepared to stand behind their numbers. Benchmarking existing plans against other companies will help validate existing benefits or expose opportunities to adjust change in control arrangements. Boards and compensation committees do not want to be perceived as providing excessive change in control benefits relative to their peers or offering benefits that conflict with maximizing shareholder value.

Alvarez & Marsal Taxand, LLC's Compensation and Benefits Practice has undertaken a study of current change in control arrangements among the top 200 publicly traded companies in the United States. This study is an analysis of the 20 largest companies in 10 different industries, based on market capitalization. Observations and comparisons are made between this study and our prior 2009 and 2011 studies, as appropriate.

Key Findings

- The average value of change in control benefits provided to CEOs remained relatively flat at $29,853,057 in 2013, down from $30,263,141 in 2011. The average value provided to Other NEOs is $10,965,718 in 2013 compared to $10,822,114 in 2011.
- On average, the total value of change in control benefits provided to CEOs and Other NEOs is only 0.31 percent of market capitalization.
- Similar to 2011, 85 percent of companies have at least one (1) equity plan (options, restricted stock, etc.) that uses a Single Trigger to activate change in control provisions, generally resulting in accelerated vesting. In a Single Trigger scenario, only a change of control must occur; the executive need not be terminated.
- There has been a steady increase in the number of companies that have at least one (1) equity plan that uses a Double Trigger (change of control and termination of employment); 63 percent of companies in 2013, up from 53 percent in 2011 and 28 percent in 2009.
- Similar to 2011, 78 percent of CEOs and 77 percent of Other NEOs are entitled to receive a cash severance payment upon termination in connection with a change in control. However, upon a termination not in connection with a change in control, only 56 percent of CEOs and Other NEOs are entitled to a cash severance payment.
- The most common cash severance multiple for CEOs is between two (2) and three (3) times compensation (43 percent). The prevalence of a three (3) times multiple has fallen to 42 percent in 2013 from 51 percent in 2011.
- The percentage of companies that provide at least one (1) executive with an enhancement in retirement benefits decreased to 46 percent in 2013 compared to 52 percent in 2011.
- 30 percent of CEOs and Other NEOs are entitled to receive "Gross-Up" payments – meaning the company pays the executive the amount of any excise tax imposed, thereby, making the executive "whole" on an after-tax basis. Compared to 2011, this is a reduction from 49 percent for CEOs and 47 percent for Other NEOs.
- 60 percent of companies that currently provide an excise tax Gross-Up or Modified Gross-Up payment have indicated that they intend to phase-out or completely eliminate excise tax Gross-Up payments in the future.
- There are significant differences in change in control protection between industries as reflected in the multiples of compensation used for determining severance payments and Gross-Up protection.

Creating greater transparency around change in control arrangements can be a positive step for companies, if they have the data needed to perform a comparative analysis. This survey is a first step in that analysis.

QUANTIFICATION OF BENEFIT VALUES – GENERAL

One of the main goals behind the SEC executive compensation disclosure rules is transparency. Therefore, the SEC requires companies to quantify any parachute payments the CEO and Other NEOs would receive upon a hypothetical change in control at year end. The most prevalent types of parachute payments provided to executives include:

- Severance
- Annual Bonus
- Long-Term Incentive Awards

Other common parachute payments include health and welfare benefit continuation, legal fees, retirement benefits, outplacement services, Gross-Up payments, financial / tax planning services, country club dues, and life insurance.

From information provided in the "Potential Payments upon Termination or Change in Control" section and other sections of the executive compensation disclosure, we calculated the average value for certain typical parachute payments. These averages were calculated separately for CEOs and Other NEOs. For each respective group, we calculated an industry average as well as an aggregate average for all industries.

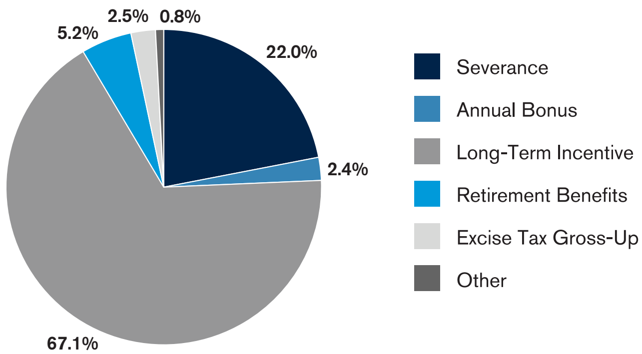
Not all companies presented their proxy data in the same manner. The vast majority of companies included only the value attributable to the accelerated vesting of the award upon a change in control, but a few companies included the entire payout executives would receive for their long-term incentive awards upon a change in control. A similar discrepancy was observed with retirement benefits; some companies reported the total payout value, while other companies only reported the incremental benefit provided upon a change in control. Where possible, we show only the unvested portion that would vest upon a change in control.

The average values of the parachute payments shown in companies' SEC executive compensation disclosures follow on page 5 for CEOs and page 6 for Other NEOs.

Change in control benefits have, historically, been a point of contention between executives and investors. To gain an understanding of the magnitude of these benefits, we calculated the total value of change in control benefits provided to the CEO and the Other NEOs and compared that to each company's market capitalization. We found, on average, the total value of change in control benefits provided to CEOs and Other NEOs is 0.31 percent of market capitalization. The results range from an average of 0.15 percent in the information technology industry to an average of 0.86 percent in the telecommunications industry. Overall, the results showed that the value of change in control benefits for the CEOs and NEOs was relatively immaterial compared to the market capitalizations of the companies.

QUANTIFICATION OF BENEFIT VALUES – CEO

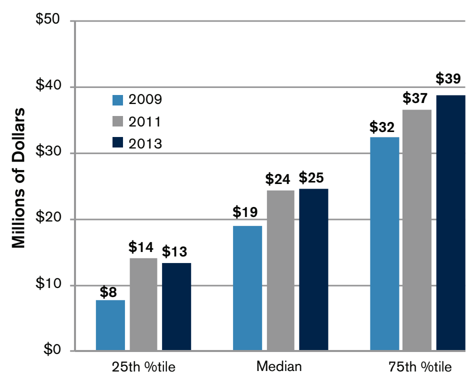
The chart below illustrates the average value for each type of benefit received by the CEOs of companies in all 10 industries.



- On average, CEOs are entitled to change in control benefits of $29,853,057, which is a relatively small decrease from $30,263,141 in 2011. The 2013 CEO change in control benefits are a substantial increase from $22,987,661 in 2009, primarily due to the change in long-term incentive values. The value of long-term incentives is largely driven by fluctuations in the stock market. Between 2011 and 2013, benefits provided in the financial services industry saw the greatest increase, while benefits provided in the energy, healthcare and industrials sectors experienced the greatest decrease.
- The consumer discretionary industry has the largest average benefit of $43,863,022. The telecommunications industry offers the lowest average benefit of $17,535,906.
- Common benefits comprising the “Other” category are health and welfare benefit continuation, outplacement services, financial / tax planning services, country club dues and life insurance.
- Between 2011 and 2013, the change in control benefits with the largest decrease in value were severance payments and excise tax Gross-Up payments; the benefit with the largest increase in value was long-term incentive payments.
- The chart to the right displays the 25th percentile, median and 75th percentile values of all change in control benefits provided to CEOs in 2009, 2011 and 2013.
- The table below displays the 2013 averages for each type of parachute payment broken out by industry, including a company weighted average for all 10 industries. For comparison purposes, information related to 2009 and 2011 is also shown below.

The average change in control benefit provided to CEOs is $29,853,057 compared to $30,263,141 in 2011 and $22,987,661 in 2009.

RANGE OF CHANGE IN CONTROL BENEFITS



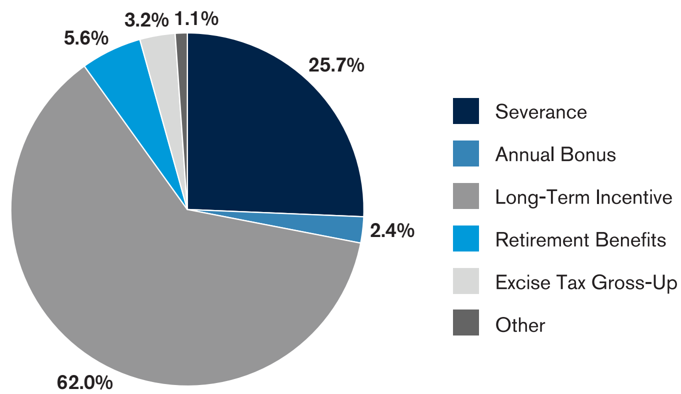
2013 CHANGE IN CONTROL BENEFIT VALUES FOR CEOs

	Severance	Annual Bonus	Long-Term Incentive	Retirement Benefits	Excise Tax Gross-Up	Other	2013 Average Total Benefit	2011 Average Total Benefit	2009 Average Total Benefit
Consumer Discretionary	$8,011,484	$1,354,900	$32,938,609	$1,012,371	$424,647	$121,012	$43,863,022	$46,028,894	$24,924,757
Consumer Staples	5,346,374	1,044,213	18,538,141	373,994	675,890	1,276,030	27,254,642	26,521,341	23,075,528
Energy	7,581,030	906,116	17,971,994	3,509,132	776,029	188,361	30,932,662	40,308,430	34,764,705
Financial Services	5,729,653	412,500	27,014,886	547,921	298,825	52,003	34,055,788	22,326,628	17,640,937
Healthcare	6,661,365	349,891	21,263,746	569,489	501,452	60,788	29,406,730	35,380,576	27,474,558
Industrials	7,072,113	798,500	15,179,618	3,017,313	1,106,993	70,689	27,245,226	33,180,435	31,494,718
Information Technology	2,393,821	308,750	23,026,942	0	0	21,863	25,751,376	23,794,874	14,459,816
Materials	10,951,781	992,664	22,159,693	4,382,640	1,859,840	99,655	40,446,272	36,695,022	24,444,290
Telecommunications	4,780,313	233,676	12,407,919	12,635	52,221	49,142	17,535,906	15,981,313	9,638,342
Utilities	6,944,258	616,143	9,564,103	1,980,451	1,763,808	554,326	21,423,089	22,413,898	21,958,960
2013 Weighted Average	**$6,556,098**	**$704,087**	**$20,044,749**	**$1,548,273**	**$749,457**	**$250,393**	**$29,853,057**	**N/A**	**N/A**
2011 Weighted Average	**$7,920,410**	**$790,723**	**$17,960,450**	**$1,398,399**	**$1,968,182**	**$224,976**	**N/A**	**$30,263,141**	**N/A**
2009 Weighted Average	**$8,147,206**	**$796,688**	**$9,874,297**	**$1,710,842**	**$2,093,842**	**$364,787**	**N/A**	**N/A**	**$22,987,661**

QUANTIFICATION OF BENEFIT VALUES – OTHER NEOs

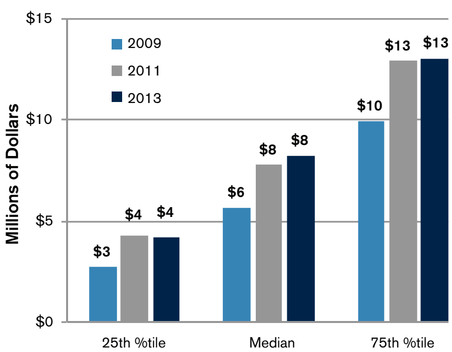
The average change in control benefit provided to Other NEOs is $10,965,718 as compared to $10,822,114 in 2011 and $7,975,671 in 2009.

The chart below illustrates the average value for each type of benefit received by the Other NEOs of companies in all 10 industries.



- On average, Other NEOs are entitled to change in control benefits of $10,965,718. This is relatively flat compared to $10,822,114 in 2011, but a significant increase from $7,975,671 in 2009, primarily due to the change in long-term incentive values. The value of long-term incentives is largely driven by fluctuations in the stock market. Benefits provided in the healthcare and consumer discretionary industries have seen the greatest increase since 2011, while benefits provided in the materials industry experienced the largest decrease.
- The consumer discretionary industry has the largest average benefit of $22,940,101. The telecommunications industry offers the lowest average benefit of $5,502,602.
- Between 2011 and 2013, there was a significant decrease in the value of excise tax Gross-Ups.
- The chart to the left displays the 25th percentile, median and 75th percentile values of all change in control benefits provided to Other NEOs in 2009, 2011 and 2013.
- The table below displays the 2013 averages for each type of parachute payment broken out by industry, including an executive weighted average for all 10 industries. For comparison purposes, information related to 2009 and 2011 is also shown below.

RANGE OF CHANGE IN CONTROL BENEFITS



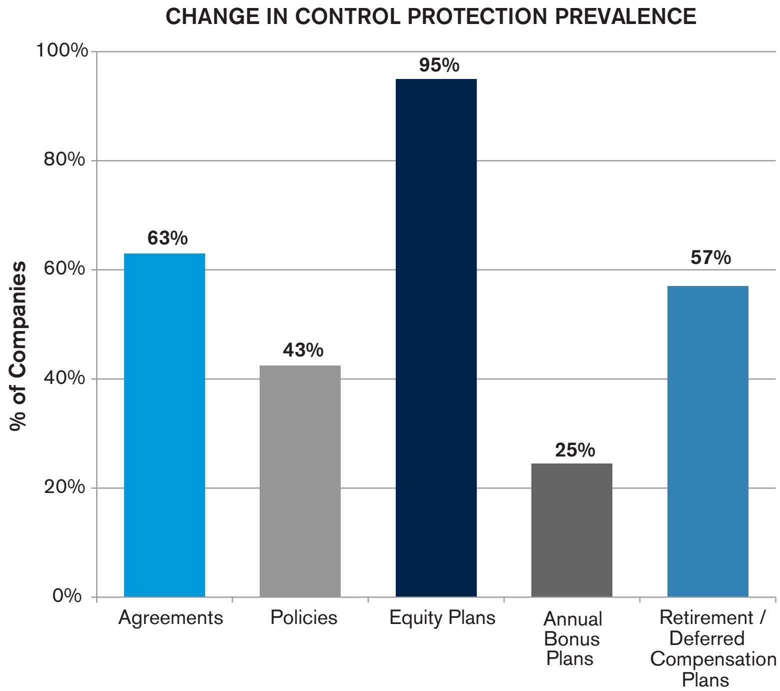
2013 CHANGE IN CONTROL BENEFIT VALUES FOR OTHER NEOs

	Severance	Annual Bonus	Long-Term Incentive	Retirement Benefits	Excise Tax Gross-Up	Other	2013 Average Total Benefit	2011 Average Total Benefit	2009 Average Total Benefit
Consumer Discretionary	$6,462,441	$531,345	$15,253,560	$50,795	$533,987	$107,974	$22,940,101	$19,509,897	$10,376,227
Consumer Staples	1,737,065	311,665	6,276,442	231,526	193,207	385,447	9,135,352	8,645,936	6,653,298
Energy	2,719,285	329,967	5,399,197	1,263,127	409,913	345,756	10,467,245	11,424,657	11,309,103
Financial Services	3,029,944	372,217	7,405,994	602,472	195,134	47,159	11,652,919	10,858,197	6,074,436
Healthcare	2,930,109	184,153	8,274,403	607,028	445,351	55,282	12,496,325	10,105,035	10,491,323
Industrials	2,330,655	339,633	5,087,715	1,849,354	560,168	54,007	10,221,533	10,942,357	8,228,893
Information Technology	1,173,699	101,240	10,202,472	60,022	0	18,663	11,556,095	10,312,436	6,720,017
Materials	3,335,310	235,007	3,165,103	839,746	620,039	51,806	8,247,012	12,589,754	8,691,287
Telecommunications	1,773,995	76,006	3,613,384	3,629	0	35,588	5,502,602	5,507,706	4,217,347
Utilities	2,606,666	139,388	3,120,749	599,742	584,514	109,312	7,160,371	8,289,903	7,062,790
2013 Weighted Average	**$2,813,300**	**$262,450**	**$6,802,529**	**$611,693**	**$354,744**	**$121,002**	**$10,965,718**	**N/A**	**N/A**
2011 Weighted Average	**$2,825,947**	**$306,091**	**$6,142,638**	**$584,471**	**$861,446**	**$101,521**	**N/A**	**$10,822,114**	**N/A**
2009 Weighted Average	**$3,054,700**	**$263,563**	**$3,165,153**	**$643,929**	**$743,230**	**$105,097**	**N/A**	**N/A**	**$7,975,671**

CHANGE IN CONTROL PROTECTION PREVALENCE

Change in control protection can be provided to executives in many different ways. This chart illustrates the prevalence of different types of change in control protection arrangements. Change in control protection is included in the prevalence percentages shown, if the company provided any change in control protection with respect to that particular arrangement. Of the 200 companies reviewed, 99 percent provide some type of change in control protection.

The most common protection is provided in equity plans (95 percent), followed by individual agreements (63 percent) and retirement / deferred compensation plans (57 percent).



- **Agreements:** Individual agreements are generally limited to top executives. This analysis shows that 63 percent of all companies reviewed have agreements that contain change in control protection, with a high of 85 percent in the consumer discretionary industry and a low of 45 percent in the industrials and financial services industries, as the table to the right indicates.
- **Policies:** Policies generally cover a wider spectrum of executives and / or employees. Approximately 43 percent of the companies have policies that include some type of change in control protection.
- **Equity Plans:** 95 percent of companies have equity plans (e.g., options, restricted stock, restricted stock units, etc.) that provide change in control protection. This protection generally takes the form of accelerated vesting of the awards. (See page 9 for a discussion of change in control triggers in equity plans).
- **Annual Bonus Plans:** Approximately 25 percent of companies have annual bonus plans that include change in control protection provisions. Bonus payment protection is generally found in agreements and policies.
- **Retirement / Deferred Compensation Plans:** Compared with 49 percent in 2011, 57 percent of companies surveyed have a retirement or deferred compensation plan containing some type of change in control protection, such as acceleration of payout, immediate vesting and / or additional benefits.

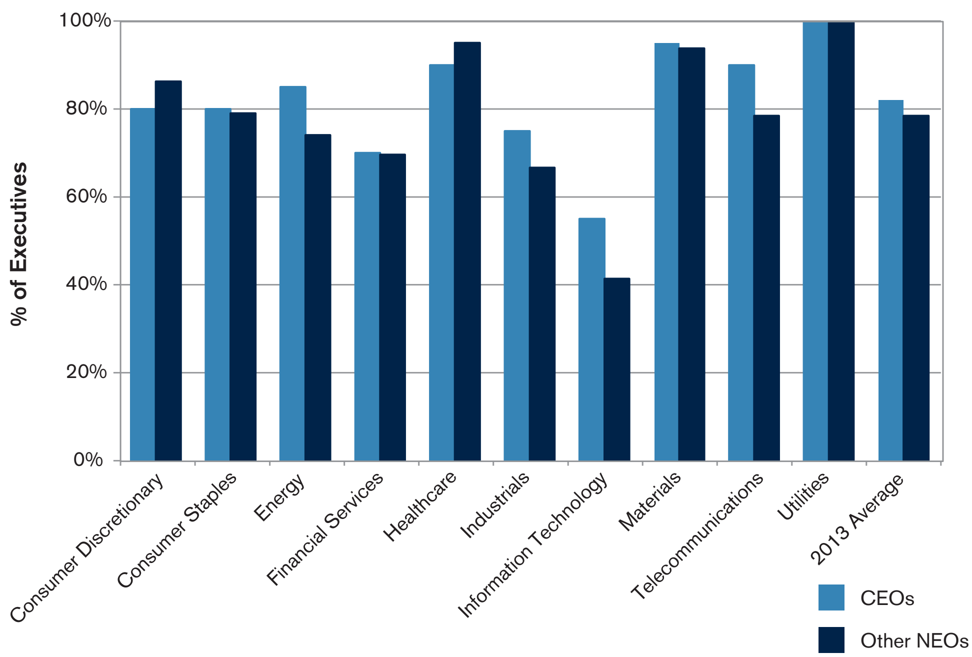
PROTECTION PREVALENCE BY INDUSTRY

	Agreements	Policies	Equity Plans	Annuarl Bonus Plans	Retirement / Deferred Compensation Plans
Consumer Discretionary	85%	5%	100%	20%	65%
Consumer Staples	50%	60%	95%	40%	60%
Energy	65%	50%	90%	50%	90%
Financial Services	45%	45%	80%	10%	50%
Healthcare	60%	50%	95%	20%	40%
Industrials	45%	40%	90%	25%	60%
Information Technology	60%	30%	100%	0%	45%
Materials	80%	25%	100%	25%	65%
Telecommunications	65%	50%	100%	15%	25%
Utilities	75%	70%	100%	40%	70%
2013 Average	**63%**	**43%**	**95%**	**25%**	**57%**
2011 Average	**64%**	**41%**	**96%**	**23%**	**49%**
2009 Average	**70%**	**41%**	**94%**	**23%**	**51%**

CHANGE IN CONTROL PROTECTION IN AGREEMENTS AND POLICIES

82 percent of CEOs and 78 percent of Other NEOs receive some type of change in control protection in individual agreements or company policies.

The percentage of companies that provide change in control protection in individual agreements and company policies varies by industry. The percentage of CEOs and Other NEOs who receive change in control protection pursuant to agreements and / or policies is shown below.



- This analysis shows that on average 82 percent of CEOs receive change in control protection from either an agreement and / or policy. The results range from 100 percent in the utilities industry to 55 percent in the information technology industry.
- 78 percent of Other NEOs receive change in control protection from either an agreement and / or policy, from a high of 100 percent in the utilities industry to a low of 41 percent in the information technology industry.
- Agreements are often effective for a specific period of time only, commonly referred to as the "term" of the agreement. Of companies that have an agreement in place for either the CEO or at least one (1) Other NEO, 43 percent have at least one (1) agreement with a specified term. The most common term is three (3) years. For agreements with a specified term, 69 percent contain an evergreen provision (i.e., automatic renewal feature).
- The consumer discretionary and healthcare industries had lower participation in agreements and / or policies for CEOs than for Other NEOs.

PROTECTION IN AGREEMENTS AND POLICIES BY INDUSTRY

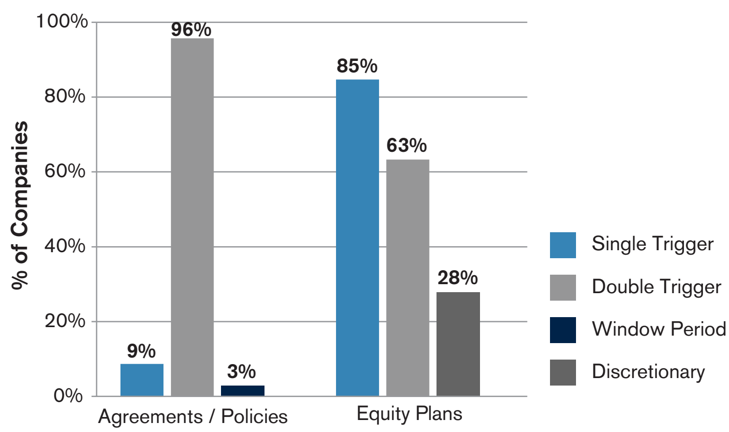
	CEO	Other NEOs
Consumer Discretionary	80%	86%
Consumer Staples	80%	79%
Energy	85%	74%
Financial Services	70%	70%
Healthcare	90%	95%
Industrials	75%	67%
Information Technology	55%	41%
Materials	95%	94%
Telecommunications	90%	78%
Utilities	100%	100%
2013 Average	**82%**	**78%**
2011 Average	**80%**	**79%**
2009 Average	**81%**	**78%**

CHANGE IN CONTROL TRIGGERS

There are generally four types of change in control payout triggers:

- **Single Trigger:** Only a change in control must occur.
- **Double Trigger:** A change in control plus the involuntary or constructive termination of an executive's employment without cause or resignation for "good reason" must occur within a certain period after the change in control. "Good reason" is commonly defined as either a reduction in an executive's compensation or benefits, diminishment of duties, or relocation.
- **Window Period:** An executive may voluntarily terminate employment during a specified time frame or "window" after a change in control has occurred and receive change in control payments. For example, an executive may voluntarily resign in the 13th month after a change in control and receive the benefits provided under an agreement or policy.
- **Discretionary:** The board has the discretion to trigger the payout of an award after a change in control. Typically, this trigger occurs in the form of accelerated vesting of options and / or restricted stock in equity plans.

This chart shows the prevalence of change in control triggers in agreements / policies and equity plans. The table at the bottom right of the page displays the same data by industry.



Agreements / Policies

- 96 percent of companies with agreements and / or policies have at least one (1) agreement or policy containing a Double Trigger. For the 9 percent of companies that include a Single Trigger, the trigger usually relates to the acceleration of equity awards and / or a guaranteed annual bonus for the year in which the change in control occurs; 3 percent of companies have at least one (1) agreement and / or policy with a Window Period trigger.
- Agreements and / or policies that provide for a Double Trigger generally provide a specified protection period after a change in control during which the executive must be terminated to receive the specified benefits. The length of the protection period ranges from 1 to 3 years, with an average of 2.03 years.

Equity Plans

- Change in control protection in equity plans typically takes the form of accelerated vesting of awards. The most common trigger found in equity plans is the Single Trigger. However, 63 percent of companies in 2013 have at least one (1) plan that provides for Double Trigger vesting of equity, up from 53 percent in 2011. 28 percent of companies also provide the board with discretion to accelerate the vesting of awards in at least one (1) of the company's equity plans.

A Single Trigger (only a change in control must occur) is the most common trigger for change in control protection in equity plans (85 percent). A Double Trigger (change in control and termination of employment must occur) is the most common trigger for change in control protection in individual agreements and company policies (96 percent).

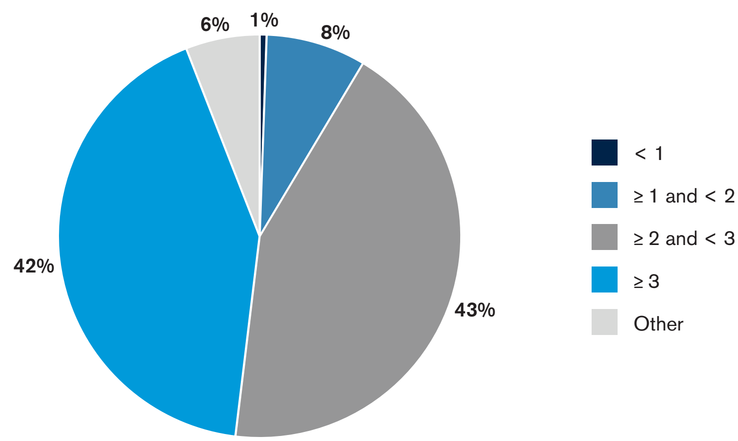
CHANGE IN CONTROL TRIGGERS BY INDUSTRY

	Agreements / Policies			Equity Plans		
	Single	Double	Window Period	Single	Double	Discretionary
Consumer Discretionary	6%	83%	0%	70%	40%	30%
Consumer Staples	6%	94%	0%	95%	74%	5%
Energy	11%	94%	6%	89%	78%	0%
Financial Services	7%	93%	0%	69%	69%	50%
Healthcare	5%	100%	0%	100%	74%	21%
Industrials	0%	100%	13%	94%	89%	22%
Information Technology	17%	92%	0%	60%	40%	55%
Materials	16%	100%	11%	95%	65%	35%
Telecommunications	10%	100%	0%	85%	45%	40%
Utilities	10%	100%	0%	90%	60%	20%
2013 Average	**9%**	**96%**	**3%**	**85%**	**63%**	**28%**
2011 Average	**11%**	**98%**	**8%**	**85%**	**53%**	**30%**
2009 Average	**14%**	**100%**	**7%**	**86%**	**28%**	**28%**

CASH SEVERANCE PAYMENTS – CEO

78 percent of CEOs receive a cash severance payment upon termination in connection with a change in control. The most common cash severance payment is between two (2) and three (3) times compensation. The prevalence of this multiple has increased from 35 percent in 2011 to 43 percent in 2013 primarily due to a decrease in the three (3) times compensation multiple.

Most agreements or policies with change in control protection provide for a cash severance payment, expressed as a multiple of compensation. The multiple is generally different at various levels within an organization. The pie chart below identifies the most common severance multiples provided to CEOs upon a termination in connection with a change in control. (The pie chart on page 11 illustrates the severance multiples for the Other NEOs). The table at bottom left shows the severance multiples for CEOs by industry.



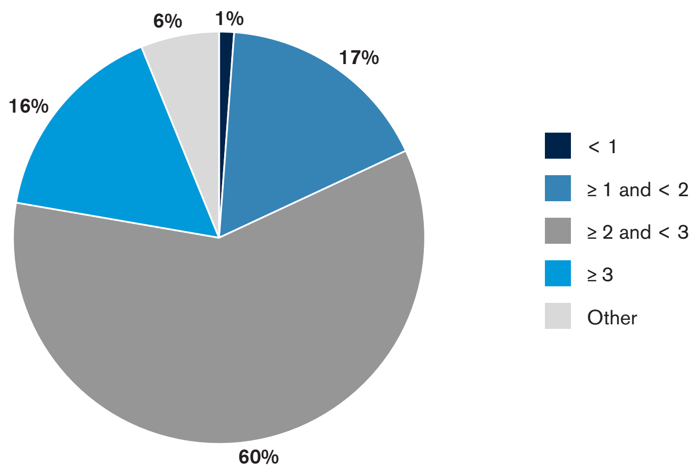
- 78 percent of CEOs are entitled to receive a cash severance payment upon termination in connection with a change in control. This benefit could be provided in an agreement or policy, but its prevalence varies significantly by industry. 95 percent of companies in the materials industry and 90 percent of companies in the healthcare, telecommunications and utilities industries provide a cash severance benefit, yet only 55 percent of companies in the financial services and information technology industries do so.
- The most common cash severance payment multiple for CEOs is between two (2) and three (3) times compensation and the average multiple is 2.5 times. 43 percent of companies with cash severance payments provide this level of benefit while 42 percent provide three (3) times or greater compensation. The definition of compensation used to determine the severance amount varies between companies. (See page 12 for the most common definitions of compensation used in determining severance amounts).
- Only two (2) companies have a severance multiple greater than three (3). One (1) company uses a multiple of 3.5 and one (1) company uses a multiple of 5. However, for both companies, the multiple applies to base salary only, and does not include a bonus component.
- The Other category includes severance payments that are not based on a multiple of compensation. Cash severance payments not based on a multiple of compensation are typically expressed as an absolute dollar amount, a continuation of compensation through the end of the contract term, or a specific formula. See page 5 for the value of this benefit for CEOs.

CASH SEVERANCE PAYOUT FOR CEOs BY INDUSTRY

	< 1	≥ 1 and < 2	≥ 2 and < 3	≥ 3	Other
Consumer Discretionary	0%	7%	57%	29%	7%
Consumer Staples	0%	13%	44%	44%	0%
Energy	0%	0%	25%	69%	6%
Financial Services	0%	0%	64%	27%	9%
Healthcare	0%	11%	39%	28%	22%
Industrials	0%	0%	47%	53%	0%
Information Technology	0%	27%	55%	9%	9%
Materials	0%	0%	32%	68%	0%
Telecommunications	6%	22%	39%	28%	6%
Utilities	0%	0%	33%	67%	0%
2013 Average	**1%**	**8%**	**43%**	**42%**	**6%**
2011 Average	**1%**	**8%**	**35%**	**51%**	**5%**
2009 Average	**1%**	**3%**	**35%**	**52%**	**9%**

CASH SEVERANCE PAYMENTS – OTHER NEOs

This pie chart illustrates the prevalence of severance multiples used to determine the cash severance amount paid to Other NEOs in the event of a termination in connection with a change in control. A table containing the severance multiples for Other NEOs by industry is at bottom right.



- 77 percent of Other NEOs are entitled to receive a cash severance payment in connection with a change in control. This benefit could be provided in an agreement or policy. The prevalence of this benefit varies by industry, with all of the companies in the utilities industry and only 45 percent of companies in the financial services industry providing this benefit.
- The most common cash severance payment provided is between two (2) and three (3) times compensation and the average multiple is 2.19 times. 60 percent of companies with cash severance payments provide a severance benefit between two (2) and three (3) times compensation, while 16 percent provide three (3) times compensation. The definition of compensation used to determine the cash severance payment amount varies between companies. (See page 12 for the most common definitions of compensation used in determining cash severance payment amounts).
- A small portion of companies (6 percent) provide a cash severance payment to their Other NEOs that is not based on a multiple of compensation. These cash severance payments are typically expressed as an absolute dollar amount, a continuation of compensation through the end of the contract term or a specific formula. No company had a severance multiple for Other NEOs greater than 3.
- See page 6 for the quantified values of this benefit for Other NEOs.

Non-Change in Control Severance

For 2013, we gathered data on the prevalence and value of non-change in control cash severance payments and compared that to cash severance payments received upon a change in control for CEOs and Other NEOs.

- 44 percent of CEOs and Other NEOs are not entitled to severance upon a termination not in connection with a change in control. Moreover, 22 percent of CEOs and 21 percent of Other NEOs are not entitled to any severance under any circumstance (change in control or non-change in control).
- For CEOs and Other NEOs, the value of severance paid upon termination in connection with a change in control is on average 1.4 times and 1.3 times the value of severance paid upon a termination not in connection with a change in control, respectively.

The most common cash severance payment is between two (2) and three (3) times compensation for Other NEOs (60 percent). This is an increase from 58 percent in 2011 and 51 percent in 2009, mainly due to the decrease in the prevalence of a three (3) times compensation multiple.

The prevalence of a cash severance payment to Other NEOs in connection with a change in control varies by industry, with all of the companies in the utilities industry and 45 percent of companies in the financial services industry providing this benefit.

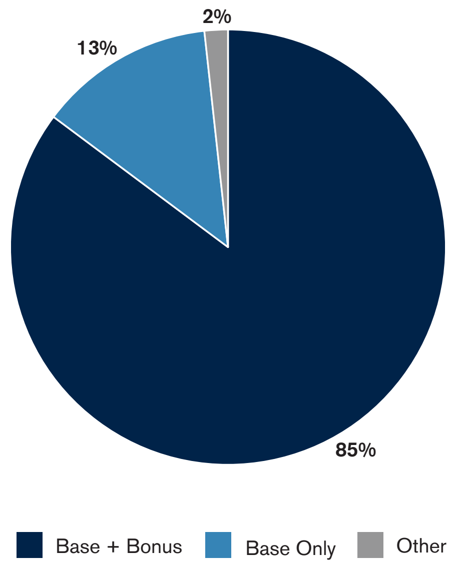
CASH SEVERANCE PAYOUT FOR OTHER NEOs BY INDUSTRY

	< 1	≥ 1 and < 2	≥ 2 and < 3	≥ 3	Other
Consumer Discretionary	0%	38%	50%	6%	6%
Consumer Staples	0%	13%	73%	13%	0%
Energy	0%	0%	47%	41%	12%
Financial Services	0%	17%	58%	0%	25%
Healthcare	0%	16%	53%	21%	11%
Industrials	0%	14%	57%	29%	0%
Information Technology	0%	33%	58%	0%	8%
Materials	0%	5%	58%	37%	0%
Telecommunications	12%	18%	71%	0%	0%
Utilities	0%	10%	75%	15%	0%
2013 Average	**1%**	**17%**	**60%**	**16%**	**6%**
2011 Average	**2%**	**15%**	**58%**	**20%**	**5%**
2009 Average	**1%**	**13%**	**51%**	**26%**	**9%**

COMPENSATION DEFINITION FOR CASH SEVERANCE PAYMENTS

The definition of compensation for purposes of determining the cash severance amount is generally base salary plus annual bonus (85 percent).

The most common definition of compensation used to determine change in control cash severance payments is base salary plus annual bonus. The second most common definition of compensation used to determine cash severance payments is base salary only. Some companies include other forms of compensation in their definition such as W-2 income, the value of equity awards and / or the value of perquisites. The table at bottom left identifies the common definitions of compensation by industry.



- When annual bonus is included in the definition of compensation, the bonus is usually defined in the agreement or policy. The table below illustrates the different definitions of annual bonus utilized by companies and their prevalence.

Annual Bonus Definition	Prevalence
Target	51%
Higher of	28%
Average	21%
Most Recent Bonus	9%
Other / Not Specified	4%

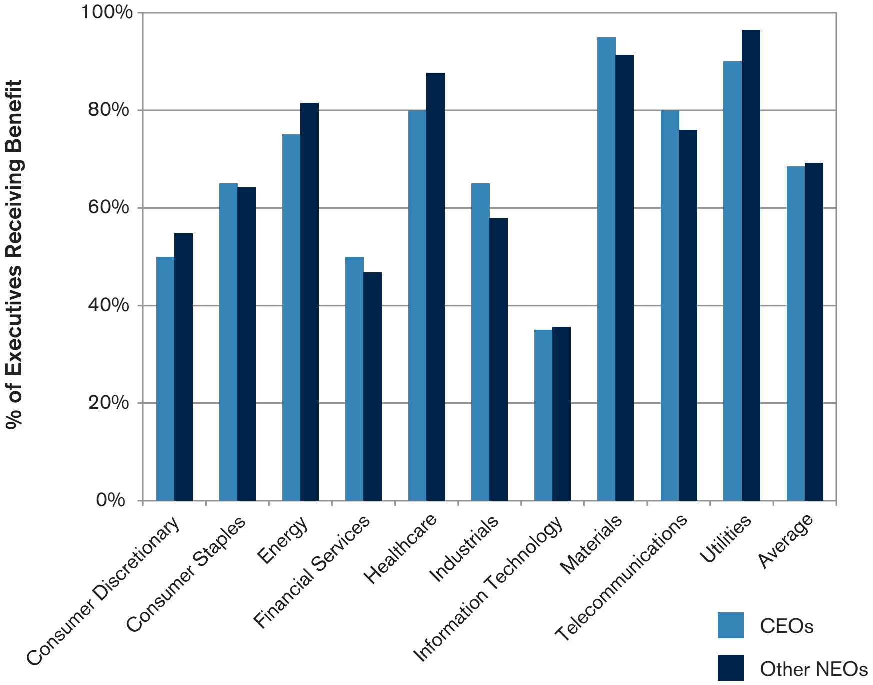
- Some companies define the annual bonus amount by reference to historical bonuses paid. Examples of this approach include:
  - Highest bonus paid over a set period of time (i.e., most recent three (3) years);
  - Average bonus paid over a particular time period (i.e., preceding five (5) year period); and
  - Bonus paid for the most recent fiscal year end.
- 51 percent of companies use an executive's current target annual bonus opportunity in determining compensation for change in control cash severance payments. Some agreements and policies did not specify the definition to be used in determining the annual bonus amount.

COMPENSATION DEFINITIONS BY INDUSTRY

	Base + Bonus	Base Only	Other
Consumer Discretionary	78%	17%	6%
Consumer Staples	69%	25%	6%
Energy	89%	11%	0%
Financial Services	69%	31%	0%
Healthcare	95%	5%	0%
Industrials	100%	0%	0%
Information Technology	83%	17%	0%
Materials	94%	0%	6%
Telecommunications	75%	25%	0%
Utilities	100%	0%	0%
2013 Average	**85%**	**13%**	**2%**
2011 Average	**83%**	**14%**	**3%**
2009 Average	**84%**	**8%**	**8%**

HEALTH AND WELFARE BENEFITS CONTINUATION

CEOs and Other NEOs often receive continuation of health and welfare benefits upon termination of employment in connection with a change in control. The prevalence of this benefit varies between industries as summarized in the following chart.



- 69 percent of CEOs and Other NEOs receive an extension of health and welfare benefits upon termination of employment in connection with a change in control. Within the materials industry, 95 percent of CEOs and 91 percent of Other NEOs are entitled to this benefit. Companies in the information technology industry only provide this benefit to CEOs 35 percent of the time and to Other NEOs 36 percent of the time. In five (5) of the ten (10) industries, this benefit is provided to CEOs less often than it is to Other NEOs.
- 41 percent of companies provide health and welfare benefit continuation of between two (2) and three (3) years to CEOs and Other NEOs. 26 percent of companies that provide health and welfare benefit continuation provide three (3) years. No companies provided health and welfare benefits for a continuation period greater than three (3) years. However, most companies that provide health and welfare benefit continuation cease providing the benefit when the executive commences subsequent employment that provides similar benefits. The table at right shows the prevalence of health and welfare benefit continuation periods by industry.
- The most common duration of health and welfare benefit continuation (between two (2) and three (3) years) is consistent with the severance multiples for CEOs and Other NEOs. Typically, the time period for benefit continuation (in years) is the same as the multiple of compensation to be received by an executive for a cash severance payment (See pages 10 and 11 for the prevalence of severance multiples).

From 2011 to 2013, we observed a change in the most common length of the health and welfare benefit continuation period of three (3) years (46 percent in 2011, 26 percent in 2013) to between two (2) and three (3) years (29 percent in 2011, 41 percent in 2013).

HEALTH AND WELFARE BENEFITS BY INDUSTRY

	< 1 year	≥ 1 and < 2 years	≥ 2 and < 3 years	≥ 3 years	Other
Consumer Discretionary	0%	42%	42%	17%	0%
Consumer Staples	0%	15%	62%	15%	8%
Energy	0%	0%	25%	50%	25%
Financial Services	10%	10%	70%	10%	0%
Healthcare	6%	22%	39%	28%	6%
Industrials	0%	25%	25%	50%	0%
Information Technology	0%	25%	38%	25%	13%
Materials	0%	32%	21%	42%	5%
Telecommunications	13%	25%	50%	6%	6%
Utilities	5%	30%	45%	15%	5%
2013 Average	**3%**	**23%**	**41%**	**26%**	**7%**
2011 Average	**0%**	**19%**	**29%**	**46%**	**6%**
2009 Average	**1%**	**13%**	**30%**	**45%**	**11%**

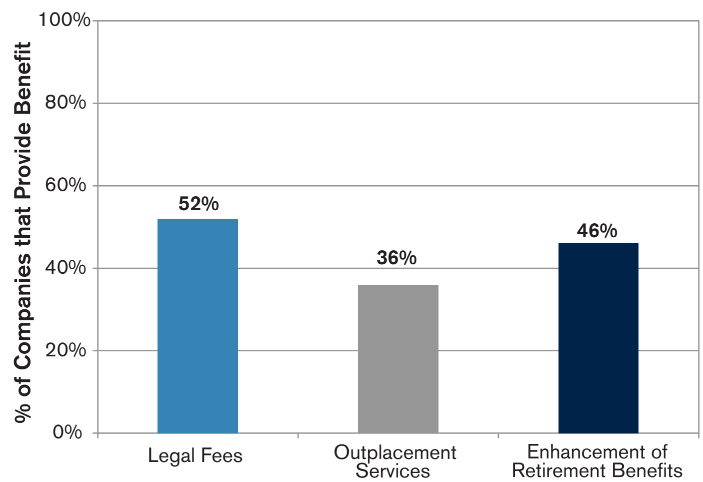
OTHER BENEFITS

Other common change in control benefits include payment of executive legal fees (52 percent), enhancement of retirement benefits (46 percent), and outplacement services (36 percent). Modest decreases were observed in the prevalence of these benefits between 2011 and 2013.

Other common types of benefits provided to executives upon a change in control include:

- Payment of legal fees incurred by the executive related to change in control benefits;
- Outplacement services; and
- Enhancement of retirement benefits.

If the company offered the benefit to any of its executives, it is included in the prevalence percentages in the chart below and in the industry table at bottom left.



- **Legal Fees:** Companies often agree to pay legal fees incurred by the executive to review and enforce change in control protections. These fees are usually paid pursuant to an agreement or policy.
- **Outplacement Services:** Companies sometimes provide this benefit through an outplacement agency to help executives find suitable employment. Outplacement services are generally capped at a certain dollar amount or only offered for a certain period of time after the executive's termination.
- **Enhancement of Retirement Benefits:** This type of benefit can be provided in the form of an increase to a retirement account, additional age and years of service credit, and / or accelerated vesting of a retirement benefit. For purposes of reporting enhanced retirement benefits, we did not include the mere paying out of a retirement benefit or the funding of a retirement benefit (i.e., through a Rabbi Trust) upon a change in control. Enhancement of retirement benefits can be found in an agreement, policy or retirement / deferred compensation plan.

OTHER BENEFITS BY INDUSTRY

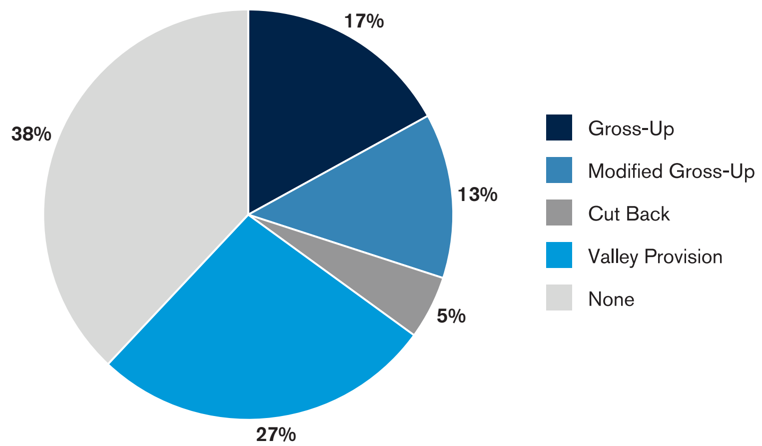
	Legal Fees	Outplacement Services	Enhancement of Retirement Benefits
Consumer Discretionary	30%	15%	10%
Consumer Staples	50%	25%	75%
Energy	75%	40%	75%
Financial Services	35%	30%	30%
Healthcare	55%	60%	55%
Industrials	60%	15%	35%
Information Technology	15%	10%	5%
Materials	80%	55%	65%
Telecommunications	50%	30%	15%
Utilities	70%	80%	95%
2013 Average	**52%**	**36%**	**46%**
2011 Average	**54%**	**38%**	**52%**
2009 Average	**59%**	**38%**	**59%**

EXCISE TAX PROTECTION – CEO

"Golden Parachute" rules impose a 20 percent excise tax on an executive, if the executive receives a parachute payment greater than the "safe harbor" limit. (Please refer to page 18 for a more detailed explanation of Golden Parachute rules). Companies may address this excise tax issue in one of the following ways:

- **Gross-Up:** The company pays the executive the full amount of any excise tax imposed. The Gross-Up payment thereby makes the executive "whole" on an after-tax basis. The Gross-Up includes applicable federal, state, and local taxes resulting from the payment of the excise tax.
- **Modified Gross-Up:** The company will Gross-Up the executive if the payments exceed the "safe harbor" limit by a certain amount (e.g., \$50,000) or percentage (e.g., 10 percent). Otherwise, payments are cut back to the "safe harbor" limit to avoid any excise tax.
- **Cutback:** The company cuts back parachute payments to the "safe harbor" limit to avoid any excise tax.
- **Valley Provision:** The company cuts back parachute payments to the "safe harbor" limit, if it is more financially advantageous to the executive. Otherwise, the company does not adjust the payments and the executive is responsible for paying the excise tax.
- **None:** Some companies do not address the excise tax; therefore, executives are solely responsible for the excise tax.

The prevalence of these provisions for CEOs is illustrated in the pie chart below and is shown by industry in the table at bottom right. (The prevalence of these provisions for Other NEOs is illustrated on page 16).



- 30 percent of companies provide either a Gross-Up or Modified Gross-Up to their CEOs. The utilities industry provides either a Gross-Up or Modified Gross-Up to its CEOs 50 percent of the time. The information technology industry, however, provides protection for CEOs in the form of either a Gross-Up or Modified Gross-Up only 5 percent of the time.
- Between 2011 and 2013, there was a 19 percent decrease in Gross-Ups or Modified Gross-Ups provided to CEOs and a 16 percent increase in Valley Provision excise tax protection.
- See page 5 for the quantified values of this benefit for CEOs.

Gross-Ups or Modified Gross-Ups provided to CEOs decreased from 49 percent in 2011 to 30 percent in 2013.

EXCISE TAX PROTECTION FOR CEOs BY INDUSTRY

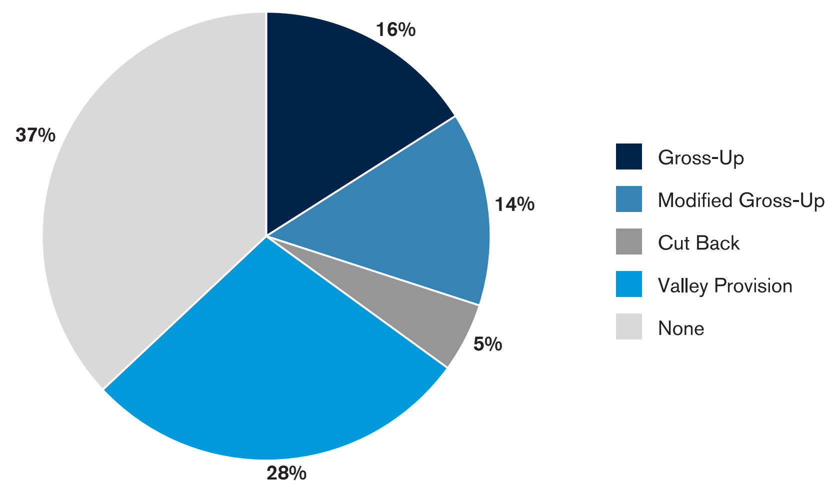
	Gross-Up	Modified Gross-Up	Cut Back	Valley Provision	None
Consumer Discretionary	5%	20%	5%	20%	50%
Consumer Staples	10%	20%	15%	15%	40%
Energy	20%	10%	0%	35%	35%
Financial Services	15%	15%	0%	25%	45%
Healthcare	15%	15%	0%	35%	35%
Industrials	30%	10%	10%	20%	30%
Information Technology	0%	5%	5%	25%	65%
Materials	20%	10%	5%	45%	20%
Telecommunications	20%	5%	5%	40%	30%
Utilities	30%	20%	10%	15%	25%
2013 Average	**17%**	**13%**	**5%**	**27%**	**38%**
2011 Average	**28%**	**21%**	**4%**	**11%**	**36%**
2009 Average	**37%**	**24%**	**3%**	**5%**	**31%**

EXCISE TAX PROTECTION – OTHER NEOs

Gross-Ups or Modified Gross-Ups provided to Other NEOs decreased from 47 percent to 30 percent from 2011 to 2013. No significant differences in the prevalence of excise tax protection exist between CEOs and Other NEOs. Industries vary greatly on the specific excise tax protection provided to Other NEOs.

The prevalence of excise tax protection provisions for Other NEOs is illustrated in the pie chart below and is shown by industry in the table at bottom left.

Occasionally, a company offers different excise tax protection provisions for different executives. In these cases, the most generous provision provided by the company was included in the percentages below.



- Industries vary greatly on the excise tax protection provided to Other NEOs. The utilities industry provides either a Gross-Up or Modified Gross-Up to Other NEOs 55 percent of the time. At the other end of the spectrum, the information technology and financial services industries provide protection for Other NEOs in the form of either a Gross-Up or Modified Gross-Up only 10 percent and 15 percent of the time, respectively.
- Similar to 2011, there were no significant differences in the prevalence of excise tax protection between CEOs and Other NEOs.
- Between 2011 and 2013, there was a 17 percent decrease in Gross-Ups or Modified Gross-Ups provided to Other NEOs and an almost equal increase (16 percent) in Valley Provision excise tax protection.
- Excise tax protection is more likely to be found in an individual agreement (67 percent for CEOs, 58 percent for Other NEOs) than in a policy covering multiple executives (33 percent for CEOs, 42 percent for Other NEOs).
- Many of the largest companies analyzed do not provide Gross-Ups or Modified Gross-Ups to any executives. Of the 20 largest companies in this report, only three (3) provide a Gross-Up to any executive. A logical explanation of this may be that this subset of companies is so large that they recognize there is little chance of undergoing a change in control.
- See page 6 for the quantified values of this benefit for Other NEOs.

EXCISE TAX PROTECTION FOR OTHER NEOs BY INDUSTRY

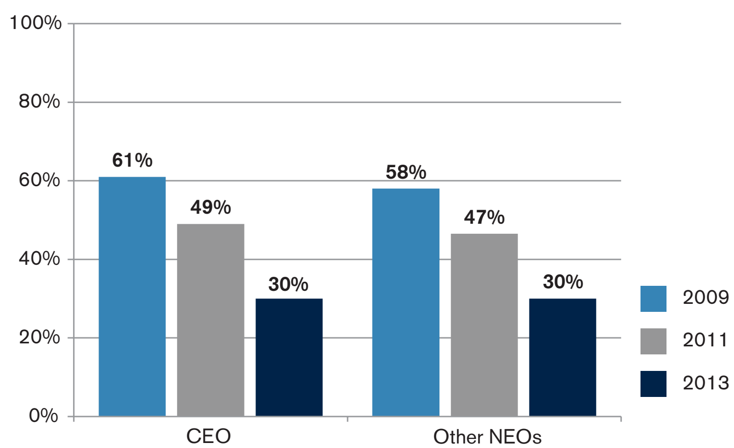
	Gross-Up	Modified Gross-Up	Cut Back	Valley Provision	None
Consumer Discretionary	0%	25%	5%	15%	55%
Consumer Staples	5%	20%	15%	15%	45%
Energy	30%	5%	0%	30%	35%
Financial Services	5%	10%	0%	20%	65%
Healthcare	20%	20%	0%	40%	20%
Industrials	25%	10%	10%	20%	35%
Information Technology	0%	10%	5%	25%	60%
Materials	25%	10%	5%	45%	15%
Telecommunications	20%	5%	5%	40%	30%
Utilities	30%	25%	10%	25%	10%
2013 Average	**16%**	**14%**	**5%**	**28%**	**37%**
2011 Average	**24%**	**23%**	**4%**	**12%**	**37%**
2009 Average	**33%**	**25%**	**4%**	**7%**	**31%**

TRENDS IN EXCISE TAX PROTECTION

Many companies have disclosed that they will approach excise tax protection differently in the future (e.g., no excise tax Gross-Ups, use of Valley Provision) for new executives and / or new agreements. This is likely in response to pressure from shareholder advisory firms to eliminate the use of excise tax Gross-Ups. The decline in the prevalence of excise tax Gross-Up protection for CEOs and Other NEOs is illustrated in the chart below.

We observed a substantial decrease in the prevalence of Gross-Ups or Modified Gross-Ups provided to CEOs and Other NEOs from 2009 to 2013.

% OF EXECUTIVES WITH EXCISE TAX GROSS-UP *



* Includes full and modified gross-ups

- Only 30 percent of CEOs have excise tax Gross-Up or Modified Gross-Up protection in 2013 compared with 49 percent in 2011 and 61 percent in 2009. There has been a similar decline for Other NEOs with just 30 percent entitled to excise tax Gross-Up or Modified Gross-Up in 2013 compared with 47 percent in 2011 and 58 percent in 2009.
- Companies that have removed their excise tax Gross-Up provisions have generally moved to a Valley Provision or to no protection.
- Some companies state that they will not provide excise tax Gross-Ups to new executives or in amended employment agreements, while others plan to eliminate excise tax Gross-Ups for all executives as of some future date. The chart to the right shows the percentage of companies that currently provide an excise tax Gross-Up or Modified Gross-Up that discuss eliminating or curbing such protections in the future.
- All companies that provide excise tax Gross-Ups in the information technology industry have publicly disclosed their intention to phase-out or completely eliminate excise tax Gross-Ups in the future, while only 33 percent of companies in the financial services and consumer staples industries have made such disclosures.

FUTURE ELIMINATION OF EXCISE TAX GROSS-UPS BY INDUSTRY	
Consumer Discretionary	60%
Consumer Staples	33%
Energy	63%
Financial Services	33%
Healthcare	55%
Industrials	88%
Information Technology	100%
Materials	57%
Telecommunications	40%
Utilities	67%
2013 Average	**60%**

OVERVIEW OF GOLDEN PARACHUTE RULES – SECTION 280G

Under the Golden Parachute provisions of the Internal Revenue Code, a payment to an executive exceeding the "safe harbor" limit results in large penalties to both the corporation and key executives.

When a corporation is acquired by another company, both the corporation and key executives could become subject to significant adverse tax consequences under the Golden Parachute provisions of the Internal Revenue Code (the "Code"). Under these provisions, a payment to an executive exceeding the Golden Parachute "safe harbor" limit creates large penalties to both the corporation and key executives. Depending on the circumstances and the number of executives affected, the cost to the company and the executives could be significant.

The "safe harbor" limit is equal to 299 percent of the executive's average gross compensation over the five (5) most recent taxable years ending before the date of the change in control. The most typical situations where the Golden Parachute penalties could be triggered include:

- A company that has significant equity-based compensation awards outstanding (e.g., stock options, restricted shares, performance shares, stock appreciation rights), and vesting accelerates upon a change in control;
- Severance payments triggered by a change in control, which typically pay two (2) to three (3) times annual salary and bonus; and
- Other change in control benefits such as enhanced pension benefits and continuation of welfare benefits.

When the executive receives payments exceeding the "safe harbor" limit, the Code imposes a 20 percent excise tax on the executive, and no deduction is allowed to the corporation. In addition, a key executive may have a clause in his employment contract stating the corporation must "Gross-Up" the executive for any Golden Parachute excise tax. Consequently, the corporation would be liable for the excise tax penalty to the executive, the lost corporate deduction and all Federal and State income taxes that the executive would be required to pay related to the excise tax. These tax consequences could occur even if the key executive remains employed with the company.

The following illustration shows how a parachute payment to an executive can potentially cost the corporation and / or the executive hundreds of thousands of dollars.

	Scenario 1 No Golden Parachute Penalty	**Scenario 2** Golden Parachute Penalty	**Scenario 3** Golden Parachute Penalty with Gross-Up
Total compensation paid on account of a change in control	$ 1,499,999	$ 1,500,000	$ 1,500,000
Average "Base Compensation" received in prior 5 years	500,000	500,000	500,000
Excess parachute payment	N/A (1)	$ 1,000,000	$ 1,000,000
Excise Tax penalty to executive (20%)		$ 200,000	$ 0
Initial lost tax deduction to corporation (40%)		$ 400,000	$ 400,000
Amount necessary to Gross-Up executive for tax penalty *		0	571,429
Total cost to corporation		**$ 400,000(2)**	**$ 971,429(3)**

* Assumes executive is in a 45 percent marginal tax bracket, in addition to the 20 percent excise tax penalty.

(1) In scenario 1, neither the executive nor the corporation is subject to excise tax penalties since payments do not exceed the Golden Parachute "safe harbor" limit.

(2) In scenario 2, the payment of an additional $1 causes the executive to be liable for a $200,000 penalty and the corporation to lose $400,000 in tax benefits.

(3) In scenario 3, the corporation provides a Gross-Up payment to the executive for the amount of the excise tax. As the Gross-Up is itself a parachute payment, it will cost the corporation an additional $571,429 to pay the $200,000 excise tax.

CONSUMER DISCRETIONARY
Amazon.com, Inc.
Carnival Corporation
CBS Corporation*
Comcast Corporation
DIRECTV
Ford Motor Co.
The Home Depot, Inc.
Lowe's Companies, Inc.
McDonald's Corp.
News Corp.
Nike, Inc.
Priceline.com Incorporated
Starbucks Corp.
Target Corporation
The TJX Companies, Inc.*
The Walt Disney Company
Time Warner Inc.
Time Warner Cable Inc.
Viacom, Inc.
Yum! Brands, Inc.

CONSUMER STAPLES
Altria Group, Inc.
Archer Daniels Midland Company
The Coca-Cola Company
Colgate-Palmolive Co.
Costco Wholesale Corporation
CVS Caremark Corp.
The Estée Lauder Companies Inc.*
General Mills, Inc.
H. J. Heinz Co
Kellogg Co.
Kimberly-Clark Corp.
Kraft Foods Group, Inc.
Mondelez International, Inc.*
PepsiCo, Inc.
Philip Morris International, Inc.
The Procter & Gamble Co.
Reynolds American Inc.
Sysco Corp.
Walgreen Co.
Wal-Mart Stores, Inc.

ENERGY
Anadarko Petroleum Corporation
Apache Corp.
Baker Hughes Incorporated
Chevron Corporation
ConocoPhillips
Devon Energy Corp.
EOG Resources, Inc.
Exxon Mobil Corp.
Halliburton Co.
Kinder Morgan, Inc.*
Marathon Oil Corporation
Marathon Petroleum Corporation*
National Oilwell Varco, Inc.
Noble Energy, Inc.
Occidental Petroleum Corp.
Phillips 66*
Schlumberger Ltd.
Spectra Energy Corp.
Valero Energy Corporation*
The Williams Companies, Inc.

FINANCIAL SERVICES
ACE Limited*
American Express Co.
American International Group, Inc.
American Tower Corporation
Bank of America Corporation
The Bank of New York Mellon Corp.
Berkshire Hathaway Inc.
BlackRock, Inc.
Capital One Financial Corp.*
Citigroup Inc.
Franklin Resources, Inc.
The Goldman Sachs Group, Inc.
JPMorgan Chase & Co.
MetLife, Inc.
Morgan Stanley
The PNC Financial Services Group, Inc.
Simon Property Group, Inc.
The Travelers Companies, Inc.
U.S. Bancorp
Wells Fargo & Co.

HEALTHCARE
Abbott Laboratories
Allergan Inc.
Amgen Inc.
Baxter International Inc.
Biogen Idec Inc.*
Bristol-Myers Squibb Co
Celgene Corporation
Covidien Public Limited Co.
Eli Lilly and Company
Express Scripts Holding Co.
Gilead Sciences, Inc.
Intuitive Surgical, Inc.*
Johnson & Johnson
McKesson Corporation
Medtronic, Inc.
Merck & Co., Inc.
Pfizer Inc.
Stryker Corp
Thermo Fisher Scientific Inc.
UnitedHealth Group Incorporated

INDUSTRIALS
3M Company
The Boeing Co.
Caterpillar Inc.
CSX Corp.
Cummins Inc.
Danaher Corp.
Deere & Co.
Eaton Corporation plc*
Emerson Electric Co.
FedEx Corporation
General Dynamics Corp.
General Electric Co.
Honeywell International Inc.
Illinois Tool Works Inc.
Lockheed Martin Corp.
Norfolk Southern Corp.
Precision Castparts Corp.*
Union Pacific Corp.
United Parcel Service, Inc.
United Technologies Corp.

INFORMATION TECHNOLOGY
Adobe Systems Inc.*
Apple Inc.
Automatic Data Processing, Inc.*
Broadcom Corp.
Cisco Systems, Inc.
Cognizant Technology Solutions Corp.
eBay Inc.
EMC Corp.
Google Inc.
Hewlett-Packard Co.
Intel Corporation
International Bus. Machines Corp.
MasterCard Inc.
Microsoft Corp.
Oracle Corporation
QUALCOMM Inc.
salesforce.com, Inc.*
Texas Instruments Inc.
Visa Inc.
Yahoo! Inc.

MATERIALS
Air Products and Chemicals, Inc.
Airgas, Inc.*
Alcoa Inc.
CF Industries Holdings, Inc.
The Dow Chemical Co.
E. I. Du Pont de Nemours and Company
Eastman Chemical Co.
Ecolab Inc.
FMC Corp.
Freeport-McMoRan Copper & Gold Inc.
International Paper Co.
LyondellBasell Industries N.V.*
Monsanto Co.
The Mosaic Company*
Newmont Mining Corp.
Nucor Corp.
PPG Industries Inc.
Praxair, Inc.
The Sherwin-Williams Company
Sigma-Aldrich Corp.

TELECOMMUNICATIONS
Aruba Networks, Inc.
AT&T Inc.
CenturyLink, Inc.
Clearwire Corporation
Cogent Communications Group, Inc.*
Crown Castle International Corp.
Frontier Communications Corp.
j2 Global, Inc.*
Level 3 Communications, Inc.
MetroPCS Communications, Inc.
Neustar Inc.
NII Holdings Inc.
SBA Communications Corp.
Sprint Nextel Corp.
Telephone & Data Systems, Inc.
Tellabs, Inc.*
tw telecom inc.
United States Cellular Corp.
Verizon Communications Inc.
Windstream Corp.

UTILITIES
American Electric Power Co., Inc.
CenterPoint Energy, Inc.*
Consolidated Edison, Inc.
Dominion Resources, Inc.
DTE Energy Company
Duke Energy Corporation
Edison International
Entergy Corporation
Exelon Corporation
FirstEnergy Corp.
NextEra Energy, Inc.
Northeast Utilities*
ONEOK, Inc.*
PG&E Corp.
PPL Corp.
Public Service Enterprise Group Inc.
Sempra Energy
Southern Co.
Wisconsin Energy Corp.
Xcel Energy Inc.

INDUSTRY STATISTICS (IN MILLIONS)

	Revenue		Market Capitalization	
	Median	Average	Median	Average
Consumer Discretionary	$28,148	$37,733	$39,914	$51,592
Consumer Staples	33,196	63,518	38,994	66,328
Energy	20,701	66,045	31,454	61,089
Financial Services	25,942	41,173	43,327	70,226
Healthcare	16,725	34,508	42,786	61,215
Industrials	30,709	38,824	35,920	49,451
Information Technology	16,597	38,217	63,519	106,087
Materials	11,531	17,168	19,320	21,980
Telecommunications	4,732	17,237	3,737	21,251
Utilities	12,237	12,348	16,412	18,705
2013 Average	**$20,052**	**$36,677**	**$33,538**	**$52,792**
2011 Average	**$19,740**	**$33,233**	**$27,159**	**$45,580**
2009 Average	**$18,354**	**$32,740**	**$18,876**	**$33,555**

* New company for 2013 Survey. Due to the volatile economic environment over the past 2 years, 13% of companies included in the 2011 Survey were replaced in 2013.

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- Executive Compensation Advisory Consulting
- Risk Management Consulting
- Pre- and Post-Merger and Acquisition Advisory Services
- Benefit Plan Evaluation, Design and Implementation
- Global Incentive Compensation Advisory Services

Our Golden Parachute services include:

- **Executive Compensation Disclosure:** The SEC requires greater disclosure of executive compensation information. We assist companies in drafting the executive compensation proxy disclosure. In addition, we assist companies in quantifying the change in control protection payments in SEC disclosures.
- **Change in Control Planning:** We assist companies in designing and implementing competitive change in control protections, and gauge the potential tax implications of existing agreements to make recommendation for remedial redesigns.
- **Change in Control in Process:** When a change in control is underway, we assist with the calculation of the parachute payment and excise tax consequences. Further, we assist with planning opportunities to mitigate the excise tax and lost deduction.

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