Executive Severance and Change-in-Control Practices

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INTRODUCTION

Companies maintain executive severance programs to attract executive talent and to protect executives in the case of certain terminations. Absent a change-in-control (non-CIC), severance provisions protect the executive from a not-for-cause termination resulting in an unexpected loss of income and aid a company's recruitment of in-demand executive talent.

In the case of a change-in-control (CIC), establishing executive severance arrangements becomes more nuanced. Providing severance pay to executives following a CIC enhances alignment with shareholder interests by neutralizing the potential for management opposition to a deal that is good for shareholders but could cost management their jobs. CIC-related severance is therefore more prevalent than non-CIC severance because of the underlying shareholder alignment imperative.

Severance practices for executives have changed significantly in recent years, both in CIC and non-CIC situations. External evaluation of severance practices evolved following the 2007 introduction of more robust proxy disclosure requirements. Proxy advisory firms have identified specific practices as "problematic," the presence of which can trigger automatic "against" recommendations for say-on-pay and say-on-golden-parachute vote proposals. This scrutiny reflects the shareholder view that certain severance provisions can be inconsistent with a pay-for-performance philosophy.

As a result of this changing landscape, the past few years have seen notable severance practice reform. The multiple of pay (base salary and/or bonus) that is commonly provided has decreased, and some lucrative benefits, such as "single trigger" protection (i.e., where executives automatically receive payouts whether or not their employment is terminated) and excise tax gross-ups, have all but disappeared.

This study examines severance and CIC practices for Chief Executive Officers and Chief Financial Officers at 200 large- and mid-cap public companies across multiple industries. The report focuses on the full 200-company sample and breaks out practices by company size or industry where variation in practice was evident. A glossary of key terms used in this report is provided at the end of the report.

KEY FINDINGS

- **Severance Arrangements:** Approximately 65% of companies have some form of executive severance treatment for non-CIC terminations (either through employment agreements or an executive severance plan), while over 80% have a governing severance arrangement in the case of a termination in connection with a CIC. Severance provisions are slightly more prevalent through individual agreements than plans that apply to a group of executives, likely reflecting the fact that this study was limited to CEOs and CFOs (e.g., the CEO may have an employment agreement with severance provisions even when a company has an executive severance plan).
- **Qualifying Termination:** In both non-CIC and CIC situations, the termination definition that triggers severance (where applicable) always includes involuntary termination not-for-cause. Good reason terminations trigger non-CIC severance payment for approximately 70% of CEOs and 60% of CFOs; this percentage increases to 93% for CEOs and CFOs in the event of a CIC.
- **Protection Period:** The most prevalent protection period following a CIC is 24 months. Approximately 55% of companies provide CIC severance benefits in the case of a qualifying termination within two years following a CIC, while approximately 30% provide severance benefits for qualifying terminations within a one year period following a CIC. Other practices are split between an 18 month and a 36 month protection period.
- **Cash Severance:** Of the total sample, approximately 62% of companies provide non-CIC cash severance and approximately 80% provide CIC cash severance.
  - **Trigger (CIC):** Of the companies providing cash severance in the case of a CIC, approximately 98% require a "double trigger"[1] termination for cash severance benefits to be paid.
  - **Multiple:** Of those companies providing cash severance, the most common multiples for non-CIC terminations are 2x to 2.99x for the CEO (52%) and 1x to 1.99x for the CFO (66%). In the event of a CIC, however, the multiples tend to increase: 40% of CEOs receive a cash multiple of 2x to 2.99x and approximately 50% receive 3x. For CFOs, 51% receive 2x to 2.99x and approximately 18% receive 3x.
  - **Components:** For non-CIC terminations, practices are split with about half of companies applying the multiple to salary only and half applying the multiple to the sum of salary and bonus. For CIC terminations, over 80% of companies apply the multiple to the sum of salary and bonus.
- **Equity Vesting Acceleration:** While forfeiting equity is more prevalent in the event of a non-CIC termination, nearly all companies (93%) provide equity acceleration in the case of a CIC termination.
  - **Trigger (CIC):** Of the companies providing equity vesting acceleration in the case of a CIC, around 70% have a "double trigger" policy requiring termination for equity vesting to accelerate. This level is notably lower than the approximately 98% that require a double trigger for cash severance.
  - **Time-Based Awards – Non-CIC:** Approximately 65% and 57% of companies cancel unvested stock options and restricted stock awards, respectively, upon a termination absent a CIC.
  - **Time-Based Awards – CIC:** Approximately 90% of companies fully accelerate unvested stock options and restricted stock awards in the case of a CIC (and a qualifying termination event, where applicable).
  - **Performance Awards:** Performance awards tend to receive more favorable treatment for a qualifying termination absent a CIC than do time-based awards. About half of companies cancel unvested awards, while approximately one-third of companies provide pro-rata or partial vesting of performance awards. In the case of a CIC, about two-thirds of companies fully accelerate performance awards and approximately one-quarter provide pro-rata or partial vesting.

[1]*Double trigger refers to occurrence of both a CIC and qualifying termination*

- **Excise Tax Gross-Up:** Approximately 85% of mid-cap companies and 94% of large-cap companies do not provide an Internal Revenue Code Section 280G excise tax gross-up of any kind. Approximately one-quarter of companies have a best net benefit[2] approach to address the excise tax.
- **Other Severance Provisions:**
  - **Health and Welfare:** Health and welfare benefits are more common after a CIC and benefit periods are often extended in the case of a CIC. Nearly half (47%) of companies provide health and welfare benefits for non-CIC terminations, and 66% provide these benefits for a qualifying termination in the event of a CIC. In non-CIC situations, approximately 50% of CEOs receive 1 or 1.5 years of health and welfare benefit continuation, which increases to 2 or more in the event of a termination following a CIC. A similar increase is observed for CFOs, where 76% receive 1 or 1.5 years for non-CIC termination, but half receive benefits for greater than 1.5 years when termination is in connection with a CIC.
  - **Restrictive Covenants:** Approximately one-third of companies have restrictive covenants (i.e., non-compete or non-solicit arrangements) for non-CIC terminations and also for qualifying termination in the case of a CIC. The duration of the restrictive covenants are similar whether or not the termination is in connection with a CIC; approximately two-thirds of CEOs and CFOs who are subject to non-competition/non-solicitation restrictions have restriction periods of 1 to 2 years following termination of employment.

[2]Parachute payment (CIC-specific severance) is either cut back to a level that does not trigger the excise tax or the payment is made in full with the executive responsibile for any excise tax incurred, depending on which approach delivers the most value to the executive after tax

OVERVIEW / METHODOLOGY

This study is based on a sample of 200 public companies, primarily U.S.-based, equally divided between mid-cap (market cap $1B - $5B) and large-cap (market cap greater than $5B) companies. The sample is further segmented into five industry classifications: Consumer Discretionary, Energy, Financials, Industrials, and Information Technology (40 companies in each, half mid-cap and half large-cap), based on Standard & Poor's Global Industry Classification Standard (GICS) Industry Group codes.

Market capitalization and trailing 12 month revenues as of December 31, 2015 are shown below:

	No. of Companies			Mid-Cap ($MM)		Large-Cap ($MM)	
Industry	**Mid-Cap**	**Large-Cap**	**Total**	**Median Rev.**	**Median Mkt Cap.**	**Median Rev.**	**Median Mkt Cap.**
Consumer Discretionary	20	20	40	$3,403	$1,974	$13,155	$11,010
Energy	20	20	40	$2,478	$1,655	$14,057	$14,298
Financials	20	20	40	$910	$2,690	$7,162	$17,876
Industrials	20	20	40	$2,221	$1,619	$13,288	$11,808
Information Technology	20	20	40	$1,553	$2,083	$4,417	$13,247
Total	**100**	**100**	**200**	**$1,947**	**$2,016**	**$10,594**	**$13,965**

Severance / CIC program details were sourced from the companies' proxy statements filed with the Securities and Exchange Commission ("SEC") in the one-year period ending May 31, 2015. Practices were captured both for CEOs and CFOs at each sample company.

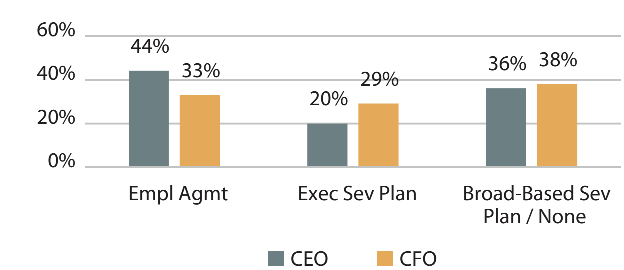
SEVERANCE ARRANGEMENTS

Two main types of arrangements govern severance provisions for non-CIC termination: employment agreements and executive severance plans. In a CIC scenario, severance can also be governed by an individual CIC severance agreement or CIC executive severance plan. For purposes of this report, we collectively refer to agreements and plans providing non-CIC and CIC severance as “severance arrangements.”

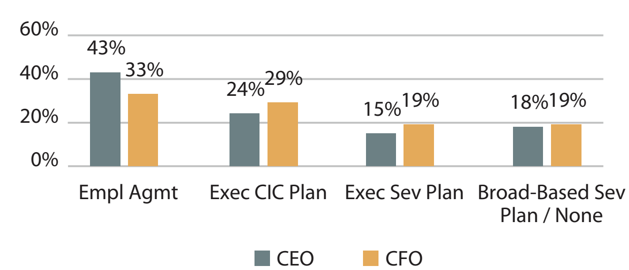
Approximately 65% of companies have some form of severance arrangement covering non-CIC terminations, while over 80% have severance arrangements for qualifying terminations in the event of a CIC. Severance provisions are slightly more prevalent through employment agreements than through executive-level plans that apply to all executives.

The following graphs summarize the different severance arrangements found in the sample sets of non-CIC and CIC severance:

Non-CIC Arrangement Types

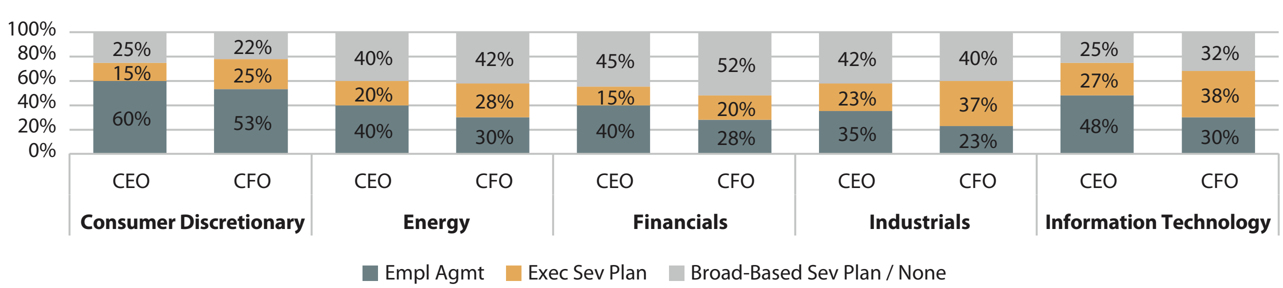


CIC Arrangement Types

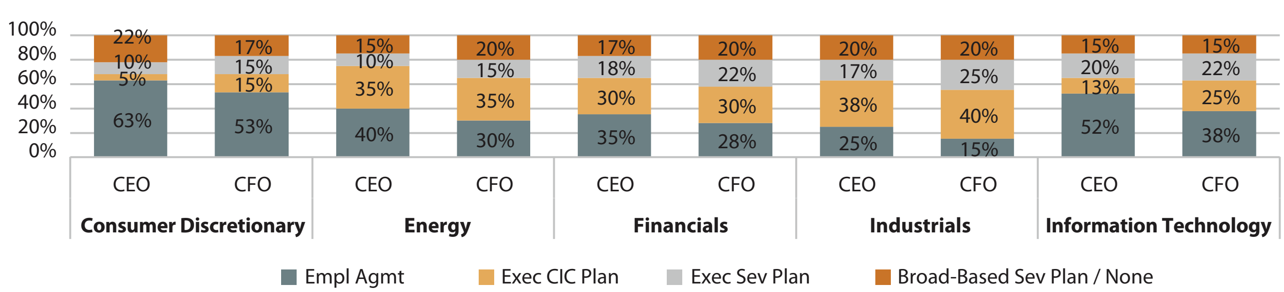


There is some variation by industry as shown by the charts below:

Non-CIC Arrangement Types – By Industry



CIC Arrangement Types – By Industry

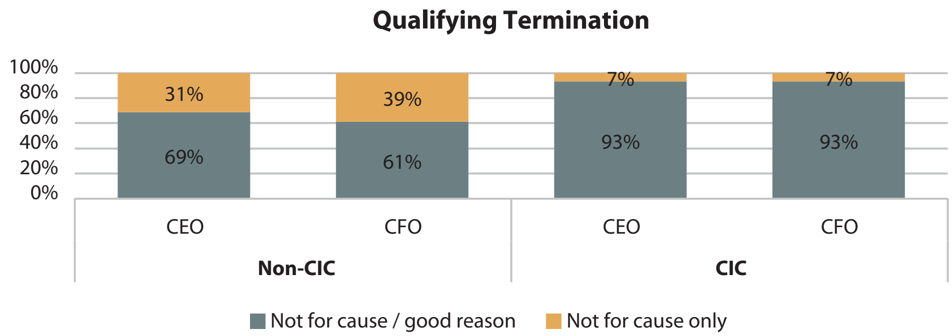


QUALIFYING TERMINATION (based on companies with severance arrangements)[3]

In non-CIC situations, all CEOs and CFOs are provided severance benefits in the event of an involuntary termination without cause, and approximately 70% of CEOs and approximately 60% of CFOs are also provided severance benefits if they resign for good reason (e.g., material reduction in salary, material change in responsibilities, relocation over a specified distance, etc.).

In the event of a CIC, however, over 90% of both CEOs and CFOs receive severance benefits if they resign for good reason.

The following graph summarizes the different termination definitions found in the sample set for both non-CIC and CIC severance arrangements:



[3]Based on approximately 65% of companies with non-CIC severance arrangements and over 80% with CIC arrangements

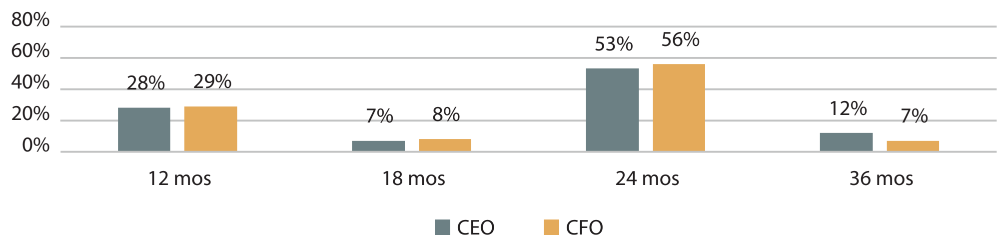
CIC PROTECTION PERIODS

For companies with double trigger CIC severance benefits, a protection period following the CIC is typically specified during which the qualifying termination must occur in order for CIC severance benefits to apply.

The most prevalent protection period following a CIC is 24 months. About 30% of companies provide CIC severance benefits for qualifying terminations within a one-year period following a CIC, and about 55% of companies offer CIC severance benefits in the case of a qualifying termination within two years of a CIC.

The graph below summarizes the protection periods following a CIC found in the sample:

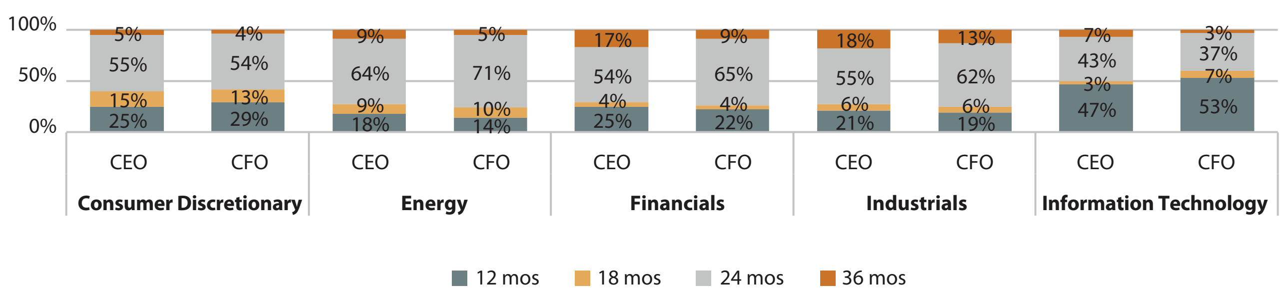
Post-CIC Protection Period



The length of protection periods varies somewhat by industry. The Information Technology industry generally offers post-CIC protection for a shorter period than other industries, with approximately 50% of companies reporting a protection period of one-year (compared to no more than 30% in all other industries). Approximately 75% of companies in the Energy industry offer 24- to 36-month periods, compared to around 60% - 75% in the Consumer Discretionary, Financials, and Industrials industries.

The following graph summarizes by industry the protection periods following a CIC found in the sample:

Post-CIC Protection Period – By Industry



Nine percent of the companies in the sample have protection periods covering time prior to a CIC; of those, the most prevalent protection periods range from 3 to 6 months prior to a CIC.

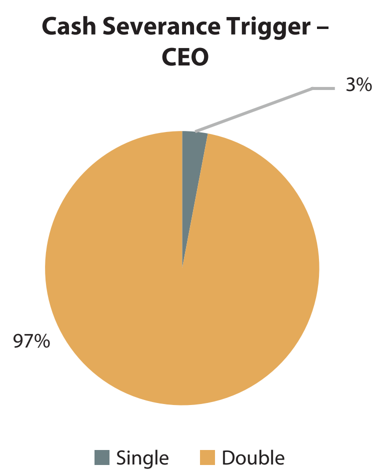
CASH SEVERANCE

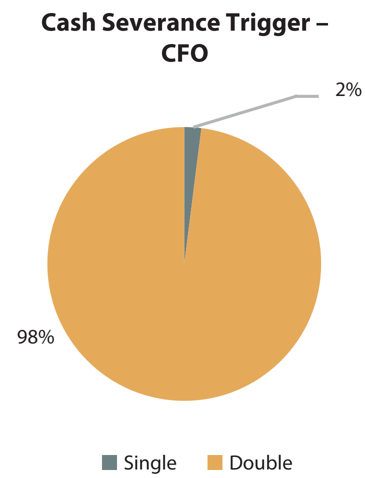
Of the companies providing severance, approximately 90% of companies provide cash severance to the CEO and CFO for non-CIC terminations, and approximately 93% provide cash severance for qualifying terminations in the event of a CIC termination. Of the total sample, approximately 62% and 80% provide cash severance to CEO and CFO for non-CIC and CIC terminations, respectively.

Cash Severance Trigger (CIC)

In the event of a CIC, most companies do not automatically provide cash severance. Of the companies providing cash severance in the case of a CIC, approximately 97% require a double trigger (qualifying termination during the protection period around the CIC) for cash severance to be paid to the CEO and 98% require a double trigger for the CFO.

The graph below shows the cash severance triggers used in the sample for those companies providing cash severance (approximately 20% of CEOs and CFOs are not provided cash severance):





Cash Severance Multiple

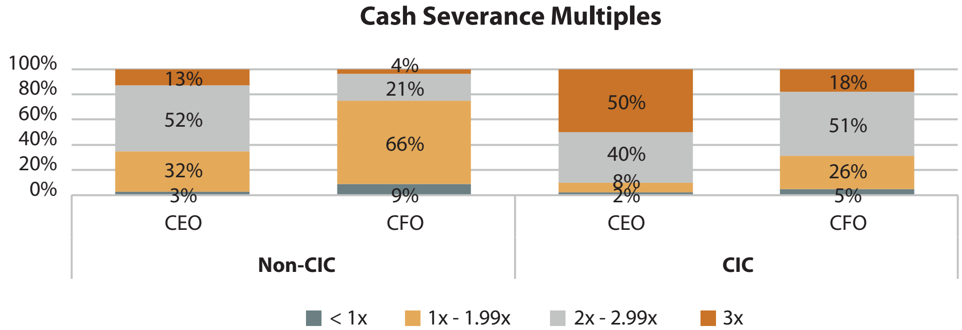
Of companies providing cash severance, the most prevalent non-CIC severance multiples for CEOs are 2x – 2.99x and for CFOs are 1x – 1.99x (52% and 66%, respectively).

In the event of a CIC, the multiples tend to increase: For CEOs, approximately 50% receive a multiple of 3x[4] and for CFOs, 51% receive a multiple of 2x – 2.99x and approximately 18% receive 3x[5].

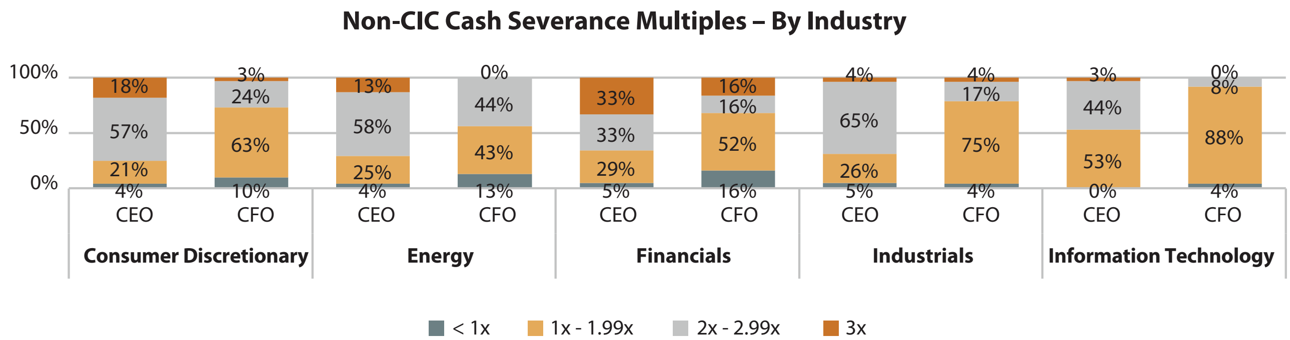
[4]Includes 3 companies which provide cash severance in the form of a lump-sum payment which as a multiple of salary was greater than or equal to 3x and 3 companies that provide cash severance multiples of greater than 3x
[5]Includes 1 company which provides cash severance in the form of a lump-sum payment which as a multiple of salary was greater than 3x

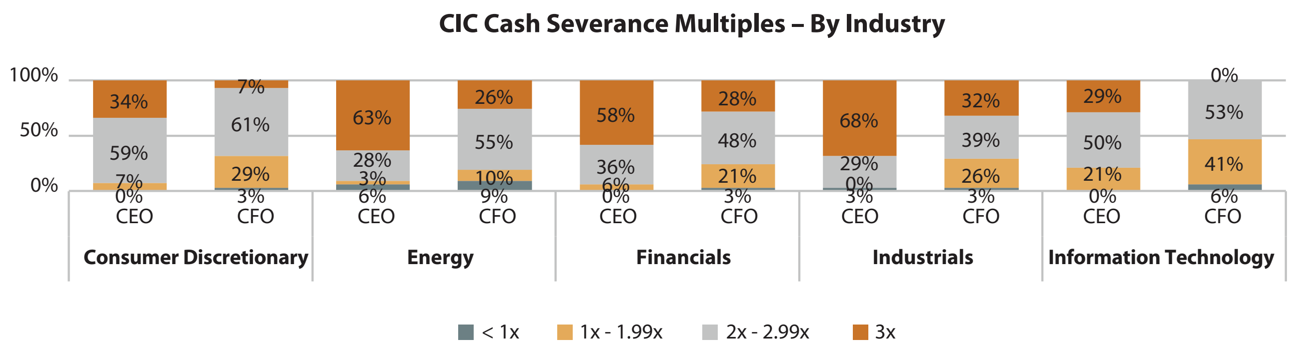
CASH SEVERANCE

The chart below summarizes cash severance multiples, both absent CIC and in the case of a CIC:



Practices vary to some extent by industry as shown in the charts below:



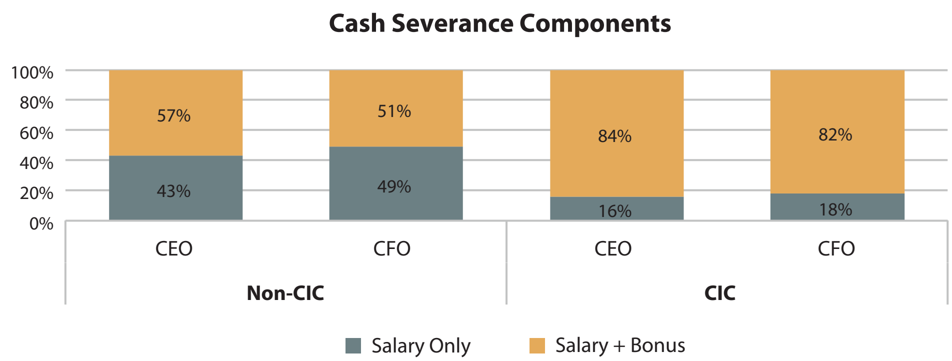


Cash Severance Components

For non-CIC terminations, practices are split with about half of companies basing the severance multiple on salary only and about half basing it on the sum of salary and bonus. For CIC terminations, however, over 80% of companies base the severance multiple on the sum of salary and bonus.

FWC Commentary: The difference in severance components is also related to the fact that CIC terminations are typically not due to performance and, as a result, executives are more frequently provided higher benefits.

The following graph summarizes the components of cash severance multiples:



EQUITY ACCELERATION

Practices are split regarding the treatment of equity in non-CIC terminations between providing partial or full equity vesting acceleration and requiring forfeiture of unvested awards. In the case of a CIC, over 90% of companies provide equity vesting acceleration.

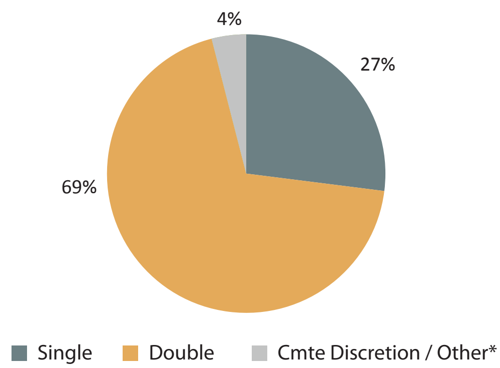
Equity Acceleration Trigger (CIC)

In the event of a CIC, most companies do not provide automatic equity acceleration in the absence of termination. Of the companies providing equity acceleration in the event of a CIC, approximately 70% require a double trigger (termination in conjunction with CIC) for equity vesting to accelerate. This level is lower than the nearly 98% of companies that require a double trigger for cash severance.

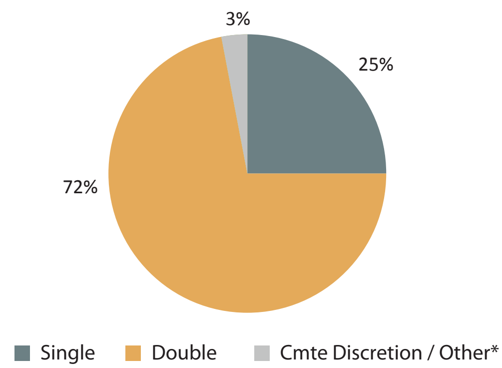
FWC Commentary: Proxy advisors and shareholder advocacy groups are highly critical of single trigger equity acceleration.

The graph below shows the equity acceleration triggers used by companies providing equity acceleration (8% and 6% of CEOs and CFOs, respectively, are not provided equity acceleration):

CIC Equity Acceleration Trigger – CEO

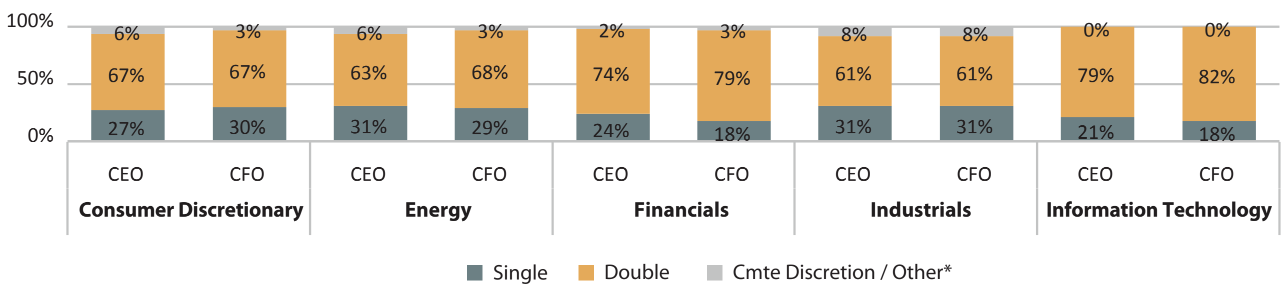


CIC Equity Acceleration Trigger – CFO



As shown by the chart below, equity acceleration triggers vary by industry:

CIC Equity Acceleration Trigger – By Industry



Financials and Information Technology tend to place a higher emphasis on double trigger as compared to the other industries.

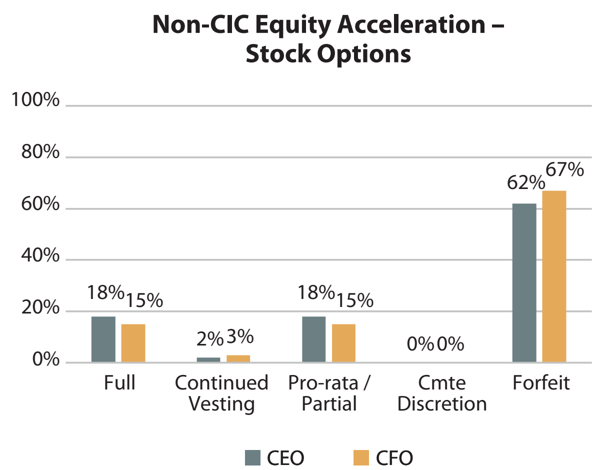
**Other indicates companies that have a combination of single and double trigger accelerated vesting that varies depending on the equity vehicle*

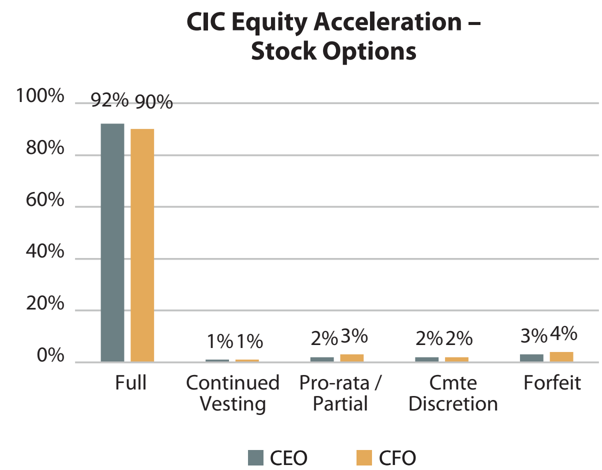
EQUITY ACCELERATION

Equity Acceleration: Stock Options

While approximately 65% of companies cancel unvested stock option awards upon a termination absent a CIC, approximately 90% fully accelerate unvested options in the event of a CIC (with approximately 70% of companies requiring a double trigger qualifying termination).

The following graphs summarize stock option treatment, with and without a CIC:

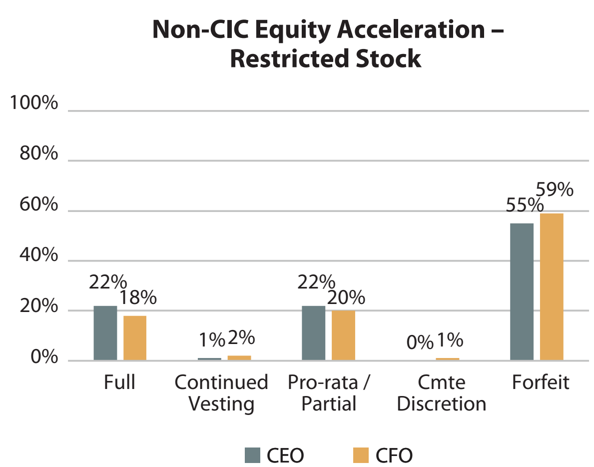


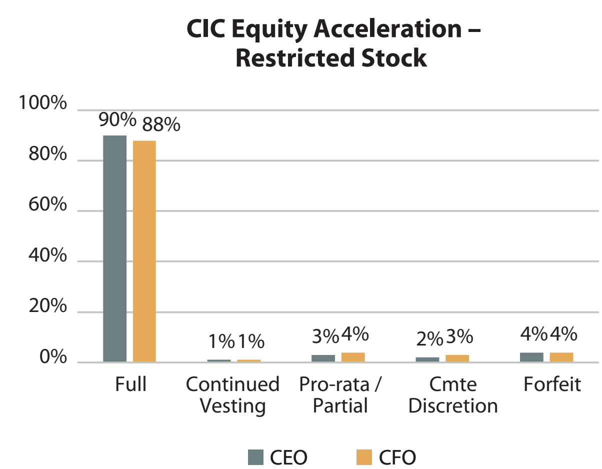


Equity Acceleration: Restricted Stock

Just under 60% of companies cancel unvested outstanding restricted stock awards upon a termination absent a CIC, while approximately 90% provide full acceleration of vesting in the case of a CIC (with approximately 70% of companies requiring a double trigger qualifying termination).

The following graphs summarize restricted stock treatment, with and without a CIC:





Equity Acceleration: Performance Awards

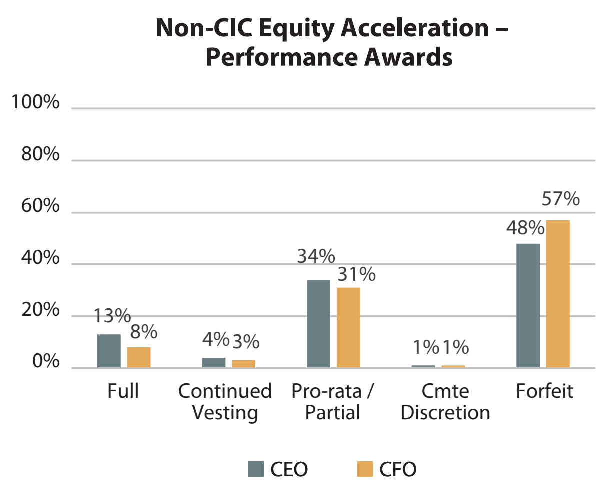
Compared to time-based awards, performance awards tend to receive more favorable treatment in a non-CIC termination situation. About half of companies still cancel outstanding unvested awards, while around one-third of companies provide pro-rata or partial vesting of performance awards.

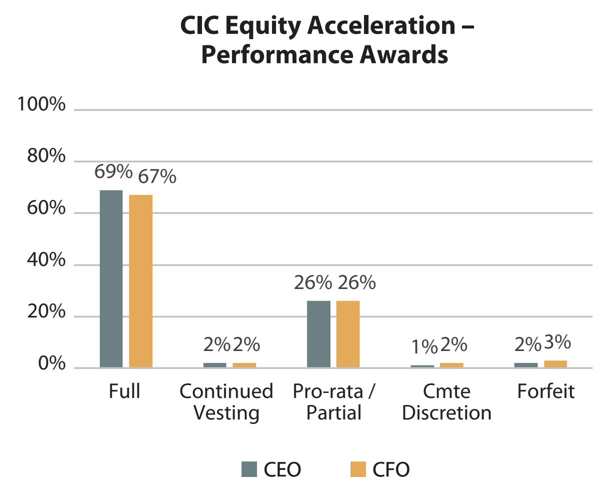
In the event of a CIC, approximately two-thirds of companies fully accelerate performance awards and approximately one-quarter provide pro-rata or partial vesting.

FWC Commentary:

The more favorable treatment for performance awards is likely attributable to differences in vesting practices between time-based and performance awards. Time-based awards often vest ratably over a three or four year period, so executives do not forfeit the entire award if their employment terminates prior to the end of the vesting period. In contrast, performance awards tend to cliff vest at the end of a multi-year performance period. Providing pro-rata or partial vesting of performance awards for a qualifying termination absent a CIC tends to place performance awards on equal footing with time-based awards.

The following graphs summarize performance award treatment, with and without CIC:





EXCISE TAX TREATMENT

Under Sections 280G and 4999 of the Internal Revenue Code, an excise tax must be paid by an individual if total "parachute payments" made in connection with a CIC exceed the safe harbor limit, which is $1.00 less than 3x the individual's "base amount." The base amount is defined as the average W-2 compensation from the company for the five years preceding the year in which the CIC occurs. The excise tax to the individual is equal to 20% of all "parachute payments" in excess of 1x the base amount, and the company loses the corresponding tax deduction for this "excess parachute payment."

Companies address the excise tax issue in one of the following ways:

Provide full tax gross-up – company pays an additional amount to cover the individual's excise and related income taxes. As a result of such payments, the individual receives, on an after-tax basis, an amount equal to the amount the individual would have received in the absence of the imposition of excise tax. Note that these gross-up payments are deemed "excess parachute payments" as well, which requires the company to gross-up the gross-up payment.

Provide modified tax gross-up – company pays the excise tax only if the payments exceed the safe harbor by a certain amount (e.g., 110% or $50,000). If not, payments are cut back to the safe harbor.

Provide best net payment – company cuts back payments to the safe harbor limit only if the individual would receive a greater after-tax benefit than if the excise tax were paid by the individual on the excess parachute payments.

Provide no tax gross-up – executive pays the excise tax if payments exceed the safe harbor; there is no cut-back to avoid excess parachute payments.

Limit payments to safe harbor ("cutback") – company cuts back payments to the safe harbor limit so that no excise tax is imposed on the individual under any circumstance.

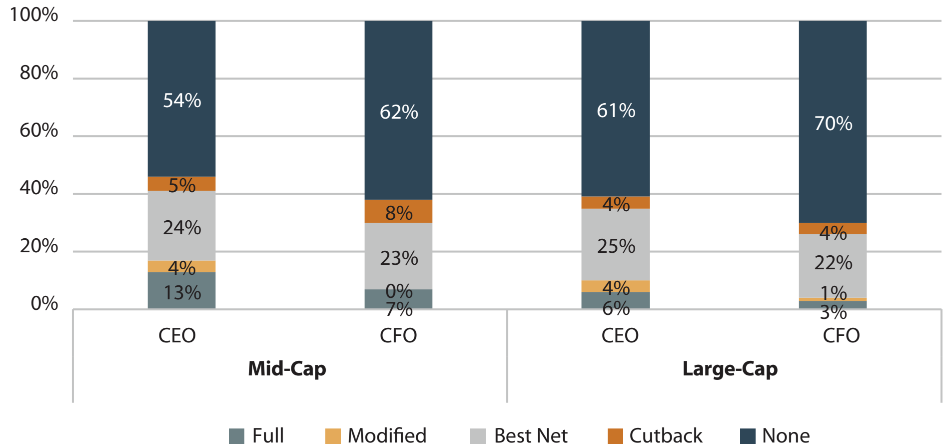
In recent years, excise tax gross-ups have been the subject of increasing external scrutiny and gross-up prevalence has diminished significantly. The overwhelming majority of companies, approximately 85% of mid-cap companies and 94% of large-cap companies, do not provide a gross-up. Among those companies that provide a gross-up, this feature generally represents a legacy practice from agreements/plans entered into or last modified at least five years ago ("grandfathered" practice typically not offered to new executives).

To provide some protection from the excise tax, approximately 25% of the sample has adopted a "best net" provision under which the company cuts back payments to the safe harbor limit only if the individual would receive a greater after-tax benefit than if the excise tax were paid by the individual on the excess parachute payments. Approximately 5% of the companies cut back payments to the safe harbor limit so that no excise tax is imposed on the individual under any circumstance and approximately 60% of companies require the executive to pay excise tax if payments exceed the safe harbor.

EXCISE TAX TREATMENT

The following graph summarizes the prevalence of excise tax treatment by company size:

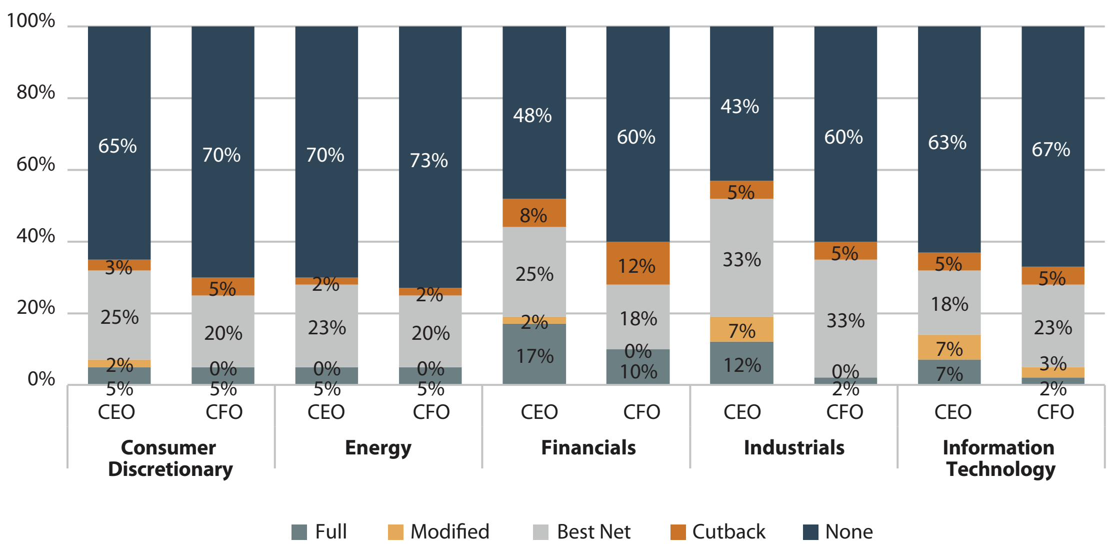
Excise Tax Treatment Prevalence – By Size



Full gross-ups are not commonly employed in any industry and best net provisions are most prevalent among Industrials.

The following graph summarizes the prevalence of excise tax treatment by industry:

Excise Tax Treatment Prevalence – By Industry

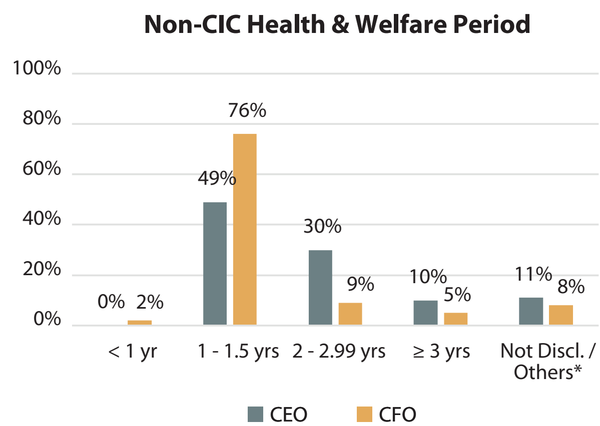


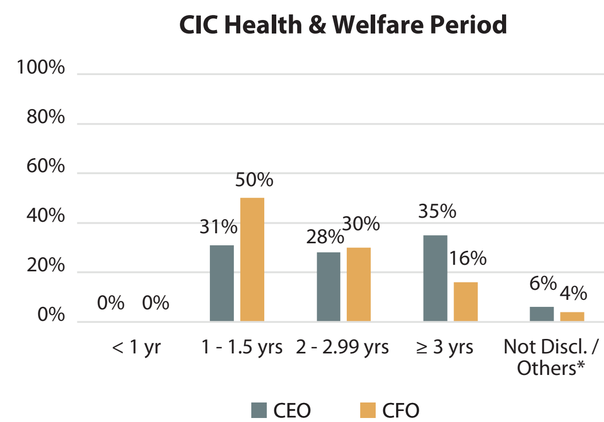
Health & Welfare

Among companies with severance arrangements, approximately 50% provide health and welfare benefits in non-CIC termination situations, and approximately two-thirds provide these benefits for a qualifying termination in the event of a CIC.

For non-CIC terminations, approximately 50% of CEOs receive 1 or 1.5 years of health and welfare benefit continuation. In the case of a qualifying termination in the event of a CIC, however, approximately 60% of CEOs receive 2 or more years of health and welfare benefit continuation. A similar shift is observed for CFOs, where 76% receive 1 or 1.5 years for a non-CIC termination, while in the case of a CIC, that percentage drops to 50% with the remaining half receiving greater than 1.5 years of health and welfare benefit continuation.

The following graphs summarize the health and welfare provision period, with and without a CIC:





**Other includes benefit continuation that is dependent on the remaining term of an employee contract, based on a fixed value rather than a specific time period, or provided until a certain age (e.g., until executive reaches the age of 65)*

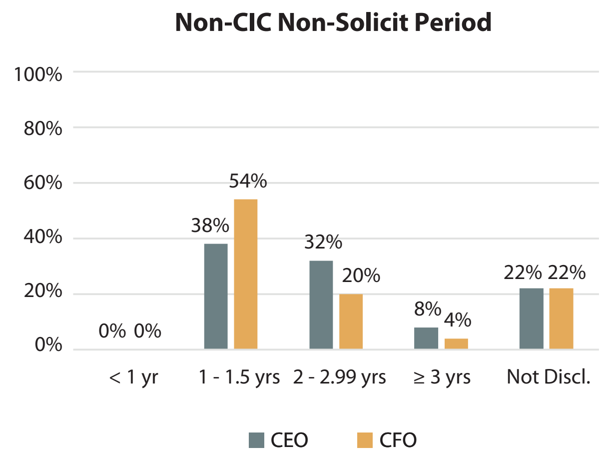
OTHER SEVERANCE PROVISIONS

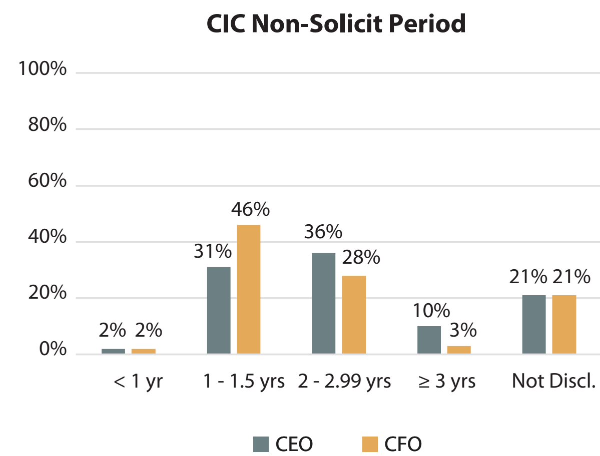
Restrictive Covenants

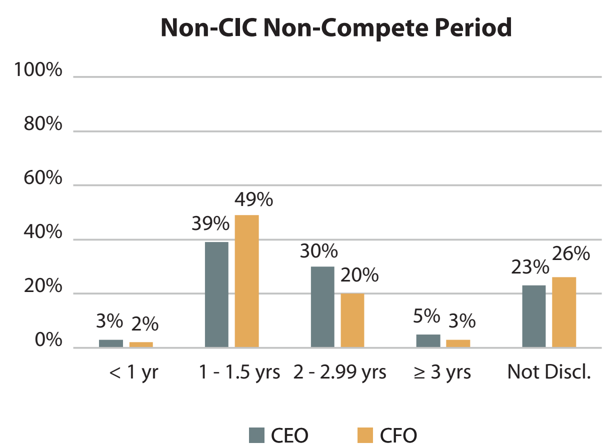
Of the full sample in this study, 32% of companies have restrictive covenants that apply in non-CIC termination and 34% have restrictive covenants that apply in the event of a qualifying termination in the event of a CIC.

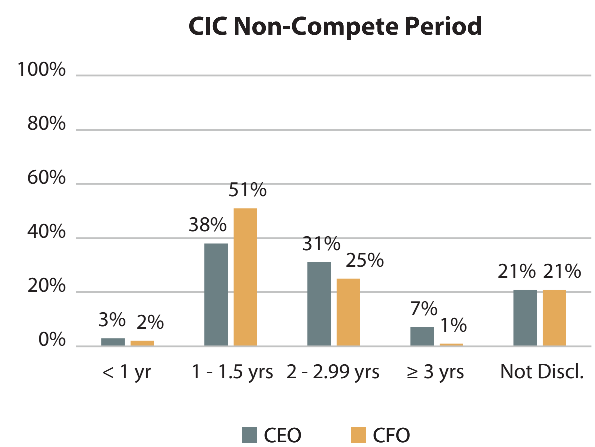
The duration of non-solicitation and non-competition restrictive covenants are similar for both types of terminations; approximately two-thirds of CEOs and CFOs are subject to restrictive covenants for 1 to 3 years following a non-CIC or CIC termination of employment.

The following graphs summarize the duration of restrictive covenants, with and without a CIC:









GLOSSARY

Acceleration	Equity vesting that is moved forward due to qualifying termination.
Best Net Benefit	Excise tax treatment where the parachute payment is either cut back to a level that does not trigger excise tax or the payment is made in full, depending on which approach delivers the highest after-tax value to the executive.
CIC	Change-in-control, as defined by each company; typically defined as an acquisition, change in ownership of majority of stock, or change in a majority of Board composition.
Cutback	Parachute payment is cut back to a level that does not trigger excise tax.
Double Trigger	CIC benefits that pay out only upon a qualifying termination in conjunction with a CIC.
Good Reason	A resignation consistent with the definition in the governing arrangement qualifying the termination as for "good reason," sometimes referred to as a "constructive termination." Common definitions include material reduction in salary, material change in responsibilities, relocation over a specified distance, etc.
Gross-Up	Additional payment on top of excess parachute payment to cover the excise tax liability incurred.
Modified Gross-Up	Gross-up with additional criteria to apply; e.g., gross-up of up to 10% above safe harbor amount.
Multiple	Number of annual periods' worth of the applicable pay component the recipient is eligible for in a qualifying termination.
Non-CIC	Termination that occurs absent a change-in-control scenario.
Protection Period	Defined period after a change-in-control (and sometimes within a defined period before change-in-control) during which a termination must occur to qualify as a CIC-related termination.
Qualifying Termination	Termination that triggers severance benefits (fits the applicable termination definition for the severance to pay out); in a change-in-control scenario, the qualifying termination must be within the protection period.
Restrictive Covenants	Non-compete or non-solicit restrictions that apply in a qualifying termination.
Single Trigger	Change-in-control benefits that pay out immediately upon CIC, regardless of whether or not recipient's employment is terminated.

COMPANIES IN REPORT RESEARCH SAMPLE

3M Co
Abercrombie & Fitch Co.
Adobe Systems Inc.
Advance Auto Parts Inc.
Allstate Corp (The)
Alon USA Partners LP
Amazon.com Inc.
Amkor Technology Inc.
Anadarko Petroleum Corp
Analog Devices Inc.
Ann Inc.
Apache Corp
Apartment Investment & Mgmt Co
Argo Group International Holdings Ltd
Armstrong World Industries Inc.
Assurant Inc.
Atlas Air Worldwide Holdings Inc.
AutoZone Inc.
Baker Hughes Inc.
BB&T Corp
Beacon Roofing Supply Inc.
Bed Bath & Beyond Inc.
Belden Inc.
BGC Partners Inc.
Big Lots Inc.
Bristow Group Inc.
Broadcom Corp
Brown & Brown Inc.
Burlington Stores Inc.
CA Inc.
Cabela's Inc.
Cadence Design Systems Inc.
Caleres, Inc.
Carrizo Oil & Gas Inc.
Cathay General Bancorp
Cenovus Energy Inc.
Chesapeake Energy Corp
Chevron
The Childrens Place Inc.
Cincinnati Financial Corp
Citrix Systems Inc.
CNO Financial Group Inc.
Cognex Corp
Cognizant Technology Solutions Corp
Comerica Inc.
comScore Inc.
ConocoPhillips
Con-Way Inc.
Core Mark Holding Co Inc.
Cree Inc.
CSG Systems International Inc.
Cummins Inc.
DCP Midstream Partners LP
Deere & Co
Delek US Holdings Inc.
Dick's Sporting Goods Inc.
Dillard's Inc.
Dover Corp
Dresser-Rand Group Inc.
DST Systems Inc.
Duke Realty Corp
Encana Corp
Engility Holdings Inc.
EnPro Industries Inc.
Equinix Inc.
Expeditors Intl of Washington Inc.
Express Inc.
Exterran Holdings Inc.
Exxon
F5 Networks Inc.
Fairchild Semiconductor Intl Inc.
FBL Financial Group Inc.
The Finish Line Inc.
FirstMerit Corp
Fluor Corp
Foot Locker Inc.
Gamco Investors Inc.
GameStop Corp.
General Dynamics Corp
General Electric
Genesis Energy LP
Global Partners LP
GNC Holdings Inc.
Guess Inc.
Halliburton Co
Hartford Financial Services Group Inc.
Healthcare Realty Trust Inc.
HFF Inc.
Home Depot
HSN Inc.
Hub Group Inc.
Imperial Oil Ltd
Ingram Micro Inc.
Intel Corp
Invesco Ltd
Iron Mountain Inc.
Itron Inc.
J.C. Penney Company Inc.
Jabil Circuit Inc.
Jacobs Engineering Group Inc.
JDS Uniphase Corp
Joy Global Inc.
Juniper Networks Inc.
KCG Holdings Inc.
KLA-Tencor Corp
Kohl's Corp
Korn/Ferry International
Lam Research Corp
Laredo Petroleum Inc.
LaSalle Hotel Properties
Lincoln National Corp
Lockheed Martin Corp
Lowe's Cos Inc.
Mack-Cali Realty Corp
Macy's Inc.
Marathon Oil Corp
Marathon Petroleum Corp
MAXIMUS Inc.
Mentor Graphics Corp
Metlife Inc.
MGIC Investment Corp
Micron Technology Inc.
Morgan Stanley
Murphy Oil Corp
National Oilwell Varco Inc.
NCR Corp

COMPANIES IN REPORT RESEARCH SAMPLE

NetApp Inc.
Netflix Inc.
NetSuite Inc.
Noble Energy Inc.
Nordstrom Inc.
Northrop Grumman Corp
Office Depot Inc.
ONEOK Partners LP
Oracle Corp
PBF Energy Inc.
PDC Energy Inc.
Penske Automotive Group Inc.
Pier 1 Imports Inc.
Precision Drilling Corp
The Priceline Group Inc.
Principal Financial Group Inc.
QEP Resources Inc.
Quanta Services Inc.
R.R. Donnelley & Sons Co
RealPage Inc.
Red Hat Inc.
Regal Beloit Corp
Rent-A-Center Inc.
Restoration Hardware Holdings Inc.
Rockwell Collins Inc.
Rollins Inc.
Ross Stores Inc.
Ryder System Inc.
SEACOR Holdings Inc.
Sears Holdings Corp
SemGroup Corp
Sovran Self Storage Inc.
Spirit Airlines Inc.
SPX Corp
Staples Inc.
Superior Energy Services Inc.
Sykes Enterprises Inc.
T. Rowe Price Group Inc.
Take-Two Interactive Software Inc.
Tanger Factory Outlet Centers Inc.
Targa Resources Corp
Target Corp
TCF Financial Corp
TD AMERITRADE Holding Corp
TeleTech Holdings Inc.
Tennant Co
Tesoro Corp
Tetra Tech Inc.
Textron Inc.
The TJX Companies Inc.
Transocean Ltd
The Tavelers Companies Inc.
Trimble Navigation Ltd
Triumph Group Inc.
U.S. Bancorp
United Parcel Service Inc.
United Rentals Inc.
Vornado Realty Trust
Wabash National Corp
Waste Connections Inc.
Waste Management Inc.
Watsco Inc.
Webmd Health Corp
Webster Financial Corp
Wells Fargo
WesBanco Inc.
Western Digital Corp
Western Refining Inc.
Williams-Sonoma Inc.
Woodward Inc.
World Fuel Services Corp
WPX Energy Inc.
Xylem Inc.
Zions Bancorporation

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