

Compensation Consultant Analysis

Briefing



August 2008

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Compensation Consultant Analysis

Introduction

In late 2006, the SEC passed a series of rules (Amended Final Rule Release 33-8732A) focusing on compensation and related party disclosures. One outcome of these reforms is that public companies are required to disclose whether they use a consultant to help determine executive pay. Companies are further required to disclose the name of the consultant and the nature of the services provided. These “compensation consultants” can provide a valuable service.

Incentives such as stock options, cash bonuses and other forms of remuneration have become common features in the pay packages of top executives. Rule Release 33-8732A offers investors and regulators a window into how these pay packages are developed and managed. As a result of this requirement, a detailed study on the use of compensation consultants by public companies is now possible. Using data gleaned from nearly 2,500 proxy filings from 2007, and over 1,700 filings from 2008, this report provides an analytical look into how these consultants compare and insights into relevant trends.

Methodology

The findings in this report are derived from a new data set being developed by Audit Analytics. This data set focuses on publicly disclosed engagements between SEC registered companies and outside consulting firms. The primary source used to identify and review these engagements is the DEF 14A filing (proxy filings). The filings included in this analysis are limited to those in which a compensation consultant was identified. The engagement counts for Aon Consulting and its subsidiary Radford Surveys + Consulting are presented together under the name “Aon Consulting, Inc.” This analysis is based on filings sent to the SEC from January 1, 2007 through July 23, 2008.

The charts and graphs in this report display the market share that the consultants achieved in particular populations. The years presented in the analysis are disclosure years. The ten best performers (based on total engagements) are always displayed. Companies that engage the same consultant multiple times in the same year are treated as single engagements. In order to normalize the data, our findings are given as percentages of the total population. This allows for market share determinations to be made.

Who Controls the Market

The first chart in this report ranks the top compensation consultants based on the number of companies they engage in 2007 and 2008 (see Figure 1). The top ten consultants for 2007 are (1) Towers Perrin (“Towers”), (2) Mercer LLC (“Mercer”), (3) Frederic W. Cook & Co. Inc., (4) Hewitt Associates LLC, (5) Watson Wyatt & Co, (6) Aon Consulting, Inc, (7) Pearl Meyer & Partners, (8) Hay Group, (9) Clark Consulting Inc., and (10) Compensia Inc. These ten consultants are the market leaders in 2008, finishing in nearly the same order as well (see Figure 2). It seems apparent that these ten consultants have become dominant in this niche of the consulting industry.

This dominance becomes even more apparent when only the top seven performers are reviewed (Towers, Mercer, Cook, Hewitt, Watson Wyatt, Aon and Pearl Meyer). These seven consultants control 73% of the market for 2007 and so far control 79% of the market in 2008 (see Figure 1). These consultants lead in some notable categories as well. Breaking the data down by client market cap, by S&P indices and by client industry produces only a few surprises. Overall, these seven consultants are among the top ten performers in 88% of the breakdowns. In this report, these companies will be referred to as the “top seven consultants” or as the “top seven.”

Compensation Consultant Analysis

Figure 1. Top 30 Compensation Consultants (based on engagements)
January 1, 2007 – July 23, 2008

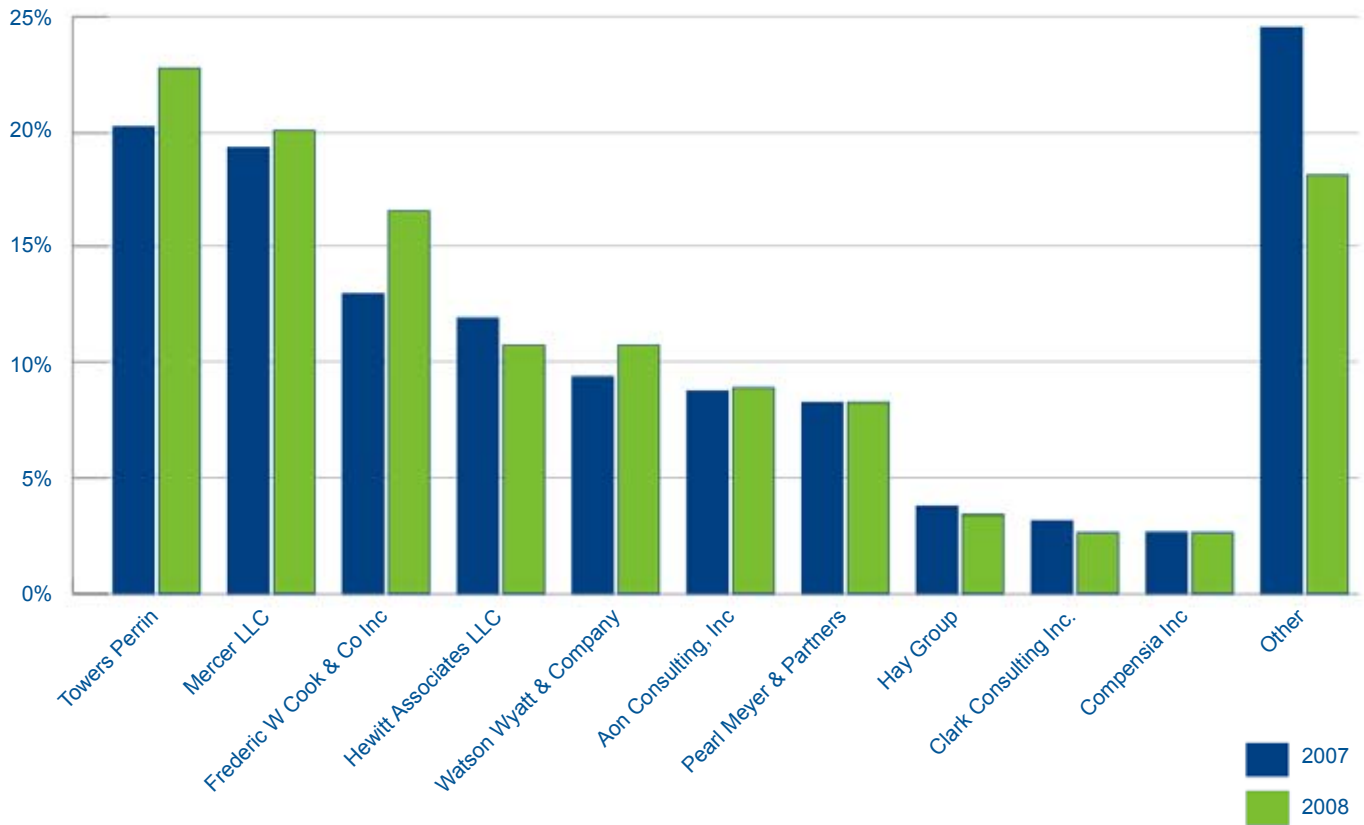
Consultant Name	2007	% of Total	Consultant Name	2008	% of Total
Towers Perrin	396	16.16%	Towers Perrin	319	18.22%
Mercer LLC	379	15.46%	Mercer LLC	281	16.05%
Frederic W Cook & Co Inc	255	10.40%	Frederic W Cook & Co Inc	232	13.25%
Hewitt Associates LLC	234	9.55%	Hewitt Associates LLC	151	8.62%
Watson Wyatt & Company	184	7.51%	Watson Wyatt & Company	151	8.62%
Aon Consulting, Inc	172	7.02%	Pearl Meyer & Partners	125	7.14%
Pearl Meyer & Partners	162	6.61%	Aon Consulting, Inc	116	6.62%
Hay Group	74	3.02%	Hay Group	48	2.74%
Clark Consulting Inc.	62	2.53%	Clark Consulting Inc.	37	2.11%
Compensia Inc	52	2.12%	Compensia Inc	37	2.11%
Deloitte Consulting LLP	37	1.51%	Longnecker and Associates	27	1.54%
Semler Brossy Consulting Group, LLC	32	1.31%	Semler Brossy Consulting Group, LLC	24	1.37%
Buck Consultants	26	1.06%	Deloitte Consulting LLP	21	1.20%
Longnecker and Associates	22	0.90%	DolmatConnell & Partners, Inc	16	0.91%
Ernst & Young	20	0.82%	James F. Reda and Associates, LLC	11	0.63%
Steven Hall & Partners	19	0.78%	Steven Hall & Partners	11	0.63%
FPL Associates Compensation	17	0.69%	PricewaterhouseCoopers	9	0.51%
James F. Reda and Associates, LLC	16	0.65%	Buck Consultants	8	0.46%
PricewaterhouseCoopers	16	0.65%	Compensation Strategies, Inc	8	0.46%
Compensation Strategies, Inc	11	0.45%	Delves Group	8	0.46%
Delves Group	11	0.45%	SMG Advisory Group LLC	8	0.46%
Top Five Data Services, Inc	11	0.45%	W.T. Haigh & Company	8	0.46%
Matthews, Young – Management Consulting	10	0.41%	Ernst & Young	7	0.40%
McLagan Partners	9	0.37%	Matthews, Young – Management Consulting	6	0.34%
Sibson Consulting	9	0.37%	McLagan Partners	6	0.34%
DolmatConnell & Partners, Inc	8	0.33%	Meyercord & Associates, Inc	6	0.34%
J. Richard & Co.	8	0.33%	FPL Associates Compensation	5	0.29%
Johnson & Associates	8	0.33%	J. Richard & Co.	5	0.29%
SMG Advisory Group LLC	8	0.33%	Wilson Group	4	0.23%
W.T. Haigh & Company	8	0.33%	ExeQuity LLP	3	0.17%
			Milliman, Inc.	3	0.17%
			Mosteller & Associates, Inc	3	0.17%
			Top Five Data Services, Inc	3	0.17%

Notes

The 2007 data is based on filings dated 1/1/07-12/31/07. The 2008 data is based on filings dated 1/1/08-7/23/08. Additional filings may be received before the end of 2008.

Compensation Consultant Analysis

Figure 2. Top 10 Compensation Consultants by Market Share (based on engagements)
January 1, 2007 – July 23, 2008



Notes

The 2007 data is based on filings dated 1/1/07-12/31/07. The 2008 data is based on filings dated 1/1/08-7/23/08. Additional filings may be received before the end of 2008.

Compensation Consultant Analysis

Towers and Mercer Lead the Way

Of the top seven consultants identified in this report, two were especially prominent. Towers and Mercer together hold 31.62% of the market in 2007, and are even more prevalent in 2008, with 34.27% of the market. In 2007, Towers leads Mercer by less than 1% overall and in 2008 Towers expands its lead to 2.17%, with 18.22% of the market compared to Mercer's 16.05% (see Figure 1). Even when subsets of the data are analyzed, Towers and Mercer lead the field. Among the twelve charts concentrating on industry, market cap and S&P indices, either Towers or Mercer is first 92% of the time.

Overall, there is very little that separates Towers and Mercer. Their rankings in the industry charts (shown below) demonstrate their similar standing in the field. The two consultants rotate between being the top consultant in nearly every industry. Towers is first six times and Mercer is first five times. Towers averages 16.29% market share and Mercer averages 15.60% (see Figures 3-8).

Figure 3. Wholesale and Retail Trade Industry
January 1, 2007 – July 23, 2008

Consultant Name	2007	% of Total	Consultant Name	2008	% of Total
Mercer LLC	32	17.58%	Mercer LLC	27	19.71%
Hewitt Associates LLC	30	16.48%	Towers Perrin	24	17.52%
Towers Perrin	26	14.29%	Frederic W Cook & Co Inc	21	15.33%
Frederic W Cook & Co Inc	24	13.19%	Watson Wyatt & Company	13	9.49%
Hay Group	18	9.89%	Hay Group	12	8.76%
Watson Wyatt & Company	15	8.24%	Hewitt Associates LLC	12	8.76%
Pearl Meyer & Partners	11	6.04%	Pearl Meyer & Partners	9	6.57%
Aon Consulting, Inc	2	1.10%	Aon Consulting, Inc	3	2.19%
Compensation Strategies, Inc	2	1.10%	Compensia Inc	3	2.19%
Compensia Inc	2	1.10%	Semler Brossy Consulting Group, LLC	3	2.19%
Deloitte Consulting LLP	2	1.10%	Other	10	7.30%
James F. Reda and Associates, LLC	2	1.10%			
Longnecker and Associates	2	1.10%			
PricewaterhouseCoopers	2	1.10%			
Semler Brossy Consulting Group, LLC	2	1.10%			
Sibson Consulting	2	1.10%			
Steven Hall & Partners	2	1.10%			
Other	6	3.30%			

Compensation Consultant Analysis

Figure 4. Manufacturing Industry
January 1, 2007 – July 23, 2008

Consultant Name	2007	% of Total	Consultant Name	2008	% of Total
Towers Perrin	161	17.44%	Towers Perrin	119	18.39%
Mercer LLC	136	14.73%	Mercer LLC	100	15.46%
Aon Consulting, Inc	113	12.24%	Aon Consulting, Inc	75	11.59%
Hewitt Associates LLC	94	10.18%	Frederic W Cook & Co Inc	73	11.28%
Frederic W Cook & Co Inc	86	9.32%	Watson Wyatt & Company	59	9.12%
Pearl Meyer & Partners	67	7.26%	Hewitt Associates LLC	58	8.96%
Watson Wyatt & Company	67	7.26%	Pearl Meyer & Partners	47	7.26%
Compensia Inc	28	3.03%	Compensia Inc	19	2.94%
Hay Group	23	2.49%	DolmatConnell & Partners, Inc	12	1.85%
Buck Consultants	13	1.41%	Hay Group	12	1.85%
Other	135	14.63%	Other	73	11.28%

Figure 5. Information Industry
January 1, 2007 – July 23, 2008

Consultant Name	2007	% of Total	Consultant Name	2008	% of Total
Towers Perrin	32	16.24%	Towers Perrin	29	19.33%
Mercer LLC	28	14.21%	Frederic W Cook & Co Inc	26	17.33%
Frederic W Cook & Co Inc	24	12.18%	Mercer LLC	16	10.67%
Aon Consulting, Inc	22	11.17%	Watson Wyatt & Company	14	9.33%
Watson Wyatt & Company	18	9.14%	Aon Consulting, Inc	13	8.67%
Hewitt Associates LLC	12	6.09%	Compensia Inc	9	6.00%
Compensia Inc	10	5.08%	Hewitt Associates LLC	8	5.33%
Pearl Meyer & Partners	10	5.08%	Pearl Meyer & Partners	7	4.67%
Deloitte Consulting LLP	7	3.55%	Deloitte Consulting LLP	5	3.33%
James F. Reda and Associates, LLC	5	2.54%	PricewaterhouseCoopers	4	2.67%
Other	29	14.72%	Other	19	12.67%

Notes

The information industry comprises those companies with a NAICS code beginning with "51." These registrants are involved in publishing, motion pictures, music, radio, wired and wireless telecommunication, and internet services.

Compensation Consultant Analysis

Figure 6. Finance and Insurance Industry
January 1, 2007 – July 23, 2008

Consultant Name	2007	% of Total	Consultant Name	2008	% of Total
Mercer LLC	67	13.79%	Mercer LLC	52	15.81%
Towers Perrin	57	11.73%	Towers Perrin	48	14.59%
Clark Consulting Inc.	56	11.52%	Frederic W Cook & Co Inc	46	13.98%
Frederic W Cook & Co Inc	54	11.11%	Clark Consulting Inc.	33	10.03%
Watson Wyatt & Company	34	7.00%	Watson Wyatt & Company	29	8.81%
Hewitt Associates LLC	33	6.79%	Pearl Meyer & Partners	28	8.51%
Pearl Meyer & Partners	28	5.76%	Hewitt Associates LLC	19	5.78%
FPL Associates Compensation	16	3.29%	Hay Group	9	2.74%
Semler Brossy Consulting Group, LLC	12	2.47%	Semler Brossy Consulting Group, LLC	9	2.74%
Hay Group	10	2.06%	SMG Advisory Group LLC	8	2.43%
Other	119	24.49%	Other	48	14.59%

Figure 7. Professional Services Industry
January 1, 2007 – July 23, 2008

Consultant Name	2007	% of Total	Consultant Name	2008	% of Total
Mercer LLC	21	14.19%	Aon Consulting, Inc	16	14.95%
Aon Consulting, Inc	20	13.51%	Frederic W Cook & Co Inc	16	14.95%
Frederic W Cook & Co Inc	20	13.51%	Mercer LLC	15	14.02%
Towers Perrin	15	10.14%	Towers Perrin	14	13.08%
Pearl Meyer & Partners	13	8.78%	Pearl Meyer & Partners	10	9.35%
Watson Wyatt & Company	10	6.76%	Watson Wyatt & Company	9	8.41%
Hewitt Associates LLC	8	5.41%	Hewitt Associates LLC	5	4.67%
Compensia Inc	5	3.38%	Compensia Inc	4	3.74%
Deloitte Consulting LLP	5	3.38%	Ernst & Young	2	1.87%
Buck Consultants	4	2.70%	J. Richard & Co.	2	1.87%
Other	27	18.24%	Longnecker and Associates	2	1.87%
			Other	12	11.21%

Compensation Consultant Analysis

Figure 8. Other Industries
January 1, 2007 – July 23, 2008

Consultant Name	2007	% of Total	Consultant Name	2008	% of Total
Towers Perrin	105	20.39%	Towers Perrin	85	22.31%
Mercer LLC	95	18.45%	Mercer LLC	71	18.64%
Hewitt Associates LLC	57	11.07%	Frederic W Cook & Co Inc	50	13.12%
Frederic W Cook & Co Inc	47	9.13%	Hewitt Associates LLC	49	12.86%
Watson Wyatt & Company	40	7.77%	Watson Wyatt & Company	27	7.09%
Pearl Meyer & Partners	33	6.41%	Pearl Meyer & Partners	24	6.30%
Hay Group	18	3.50%	Longnecker and Associates	16	4.20%
Longnecker and Associates	13	2.52%	Hay Group	12	3.15%
Deloitte Consulting LLP	10	1.94%	Deloitte Consulting LLP	7	1.84%
Aon Consulting, Inc	7	1.36%	Semler Brossy Consulting Group, LLC	5	1.31%
Other	90	17.48%	Other	35	9.19%

Companies by Cap Size

Although Towers is very competitive among the larger companies, smaller clients were drawn towards Mercer, Aon Consulting or lesser known consultants outside of the top ten. Mercer and Aon essentially tie for the highest market share among companies with market cap less than \$100 million, with both averaging 13% overall. In the same chart, consultants outside of the top ten control 24% of the market in 2007 and 23% in 2008 (see Figure 11). Clark Consulting also performed well with these small companies, tying Towers for 10.5% market share in 2008 (see Figure 11). This was one of Towers' weaker performances.

Figure 9. Companies with Market Cap > \$500 million
January 1, 2007 – July 23, 2008

Consultant Name	2007	% of Total	Consultant Name	2008	% of Total
Towers Perrin	265	18.68%	Towers Perrin	229	20.61%
Mercer LLC	232	16.35%	Mercer LLC	184	16.56%
Frederic W Cook & Co Inc	177	12.47%	Frederic W Cook & Co Inc	175	15.75%
Hewitt Associates LLC	173	12.19%	Hewitt Associates LLC	119	10.71%
Watson Wyatt & Company	108	7.61%	Watson Wyatt & Company	90	8.10%
Pearl Meyer & Partners	100	7.05%	Pearl Meyer & Partners	81	7.29%
Hay Group	48	3.38%	Aon Consulting, Inc	41	3.69%
Aon Consulting, Inc	47	3.31%	Hay Group	31	2.79%
Compensia Inc	24	1.69%	Compensia Inc	17	1.53%
Semler Brossy Consulting Group, LLC	23	1.62%	Longnecker and Associates	17	1.53%
Other	222	15.64%	Other	127	11.43%

Notes

167 companies did not have market cap data available.

Compensation Consultant Analysis

Figure 10. Companies with Market Cap of \$100 - \$500 million
January 1, 2007 – July 23, 2008

Consultant Name	2007	% of Total	Consultant Name	2008	% of Total
Mercer LLC	84	15.30%	Mercer LLC	71	15.47%
Towers Perrin	74	13.48%	Towers Perrin	71	15.47%
Aon Consulting, Inc	61	11.11%	Aon Consulting, Inc	51	11.11%
Watson Wyatt & Company	50	9.11%	Watson Wyatt & Company	48	10.46%
Frederic W Cook & Co Inc	44	8.01%	Frederic W Cook & Co Inc	44	9.59%
Hewitt Associates LLC	36	6.56%	Pearl Meyer & Partners	37	8.06%
Pearl Meyer & Partners	32	5.83%	Hewitt Associates LLC	25	5.45%
Clark Consulting Inc.	21	3.83%	Clark Consulting Inc.	15	3.27%
Hay Group	18	3.28%	Compensia Inc	14	3.05%
Compensia Inc	11	2.00%	Hay Group	13	2.83%
Other	118	21.49%	Other	70	15.25%

Notes

167 companies did not have market cap data available.

Figure 11. Companies with Market Cap < \$100 million
January 1, 2007 – July 23, 2008

Consultant Name	2007	% of Total	Consultant Name	2008	% of Total
Aon Consulting, Inc	64	13.25%	Mercer LLC	26	14.36%
Mercer LLC	63	13.04%	Aon Consulting, Inc	24	13.26%
Towers Perrin	57	11.80%	Clark Consulting Inc.	19	10.50%
Clark Consulting Inc.	38	7.87%	Towers Perrin	19	10.50%
Frederic W Cook & Co Inc	34	7.04%	Frederic W Cook & Co Inc	13	7.18%
Pearl Meyer & Partners	30	6.21%	Watson Wyatt & Company	13	7.18%
Watson Wyatt & Company	26	5.38%	Hewitt Associates LLC	7	3.87%
Hewitt Associates LLC	25	5.18%	Pearl Meyer & Partners	7	3.87%
Compensia Inc	17	3.52%	Compensia Inc	6	3.31%
Deloitte Consulting LLP	13	2.69%	Matthews, Young – Management Consulting	6	3.31%
Other	116	24.02%	Other	41	22.65%

Notes

167 companies did not have market cap data available.

Compensation Consultant Analysis

S&P Breakdown

While the top seven consultants rank well in the market cap analyses (as expected), they perform even better in the S&P breakdowns overall. For 2007 and 2008 combined, the top seven have market share of 86% among S&P 500 listed companies, 83% among S&P MidCap 400 listed companies and 76% among S&P SmallCap 600 companies (see Figures 12-14). Consultants outside of the top ten do not advise many of the S&P 500. These unnamed consultants average 12% of the S&P 500 in 2007 and 6% of the S&P 500 for 2008 (see Figure 12).

Among the top seven, Towers and Mercer have commanding market share. Towers consistently has market share greater than 20% in the S&P 500 and S&P MidCap 400 charts and Mercer excels in the S&P SmallCap 600 charts, averaging 17% market share (see Figures 12-14). The best performance of any consultant is Towers' 26% market share among S&P MidCap 400 companies for 2008 (see Figure 13).

Figure 12. S&P 500 Companies
January 1, 2007 – July 23, 2008

Consultant Name	2007	% of Total	Consultant Name	2008	% of Total
Towers Perrin	96	20.38%	Towers Perrin	81	22.25%
Mercer LLC	85	18.05%	Frederic W Cook & Co Inc	74	20.33%
Frederic W Cook & Co Inc	75	15.92%	Mercer LLC	59	16.21%
Hewitt Associates LLC	70	14.86%	Hewitt Associates LLC	51	14.01%
Watson Wyatt & Company	30	6.37%	Watson Wyatt & Company	27	7.42%
Pearl Meyer & Partners	23	4.88%	Pearl Meyer & Partners	20	5.49%
Semler Brossy Consulting Group, LLC	11	2.34%	Semler Brossy Consulting Group, LLC	9	2.47%
Hay Group	9	1.91%	Aon Consulting, Inc	8	2.20%
Aon Consulting, Inc	8	1.70%	Deloitte Consulting LLP	4	1.10%
Deloitte Consulting LLP	7	1.49%	Delves Group	3	0.82%
Other	57	12.10%	Hay Group	3	0.82%
			McLagan Partners	3	0.82%
			Other	22	6.04%

Compensation Consultant Analysis

Figure 13. S&P MidCap 400 Companies
January 1, 2007 – July 23, 2008

Consultant Name	2007	% of Total	Consultant Name	2008	% of Total
Towers Perrin	71	23.51%	Towers Perrin	59	25.99%
Mercer LLC	48	15.89%	Mercer LLC	33	14.54%
Hewitt Associates LLC	46	15.23%	Hewitt Associates LLC	29	12.78%
Watson Wyatt & Company	24	7.95%	Frederic W Cook & Co Inc	25	11.01%
Frederic W Cook & Co Inc	23	7.62%	Watson Wyatt & Company	22	9.69%
Pearl Meyer & Partners	20	6.62%	Pearl Meyer & Partners	20	8.81%
Hay Group	12	3.97%	Hay Group	7	3.08%
Aon Consulting, Inc	9	2.98%	Aon Consulting, Inc	5	2.20%
Ernst & Young	5	1.66%	Compensia Inc	4	1.76%
Buck Consultants	4	1.32%	DolmatConnell & Partners, Inc	3	1.32%
Compensia Inc	4	1.32%	Longnecker and Associates	3	1.32%
PricewaterhouseCoopers	4	1.32%	Semler Brossy Consulting Group, LLC	3	1.32%
Sibson Consulting	4	1.32%	Other	14	6.17%
Other	28	9.27%			

Figure 14. S&P SmallCap 600 Companies
January 1, 2007 – July 23, 2008

Consultant Name	2007	% of Total	Consultant Name	2008	% of Total
Mercer LLC	57	15.66%	Mercer LLC	50	18.87%
Towers Perrin	57	15.66%	Towers Perrin	47	17.74%
Frederic W Cook & Co Inc	37	10.16%	Frederic W Cook & Co Inc	32	12.08%
Hewitt Associates LLC	37	10.16%	Pearl Meyer & Partners	28	10.57%
Watson Wyatt & Company	35	9.62%	Hewitt Associates LLC	20	7.55%
Pearl Meyer & Partners	32	8.79%	Watson Wyatt & Company	19	7.17%
Hay Group	15	4.12%	Aon Consulting, Inc	12	4.53%
Aon Consulting, Inc	14	3.85%	Hay Group	11	4.15%
Ernst & Young	8	2.20%	Longnecker and Associates	6	2.26%
Buck Consultants	6	1.65%	Deloitte Consulting LLP	5	1.89%
Semler Brossy Consulting Group, LLC	6	1.65%	Other	35	13.21%
Steven Hall & Partners	6	1.65%			
Other	54	14.84%			

Compensation Consultant Analysis

Cook Stands Out

Coming in third in total market share is Frederick W. Cook and Co. Inc. When Figure 1 is looked at, it appears that Cook is gaining ground on its competitors. Cook has 13% market share so far in 2008. If this trend continues, then it might be reasonable to regard Cook as one of the top three consultants (along with Towers and Mercer) in future analyses.

Cook performs well in many aspects of this briefing. Showing noticeable strength, Cook manages to control 20% of the companies listed on the S&P 500 that engaged consultants in 2008 (see Figure 12). Among professional services companies, Cook ties Aon Consulting with 15% market share in 2008 (see Figure 7). Cook also has 17% of the clients in the information industry so far this year. In fact, Cook has already engaged more information industry clients in 2008 than it did in all of 2007 (see Figure 5).

A Population Review

Audit Analytics reviewed the population of SEC registrants to determine the percentage of companies that disclose the use of compensation consultants. The first population analyzed was a group of companies identified by Audit Analytics and given the name "Active Filer Index." The Active Filer Index is a comprehensive, yet particular, population of market registrants that comprise the most thorough representation of companies that influence the public market. It is a public registrant population created for market analysis applications and other research.¹ As of the date of this review, the Active Filer Index consists of 9,262 companies. Within this population, 2,543 companies (27.5%) disclose the use of a compensation consultant.

Certain categories of registrants that are not included in the Active Filer Index also disclose their use of compensation consultants. For example, real estate investment trusts (REITs) are not included in the Active Filer population. Nevertheless, when REITs that otherwise meet all of the criteria for an Active Filer are reviewed, the results show that 89 out of 316 (28.2%) disclose using a compensation consultant. Therefore, REITs hire compensation consultants at almost the same rate as Active Filers. In contrast, out of 3,429 asset-backed securities (another type of fund and trust), only 12 (0.35%) disclose the use of compensation consultants. The population review also found that a recent termination filed with the SEC does not rule out the recent use of such consultants. Of the 904 registrants with a recent de-registration filing (filed in 2007 or 2008), a total of 79 (8.7%) disclose the use of a compensation consultant.

Conclusion

Over 2,000 companies reported that they engaged compensation consultants in the past two years. Interestingly, the compensation consulting market is dominated by only a handful of consultants. There are seven consultants in particular that control about two-thirds of the market. Two of these consultants, Towers and Mercer, stand out as being a notch above the rest. There are occasions where other consultants rank higher than Towers and Mercer, however this occurs infrequently. Overall, these seven consultants compete well among companies that are industry leaders, such as those on S&P indices. The most varied results came from the smallest companies, where consultants outside of the top ten have the highest market share. Frederick W. Cook, third in total market share, appears to be building on past success.

¹ To create the Active Filer population, Audit Analytics starts with a database of every SEC registrant that has disclosed auditor information (over 30,000 registrants) and removes specific categories of registrants that frequently dilute or otherwise skew a market analysis study: deregistered companies, Chapter 7 bankruptcies, inactive registrants, emerging registrants, non-tickered subsidiaries, shells, blank checks, non-operational entities, funds and trusts, and offices of bank holding and other holding companies. This index of companies provides a condensed and pure population of registrants that significantly influence the public registrant marketplace.

Audit Analytics® - Public Company Intelligence

Audit Analytics® is the premier public company intelligence service providing independent research to the investment, accounting, insurance, legal, regulatory and academic communities.

Audit Analytics® provides intelligence research on over 20,000 public companies and 1,500 accounting firms. Our data includes detailed categorizations of issues and is considered by many professionals to be the best primary data source for tracking and analysis of the following public company disclosures:

- **Sarbanes-Oxley Disclosures**

Track Section 404 internal control disclosures and Section 302 disclosure controls.

- **Auditor Information**

Know who is auditing whom, their fees, auditor changes, auditor opinions and more.

- **Restatements**

Identify financial restatements by type, auditor and peer group. Analyze by date, period and specific issue.

- **Litigation & Legal Disclosures**

Search all federal litigation by auditor, company and litigation type. Know who is representing whom.

- **Corporate Governance**

Track director & officer changes, audit committee members, C-level executives and their biographies.

Detailed reports are easily created by issue, company, industry, auditor, fees and more and are downloadable into Excel. Daily notifications via email are available for auditor changes, restatements and director & officer changes.

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