

FAQ's

[Structure](#)

[Regulations Compliant Methodology](#)

[Index Selection](#)

[Peer Group and Industry Indexes](#)

[Regulations](#)

[Products, Payment and Delivery](#)

Structure

Q: What is the total return stock performance graph, a/k/a stock performance graph, and performance graph?

Public companies in the United States, Canada and the United Kingdom are required to include a Total Return performance graph within specific documents they must file with their regulatory bodies.

These documents are:

- **Canada:** the Management Circular
- **United Kingdom:** The Annual Financial Report – The Directors Remuneration Report
- **United States of America:** The Annual Report or 10-K if it is being used as a wrap.
 - US public companies with a public float greater than \$75 million or more than \$50 million in revenue and a listed class of stock on any public exchange in the U.S.: NYSE, NASDAQ, AMEX, TSX, OTC, PINK SHEETS are required to include the graph.
 - The Exchange Act 14a-3 of the Securities and Exchange Commission requires the disclosure of the graph in the Annual Report to Shareholders/Form 10-K Item 5 (Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters). The graph was required in the DEF 14A Proxy Statement from 1992 until 2006, but was moved to the annual report for all filers whose fiscal year end falls on or after 12/31/06. If the registrant uses the form 10-K as its' annual report (a "10-K Wrap") the graph must be included in that document otherwise the graph must be included in the Annual Report to Shareholders.

The graph:

The total return index is a benchmark used to evaluate a company's performance over a five year period of time with an initial investment of \$100.00 calculated for each index over that period, displayed as a line graph with an accompanying data table. It compares the company's cumulative total shareholder return (all dividends reinvested; split-adjusted basis) with a performance indicator for the overall stock market such as a major market index (DJ, NASDAQ, S&P 500) and, for US and UK companies, either published industry index or a company determined peer group comparison selected in good faith.

Q: What Information do I need to provide to receive a total return performance graph?

Company:

To generate the Zacks Total Return Stock Performance Graph we need to know your exact company name, fiscal year end, and ticker symbol. We can accommodate requests for 1) a floating fiscal year end (52/53) or specific year end dates. You do not need to know the day your company began trading if it has been trading for more than five fiscal years. Please indicate special requests on the order form you receive from us via email or access on our Website www.ZacksTRPgraph.com.

Indexes/Peer Group:

You will need to provide information about the major market and industry indexes or peer group you will be including. The basis for selection of any index used is required to be included in the accompanying footnotes. You must use the S&P 500 Index if your company is a constituent of that index

Q: Can we show different time periods than a five-year chart?

Yes, but only in addition to the regulations required five year graph. Many companies include one-year or ten-year graphs in addition to their five year graph in order to provide shareholders a review of long-term and short-term performance. The base measurement point (closing price on last trading day before the beginning of the registrant's fifth preceding fiscal year) must remain the same for each graph.

Q: What if a company has not been trading for five years? Must they still file a performance graph?

Yes. If a company has been trading less than five years, they must provide a graph beginning with the closing price on the last trading day before the beginning of the registrant's fifth preceding fiscal year. (Using the IPO price is not SEC compliant). Companies that have a short fiscal year because they have recently had an initial public offering, are a spin-off, or have emerged from bankruptcy) must provide a graph unless their short year is under 30 days.

Q: Can we change our major market index, industry index or peer group?

Yes. Regulations require that both old and new indexes/peer groups be shown for one "transition" year, after which the old indexes/peer groups will be removed from the graph. This is also true of indexes that seem similar in nature and very close in numbers such as the NASDAQ Stock Market (US) provided by CRSP and NASDAQ, and the NASDAQ Composite provided by NASDAQ. Regulatory bodies reserve the right to determine whether these can be considered the "same" index.

The company must clarify the reason(s) for any changes to indexes or peer groups in the footnotes accompanying the graph.

Q: Can we use other performance measures for comparison purposes?

You may include comparisons using other performance measures in addition to total return. The basis for the use of that measure must be explained in the accompanying footnotes.

Regulations Compliant Methodology

Q: Does Zacks Guarantee SEC/CSA/FSA Compliant Calculations?

Yes. Zacks guarantees that all of its calculations are done in accordance with SEC methodology.

Q: How do you calculate the returns for the total return stock performance graph?

The total return for the graph, which must be recalculated annually, is defined as the change in total dollar value of a given security, and the major market and industry or peer group index, over a period of five years per \$100 of initial investment. Total returns reflect changes in stock price as well as all distributions made to shareholders. Dividends, split factors, spin-offs, rights, and all other distributions are compensated for or reinvested on the ex-distribution date. All returns are value-weighted.

The procedure for calculating each index begins with calculating total returns for each individual security in the index using the closing price on the last trading day before the beginning of the registrant's fifth preceding fiscal year, combining these returns to create total returns for the entire portfolio of securities contained in the index, and then converting these total returns to index levels.

Q: Are total return calculation for the performance graph the same as stock tracking?

No. Total return calculations are calculated according to the methodology required by the regulatory bodies such as the SEC for the US and are more complicated than calculating simple closing price return. The regulations compliant total return calculation must reflect the re-investment of dividends, historical split-adjustments, calculations for spin-offs and special dividends as well as market-capitalization and shares outstanding information.

Q: Aren't total return graphs offered on financial web sites sufficient to meet regulations requirements?

No. Such graphs cannot be calculated accurately on real-time applications to meet regulation requirements. Real time applications are subject to errors and inaccuracies due to the large trading volumes which occur, whose data are often repeatedly corrected.

Clean historical company and index data are costly to maintain, thus proprietary and only available under a license agreement. Index total return calculations are methodology-specific and cannot be replicated. Thus if a vendor who is not Zacks, tells you that they can provide NASDAQ Health Services data, you will not be getting the authentic data which is co-developed by CRSP and NASDAQ.

Index Selection

Q: What is required and what market and industry indexes are available?

Zacks provides the most comprehensive group of indexes available.

[SEC/CSA/FSA regulations](#) require that a public company provide a comparison of its' performance to a broad based index (Canadian companies), and to an industry index or self-constructed peer group in the form of a line graph.

The line graph should compare the yearly percentage change in the registrant's cumulative total shareholder return with the cumulative total return of a broad equity market index assuming reinvestment of dividends, and the cumulative total return, assuming reinvestment of dividends, of a published industry or line-of-business index.

Zacks Investment Research, Inc. is the exclusive provider of the [NASDAQ and AMEX Industry Index Data](#), a licensed vendor of S&P Total Return Index Data, Dow Jones Index Data and offers the most comprehensive selection of Major Markets and Industry Indices available. We include all indexes which public companies use, however some indexes may not be appropriate. We are happy to help you refine your selection so that your graph includes the most suitable indexes. Please go to our Index page for additional information on the following indexes:

- [AMEX](#)
- [CRSP](#)
- [Dow Jones](#)
- [NASDAQ](#)
- [Russell](#)
- [Standard and Poor's](#)
- [Zacks](#)
- [Additional indexes](#)

Q: What is a published index?

The published industry or line-of-business index refers to indexes prepared by third parties other than the registrant and is accessible to the registrant's security holders. Registrants may use an index prepared by the registrant.

Self-constructed or peer group indexes (including those prepared by a third party for the registrant and which are not "published") are not prohibited or discouraged, but they must fulfill published industry index requirements and include the list of constituents in the filing.

Q: Can we change our major market index, industry index or peer group?

Yes. Regulations require that both old and new indexes/peer groups be shown for one "transition" year, after which the old indexes/peer groups will be removed from the graph. This is also true of indexes that seem similar in nature and very close in numbers such as the NASDAQ Stock Market (US) provided by CRSP and NASDAQ, and the NASDAQ Composite provided by NASDAQ. Regulatory bodies reserve the right to determine whether these can be considered the "same" index.

The company must clarify the reason(s) for any changes to indexes or peer groups in the footnotes accompanying the graph.

Peer Group and Industry Indexes

Q: What peer groups can I select?

Different types of peer group selections are available, the NASDAQ and AMEX Industry Indexes (available [exclusively](#) through Zacks), S&P, Down Jones and a host of other [indexes](#), SIC Code groups, or a list of hand selected companies.

Q: Can you describe some of the industry indexes you offer as a peer group?

Our indexes include the NASDAQ and AMEX industry indexes. CRSP|Center for Research in Security Prices co-developed a Total Return Index Series with the NASDAQ Stock Market in order to assist companies in complying with the Securities and Exchange Commission Disclosure rules (10K filings). CRSP creates thirteen NASDAQ Industry Indexes. The constitution of each is determined by SIC code. The CRSP NASDAQ Historical Indexes product provides daily total return index levels for all thirteen NASDAQ Industry Indexes plus the two NASDAQ market indexes from December 31, 1986 to the present. CRSP does the same for the AMEX indexes listed below.

NASDAQ Industry Indexes:

- Financial Stocks
- Non-Financial Stocks
- Banks
- Computer & Data Processing
- Computer Manufacturers
- Electronic Components
- Health Services
- Insurance
- Medical Equipment
- Pharmaceuticals
- Retail Trade
- Telecommunications
- Trucking/Transportation

AMEX Industry Indexes:

- AMEX Bank & Financial Service
- AMEX Consumer Manufacturing
- AMEX Health Products & Services
- AMEX Industrial Manufacturing
- AMEX Media & Communications,
- AMEX Natural Resources

- AMEX Real Estate & REIT
- AMEX Technology
- AMEX Whole Sale & Retail Trade

Others:

Please click [here](#) for information on S&P, Dow Jones, and other industry index providers:

Q: Can we select SIC Code groups as peer groups?

Yes. The Standard Industrial Classification (SIC) code was created by The United States Government to use in the classification of establishments by the type of activity in which they are engaged. Establishments are different from enterprises (companies) as an enterprise can have more than one establishment within it. SIC Codes are being replaced by NAICS codes, but are still used for performance graph peer group selection.

Q: What is the process used to select a custom group of companies for our peer group?

Peer portfolio selections by company include all classes of the selected companies. To create this index, you must provide us with the name and ticker of the companies you include in your peer portfolio. Or our experts can help you select your peer group.

Q: Can we change our major market index, industry index or peer group?

Yes. Regulations require that both old and new indexes/peer groups be shown for one “transition” year, after which the old indexes/peer groups will be removed from the graph. This is also true of indexes that seem similar in nature and very close in numbers such as the NASDAQ Stock Market (US) provided by CRSP and NASDAQ, and the NASDAQ Composite provided by NASDAQ. Regulatory bodies reserve the right to determine whether these can be considered the “same” index. The company must clarify the reason(s) for any changes to indexes or peer groups in the footnotes accompanying the graph.

Regulations

Q: What are the regulation requirements regarding the inclusion of the total return performance graph in annual filings for the US, [Canada](#), and the [UK](#)?

*US: SEC Regulation S-K relating to Total Return Stock Performance Graph:
Performance graph*

1. Provide a line graph comparing the yearly percentage change in the registrant's cumulative total shareholder return on a class of common stock registered under section 12 of the Exchange Act (as measured by dividing the sum of the cumulative amount of dividends for the measurement period, assuming dividend reinvestment, and the difference between the registrant's share price at the end and the beginning of the measurement period; by the share price at the beginning of the measurement period) with:
 - i. The cumulative total return of a broad equity market index assuming reinvestment of dividends, that includes companies whose equity securities are traded on the same exchange or are of comparable market capitalization; provided, however, that if the registrant is a company within the Standard & Poor's 500 Stock Index, the registrant must use that index; and
 - ii. The cumulative total return, assuming reinvestment of dividends, of:
 - A. A published industry or line-of-business index;

- B. Peer issuer(s) selected in good faith. If the registrant does not select its peer issuer(s) on an industry or line-of-business basis, the registrant shall disclose the basis for its selection; or
 - C. Issuer(s) with similar market capitalization(s), but only if the registrant does not use a published industry or line-of-business index and does not believe it can reasonably identify a peer group. If the registrant uses this alternative, the graph shall be accompanied by a statement of the reasons for this selection.
2. For purposes of paragraph (e)(1) of this Item, the term "measurement period" shall be the period beginning at the "measurement point" established by the market close on the last trading day before the beginning of the registrant's fifth preceding fiscal year, through and including the end of the registrant's last completed fiscal year. If the class of securities has been registered under section 12 of the Exchange Act for a shorter period of time, the period covered by the comparison may correspond to that time period.
 3. For purposes of paragraph (e)(1)(ii)(A) of this Item, the term "published industry or line-of-business index" means any index that is prepared by a party other than the registrant or an affiliate and is accessible to the registrant's security holders; provided, however, that registrants may use an index prepared by the registrant or affiliate if such index is widely recognized and used.
 4. If the registrant selects a different index from an index used for the immediately preceding fiscal year, explain the reason(s) for this change and also compare the registrant's total return with that of both the newly selected index and the index used in the immediately preceding fiscal year.
 5. In preparing the required graphic comparisons, the registrant should:
 - a. Use, to the extent feasible, comparable methods of presentation and assumptions for the total return calculations required by paragraph (e)(1) of this Item; provided, however, that if the registrant constructs its own peer group index under paragraph (e)(1)(ii)(B), the same methodology must be used in calculating both the registrant's total return and that on the peer group index; and
 - b. Assume the reinvestment of dividends into additional shares of the same class of equity securities at the frequency with which dividends are paid on such securities during the applicable fiscal year.
 6. In constructing the graph:
 - . The closing price at the measurement point must be converted into a fixed investment, stated in dollars, in the registrant's stock (or in the stocks represented by a given index) with cumulative returns for each subsequent fiscal year measured as a change from that investment; and
 - a. Each fiscal year should be plotted with points showing the cumulative total return as of that point. The value of the investment

as of each point plotted on a given return line is the number of shares held at that point multiplied by the then-prevailing share price.

7. The registrant is required to present information for the registrant's last five fiscal years, and may choose to graph a longer period; but the measurement point, however, shall remain the same.
8. Registrants may include comparisons using performance measures in addition to total return, such as return on average common shareholders' equity.
9. If the registrant uses a peer issuer(s) comparison or comparison with issuer(s) with similar market capitalizations, the identity of those issuers must be disclosed and the returns of each component issuer of the group must be weighted according to the respective issuer's stock market capitalization at the beginning of each period for which a return is indicated.
10. Smaller reporting companies. A registrant that qualifies as a smaller reporting company, as defined by Rule 229.10(f)(1), is not required to provide the information required by paragraph (e) of this Item.
11. The information required by paragraph (e) of this Item need not be provided in any filings other than an annual report to security holders required by Exchange Act Rule 14a-3 or Exchange Act Rule 14c-3 that precedes or accompanies a registrant's proxy or information statement relating to an annual meeting of security holders at which directors are to be elected (or special meeting or written consents in lieu of such meeting). Such information will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.
12. The information required by paragraph (e) of this Item shall not be deemed to be "soliciting material" or to be "filed" with the Commission or subject to Regulation 14A or 14C, other than as provided in this item, or to the liabilities of section 18 of the Exchange Act, except to the extent that the registrant specifically requests that such information be treated as soliciting material or specifically incorporates it by reference into a filing under the Securities Act or the Exchange Act.

Instructions to Item 201:

1. Registrants, the common equity of which is listed for trading on more than one securities exchange registered under the Exchange Act, are required to indicate each such exchange pursuant to paragraph (a)(1)(i) of this Item; such registrants, however, need only report one set of price quotations pursuant to paragraph (a)(1)(ii) of this Item; where available, these shall be the prices as reported in the consolidated transaction reporting system and, where the prices are not so reported, the prices on the most significant (in terms of volume) securities exchange for such shares.
2. Market prices and dividends reported pursuant to this Item shall be adjusted to give retroactive effect to material changes resulting from stock dividends, stock splits and reverse stock splits.
3. The computation of the approximate number of holders of registrant's common equity may be based upon the number of record holders or also may include individual

participants in security position listings. See Rule 17Ad-8 under the Exchange Act. The method of computation that is chosen shall be indicated.

4. If the registrant is a foreign issuer, describe briefly
 - A. Any governmental laws, decrees or regulations in the country in which the registrant is organized that restrict the export or import of capital, including, but not limited to, foreign exchange controls, or that affect the remittance of dividends or other payments to nonresident holders of the registrant's common equity; and
 - B. All taxes, including withholding provisions, to which United States common equity holders are subject under existing laws and regulations of the foreign country in which the registrant is organized. Include a brief description of pertinent provisions of any reciprocal tax treaty between such foreign country and the United States regarding withholding. If there is no such treaty, so state.

If the registrant is a foreign private issuer whose common equity of the class being registered is wholly or partially in bearer form, the response to this Item shall so indicate together with as much information as the registrant is able to provide with respect to security holdings in the United States. If the securities being registered trade in the United States in the form of American Depositary Receipts or similar certificates, the response to this Item shall so indicate together with the name of the depository issuing such receipts and the number of shares or other units of the underlying security representing the trading units in such receipts.

Q: What is the annual report?

The annual report is a published document given to shareholders by public corporations. The document details the financial status of the company with various reports and financial statements. Some reports and financial statements in an annual report may include:

- Accounting policies
- Annual general meeting (AGM) invitation
- Auditor's reports
- Balance sheet
- Cash flow statement
- CEO's report
- Chairman's report
- Corporate governance compliance statement
- Corporate information
- Financial data summary
- Financial highlights
- Financial statement notes
- Income statement
- Letter to shareholders
- Mission statement
- Statement of directors' responsibilities
- Statement of retained earnings

Q: What is the 10-K?

Form 10-K CFR (Code of Federal Regulations) designation of the form pursuant to sections 13 and 15(d) of the Securities Exchange Act of 1934 as amended is a more in-depth version of an annual report. It is provided by corporations to the U.S. Securities and Exchange Commission

that gives a comprehensive summary of a public company's performance. Some companies combine the annual report and the 10-K into one document called a 10-K wrap.

The 10-K includes information such as company history, organizational structure, executive compensation, equity, subsidiaries, and audited financial statements, among other information.

Q: Who must file the ARS, 10-K or 10-K wrap?

All publicly registered companies.

Q: What are the filing deadlines for the annual report to shareholders, the 10-K or the 10-K wrap?

Reports must be filed with the SEC within 60 days of fiscal year end for large accelerated filers whose public float is greater than \$700M; within 75 days for accelerated filers with public float between \$75M and \$700M; and 90 days for non-accelerated filers with a public float of less than \$75M; if the company has no public float it must file if it has more than \$50M in revenue.

Q: What is a smaller reporting company and are they required to include the total return performance graph in their annual filing?

A smaller reporting company is a non-accelerated filer which has less than \$75 million in public float or if it has no public float, then less than \$50 million in revenue. These companies can choose to file either the full 10-K or annual report, or a scaled down version. The scaled down version does not require the inclusion of a graph.

Q: How is public float calculated?

Calculating public float: Paragraph (f), Item 10, Regulation S-K: "number of outstanding shares of voting and non-voting equity held by non-affiliates": the market value of common equity held by non-affiliates. Public float is initially calculated within 30 days of filing registration statement. It is the estimated offering price per share multiplied by the number of shares held by non-affiliates before the offering plus the number of shares to be sold in offering.

Products, Payment and Delivery

Q: What do I receive?

Standard:

All clients receive a copy of their performance graph, a total return data summary page, a company total return worksheet, and a peer group total return worksheet for self-selected peer groups. The total return worksheets contain all the pertinent underlying data for the company and peer group.

Self-constructed industry peer group clients receive a total return worksheet for each member of the peer group in addition to the peer group cumulative total return worksheet.

CRSP Clients:

CRSP clients can receive the following information by request.

- The monthly data file, which consists of six columns: date, company index, market index, market count, peer index, and peer count. All data items are reported on a monthly basis. The company index, market index, and peer index columns contain the monthly total return index levels for the company, market, and peer group, respectively. The market count and peer count columns contain the number of issues in the market and peer indexes, respectively.

Q: How do I pay for my order?

Zacks completed graphs:

You must complete an order form. We invoice you after delivering the product you ordered.

Graphs completed by users of the Zacks Total Return Graph Compliance System:

"Bill me later" option:

We invoice you after you have completed your graph.

"Pay by credit card" option:

The fee is charged to your credit card prior to your download of the graph

Q: When can I receive the order?

Graph:

Standard: same day service.

Custom: 3-5 business days.

Other Products:

As arranged

Q: How do I receive the total return stock performance graph?

We deliver the graph in Microsoft Excel via email. We are happy to provide it in other formats of your preference.

Q: What are custom total return stock performance graph products?

Custom Products can be generated that exceed the parameters of the standard product. Some more common types of custom graph products include but are not limited to:

- Graphs with more than 5 years of data
- Worksheets which include all calculations: the number of shares purchased, dividend reinvestment on ex-dividend date (if dividends were paid), increase in number of shares owned, split-adjusted closing stock prices, split-adjusted per share dividend amounts and year-end dollar values.
- Your IPO which, although not regulations compliant, can be incorporated into the graph
- Peer group research based on market capitalization
- Peer groups selected using multiple SIC Codes
- Peer groups can be specific SIC codes meeting select market capitalization criteria
- Peer groups exceeding 25 companies

Q: Why would we want a subscription to the product?

You can select a one-time, two year, or an annual subscription. There is a discount for the two-year and the annual subscription and they are hassle-free. You do not have to worry about contacting us to generate your graph for your filing. You will automatically receive the product for your deadline.