How Your Company's Performance Is Judged

Page 2 of the *Camera & Drone Journal*

The scoreboard of company performance on page 2 of the *Camera & Drone Journal* (CDJ) shows:

- The annual performance targets for EPS, ROE, and stock price for each year from Year 6 through Year 15—these are located in parentheses just under the column heads for each year (Y6, Y7, Y8, and so on).
- Each company's Investor Expectation (IE) and Best-in-Industry (B-I-I) scores (both current year and game-to-date) for EPS, ROE, and stock price. The scoring weights for each of these three scoring measures appear in the narratives for the three banks of data.

The purpose of this scoreboard page is to show you the details of how the scoring for your company compared with the scoring of other companies on EPS, ROE, and stock price (details of the scoring for credit rating and image rating appear on page 3 of the CDJ).

The Earnings Per Share Section

A company's earnings per share (EPS) equals its net profit divided by the number of shares of common stock it had outstanding at the end of the report year.

Each company's EPS values for each year appear under the column heads for each year (Y6, Y7, and so on). The numbers in parentheses just below the yearly column heads represent the annual EPS performance targets established by your company's Board of Directors and expected by investors. *Companies having bolded EPS numbers in each yearly column met or exceeded the investor-expected EPS target.*

At the end of the yearly EPS columns, just after the column headed Y15, is a weighted average column (labeled Wgt. Avg.). This column reports each company's *weighted* average EPS for all years completed so far, where a company's *weighted* average EPS is equal to the sum of its net profits for all years completed divided by the sum of its shares of common stock outstanding for all years completed.

> ***Special Note:*** This weighted average EPS calculation is often ***not*** equal to simply the sum of a company's EPS values each year divided by the number of years—calculating a simple arithmetic EPS average is a "weak" or "invalid" way of calculating an overall EPS average *because it fails to account for the effects of any new stock issues or any repurchases of outstanding shares the company may have made*.

The weighted-average EPS numbers for each company are important because they are used in determining the Game-to-Date (GTD) scores for both the Investor Expectation (I.E.) and Best-in-Industry (B-I-I) standards in the last 4 columns of the EPS section at the top of page 2.

The Current Year I.E. Score for EPS. A company that exactly meets the investor-expected EPS target for a given year earns an Investor Expectation (I.E.) Score for EPS for that year exactly equal to the corresponding point weighting for EPS. Thus, if the weight for EPS is 20 points out of 100, exactly achieving the EPS target for a year produces an I.E. Score of 20.

Beating a given year's EPS target entitles a company to a 0.5% bonus for each 1.0% that the target EPS is exceeded. However, bonus point awards are capped at 20% (that is, no bonus points are earned once the annual target has been exceeded by 40%). For example, if your company earns an EPS of $3.60 versus an investor expectation of $3.00 (which is 20% above the target) and if hitting the EPS target is worth 20 points, then your I.E. Score for EPS would be 22 points (which is 10% above the 20 points earned by exactly achieving the EPS target). If your company earns an EPS of $6.00 when the EPS target is $4.00, equal to 50% above the I.E. target, then your company's I.E. Score for EPS would be 24 (which is the maximum-allowed 20% above the 20-point weighting for EPS).

Failure to achieve the EPS target results in an I.E. Score for EPS between 0 and the point maximum for EPS, with a company's score depending on what percentage of the EPS target it achieved. For instance, if your company earns $4.00 per share of common stock at a time when the EPS target is $6.00, then your company's I.E. Score for EPS (assuming a 20-point weight) would be 13 points ($4.00 divided by $6.00 = .67, and .67 times 20 points = 13.4 or 13 points, rounded to the nearest whole number).

If a company's EPS is negative, no points are awarded toward meeting investor expectations, and the company's I.E. Score for EPS will be 0.

The Game-to-Date I.E. Score for EPS. A company's Game-to-Date (G-T-D) I.E. score is a function of how its weighted-average EPS compares against the average of the investor-expected EPS targets for the years completed so far; this average for Years 6-15 is shown in parentheses below the Wgt. Avg. column head. The investor-expected EPS average equals the sum of the investor-expected EPS targets for the years completed divided by the number of years completed—it is a fair and proper standard for evaluating a company's Game-to-Date or average EPS performance because it equals the average EPS value a company should attain by exactly achieving the investor-expected levels for EPS each year.

A company whose weighted-average EPS exactly equals the investor-expected EPS average earns a Game-to-Date I.E. Score for EPS exactly equal to the corresponding point weighting for EPS.

A company whose weighted-average EPS exceeds the investor-expected EPS average earns a ***0.5% bonus for each 1.0% that its weighted-average EPS exceeds the industry-wide EPS standard, subject to a bonus point cap of 20%.*** For example, if your company has a weighted-average EPS of $6.00 versus an investor-expected EPS average of $4.00 and if EPS carries a 20-point weighting, then your company's G-T-D I.E. Score for EPS would be 24 points (because an EPS that is 50% above the investor-expected EPS average qualifies for the maximum 4-point or 20% bonus above the 20-point weighting).

If your company's weighted average EPS is below the investor-expected EPS average, then your company's G-T-D I.E. Score will be a fraction of EPS point weighting that equals whatever percentage of the investor-expected EPS average that your company achieved. For instance, if your company has a weighted-average EPS of $3.00 versus an investor-expected EPS average of $4.00 and if EPS carries a 20-point weighting, then your company's G-T-D I.E. Score for EPS would be 15 points (or 75% of the 20-point weighting for EPS).

The Current Year Best-in-Industry (B-I-I) Score for EPS. *The company with the highest EPS in a given year is designated the best-in-industry performer and earns the maximum or full number of points for EPS (provided its EPS is equal to or above the target for EPS established by your company's Board of Directors—the number in parentheses just below the yearly column heads). All remaining companies are assigned a lesser number of points tied to their EPS performance as a percentage of the best-in-industry performer's EPS.* For instance, if EPS is given a weight of 20 points and if the investor-expected target EPS is $3.16, a best-in-industry performer with an EPS of $5.00 gets a score of 20 points and a company with an EPS of $4.00 (which is 80% as good as the leader's $5.00) gets a score of 16 points (80% of 20 points). If EPS is given a weight of 20 points and if the target EPS is $3.16, a best-in-industry performer with an EPS of only $3.00 gets a score of 19 points (because $3.00 divided by $3.16 = .949 and .949 times 20 points = 19 points, rounded to the nearest whole number) and a company with an EPS of $2.40 (which is 80% as good as the leader's $3.00) gets a score of 15 points (80% of 19 points = 15 points rounded to the nearest whole number).

If your company's current year EPS score under the Best-in-Industry column is the maximum, then your company was the EPS best-in-industry performer (or very nearly so) for the year—all scores are rounded to the nearest whole number. If your company's score is under the maximum, then your company's current year B-I-I Score is a fraction of the points earned by the best-in-industry performer (with each company's fraction being equal to its respective EPS for the year divided by the leader's EPS for the year). For example, if your company's EPS is 92% of the industry-leader's EPS, then your current-year B-I-I score will be 92% of the points earned by the EPS leader rounded to the nearest whole number; if your company's EPS is 73% of the

industry-leader's EPS, then your current-year B-I-I score will be 73% of the points earned by the EPS leader (again rounded to the nearest whole number); and so on.

However, when the best-in-industry performer's current year EPS performance is <u>below</u> the annual investor-expected EPS target established by your company's Board of Directors (shown in parentheses below the yearly column head), then the best-in-industry performer is not awarded a perfect score (the maximum number of points) on EPS but rather a percentage of the maximum score that equals the leader's EPS as a % of the Board of Directors' EPS target for the year. This is done to avoid rewarding a best-in-industry performer for an EPS performance that is below the targeted level established by your company's Board of Directors. For example, if the industry leader has an EPS of $4.50 in a year when the investor-expected target EPS is $4.70 and if achieving the EPS target carries a 20% or 20-point weighting, then the leader's B-I-I EPS score will be ($4.50 divided by $4.70 = .957 and .957 times 20-points = 19.14 or 19 points, rounded to the nearest whole number). All other companies receive a scaled-down number of points for EPS as well, because their B-I-I scores are always a fraction of the points earned by the industry leader (with each company's fraction being equal to its respective EPS for the year divided by the best-in-industry performer's EPS for the year).

The justification for why all companies receive lower current year B-I-I scores for EPS when the best-in-industry performer fails to meet the Board of Directors' target for EPS is the resulting *alarm and nervousness among board members and shareholders when every company in the industry has sub-par earnings per share*. Is there a substantial risk that profits will be unacceptably low for perhaps several years? How long will the competitive conditions that caused poor EPS performance last? Could dividends be cut? Should shareholders sell their shares of stock before the stock price declines even further? Is there any reason to be confident that company managers will turn things around?

The Game-to-Date Best-in-Industry Score on EPS. A company's Game-to-Date (GTD) score for EPS on the Best-in-Industry standard is based on how its weighted-average EPS for all years completed (shown in the Wgt. Avg. column) stacks up against the company with the highest weighted-average EPS for all years completed.

> ***Note:*** As explained in the scoring for the Investor Expectations Standard, the weighted average EPS value for a company is equal to the sum of the company's net profits for all years completed divided by the sum of the company's shares of stock outstanding for all years completed—each company's weighted-average EPS is displayed in the column headed Wgt. Avg. The number appearing in parentheses below the Wgt. Avg. column head is the "Investor Expected EPS average," calculated by summing the investor-expected EPS targets established by your company's Board of Directors for each year completed divided by the number of years completed. Hence, this I.E. EPS average represents the game-to-date EPS average that all companies should have attained by exactly meeting the Board of Directors' EPS targets each year.

The company with the highest weighted-average EPS for all years to date is designated as the best-in-industry performer on EPS and receives the maximum score on this measure (provided its weighted-average EPS is equal to or above the investor-expected EPS average shown in parentheses below the Wgt. Avg. column head). The scores of all other companies are a fraction of the points earned by the best-in-industry performer, with each company's fraction being equal to its EPS average as a percentage of the best-in-industry performer's EPS average. Thus, if your company's EPS average for all years completed is 85% of the industry leader's EPS average for all years completed, then your company's Game-to-Date (G-T-D) B-I-I Score will be 85% of the points earned by the industry leader (rounded to the nearest whole number).

However, when the best-in-industry performer's weighted average EPS is below the investor-expected EPS average appearing in parentheses below the Wgt. Avg. column head, then the best-in-industry company is not awarded a perfect score (the maximum number of points) on EPS but rather a percentage of the maximum score that equals its weighted-average EPS as a % of the Investor

Expectation EPS average shown in parentheses below the Wgt. Avg. column head. **Again, t*his is done to avoid rewarding a best-in-industry performer for an overall EPS performance that is below the average EPS a company should have attained by exactly meeting the EPS levels established by company Boards of Directors.***

All other companies are also awarded a scaled-down number of points for EPS because their B-I-I scores are always a fraction of the points earned by the best-in-industry performer. For instance, if the best-in-industry performer only earns 16 out of a possible 20 points, the scores of all the remaining companies will be a fraction of 16 points rather than 20 points (with each company's fraction in this case being equal to its weighted-average EPS divided by the best-in-industry performer's weighted-average EPS). Consequently, all companies have lower game-to-date B-I-I scores for EPS when the company with the highest all-year EPS average fails to meet ***the Investor Expectation EPS average shown in parentheses below the Wgt. Avg. column head*** and earns less than the point maximum. The thesis here is that the GTD B-I-I scores of all companies should be penalized when all companies in the industry fail to meet the investor-expected EPS targets over a multi-year period. Board member and shareholder confidence in company managers is greatly weakened by poor industry-wide profitability—in the real world, managers who fail to deliver acceptable profitability over a period of several years are often "asked" by the Board of Directors to resign and look elsewhere for employment.

The Return On Equity Section

A company's return on equity (ROE) is calculated by dividing its net profit by the average of total shareholders' equity at the beginning of the year and the end of the year.

All of the ROE scores for companies in the industry are shown in the second section on page 2 of the *Camera & Drone Journal*. The point weighting for achieving each year's investor-expected ROE target is contained in the gray-shaded narrative.

Each company's average Return on Equity % for each year appears under the yearly column heads (Y6, Y7, and so on). The number in parentheses just below the yearly column heads represents that year's ROE performance target established by your company's Board of Directors and expected by investors. Observe that the ROE target is 17% in Years 6 and 7, 21% in Years 8 and 9, 25% in Years 10-11; 30% in Years 12-13; and 35% in Years 14 and 15.

Companies having bolded ROE numbers in each yearly column met or exceeded the investor-expected ROE.

> ***Special Note:*** *If a company's average shareholder equity balance is negative the letters* ***n.m.*** *will appear on the page rather than a ROE percentage (n.m. stands for "not meaningful"). A ROE percentage cannot be calculated if the denominator (average shareholder equity) is negative. Such an occurrence is rare but can happen if a company repurchases many shares of stock at high prices or pays-out dividends that are higher than earnings or has negative earnings (or some combination of the aforementioned).*

The Current Year I.E. Score for ROE. A company that exactly meets the investor-expected ROE target for a given year earns an Investor Expectation (I.E.) Score for ROE for that year exactly equal to the corresponding point weighting for ROE in the gray-shaded box just above. Thus, if the weight for ROE is 20 points out of 100, exactly achieving the ROE target for a year produces an I.E. Score of 20.

Beating the annual investor-expected ROE target entitles a company to a 0.5% bonus for each 1.0% that the ROE target is exceeded. Thus, if your company earns an ROE of 24% in Year 7, thus exceeding the 20% ROE target for Year 7, and if the investor-expected ROE target carries a 20-point weight, then your company's I.E. score for ROE for the year would be 22 points. However, as is the case for all five of the scoring measures, bonus awards for ROE are capped at 20% of the specified number of points for meeting the ROE target. So, if in Year 7 a company's annual ROE is 28.0%, which is 40% above the 20% target for Year 7,

its I.E. score for ROE reaches the cap of 24 points and no additional points for ROE can be earned even if the company's ROE turns out 32.9%is capped score

Failure to achieve the ROE target for a given year results in an I.E. Score for ROE between 0 and the point maximum for ROE, with the score depending on what percentage of the investor-expected ROE target a company achieved. For instance, if your company attains a 16.9% ROE versus the investor-expected Y8 target of 21%, then your company's I.E. Score for ROE (assuming a 20-point weight) would be 16 points (16.9% divided by 21% equals .805, and .805 times 20 points equals 16.10).

If a company's ROE is negative in a given year, no points are awarded for the ROE scoring component and the company's I.E. Score for ROE will be 0.

The Game-to-Date I.E Score for ROE. A company's Game-to-Date (GTD) I.E score is tied to how its weighted average ROE compares against the investor-expected weighted average ROE (shown in parentheses below the Wgt. Avg. column head).

Each company's weighted-average ROE for all years completed is calculated by summing the company's net profits for all years completed and dividing by the sum of its average shareholders' equity amounts in each of the completed years. Each company's weighted-average ROE is shown in the column headed Wgt. Avg.

A company whose weighted-average ROE exactly equals the years-completed average investor-expected ROE target earns a GTD I.E. Score for ROE exactly equal to the corresponding point weighting for ROE.

A company whose weighted average ROE exceeds the investor-expected ROE standard earns a ***0.5% bonus for each 1.0% that its weighted-average ROE exceeds the investor-expected ROE average, subject to a bonus point cap of 20% of the point weighting for ROE.*** For example, if your company has a weighted-average ROE of 27.3% versus the Year 7 investor-expected average of 21% and if ROE carries a 20-point weighting, then your company's G-T-D I.E. Score for ROE would be 23 points (because 27.3% ROE is 30% higher than the investor-expected 21% ROE average and qualifies for 3 bonus points).

If a company's weighted-average ROE for all years completed is below the investor-expected ROE target, then its GTD I.E. Score for ROE will be somewhere between 0 and the point maximum for ROE, depending on what percentage of the investor-expected ROE target the company achieved. For instance, if your company has a weighted-average ROE of 14.0% in Year 7 against the investor-expected 17% average for Years 6 and 7 and if ROE carries a 20-point weighting, then your company's GTD I.E. Score for ROE would be 16 points (or 14% divided by 17% times 20 points).

The Current Year Best-in-Industry (B-I-I) Score for ROE. *The company with the highest ROE in a given year is designated as the best-in-industry performer and earns the full number of points for ROE (provided its ROE is equal to or above the investor-expected ROE target). All remaining companies earn a fraction of the points earned by the best-in-industry performer (with each company's fraction being equal to its respective ROE for the year divided by the best-in-industry performer's ROE for the year).* For instance, if ROE is given a weight of 20 points, a best-in-industry performer with a ROE of 30% in Year 8 gets a B-I-I score of 20 points and a company with an ROE of 24.5% (which is 81.67% of the leader's 30% gets a B-I-I score of 16.33 points (81.67% of 20 points) or 16 points rounded to the nearest whole number.

When the best-in-industry performer's current year ROE performance is below the investor-expected ROE target, the best-in-industry performer is not awarded a perfect score (the maximum number of points) on ROE but rather a fraction of the maximum point score that equals the leader's ROE as a % of the investor-expected ROE target for the year—for example, an industry-leading 20% ROE in Year 11 would qualify for only 80% (20% divided by 25% = 0.80) of the maximum point weight. Such a smaller point award prevents a best-in-industry performer from earning the equivalent of an A+ B-I-I score for ROE when the leader's ROE performance is below the investor-expected 25% target. All other companies are awarded a scaled-down number of points for B-I-I ROE performance based on their respective

percentages of the ROE points earned by the best-in-industry performer—in other words if the best-in-industry performer earns only 16 points out of a possible 20 points for ROE, the points earned by the remaining companies are a percentage of 16 points (instead of 20 points). Consequently, all companies have lower current year B-I-I scores for ROE when the company with the highest ROE for the current year fails to meet the 15% ROE target. The justification for smaller point awards across-the-board is the general dismay and lack of confidence among board members and shareholders regarding poor ROE performance on the part of all companies in the industry and their heightened concerns about future company profitability and stock prices.

The Game-to-Date Best-in-Industry Score on ROE. A company's Game-to-Date (G-T-D) score for ROE on the Best-in-Industry (B-I-I) standard is based on how its weighted-average ROE for all years completed (shown in the Wgt. Avg. column) stacks up against the company with the highest weighted-average ROE for all years completed.

The company with the highest weighted-average ROE for all years to date is designated as the best-in-industry performer on ROE and receives the maximum score on this measure (provided its ROE average is above the investor-expected EPS average). All remaining companies earn a lesser number of points according to what percentage of the leader's ROE they achieved. Thus, unless your company has the industry-leading average ROE, your company's B-I-I score for ROE under the Game-to-Date (GTD) Score column will be whatever fraction of the best-in-industry performer's point award that corresponds to your company's ROE average for all years completed as a percentage of the B-I-I performer's ROE average for all years completed.

When the industry-leading weighted-average ROE is below the investor-expected ROE weighted average, the best-in-industry performer does not earn a perfect score (the maximum number of points) on ROE but rather earns a percentage of the maximum score that equals the leader's ROE as a % of the investor-expected ROE weighted average. Thus, the company with the highest average ROE cannot receive the point maximum for ROE unless it has a weighted-average ROE equal to or above investor-expected ROE weighted average—this prevents a company with the highest average ROE from being awarded the equivalent of an A+ game-to-date B-I-I score when its ROE performance falls short of the investor-expected ROE weighted average standard. All other companies are also awarded a scaled-down number of points for ROE because their scores always are whatever fraction of the leader's point award that corresponds to their weighted average ROE divided by the leader's weighted-average ROE. Consequently, all companies have lower game-to-date B-I-I scores for ROE when the company with the highest weighted-average ROE is below the investor-expected ROE weighted average and earns less than the point maximum for ROE. Why are the G-T-D best-in-industry ROE scores of all companies penalized when all companies in the industry have an average ROE for all years completed that is below the investor-expected ROE average? Because poor ROE performance industry-wide over a multi-year period shakes the confidence of board members and investors, reduces company stock prices, and raises major doubts about future industry profitability. Likewise, company Boards of Directors become anxious about whether company co-managers can turn things around and meet the established performance targets.

The Stock Price Section

All of the Stock Price scores for companies in the industry are shown in the third section on page 2 of the *Camera & Drone Journal*. The point weighting for achieving the annual stock price target is contained in the gray-shaded narrative for the Stock Price section.

Each company's year-end stock price appears under the yearly column heads (Y6, Y7, and so on). The number in parentheses just below the yearly column heads represents the annual Stock Price targets established by your company's Board of Directors and expected by investors.

Companies having bolded Stock Price numbers in each yearly column met or exceeded the target.

The Current Year I.E. Score for Stock Price. A company that meets the investor-expected Stock Price target for a given year earns an Investor Expectation (I.E.) Score for Stock Price for that year exactly equal to

the corresponding point weighting for Stock Price. Thus, if the Stock Price weight is 20 points out of 100, exactly achieving the Stock Price target for a year produces an I.E. Score of 20.

Beating the stock price target is worth a 0.5% bonus for each 1% that your company's stock price exceeds the annual investor-expected stock price target, up to a maximum bonus of 20%. Thus, if your company's Year 7 stock price exceeds the Year 7 target by 20%), your company's stock price score would be 22 points if the scoring weight for stock price was set at 20 points.

Failure to achieve the stock price target results in a stock price score between 0 and the maximum instructor-assigned point total, with the score depending on the percentage of the target achieved. Thus, if the stock price weight is 15 points out of 100 points and if your company had a stock price of $29.48 in Year 7 versus the investor-expected $44.00 target, then your company's score on stock price performance would be 10 points (67% of the 15 points awarded for meeting the $44.00 target).

The Game-to-Date I.E Score for Stock Price. A company's Game-to-Date (GTD) I.E score for stock price ***is based solely on how its most recent year's stock price compares against the most recent year's investor-expected stock price target***. In other words, your company's GTD score for stock price depends totally on whether your latest year's stock price is above, equal to, or below the latest year's investor-expected stock price target—***no average stock price calculation is involved in the game-to-date scoring of stock price.*** This is because a company's most recent year's stock price is, to a large degree, reflective of its past record of earnings, ROE, credit rating, and dividend payments.

A company whose latest year's stock price exactly equals the investor-expected stock price target earns a GTD I.E. Score for Stock Price exactly equal to the corresponding point weighting for Stock Price.

A company whose most recent year's stock price exceeds the most recent year's stock price target earns a ***0.5% bonus for each 1.0% that its stock price exceeds the investor-expected stock price, subject to a bonus point cap of 20% of the point weighting for stock price.*** For example, if your company's Y8 stock price is $74.34 versus the investor-expected stock price of $59.00 and if stock price performance carries a 20-point weighting, then your company's game-to-date I.E. Score for Stock Price would be 23 points (because your company's $74.34 stock price is 26% above the investor target and qualifies for a 13% or 2.6 point bonus award, which rounds upward to 3 bonus points).

Should your company's most recent stock price be below the year's investor-expected target, your company's game-to-date I.E. Score will be whatever fraction of the stock price weighting corresponds to your company's stock price divided by the investor-expected stock price.

The Current Year Best-in-Industry (B-I-I) Score for Stock Price. The company with the highest current-year stock price is designated as the best-in-industry performer and earns the maximum number of points for stock price (provided its stock price exceeds the current year investor-expected stock price target). Each remaining company earns whatever fraction of the stock price weighting corresponds to its stock price divided by the industry leader's stock price. Thus, when stock price performance carries a 20-point weight, a company with an industry-leading stock price of $60 in Year 8 receives a score of 20 points and a company with a stock price of $40 (which is 67% as good as the leader's $60) gets a score of 13 points (67% of 20 points rounded to the nearest whole number).

In cases where the company with the highest current-year stock price has a stock price below the investor-expected level, it does not earn a perfect score (the maximum number of points) on stock price but rather a percentage of the maximum score that equals the leader's stock price as a % of the investor-expected stock price. All other companies are also awarded a scaled-down number of points for stock price because the best-in-industry scoring standard always entails (a) giving the best-performing company the highest score and (b) basing the scores of all other companies on whatever fraction of the leader's point award that corresponds to their performance as a percentage of the leader's performance. Therefore, if the industry leader has a stock price of $80.10 in Year 10 when the investor-expected stock price

is $89 and if the stock price weighting is 20 points out of 100 points, the leader would earn 18 points (90% of the 20-point maximum); a company with a $40.05 stock price would get only 9 points (half of the 18 points earned by the company with the highest stock price).

As was the case for EPS and ROE, all companies have lower game-to-date B-I-I scores for stock price when the company with the highest stock price has a stock price below the investor-expected level. The reasons are the same—poor performance on stock price by all companies in the industry greatly erodes investor confidence and casts doubt about whether company managers can actually deliver the investor-expected levels of performance.

The Game-to-Date Best-in-Industry (B-I-I) Score for Stock Price. A company's Game-to-Date (GTD) B-I-I score for stock price ***is based solely on how its latest year's stock price compares against the latest-year stock price of the company whose stock price is the highest in the industry. No average stock price calculation is involved in the game-to-date B-I-I scoring of stock price.*** The latest stock prices of companies in the industry are used to measure the GTD B-I-I score for stock price because a company's latest stock price is, to some important degree, a function of earnings, ROE, credit rating, and dividend payments in prior years and thus includes a long-term element.

The company having the highest stock price in the report year is designated as the best-in-industry performer on stock price and receives the maximum score on this measure (unless its stock price is below the investor-expected stock price target established by the company's Board of Directors, in which case the leader's score is a percentage of the maximum score that equals the leader's stock price as a % of the latest year's stock price target). All other companies earn a fraction of the points awarded to the best-in-industry performer that equals their respective latest-year stock prices divided by the best-in-industry performer's latest-year stock price. Thus, unless your company has the industry-leading stock price, *your company's B-I-I score for stock price GTD Score column will be whatever fraction of the best-in-industry performer's point award that corresponds to your company's latest stock price divided by the B-I-I performer's latest stock price.*

One thing to take note of is that *a company's GTD B-I-I score for stock price and current-year B-I-I score for stock price are always the same because the latest-year stock prices are used to calculate both scores*. This would, of course, not be the case if—as in the cases of both EPS and ROE where all-year investor-expected averages come into play in the game-to-date B-I-I scoring—the game-to-date B-I-I score was based on an all-year average stock price rather than latest-year stock price.

