

In August of 2008 Stock & Option Solutions conducted a detailed market research survey on Net Exercises, current practices, and plans and trends. Below is a compilation of the majority of the results. If you have further questions on any of the results, please contact us at info@sos-team.com.

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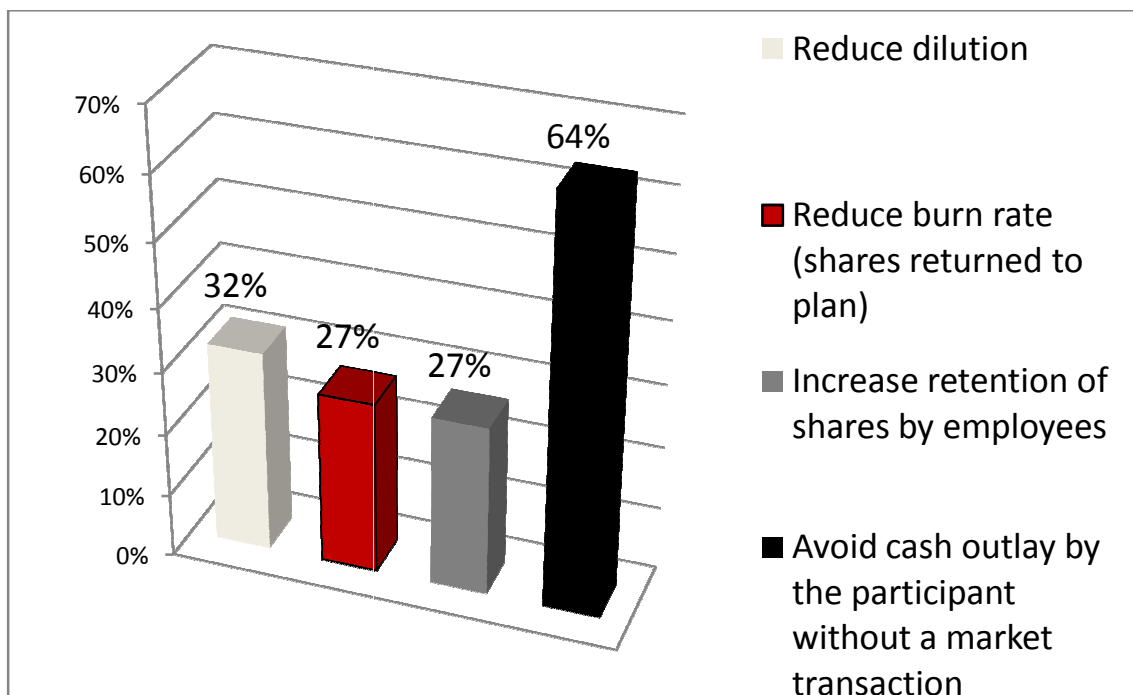
Survey Respondents

134 issuing firms completed the survey, from small, biotech firms to huge database companies, from Midwest banks to East Coast consulting firms, we had participation from nearly every area of the country and a broad spectrum of industries.

Companies Currently Offering / Processing Net Exercise of Stock Options

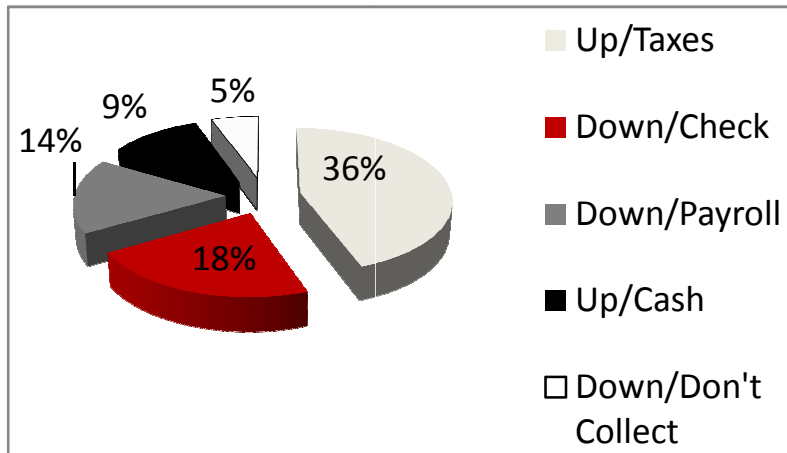
8.3% of the responding companies are currently processing net exercises on stock options. The following questions were addressed to those companies already processing net exercises.

Rationale for Net Exercise



The most popular reason for net exercises was to avoid cash outlay by the participant without a market transaction (64%). The next most popular reason was reducing dilution (32%) and reducing burn rate and increasing retention of shares tied for third with 27% each.

How do you handle share rounding?

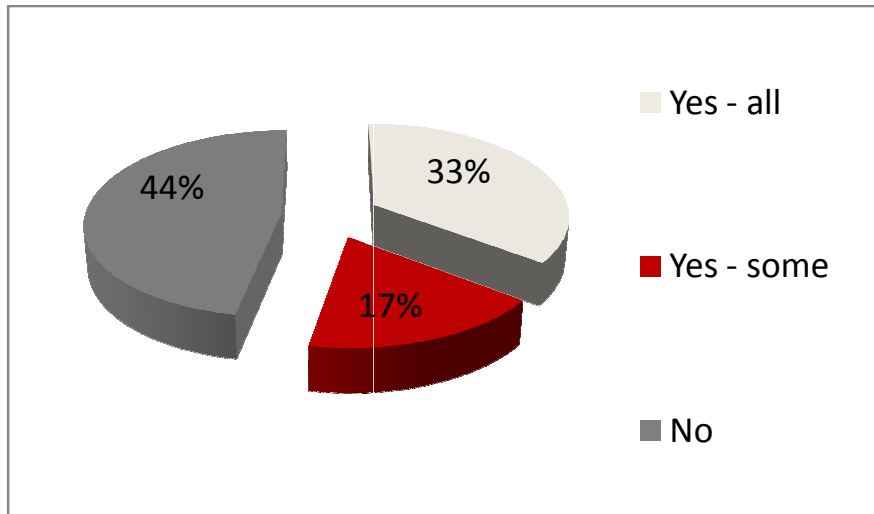


- 36% round up and added the fractional share amount to taxes,
- 18% round down and collected a check from participants,
- 14% round down and collected via a payroll deduction,
- 9% round up and refund cash, and
- 5% round down and don't collect.

Other Responses:

- Round Shares Up and Pay Cash back to brokerage account
- Amount due is added to W-2 income

Do you allow Net Exercises for international participants?

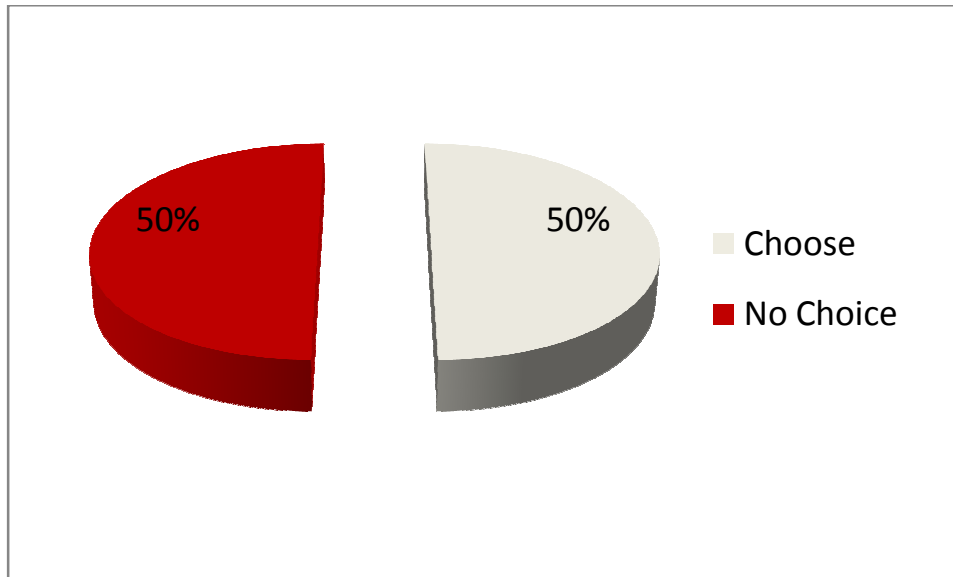


- 44% do not allow international participants to net exercise,
- 33% do allow net exercise, for all international participants. and
- 17% allow net exercise for international participants, but only where a minimum statutory rate can be determined.

Does your company allow participants to choose whether shares are:

- withheld to pay option price and/or taxes OR

- sold to pay option price and/or taxes?

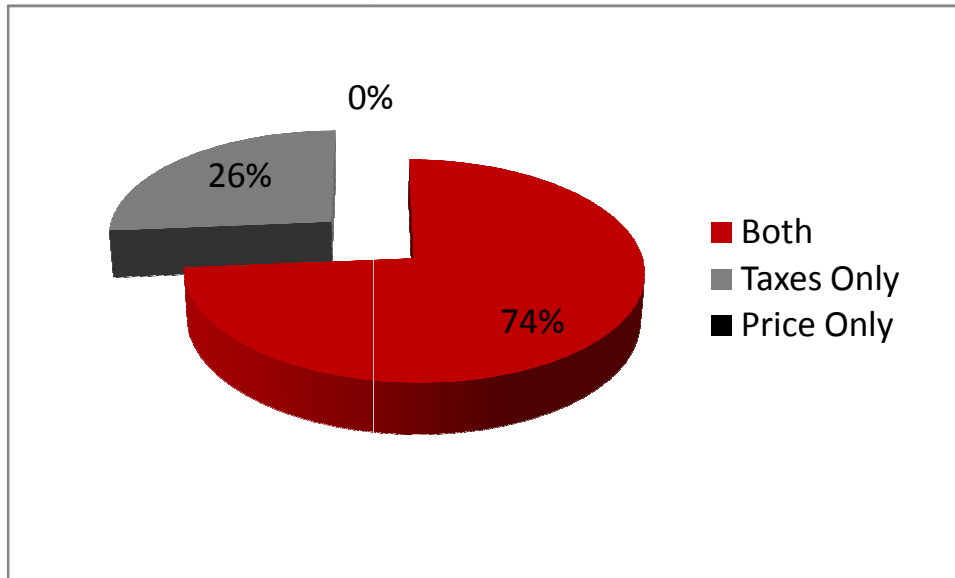


- 50% Participants can choose between selling shares and withholding shares,
- 50% Participants have no choice, withholding shares is mandated by our company.

Additional Comments:

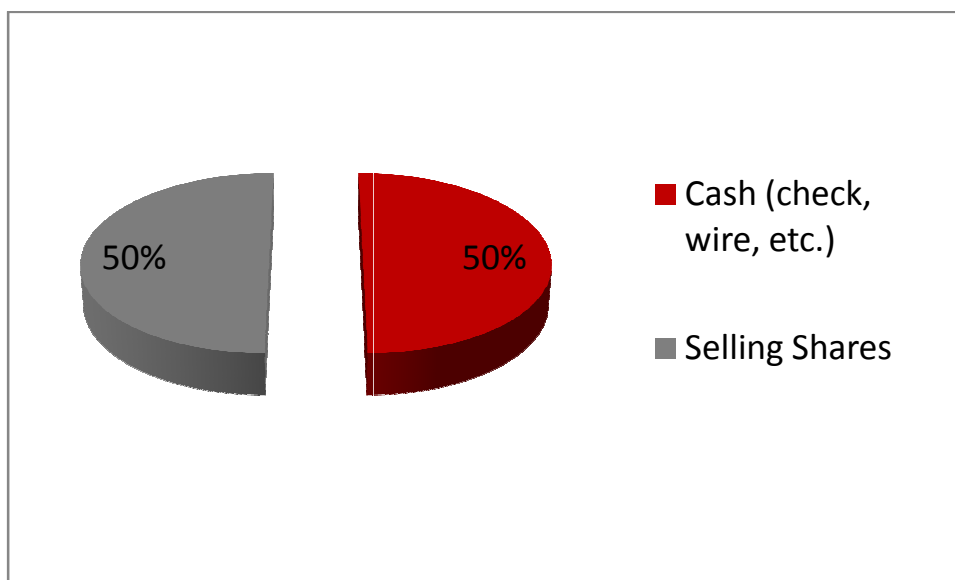
- Participants can choose to have shares withheld, or they can write a check. We do not offer the option to sell to cover.
- We only allow withholding (ie buyback by company) for the option price. To pay for taxes they must be sold through our broker.
- Participants can do a sell-to-cover exercise with our broker or a net exercise through stock plans (where shares are withheld - not sold).
- Officers in one company are required to net exercise.
- Participants can choose between withhold and send in cash to cover taxes.

Do you withhold shares for option price, taxes, or both?



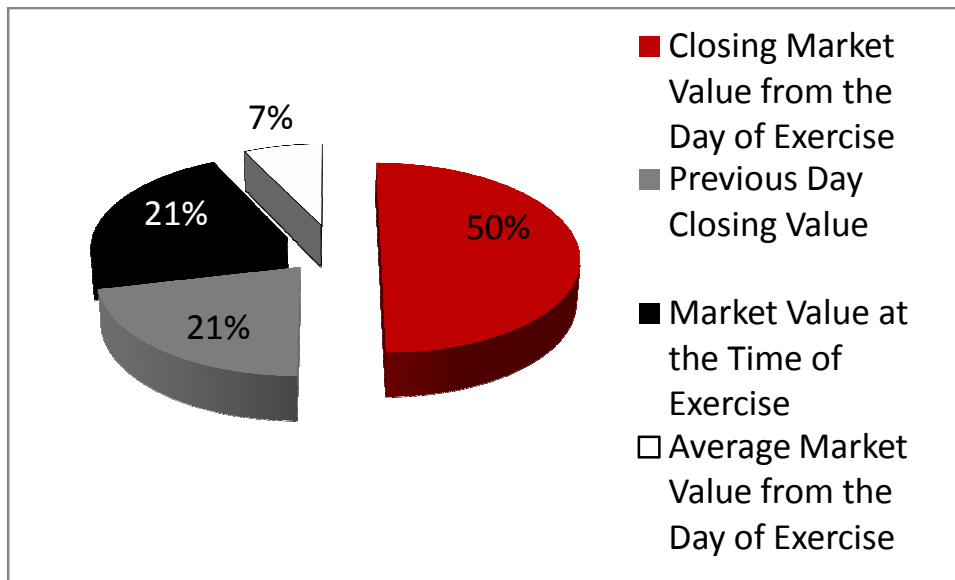
- 74% withhold shares for both price and taxes,
- 26% withhold just for taxes, and
- 0% withhold only for price.

If shares are not withheld for both price and taxes, how is the other component funded?



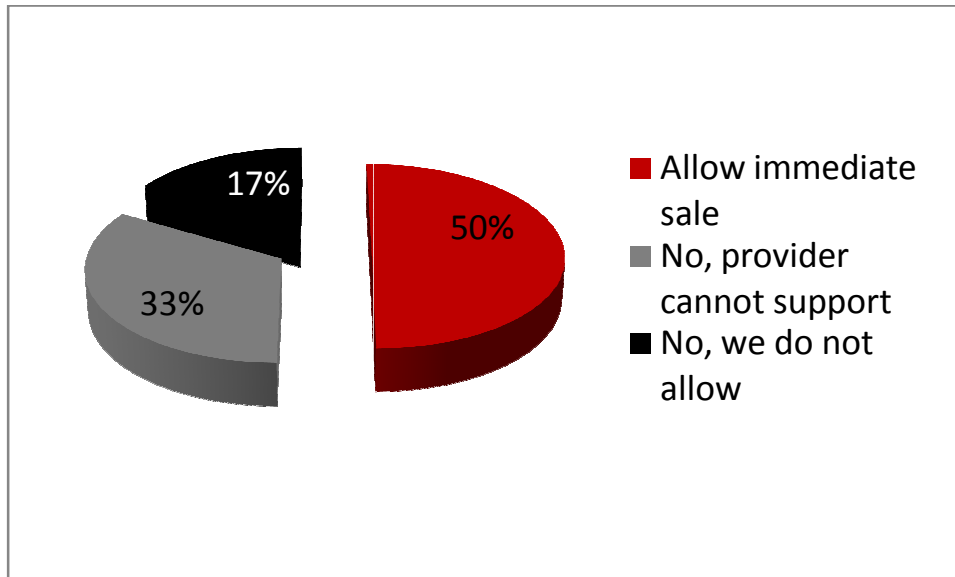
- 50% collect cash,
- 50% have the participant sell shares.

Which market value do you use to determine how many shares to withhold?



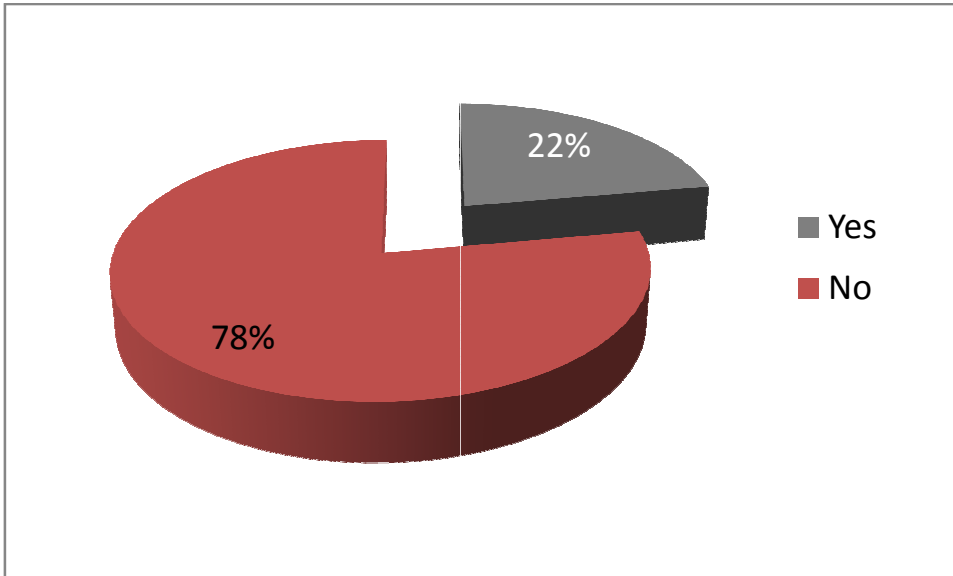
- 50% use the closing market value from the day of exercise,
- 21% use the previous day's closing value,
- 21% use the market value at the time of exercise, and
- 7% use the average market value at the time of exercise.

Do you allow "immediate" sale of your net settled shares? Or do the participants have to wait to have the shares delivered to their (brokerage or other) account before they can sell?



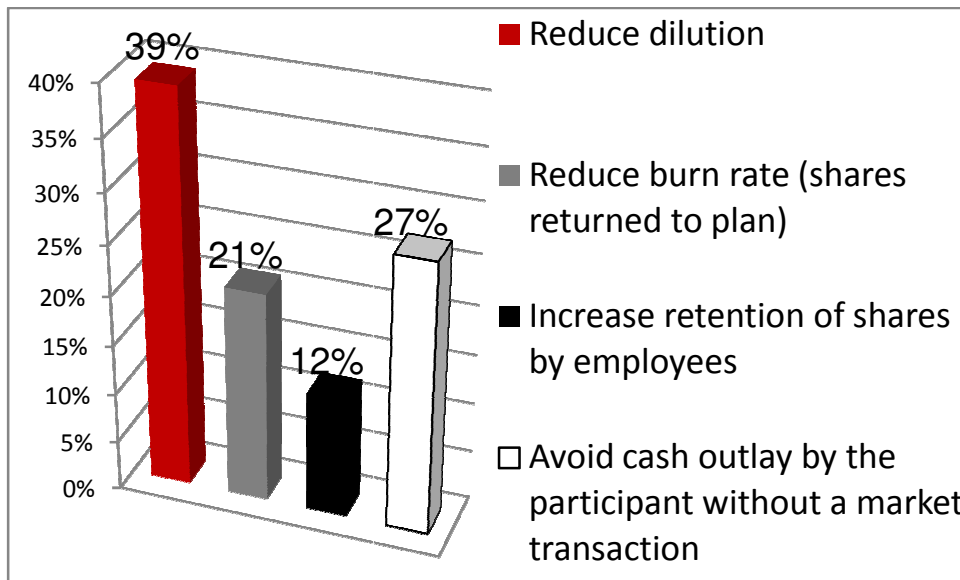
- 50% allow immediate sale,
- 33% do not allow immediate sale because their provider cannot support it, and
- 17% do not allow immediate sale to encourage share retention.

Considering Net Exercise

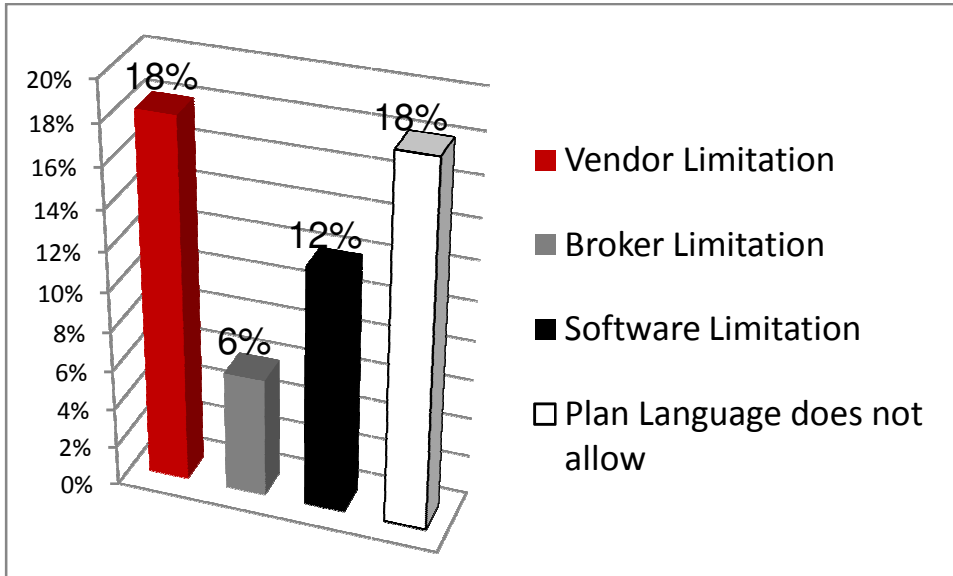


Of those respondents that are not currently offering net exercise, 22% are considering it, again largely to reduce dilution.

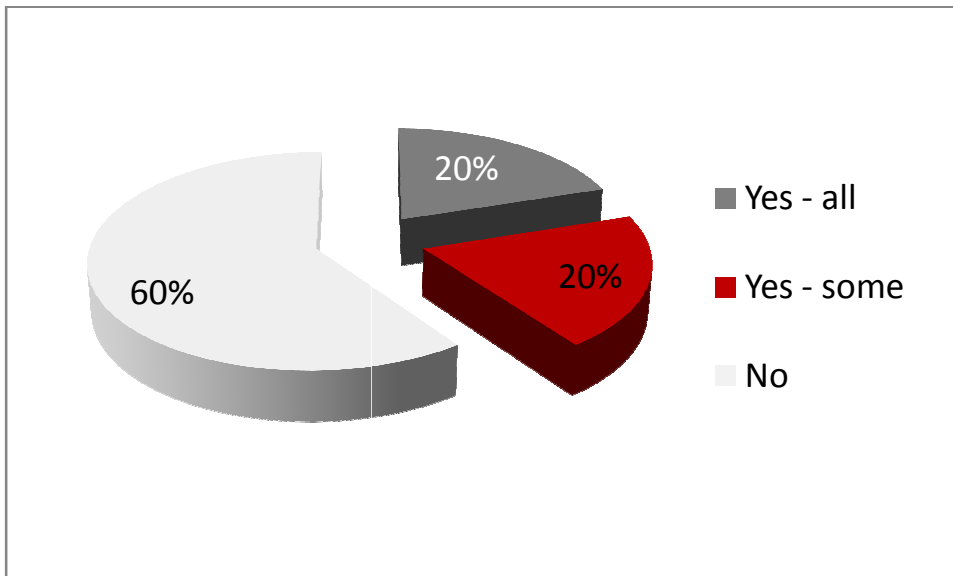
Rationale for Considering Net Exercise (select all that apply)



What are the biggest roadblocks to offering net exercise? (select all that apply)

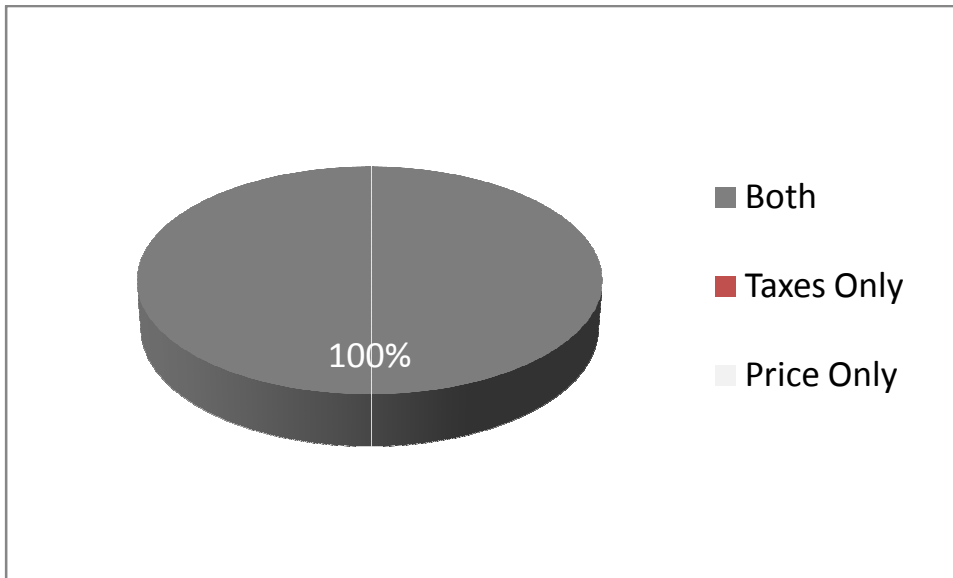


Are you planning to allow Net Exercises for international participants?



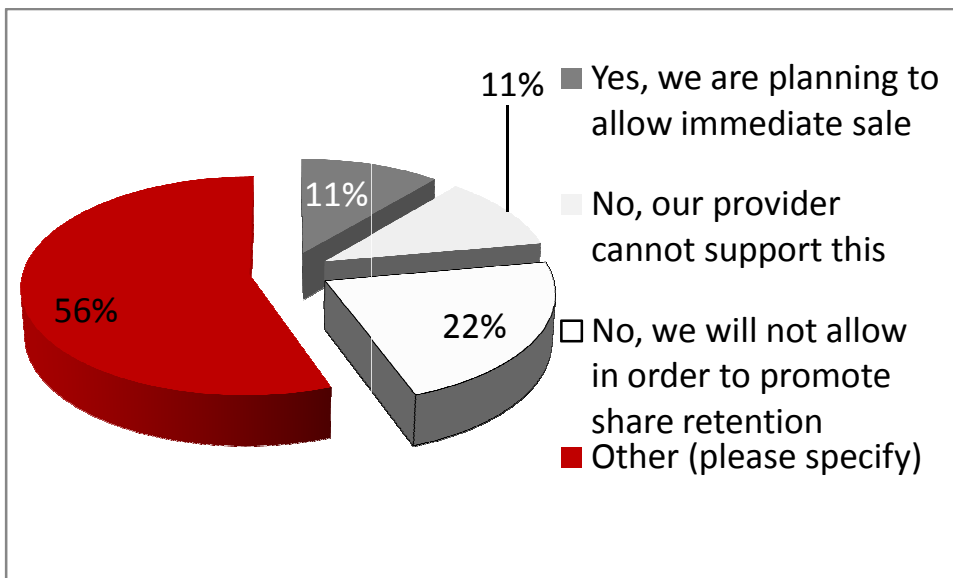
And, in a slight shift away from what seems to be current practice, 60% of those said they would not offer it to international participants and 20% would offer it only to international participants in countries with a determinable minimum statutory tax rate.

Are you planning to withhold shares for option price, taxes, or both?



100% of those considering net exercise said they would withhold shares for both option price and taxes.

Are you planning to allow "immediate" sale of your net settled shares? Or will the participants have to wait to have the shares delivered to their (brokerage or other) account before they can sell?



Of companies that have considered net exercise in the past and decided against it (14%), some reasons cited for the decision were:

- employee communication and understanding,
- corporate cash outlay to cover tax, and
- managing dilution via withholding shares on RSUs instead of net exercise .