

EXECCOMP SUITE PEER GROUP ANALYSIS REPORT

Sample Company

June 2015

The Global Leader in Corporate Governance

www.isscorporatesolutions.com

Peer group “Myth-busters”

Myth

Reality

Details

ISS wants companies to use more of the ISS-selected peers in their own peer groups



ISS creates peer groups because a large number of companies pick peer groups that aren’t “balanced”

- Companies invest significant time, money, and effort constructing the “right” peer group for themselves
- Companies are in a better position to know which firms and which industries are appropriate to select
- However, many firms (as presented on the next slide) still select “aspirational peers,” creating the need for ISS to build its own “balanced” peer groups

Overlap between the ISS peer group and the company’s peer group is a factor in vote recommendations



The ISS peer group is used *only* to run two quantitative pay-for-performance tests

- Companies that select “unbalanced” peer groups will often receive commentary in their ISS research report
- That commentary is focused on the unbalanced nature of the peer group, not the overlap with the ISS peer group
- Any related adverse vote recommendation is based on the decisions that resulted from using the “unbalanced” peer group

ISS ignores the peer decisions that companies make and disclose in their proxy

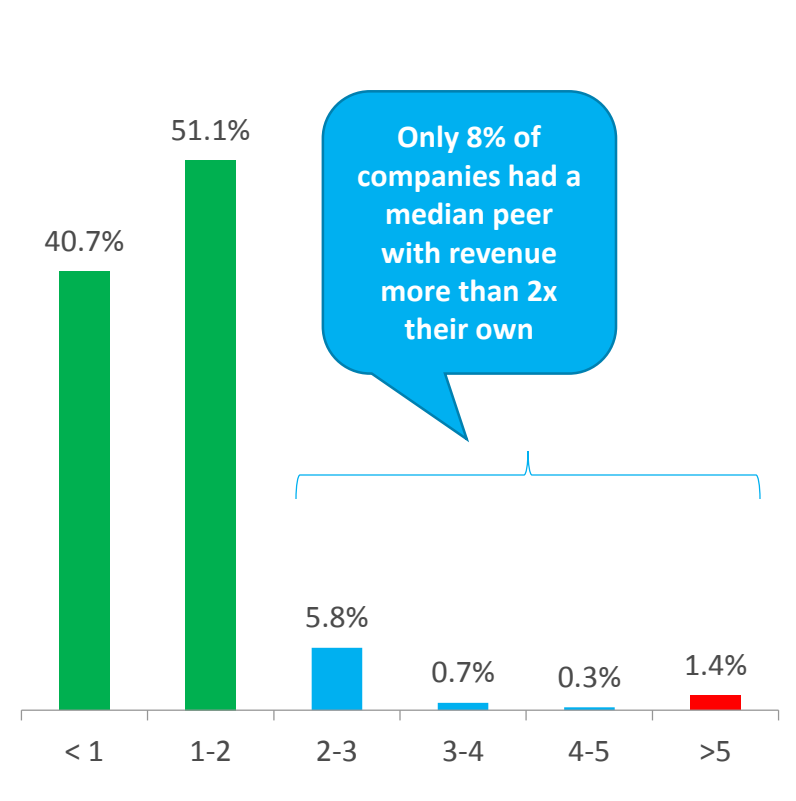


ISS “seeds” its peer construction process with a company’s self-selected peers

- ISS uses a company’s self-selected peers as a seed in the construction process
- ISS seeks to first fill a company’s peer group with companies from its own 8-digit GICS group
- When expanding beyond this group, ISS will consider peers from other 8-digit GICS groups that the company has disclosed a peer in – but will not necessarily select the same peer that the company disclosed

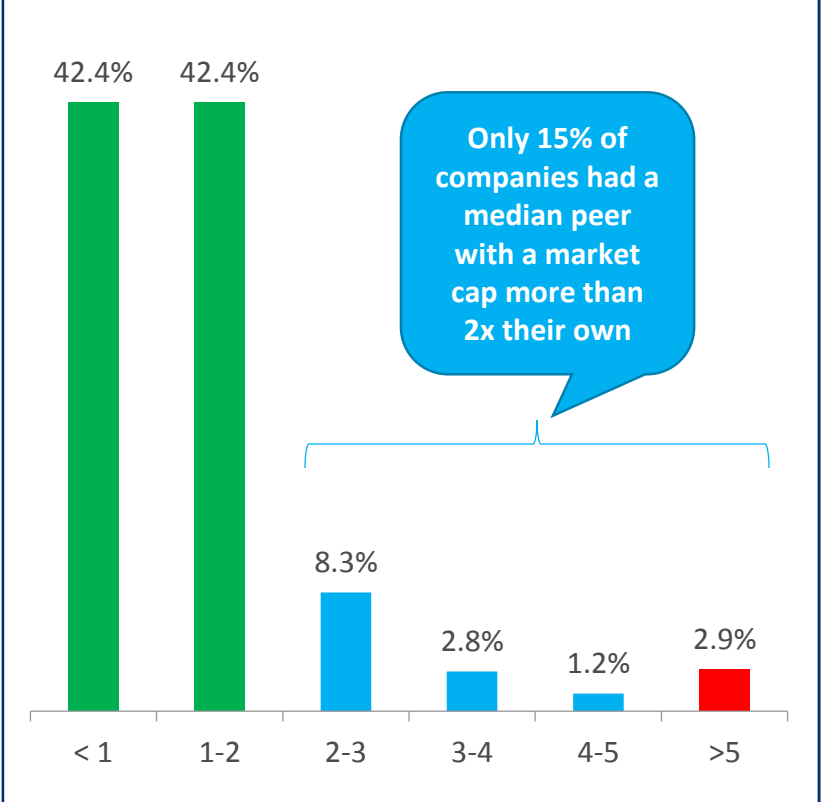
Company-defined peer groups are rapidly improving

Median self-selected peer *revenue* as a multiple of the company's *revenue*
S&P 1500 companies



Median company has a peer group with revenue 7.6% larger than itself

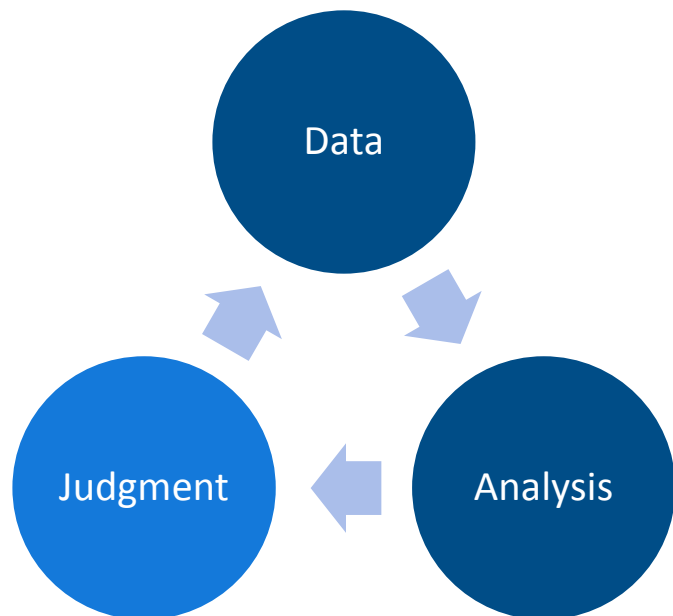
Median self-selected peer *market cap* as a multiple of the company's *market cap*
S&P 1500 companies



Median company has a peer group with market cap 7.7% larger than itself

ISS constructs its own peer groups to test pay-for-performance alignment to bring all peer groups into reasonable "balance"

Peer group formation is iterative



ISS Corporate Solutions has the *data* and *outside-in analysis* you need to form your peer group

Potential peer identification sources

1 Company's previously selected peer group

2 Companies that your proxy-selected peers have chosen as peers

3 Firms that have selected your company as a peer

4 Other firms that those companies have selected most frequently

5 All companies that are in the same 8-digit GICS industry and within a reasonable revenue band

Covered in this report

3

Peer Network: Companies selecting you as a peer

- Company > 4 times your revenue
- Company between 2.5 and 4 times your revenue
- Company between 0.4 and 2.5 times your revenue
- Company less than 0.4 times your revenue
- Insufficient data available

Company Name (Sorted by revenue)	GICS (8 digit)	Did you select this company?	Revenue (\$ Millions)	Assets (\$ Millions)	Market Cap (\$ Millions)	Most Recent CEO Pay (TDC)	2014 TSR
Ingram Micro Inc.	45203030	No	44,364	11,562	4,338	8,656,746	18%
Baxter International Inc.	35101010	Yes	16,567	25,563	39,436	16,585,616	8%
Micron Technology, Inc.	45301020	No	16,358	22,498	31,718	11,750,186	61%
Corning Incorporated	45203015	No	9,267	29,815	26,307	12,895,988	31%
Applied Materials, Inc.	45301010	No	9,072	13,174	25,696	16,425,005	44%
Becton, Dickinson and Company	35101010	Yes	8,446	12,447	22,766	11,035,662	28%
Broadcom Corporation	45301020	No	8,349	12,215	21,330	16,451,411	48%
Mylan NV	35202010	No	7,445	15,174	18,745	9,796,856	30%
Quest Diagnostics Incorporated	35102015	No	7,308	9,801	8,657	10,288,739	28%
Motorola Solutions, Inc.	45201020	Yes	6,562	12,195	15,462	10,751,332	1%
NCR Corporation	45202030	No	6,493	8,610	5,433	9,284,897	-14%
Laboratory Corporation of America Holdings	35102015	No	5,936	7,232	8,630	10,578,266	18%
St. Jude Medical, Inc.	35101010	Yes	5,605	10,236	18,512	10,471,503	7%
Lam Research Corporation	45301010	No	4,745	7,894	10,548	15,669,839	47%
Zoetis Inc.	35202010	No	4,742	6,527	16,825	8,214,128	33%
NVIDIA Corporation	45301020	No	4,575	6,886	10,191	9,825,418	27%
VWR Corporation	35203010	No	4,333	5,059	2,904	6,497,425	NULL
Xylem Inc.	20106020	No	3,907	4,814	6,728	8,880,129	12%
Roper Technologies, Inc.	20105010	Yes	3,494	8,510	14,709	22,689,220	13%
C. R. Bard, Inc.	35101010	Yes	3,248	5,114	11,075	11,188,956	25%

Source: ISS Corporate Solutions' ExecComp Analytics

3

Peer Network: Companies selecting you as a peer

- Company > 4 times your revenue
- Company between 2.5 and 4 times your revenue
- Company between 0.4 and 2.5 times your revenue
- Company less than 0.4 times your revenue
- Insufficient data available

Company Name (Sorted by revenue)	GICS (8 digit)	Did you select this company?	Revenue (\$ Millions)	Assets (\$ Millions)	Market Cap (\$ Millions)	Most Recent CEO Pay (TDC)	2014 TSR
First Solar, Inc.	45301020	No	3,152	6,440	6,359	3,776,136	-18%
Varian Medical Systems, Inc.	35101010	Yes	3,050	3,357	8,401	7,472,139	11%
Sigma-Aldrich Corporation	15101050	No	2,764	3,996	12,860	6,199,326	47%
Plexus Corp.	45203020	No	2,378	1,609	1,365	5,981,912	-5%
PerkinElmer, Inc.	35203010	Yes	2,226	3,886	5,051	9,004,484	7%
Logitech International S.A.	45202030	No	2,132	1,515	2,230	4,759,737	0%
Waters Corporation	35203010	Yes	1,971	3,752	8,803	1,504,903	13%
Beckman Coulter, Inc.	Not Available	No					
Life Technologies Corporation	Not Available	Yes					
Molex Incorporated	Not Available	No					
Motorola Mobility Holdings, Inc.	Not Available	No					

Source: ISS Corporate Solutions' ExecComp Analytics

4 Peer Network: Most common peers of peers

	Company > 4 times your revenue
	Company between 2.5 and 4 times your revenue
	Company between 0.4 and 2.5 times your revenue
	Company less than 0.4 times your revenue
	Insufficient data available

Company Name (Sorted by revenue)	Picked by # of Companies	GICS (8 digit)	Your self-selected peer?	Revenue (\$ Millions)	Assets (\$ Millions)	Market Cap (\$ Millions)	Most Recent CEO Pay (TDC)	2014 TSR
Charles River Laboratories International, Inc.	9	35203010	No	1,257	1,842	2,706	9,781,534	20%
Pall Corporation	7	20106020	No	2,856	3,776	9,372	9,912,069	20%
CareFusion Corporation	7	35101010	Yes	3,934	9,007	9,310	11,406,471	49%
Alere Inc.	7	35101020	No	2,962	6,809	3,083	7,104,848	5%
Intuitive Surgical, Inc.	6	35101010	No	2,103	3,652	15,943	3,318,508	38%
SunEdison, Inc.	6	45301010	No	2,425	10,269	5,398	8,433,079	50%
Hospira, Inc.	6	35202010	No	4,422	6,493	8,470	12,225,520	48%
DENTSPLY International Inc.	6	35101020	No	2,957	4,884	6,678	7,040,440	10%
Seagate Technology plc	6	45202030	No	14,020	9,765	18,531	2,615,517	22%
Advanced Micro Devices, Inc.	6	45301020	No	5,856	4,325	2,914	13,064,309	-31%
Keysight Technologies, Inc.	6	45203010	No	2,933	1,999	5,135	6,986,351	NULL
KLA-Tencor Corporation	6	45301010	No	2,914	5,302	11,762	7,164,443	39%
Millipore Corporation	5	Not Available	No				6,728,621	N/A
Zimmer Holdings, Inc.	5	35101010	Yes	4,691	9,671	17,142	10,747,715	23%
Stryker Corporation	5	35101010	Yes	9,525	17,515	31,272	9,557,944	27%
Kinetic Concepts, Inc.	5	Not Available	No				6,345,159	NULL
Covance Inc.	5	35203010	No	2,694	2,532	5,067	9,492,624	18%
Hologic, Inc.	5	35101010	No	2,531	8,415	6,712	25,414,859	20%
Edwards Lifesciences Corporation	5	35101010	No	2,256	3,350	9,810	10,847,178	94%
SanDisk Corporation	5	45202030	No	6,620	10,708	20,229	13,393,725	41%

5

All other companies in your GICS-8 industry with 0.4x to 2.5x revenue

- Company > 4 times your revenue
- Company between 2.5 and 4 times your revenue
- Company between 0.4 and 2.5 times your revenue
- Company less than 0.4 times your revenue
- Insufficient data available

Company Name (Sorted by revenue)	GICS (8 digit)	Market Cap (\$ Millions)	Revenue (\$ Millions)	Most Recent CEO Pay (TDC)	2014 TSR
THERMO FISHER SCIENTIFIC INC	35203010	43,261	13,802	16,536,416	75.8%
QUINTILES TRANSNATIONAL HLDG	35203010	6,137	5,179	2,585,814	NULL

This document and all of the information contained in it, including without limitation all text, data, graphs, charts (collectively, the “Information”) is the property of ISS Corporate Solutions, Inc. or its affiliates (collectively, “ICS”) or ICS’s licensors, direct or indirect suppliers or any third party involved in the making or compiling of the Information (together with ICS, the “Information Providers”) and is provided for informational purposes only.

ICS is a wholly owned subsidiary of Institutional Shareholder Services Inc. (“ISS”). ISS offers products and services to issuers of proxy solicitations consisting primarily of advisory and analytical services, self assessment tools and publications. Employees of ICS are not involved in ISS’s analysis of filed proxy proposals or preparation of vote recommendations. Whether or not a corporate issuer has purchased products or services from ICS, ISS will not give preferential treatment to, and ISS is under no obligation to support, any proxy proposal of any corporate issuer. Proxy analyses and vote recommendations are handled by ISS’s proxy advisory service group, which is legally and functionally separate from ICS. These analyses and vote recommendations are made consistent with ISS’s Domestic and Global policies (as applicable) and, in the case of ISS institutional investor clients with custom policies, in accordance with those custom policies. ISS may disclose its relationship with any issuer and any client of ICS (including the type of product or service acquired from ICS and the dollar amounts paid to ICS).

The Information may not be reproduced or disseminated in whole or in part without prior written permission from ICS. Further, the Information may not be reverse engineered, copied or used to create derivative works.

The user of the Information assumes the entire risk of any use it may make or permit to be made of the Information. Information containing any historical information, data or analysis should not be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. Past performance does not guarantee future results. None of the Information constitutes an offer to sell (or a solicitation of an offer to buy), any security, financial product or other investment vehicle or any trading strategy. The Information does not constitute, and is not intended to constitute, investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such.

NONE OF THE INFORMATION PROVIDERS MAKES ANY EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS WITH RESPECT TO THE INFORMATION (OR THE RESULTS TO BE OBTAINED BY THE USE THEREOF), AND TO THE MAXIMUM EXTENT PERMITTED BY LAW, EACH INFORMATION PROVIDER EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES (INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF ORIGINALITY, ACCURACY, TIMELINESS, NON-INFRINGEMENT, COMPLETENESS, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE) WITH RESPECT TO ANY OF THE INFORMATION.

Without limiting any of the foregoing and to the maximum extent permitted by law, in no event shall any Information Provider have any liability regarding any of the Information for any direct, indirect, special, punitive, consequential (including lost profits) or any other damages even if notified of the possibility of such damages. The foregoing shall not exclude or limit any liability that may not by applicable law be excluded or limited, including without limitation (as applicable), any liability for death or personal injury to the extent that such injury results from the negligence or willful default of itself, its servants, agents or sub-contractors.

Any use of or access to the Information or any ICS products or services requires a license from ICS. ICS, ExecComp Analytics and all other ICS product names are the trademarks, registered trademarks, or service marks of ICS in the United States and other jurisdictions.