Share-Based Payment > Best Practice Series **ESO Valuation Disclosure - Dow 30 for FY2012** www.fintools.com

Symbol	Company Name	HQ	Auditor	Expected Volatility	Contractual Term (y)	Expected Term (y)	Vesting Period (y)	ESO Fair Value ($)	Exercise Multiple	Forfeiture Rate	Valuation Model	Granted (millions)	Interest Rate	Dividend Yield	Comments
AA	Alcoa Inc.	PA	PwC	45.00%	10	5.8	3	3.11	1.45	5.00%	Lattice-Pricing	10.500	1.89%	0.90%	Exp Vola range 39-45%; Exer Multiple based on hist avg; Int Rate range 0.06%-1.89%
AXP	American Express Company	NY	PwC	40.00%	10	6.3	4	17.48			B-S-M	1.205	1.30%	1.50%	Exp Volatility based on Blended Historical and Implied Volatilties
BA	The Boeing Company	IL	Deloitte	29.90%	10	6.0	3	16.89			Black-Scholes	6.257	1.10%	2.40%	Exp Volatility based on Blended Historical and Implied Volatilties
BAC	Bank of America Corporation	NC	PwC	-	-	-	-	-			-	-	-	-	No ESOs granted since 2008
CAT	Caterpillar Inc.	IL	PwC	35.00%	10	7.0	3	39.20			Lattice-Based	3.318	2.00%	2.20%	Exp Vola range 33.3%-40.4%; Int Rate range 0.17-2%; Exp Term b/o hist data
CSCO	Cisco Systems, Inc.	CA	PwC	-	-	-	-	-			-	-	-	-	No ESOs granted in 2012; Used both Lattice and Black-Scholes models previously
CVX	Chevron Corporation	CA	PwC	31.70%	10	6.0	3	23.35			Black-Scholes	12.455	1.10%	3.20%	Exp Vola based on hist vola; Exp Term based on hist exer and post-vest cancellation
DD	E.I. du Pont de Nemours and Co	DE	PwC	34.87%	7	5.3	3	11.81			Black-Scholes	4.728	0.90%	3.20%	Exp Volatility based on Blended Historical and Implied Volatilties
DIS	The Walt Disney Company	CA	PwC	31.00%	10	-	4	10.65	1.41	2.70%	Binomial	11.000	2.00%	1.56%	Exp Volatility based on Blended Historical and Implied Volatilties
GE	General Electric Company	CT	KPMG	29.00%	10	7.8	5	3.80			Black-Scholes	83.179	1.30%	4.00%	Exp Volatility based on Blended Historical and Implied Volatilties
HD	The Home Depot, Inc.	GA	KPMG	27.00%	10	5.0	4	9.86			Black-Scholes	3.723	1.20%	2.30%	Grants both Incentive and Non-Qualified Stock Options
HPQ	Hewlett-Packard Company	CA	E&Y	42.00%	8	5.6	4	9.06			Black-Scholes	7.529	1.17%	1.83%	Expected Vola based on implied; Exp Term based on hist data and post-vest behavior
IBM	International Business Machines	NY	PwC	-	-	-	-	-			-	-	-	-	ESOs not granted for the past 3 yrs, outstanding ESOs valuated with BS,4-year vesting
INTC	Intel Corporation	CA	E&Y	25.00%	7	5.3	4	4.22			Black-Scholes	13.500	1.00%	3.30%	Exp Vola based on implied vola; Exp Term based on hist option exercise data
JNJ	Johnson & Johnson	NJ	PwC	18.38%	10	6.0	4	6.39			Black-Scholes	8.661	1.06%	3.60%	Exp Vola 4-yr daily hist vola, 5-week avg implied vola of 2-yr opts; Exp Term hist exp
JPM	JP Morgan Chase & Co.	NY	PwC	35.00%	10	6.6	5	8.89			Black-Scholes	14.738	1.19%	3.15%	Expected Volatility based on Implied Volatility; Dividend(forward-looking)
KO	The Coca-Cola Company	GA	E&Y	18.00%	10	5.0	4	3.80			B-S-M	53.000	1.00%	2.70%	Exp Vola based on hist and implied vola; Exp Term based on hist exer behavior
MCD	McDonald's Corporation	IL	E&Y	20.80%	10	6.1	4	13.65			Closed-Form	4.900	1.10%	2.80%	Expected Volatility based on hist vola; Expected Term based on historical trends
MMM	3M Company	MN	PwC	24.50%	10	6.2	3	14.94			Black-Scholes	5.770	1.10%	2.60%	His Vola (1 year vola, median exp life rolling vola, median exp life voal), Imp Vola
MRK	Merck & Co., Inc.	NJ	PwC	25.20%	10	7.0	3	5.47			Black-Scholes	7.641	1.30%	4.40%	ESOs have Graded Vesting over 3 years; Contractual Term Range 7-10 yrs
MSFT	Microsoft Corporation	WA	Deloitte	-	-	-	-	-			-	6.000	-	-	Grants options primarily in conjunction with business acquisitions
PFE	Pfizer Inc.	NY	KPMG	23.80%	10	6.5	3	2.79			B-S-M	57.919	1.28%	4.10%	Exp Volatility based on Blended Historical and Implied Volatilties
PG	The Procter & Gamble Company	OH	Deloitte	15.00%	10	8.5	3	8.05			Binomial Lattice	30.225	1.90%	2.60%	Exp Vola range 12-18%; Int Rate range 0.2-2.1%; Exercise behavior based on hist
T	AT&T Inc.	TX	E&Y	-	-	-	-	-			-	-	-	-	No ESOs granted in 2012;
TRV	The Travelers Companies, Inc.	NY	KPMG	28.60%	10	6.0	3	12.08			Black-Scholes	2.442	1.17%	1.84%	Exp Vola range 28.5-28.6%; Int Rate range 1.02-1.17%; Exp Div range $1.64-$1.84
UNH	UnitedHealth Group, Inc	MN	Deloitte	44.00%	-	5.6	-	18.00		5.00%	Not Disclosed	2.000	0.90%	1.70%	Exp based on Historical and Implied vola, Disclosures consistent with Lattice Model
UTX	United Technologies Corporation	CT	PwC	30.00%	10	7.7	3	19.32			Binomial Lattice	0.428	2.00%	2.30%	Exp Vola range 30-35%; Exp Term range 7.4-7.5 years; Int Rate range 0.0-2%
VZ	Verizon Communications Inc.	NY	E&Y	-	-	-	-	-			-	-	-	-	No ESOs granted since 2004
WMT	Wal-Mart Stores, Inc.	AR	E&Y	16.20%	10	3.0	5	10.57			B-S-M	2.082	0.60%	2.80%	Exp Vola based on hist vola; Exp Term based on hist exercise and expiration activity
XOM	Exxon Mobil Corporation	TX	PwC	-	-	-	-	-			-	-	-	-	No ESOs granted since 2003
	Average Calculations			29.13%	9.636	6.102	3.636					14.7167	1.29%	2.65%	
	Minimum			15.00%	7.000	3.000	3.000					0.4280	0.60%	0.90%	
	Maximum			45.00%	10.000	8.500	5.000					83.1790	2.00%	4.40%	

Key

B-S-M: Black-Scholes-Merton
SOEF: Sub Optimal Exercise Factor
Closed-Form: Model or formula similar to B-S-M
Exp Vola: Expected Volatilty
Hist Vola: Historical Volatility
Exp Term: Expected Term

Source: Company 10-K Reports and DEF 14As for FY2012
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Date: August 9, 2013

Share-Based Payment > Best Practice Series **Alternative Forms of Equity Compensation - Dow 30 for FY2012** www.fintools.com

Symbol	Company Name	ESOs	SARs	ESPP	RSAs	RSUs	PC RS	PC Cash	PC Option	TSR	Price Target	Comments
AA	Alcoa Inc.	x					x					Performance Stock Awards also have three year vesting condition, RSA/PC FV= $10.08 / Reload Feature
AXP	American Express Company	x					x	x		x		Performance Condition Restricted Stock Fair Value = $49.80
BA	The Boeing Company	x				x		x				Performance Condition Awards (cash units)initial value: $100 and payout from $0-$200, Restricted Stock Units Fair Value = $75.40
BAC	Bank of America Corporation		x	x		x	x	x				Restricted Stock Units Fair Value: $7.78 / Company discontinued their ESPP as of 3/31/2012
CAT	Caterpillar Inc.	x			x	x	x			x	x	Fair Market Value for Restricted Stock Units = Stock Price - Present Value of Expected Dividends to be paid during vesting, RSU FV = $104.61
CSCO	Cisco Systems, Inc.			x	x	x	x			x		ESPP allows employee purchase stock at a discount up to 15%, exp div = 1.5%, RSA/U FV= $17.45;
CVX	Chevron Corporation	x						x		x		Currently has Performance Units outstanding and granted in 2012
DD	E.I. du Pont de Nemours and Co	x				x	x					Performance Condition Awards based on corp rev growth relative to peers, using Monte Carlo, TSR/RSU FV= $47.17; Cash-based Awards
DIS	The Walt Disney Company	x				x	x			x		Restricted Stock Units Fair Value = $39.39; 3 year Service Condition, subject to achieving Market or Performance Considtions
GE	General Electric Company	x				x	x					Restricted Stock Units issued only settle with equity, Restricted Stock Units Fair Value = $20.79
HD	The Home Depot, Inc.	x		x			x					ESPP sold at 85% of market value, Restricted Stock Units / Performance Condition Units Fair Value = $49.18
HPQ	Hewlett-Packard Company	x		x		x	x		x		x	PCRS based on cash flow as a percentage of revenue and on market condition based on TSR(S&P 3 -year) RSU FV= $27, ESPP: 95% FMV
IBM	International Business Machines			x		x	x					ESPP at 95% FV, RSU/Performance Share Units FV = $184/185
INTC	Intel Corporation	x		x		x	x			x		Relative TSR vs Peer Group 3 year period, RSU FV calculated w/ Monte Carlo, RSU FV = $19.86; ESPP= 85% of FMV
JNJ	Johnson & Johnson	x				x	x			x		Restricted Stock Units FV = $58.93; Relative TSR was estimated on the date of grant using the Monte Carlo valuation method
JPM	JP Morgan Chase & Co.	x	x			x		x				Restricted Stock Units Fair Value = $35.73
KO	The Coca-Cola Company	x			x	x	x					Service Condition and Performance-based Restricted Stock; Performance Share Unit Awards
MCD	McDonald's Corporation	x				x	x	x		x		Restricted Stock Units based on Company Performance Metrics
MMM	3M Company	x	x	x	x	x	x			x		Reload Options, Performance Criteria Factors: Sales Growth, ROI Capital and new product sales, ESPP 85%, RSU FV = $87.92
MRK	Merck & Co., Inc.	x				x	x			x		Restricted Stock Units Fair Value = $39.45; Performance Stock Unit Fair Value = $35.35
MSFT	Microsoft Corporation	x		x		x	x	x				Performance Condition Awards grants between 0%-150%, depending on achievement, RSU FV = $24.96, ESPP at 90% market value
PFE	Pfizer Inc.	x				x	x			x		Restricted Stock Units Fair Value = $21.05, TSR Payout determined by Industry Peer Group, using Monte Carlo
PG	The Procter & Gamble Company	x				x	x					Performance Stock Awards also have three year vesting condition
T	AT&T Inc.					x	x	x		x		Grants Performance Stock Units that settle either in form common stock or cash
TRV	The Travelers Companies, Inc.	x				x	x					Performance awards are based on adj return on equity, perf awards 50%-130%, RSU FV = $60.18 / Reload Feature
UNH	UnitedHealth Group, Inc	x	x	x		x	x					Restricted Stock Units Fair Value = $52
UTX	United Technologies Corporation	x	x				x	x		x		PC Awards FV = $74.71,Stock Appreciation Right=$74.88
VZ	Verizon Communications Inc.		x			x	x	x		x		RSU has 3 year Service Condition, Performance Stock Units paid in cash upon vesting, Restricted Stock Units Fair Value = $36.38
WMT	Wal-Mart Stores, Inc.	x			x	x	x	x				Performance Awards range from 0%-150% of original amount, RSA FV = $62.13, RSA and PSA settle in stock or cash
XOM	Exxon Mobil Corporation				x	x						Has not granted stock options since 2003, Restricted Stock Units Fair Value = $79.52

	ESOs	SARs	ESPP	RSAs	RSUs	PC RS	PC Cash	PC Option	TSR	Price Target
Total Dow 30 Granted	24	6	9	6	25	26	11	1	14	2
Dow 30 Participation Rate	80.00%	20.00%	30.00%	20.00%	83.33%	86.67%	36.67%	3.33%	46.67%	6.67%

Key

ESOs: Employee Stock Options	ESPP: Employee Stock Purchasing Plan	RSUs: Restricted Stock Units / Service Condition	PC Cash: Cash-settled Performance Condition	TSR: Relative Total Shareholder Return
SARs: Stock Appreciation Rights	RSAs: Restricted Stock Awards	PC RS: Stock-settled Performance Condition	PC Both: Both Stock and Cash-settled Performance Condition	Price Target: Absolute Total Shareholder Return

Source: Company 10-K Reports and DEF 14As for FY2012
Prepared by: Hu Li and Scott Michaud, CEP
Date: August 9, 2013