

2008

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# SPENCER STUART BOARD INDEX



SpencerStuart



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## About Spencer Stuart Board Services

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SPENCER STUART IS ONE OF THE WORLD'S LEADING EXECUTIVE SEARCH CONSULTING FIRMS. Privately held since 1956, Spencer Stuart applies its extensive knowledge of industries, functions and talent to advise select clients — ranging from major multinationals to emerging companies to nonprofit organizations — and address their leadership requirements. Through 52 offices in 27 countries and a broad range of practice groups, Spencer Stuart consultants focus on senior-level executive search, board director appointments, succession planning and in-depth senior executive management assessments.

The premier firm for board counsel and recruitment, Spencer Stuart conducts well over half of all director assignments handled through executive search. For nearly 25 years, our Board Services Practice has helped boards around the world identify and recruit independent directors and provided advice to chairmen, CEOs and nominating committees on important governance issues. In the past year alone, we have conducted more than 400 director searches. We are the firm of choice for both leading multinationals and smaller organizations, conducting more than one-third of our assignments for companies with revenues under \$1 billion.

In addition to our work with clients, Spencer Stuart has long played an active role in corporate governance by exploring — both on our own and with other prestigious institutions — key concerns of boards and innovative solutions to the challenges facing them. Publishing the *Spencer Stuart Board Index* (SSBI), now in its 23rd edition, is just one of our many ongoing efforts:

- > We participate in the Directors' Institute hosted by The Conference Board and serve as an advisory board member of The Conference Board's Global Corporate Governance Research Center.
- > Each year, we sponsor and participate in two premier events: the Annual Boardroom Summit, jointly sponsored by the New York Stock Exchange and *Corporate Board Member* magazine; and the Corporate Governance Conference at Northwestern University's Kellogg Graduate School of Management.
- > We also sponsor the Chairman's Forum, a peer organization for independent chairmen, with the Yale School of Management's Millstein Center for Corporate Governance.
- > Together with Agenda, a leading corporate governance publisher, we co-sponsor the Outstanding Directors Awards.
- > In partnership with the Wharton School at the University of Pennsylvania, we founded and sponsor two annual events: Corporate Governance Fresh Insights and Best Practices for Directors, held in the U.S., and the Directors' Forum, held in the U.K.

## CHANGING ROLES AND RELATIONSHIPS IN THE BOARDROOM AND BEYOND

The boardrooms of S&P 500 companies look and act a lot differently in 2008 than they did just a decade ago. Amid increasing scrutiny by shareholders and a tough economic climate, the director's job and the role of the board vis-à-vis management and other stakeholders have changed dramatically. As these roles and relationships have grown more challenging, so too has the task of recruiting board members. Despite the difficulties, however, we believe there are still plenty of good reasons to serve on public-company boards.

### WHAT IS DIFFERENT ABOUT SERVING ON A BOARD TODAY?

Few would dispute being a corporate director today is a more demanding job than it used to be when boards were dominated by the CEO with his allies and the agenda was set largely by the CEO.

As boards become increasingly independent and come more under the microscope of activist investors and other observers, they require executives with the courage to question issues and speak their views. Directors must be able to deal with a variety of pressures, stand up to CEOs and deliver tough messages on sensitive topics, including executive compensation — perhaps the most contentious issue of all and one that is top of mind for many people (see sidebar). No longer protected by a classified board structure, most directors are now subject to election on an annual basis rather than every three years. Our analysis of recent proxy statements indicates that the trend toward declassification keeps accelerating, with two-thirds of boards now having one-year terms, up from 40% five years ago.

## Top 8 Governance Issues for 2008

Each year, in addition to analyzing the latest proxy reports from S&P 500 companies and interviewing thought leaders on corporate governance, we survey corporate secretaries and general counsel to flesh out the data from the proxies and hear what's on their minds. When asked how much focus they have given to various governance topics over the past 12 months, more than half of our survey respondents cited executive compensation as requiring the highest level of focus. Over one-third cited addressing concerns from shareholders, activists and investors as requiring the most attention, followed closely by the board's role in discussions about corporate strategy and director recruitment. This year's Spencer Stuart Board Index touches on all of these issues and provides a snapshot of trends over the past 10 years (see table on pp. 8-9).


1. Executive compensation
2. Addressing shareholder concerns
3. Board's role in corporate strategy discussions
4. Director recruitment
5. Director compensation
6. Board's role in risk management
7. CEO succession planning
8. Individual director evaluation

Moreover, the growing acceptance of majority voting has upped the ante for directors. For the first time, many directors run the risk of actually losing their board seats if they fail to secure a majority vote, so the implications of the company's performance matter more. In line with corporate governance best practices, boards continue to report having adopted majority voting requirements, and we expect this number to rise further.

Being a director takes more time and a deeper level of engagement than it used to. The average number of board meetings<sup>1</sup> keeps inching up, from seven a year in 1998 to 7.8 in 2003 to 8.7 in 2008. While nearly half of boards meet between six and eight times a year, more than 40% meet more frequently than that. Key committees are also meeting more often: on average, 9.1 times for audit committees and 6.6 times for compensation committees.<sup>2</sup> Directors tell us they are spending more time preparing for meetings and more time in meetings addressing compliance with government regulations.

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39% of S&P 500 companies now separate the chair and CEO roles, versus 16% in 1998.



#### **GROWING RECOGNITION OF THE VALUE OF INDEPENDENT LEADERSHIP**

Boardroom leadership is another area in which we have seen significant changes. Over the past 10 years, S&P 500 boards have moved slowly but steadily toward separate chair and CEO roles. 61% still have a combined chair/CEO, down from 84% in 1998. Although 39% now separate these roles, only 16% have a truly independent chair.

Based on our conversations with nonexecutive chairmen, many of whom are retired CEOs, perspectives on boardroom leadership have evolved dramatically. These leaders tell us that 10 to 15 years ago they would never have contemplated not being both CEO and chair. Now, however, they see value in having a nonexecutive chair, allowing the CEO to focus on running the company and freeing him or her from potentially sensitive board leadership tasks such as evaluating board directors. There is widespread agreement that having an independent voice aggregated in a single individual — either a nonexecutive chair or a lead director — is a good thing.

#### **COMPENSATION CONTINUES TO RISE**

Recognizing the growing demands on directors, companies are compensating them more for the time and energy devoted to board business. Across all industries, the all-inclusive total average compensation for S&P 500 directors now tops \$217,000, with stock awards accounting for 39% of the total, options an additional 21%, and cash fees, 36%. But pay packages vary widely across industries, with utilities and basic materials at the lower end and energy, transportation, technology and healthcare at the higher end.

<sup>1</sup>Number of board and committee meetings per year includes regular and special meetings including telephonic meetings.

<sup>2</sup>Ibid.

We continue to see three trends on the compensation front:

- > *Away from meeting fees toward retainers for board service.* 45% of boards pay meeting fees, down from 69% five years ago and 81% 10 years ago. Meanwhile, the median annual board retainer has doubled over the past 10 years, from \$30,000 to \$60,000. Annual cash board retainers climbed 9% last year, reaching an average of nearly \$75,000.
- > *From stock option programs to stock grants.* Nearly three-quarters of companies grant shares to directors, up from less than half in 2003. Stock options, meanwhile, are offered by just 40% of companies, down from 74% five years ago. Close to three-quarters of boards, an all-time high, disclosed share ownership guidelines for directors in the 2008 proxy season.
- > *Toward more incremental compensation for key roles such as nonexecutive chairmen and lead directors.* Nearly 90% of the S&P 500 boards that have independent nonexecutive chairmen pay those directors an additional fee, averaging \$165,000. For lead directors, 60% receive an additional cash retainer, and the average is \$24,000.

## MANAGING THE RECRUITING CHALLENGE

Not surprisingly, all of the factors described above are making it more difficult for boards to recruit directors — with greater consequences for choosing poorly and increased benefits for selecting skillfully. Over the course of a search for a new director, we typically source and evaluate as many as 20 to 25 potential candidates before presenting a shorter list of top prospects to the nominating committee.

### *More reliance on external sources for candidates*

One of the trends we have observed over the past few years is that boards are relying less on insiders and more on external sources for recommendations of new directors. We are also seeing a growing number of engagements in which companies under shareholder pressure strive for greater objectivity in the search process. Increasingly, prospective directors are screening board opportunities as carefully as they themselves are being screened, weighing the potential for conflicts of interest or fallout from serving on the board of a troubled company. This is particularly true in the case of larger companies with performance issues; but even for smaller and ostensibly healthy companies, directors are conducting extensive due diligence.

### *Less reliance on active CEOs*

It is becoming harder to recruit active top executives to new board seats. Indeed, only 31% of new independent directors are active CEOs, COOs, chairmen, presidents or vice chairmen, down from 49% in 1998. Instead, boards are increasingly relying on retirees from top roles (16% of the 2008 total, vs. 6% in 1998) and on other corporate executives (19%, up from 9%). Several factors are driving this shift. First, our survey of corporate secretaries suggests that restrictions on outside board service by CEOs are becoming more prevalent. Whereas a typical CEO used to sit on two or more public-company boards in addition to his/her own board, it is a rare leader who has enough time to serve on more than one. Second, there appears to be a growing recognition that active CEOs increasingly are consumed with the issues facing their own companies, impacting their ability to engage deeply in outside board activities.

### *Benefits of reaching out to a broad group*

On the other hand, the upside of casting the recruiting net more broadly is that boards gain access to fresh thinking and a more diverse pool of candidates. Of the 380 new independent directors added in the proxy year ending May 31, 2008, 19% come from diverse ethnic backgrounds or outside the U.S. and 18% are women.<sup>3</sup> However, the actual numbers of newly recruited minority and women directors still fall short of expressed desire by boards. Close to a quarter of the new independent directors are serving on an outside public-company board for the first time.

### *Seeking specific expertise*

Beyond seeking a variety of backgrounds and voices around the table, boards have an even more compelling need today for directors who understand what it takes to succeed in their line of business and can contribute complementary skills. Hence, they are taking more time up front to think strategically about their board's strengths and limitations and what expertise they need to fill any gaps. In some cases, the need is for people with deep financial acumen or experience in turning around a troubled institution; in others, it may be distinctiveness in consumer branding or customer service savvy. When asked what they are looking for in future directors, our survey respondents cited a stronger need for relevant industry expertise than in past years. Also in strong demand are candidates with financial, international, technology and marketing experience.

### *Choosing wisely*

In addition, boards are now recruiting with an eye to finding people who can serve on and ultimately chair a particular committee (most often audit and compensation). The increasing demands placed on audit chairs cause directors to be less interested to serve in that capacity, and boards need former CFOs and others who are undaunted by the challenge. It is becoming tougher to recruit these people, and boards are giving newcomers less time to get settled before asking them to take on a leadership role.

Based on our experience helping companies to rebuild or to create a board from scratch (e.g., in the case of a spinoff, an IPO or following emergence from Chapter 11), the most important seat to fill first is that of the nonexecutive chairman or lead director, as the person in that role may serve as a draw for other director candidates.

## **STILL, GOOD REASONS TO SERVE**

Despite the challenges of being a director in today's environment, we believe the role still has much to offer the right candidates, both in terms of professional development and networking.

Since Sarbanes-Oxley came into effect, it has become far more difficult for senior executives to get board experience in their own companies unless they are already the CEO. On nearly 44% of S&P 500 boards, the CEO is now the only nonindependent director — up from 35% in 2003 and 23% in 1998. As a result, companies that see board service as a vital part of grooming future leaders need to look elsewhere for such opportunities. Increasingly, they are reaching out to us about potential outside board roles for people in line for the top job.

<sup>3</sup> Percentages are not mutually exclusive; overlap exists.

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From a networking perspective, there is nothing like serving on a board to give you exposure to talented peers, and perhaps to open doors to a range of opportunities further down the road. As a director, you get to work with and learn from other seasoned top executives in a professional setting with a well-defined structure and clear goals as well as gain exposure to governance practices of other boards. Even for sitting CEOs, serving on an outside board can be a good reminder of the value of teamwork and what it is like to be on the other side of the table.

Board service also offers the opportunity to develop expertise in areas that may be relevant to your company. Alternatively, it may be a way to diversify your own career options by gaining exposure to a different industry and expanding your network of influential colleagues. Lastly, serving on another company's board may help you learn how to deal more effectively with your own board.

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**Editor's Note:**

As always, this year's *Spencer Stuart Board Index* is based on our analysis of the most recent proxy reports from the S&P 500, plus an extensive supplemental survey. This edition of the SSBI draws on the latest proxy statements from 482 companies filed by May 31, 2008, and responses from 127 companies to an online survey conducted in the second quarter of 2008. Survey respondents are typically corporate secretaries, general counsel or chief governance officers.

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## S&P 500 Boards: Five-Year and Ten-Year Trends

Board composition	2008 <sup>(a)</sup>	2003 <sup>(b)</sup>	1998 <sup>(c)</sup>	5-year % change	10-year % change	Comments
Average board size	10.8	10.9	12.0	-1%	-10%	Boards shrinking over past 10 years
Boards with 12 or fewer directors	80%	74%	68%	8%	18%	Continued trend toward smaller boards
Independent directors	82%	79%	78%	4%	5%	Boards becoming more independent
Average age of boards (independent directors)	61.2	60.3	60.0	1%	2%	Average age creeping up
<b>New independent directors</b>						
Total number	380	393	505	-3%	-25%	Number varies from year to year
Women	18%	19%	16%	-5%	13%	Down slightly in recent years but up longer term
Active CEOs/COOs/presidents/vice chairs	31%	32%	49%	-3%	-37%	Downward trend since late 1990s
Division/subsidiary presidents/ other corporate executives	19%	12%	9%	58%	111%	Continued rise in non-CEO directors
<b>Women directors</b>						
Women as percentage of all directors	16%	13%	n/a	20%	n/a	Rising share of female directors
Boards with at least one woman director	89%	85%	n/a	5%	n/a	Nearly 90% of boards have at least one woman
<b>CEO profile</b>						
Average number of other corporate directorships	0.7	1.0	2.0	-30%	-65%	CEOs serving on fewer boards
Women CEOs	14	9	4	56%	250%	Number of female CEOs tripled over past decade
Boards where CEO is the only nonindependent	44%	35%	23%	26%	90%	Increasingly, CEO is sole insider
Average age	55.4	55.3	57.0	0%	-3%	Down slightly from 10 years ago
Average tenure with company	14.4	14.7	17.0	-2%	-15%	Continued decline in tenure with company
Average tenure as CEO	6.4	6.3	7.0	2%	-9%	Down slightly from 10 years ago
<b>Chairman independence</b>						
CEO is also chairman	61%	77%	84%	-20%	-27%	Growing separation of chair/CEO roles
Independent chairman	16%	n/a	n/a	n/a	n/a	Up from 10% in 2006
Boards with lead or presiding director	95%	36%	n/a	n/a	n/a	Nearly all boards have lead or presiding director
<b>Board meetings</b>						
Average number of board meetings	8.7	7.8	7.0	12%	24%	Continued increase
Median number of board meetings	8.0	7.0	7.0	14%	14%	Continued increase
<b>Retirement age</b>						
Boards with mandatory retirement age	74%	66%	45%	12%	64%	More boards establish mandatory retirement age
Boards with mandatory retirement age of 72+	72%	46%	37%	57%	95%	But age caps keep rising
Boards with mandatory retirement age of 70	27%	51%	58%	-47%	-53%	Fewer boards requiring retirement by 70

<b>Committee independence<sup>(d)</sup></b>	<b>2008<sup>(a)</sup></b>	<b>2003<sup>(b)</sup></b>	<b>1998<sup>(c)</sup></b>	<b>5-year % change</b>	<b>10-year % change</b>	<b>Comments</b>
Nominating/governance committee	100%	91%	67%	10%	49%	All members are independent
Compensation committee	100%	96%	97%	4%	3%	All members are independent
Audit committee	100%	98%	92%	2%	9%	All members are independent
<b>Committee meetings</b>						
Average number of audit meetings	9.1	7.3	n/a	25%	n/a	Audit committees meeting more frequently
Average number of compensation meetings	6.6	5.8 <sup>(e)</sup>	n/a	14%	n/a	Compensation committees meeting more frequently
<b>Audit chairmen</b>						
Active chair/president/CEO/vice chair	15%	28%	n/a	-46%	n/a	Fewer active CEOs serving as audit chairs
Retired chair/president/CEO/vice chair	28%	20%	n/a	40%	n/a	Retired CEOs filling the gap
Active/retired CFO/treasurer/financial manager	15%	4%	n/a	275%	n/a	More boards tapping financial executives for this role
Active/retired accountant	9%	3%	n/a	200%	n/a	Accountants also in demand
<b>Board compensation</b>						
Average annual cash retainer <sup>(f)</sup>	\$74,872	\$43,667	\$31,873	71%	135%	Steep rise in average retainer
Median annual cash retainer <sup>(f)</sup>	\$60,000	\$40,000	\$30,000	50%	100%	Median up as well
Boards paying retainer of at least \$70,000	44%	11%	1%	300%	4300%	Over 40% of boards pay more than \$70K
Average board meeting fee	\$2,036	\$1,622	\$1,339	26%	52%	Meeting fees continue to climb
Boards paying board meeting fee	45%	69%	81%	-35%	-44%	Fewer boards pay meeting fees
Boards offering stock option program for directors	40%	74%	53%	-46%	-25%	Stock option programs losing favor
Boards paying equity in addition to retainer	74%	47%	38%	57%	95%	Stock grants becoming the norm
<b>Committee compensation</b>						
Boards paying committee chair retainer	89%	65%	n/a	37%	n/a	Most boards pay committee chair retainer
Average committee chair retainer	\$10,671	\$6,745	n/a	58%	n/a	Committee chair retainers up sharply
Boards paying committee member retainer	31%	15%	n/a	107%	n/a	Almost a third of boards now pay such retainers
Average committee member retainer	\$6,971	\$5,231	n/a	33%	n/a	Committee member retainers also rising
Boards paying committee meeting fees	47%	67%	n/a	-30%	n/a	Fewer boards pay committee meeting fees
Average committee meeting fees	\$1,568	\$1,289	n/a	22%	n/a	Committee meeting fees have increased

(a) Data based on proxy year June 1, 2007 through May 31, 2008

(b) Data based on proxy year June 1, 2002 through May 31, 2003

(c) Data based on proxy year July 1, 1997 through June 30, 1998

(d) Percent composed entirely of independent directors

(e) 2005 data

(f) Not including stock beyond retainer

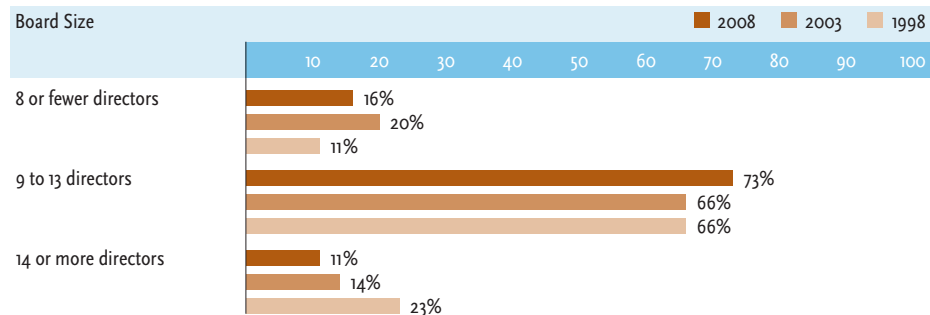
## Board Composition

### 2008 SNAPSHOT

- Average board size remains at 10.8 directors
- Two-thirds of boards serve one-year terms
- Number of new independent directors up 13%
- 24% of new directors are first-timers
- 39% of companies split CEO and chairman roles; 16% have a truly independent chair
- Women CEOs have more women directors on their boards

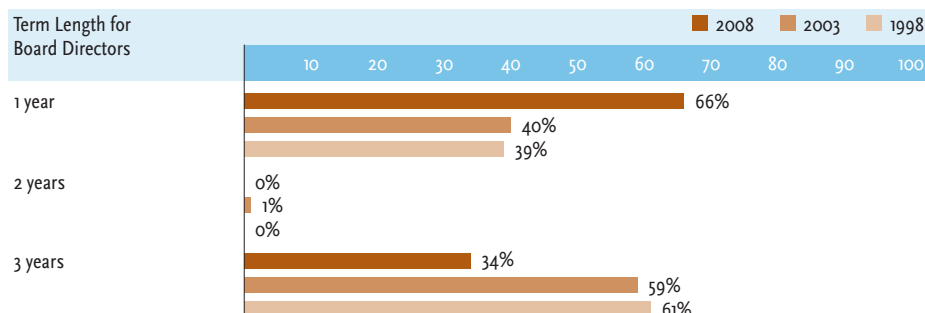
### Fewer large boards

- > The average size of S&P 500 boards is 10.8 directors, about the same as in recent years.
- > Over the past 10 years, the average board size has converged, making very large and very small boards less common. Nearly three-quarters of boards have between nine and 13 directors, up from two-thirds in 1998. A decade ago, 23% of boards had 14 or more directors; today only 11% do.
- > The smallest boards — Linear Technology and Microchip Technology — each have just five directors. Financial services firms continue to have the largest boards, with Chicago Mercantile Exchange topping the list at 30 members.



### Board terms keep shrinking

- > The trend toward declassified board structures continues to accelerate. As of 2008, 66% of boards have a one-year term, up from 62% last year and 40% five years ago.
- > In line with corporate governance best practices, 56% of boards now report having adopted majority voting requirements.



ADDED PERSPECTIVE

### Spencer Stuart Governance Survey: Term limits

> 93% of our survey respondents — up from 87% last year — do not restrict the number of terms (or years) a director may serve.

> Among the few that do limit service, the most common answers were 10, 12 or 15 years.

*Data in this and other sections labeled “Added Perspective” come from our supplemental survey, conducted in the second quarter of 2008. This year, we heard from 127 S&P 500 companies, a 25% response rate. Typical respondents include corporate secretaries, general counsel and chief governance officers.*

### More new independent directors; fewer active CEOs

> From year to year, the number of new independent directors is like a rollercoaster — up one year, then down the next — but the longer-term trend is definitely downward. In 2008, boards appointed 380 new independent directors, up 16% from 2007; but that gain followed a 16% decline the previous year. Over the past five years, the total has dropped by 3%; over the past 10, by 25%.

> Only 31% of new independent directors are active CEOs, COOs, chairmen, presidents or vice chairmen, down from 49% in 1998.

> Instead, boards are increasingly relying on retired CEOs, COOs and the like, which have risen from 6% to 16% of the new independent director pool, and on other corporate executives (including division/subsidiary presidents, executive or senior vice presidents and functional unit leaders). In 2008, 19% of new independent directors fall into this latter category, up from 9% in 1998 and 12% in 2003.

## Board Composition

- > Another striking change over the last decade, obviously prompted by Sarbanes-Oxley, has been the growth in directors with financial backgrounds. In 1998, just 6% of new independent directors came from financial roles; by 2003, that number was up to 23% and it has remained in the high teens since then.
- > Lawyers, consultants and accountants represent only 8% of new directors in 2008, down from 12% in 2003. There also has been a decline in directors from academic and nonprofit backgrounds, from 10% to 6%.
- > Overall, 68% of the new independent directors are active executives or professionals; the remaining 32% are retired.
- > 24% of newly added independent directors are serving on an outside public-company board for the first time. Although this is less than in the past two years, first-timers continue to represent a sizable percentage of new directors.

New Independent Director Backgrounds	Year			2008 by gender*	
	1998	2003	2008	Men	Women
CEO/COO/chair/president/vice chair	55%	44%	47%	43%	4%
<i>Active</i>	49%	32%	31%	29%	2%
<i>Retired</i>	6%	12%	16%	14%	2%
Other corporate executives	9%	12%	19%	13%	6%
<i>Division/subsidiary presidents/heads</i>	6%	4%	10%	7%	3%
<i>EVPs/SVPs/functional unit heads</i>	3%	8%	9%	6%	3%
Financial backgrounds	6%	23%	18%	15%	3%
<i>Finance management/CFOs/treasurers</i>	1%	10%	9%	8%	1%
<i>Bankers/Investment bankers</i>	2%	4%	4%	2%	2%
<i>Investment management/investors</i>	3%	4%	4%	4%	0%
<i>Accountants</i>	n/a	5%	1%	1%	0%
Academics/nonprofit	12%	10%	6%	4%	2%
Consultants	7%	5%	4%	2%	2%
Lawyers	5%	2%	3%	2%	1%
Others**	6%	4%	3%	3%	0%

\* 2008 data; n = 313 men and 67 women.

\*\* Mostly retired government and military officials, plus a few other retired executives.

### One-fifth of new directors from diverse ethnic backgrounds

- > Of the 380 new independent directors, 19% come from diverse ethnic backgrounds or outside the U.S. and 18% are women.
- > A higher proportion of new diversity directors come from consumer goods and services, high technology/telecommunications, industrial/manufacturing, and financial services than from other sectors.
- > About a third of all female new directors come from non-CEO corporate executive roles, vs. 16% of their male peers. And a higher proportion of women than men are drawn from academia, nonprofit organizations, consulting and banking.



ADDED PERSPECTIVE

### Spencer Stuart Governance Survey: Recruiting new directors

- > Active and retired CEOs and COOs remain at the top of boards' "wish lists," at 58% and 40%, respectively. Yet demand is clearly outstripping supply: these groups represent just 31% and 16% of new directors added this past year.
- > When asked what they are looking for in future directors, survey respondents cited a stronger need for relevant industry expertise than in past years. 57% seek new directors with financial expertise. Also in strong demand are people with international, technology and marketing experience.
- > The actual numbers of newly recruited women and minority directors also fall short of expressed desire by boards. While 54% of boards surveyed say they seek to bring on women, only 18% of new independent directors added in 2008 were women.

Wish List for New Director Backgrounds\*

Active CEO/COO	58%
Retired CEO/COO	40%
Financial expertise	57%
Industry expertise	41%
International expertise	39%
Technology expertise	24%
Marketing expertise	21%
Regulatory/government expertise	13%
Human resources expertise	6%
Legal expertise	1%
Women	54%
Minorities	55%

\* Percentages add up to more than 100 as respondents could select more than one category.

N = 127 survey respondents

Paula Rosput Reynolds brings a rich perspective on the evolution of boards, having served as a CEO (first at AGL Resources, and most recently at Safeco Corporation) and as an independent director since 2001. She currently is a board member at Delta Air Lines and Anadarko Petroleum; previously she served on the boards of Coca-Cola Enterprises, Circuit City Stores and Air Products & Chemicals.



*“The CEOs I admire are trying to be way ahead of the curve in terms of board participation. They’re on the phone all the time calling directors, telling them what’s going on, and asking what they think.”*

— PAULA ROSPUT REYNOLDS  
Chief Restructuring Officer, AIG;  
former President, CEO and Chairman,  
Safeco Corporation

During her years in the boardroom, Reynolds has observed three significant changes. The biggest, she says, is that boards are no longer the design of the CEO: “CEOs don’t get the deference they used to get in choosing board members.” Consequently, she notes, “board members have more courage to speak their own views. The old mindset was, ‘I was put on this board by the CEO, and I need to read into his motives to understand what my contributions ought to be.’ Now they think, ‘I’ve been hired for my advice, and I will give it.’”

Second, boards are far more prepared, more profoundly engaged and more willing to exercise their prerogative to act. At the same time, Reynolds says, the most effective CEOs are reaching out more frequently and substantively to their boards: “The CEOs I admire are trying to be way ahead of the curve in terms of board participation. They’re on the phone all the time calling directors, telling them what’s going on

and asking what they think. There’s a sense that CEOs work for the board, who work for the shareholders.”

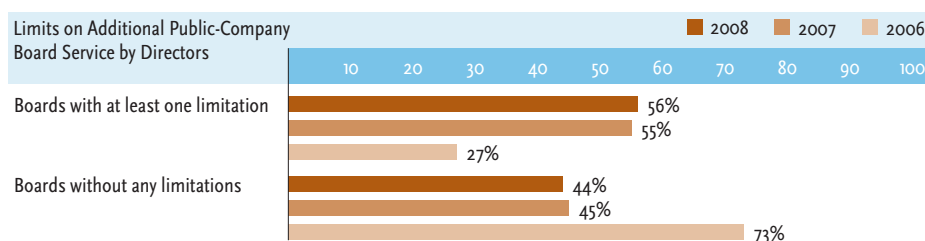
The third important change, observes Reynolds, is that boards are under pressure to be much more literal about their fiduciary responsibilities in today’s litigious environment: “Faced with increasing shareholder activism and public take-over offers by competitors, directors are asking themselves, ‘What’s my legal obligation in balancing short-term and long-term interests?’ There’s nothing in the law that speaks precisely to this balance, and it is changing board behavior dramatically.”

Another characteristic of today’s environment is the “erosion of confidentiality in American business” and the pressure that puts on boards to move faster. Because of this, says Reynolds, boards may not get the deliberative time and space they need for thoughtful discussions and decision making: “The question is, to what extent are you going to be influenced by the media coverage? In the past, boards had more room to move in response to the market situation, rather than in response to the coverage of the market situation. But boards still need contemplative time to meet fiduciary obligations; realistically, they have to try to achieve consensus and that process needs to evolve.”

Reflecting on changes in board processes over the past five to 10 years, Reynolds observes that more work is being done in committees: “Nominating and corporate governance committees have taken on the evaluation of board members and board effectiveness. In finance, we’re seeing more precise delegation of authority, limitations and accountability. In the best boards, there’s a much better interplay between audit and compensation committees on executive compensation and more ‘connecting-the-dots’ than ever before. In less than a decade, we’ve seen a profound transformation in terms of the quality and attention to detail. This is partly due to changes in law and partly due to the people now serving on boards, who understand that interplay.”

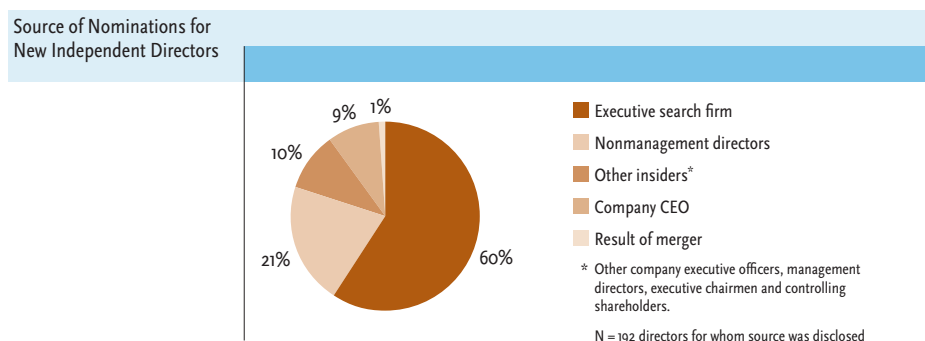
### Increasing restrictions on other corporate directorships

- > 56% of S&P 500 boards limit corporate board service by their directors. As recently as two years ago, only 27% imposed any limits.
- > Of the 210 boards that do not have numerical restrictions, 80 (38%) ask that directors notify the chairman in advance of accepting an invitation to join another company board and/or they encourage directors to “reasonably limit” their other board service.
- > Among the 240 boards that reported a specific limit for all nonemployee directors, 2% specify a maximum of two other boards; 14% specify three; 18%, four; 13%, five; and 2%, six.
- > Sixty-six boards impose different limits for directors who are fully employed executives or CEOs of public companies; in these cases, the most common cap is two outside boards.
- > In a growing trend, 21% of boards now limit other audit committee memberships for their own audit committee members. Most of them set the cap at two, and a few at three.



### More companies revealing director recommendation sources

- > More companies are disclosing their sources of director recommendations in their proxy statements. We were able to extract this information for 192 new independent directors, or 51% of all new appointees.
- > 60% of director nominations came from executive search firms, 21% from nonmanagement directors and 20% from insiders (i.e., the company CEO and other executives, controlling shareholders, management directors).
- > CEOs are slowly becoming a less prominent source of director recommendations: from 14% in 2005 (the first year we tracked this data) to 9% in 2008.



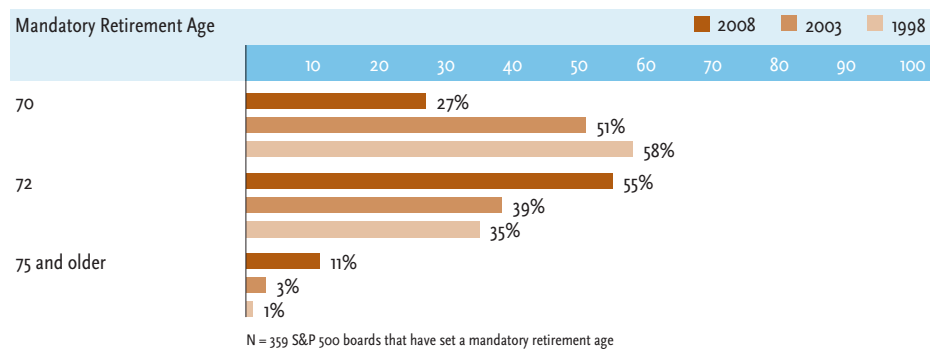
## Board Composition

### Boards continue to value contributions of older directors

- > The average age of independent directors on S&P 500 boards, now at 61.2, has inched up gradually over the past decade.
- > On average, boards are becoming older: 26% have an average age of 64 or older, nearly double the share 10 years ago.
- > Among newly appointed independent directors, the average age is 57, up from 56 in 1998.

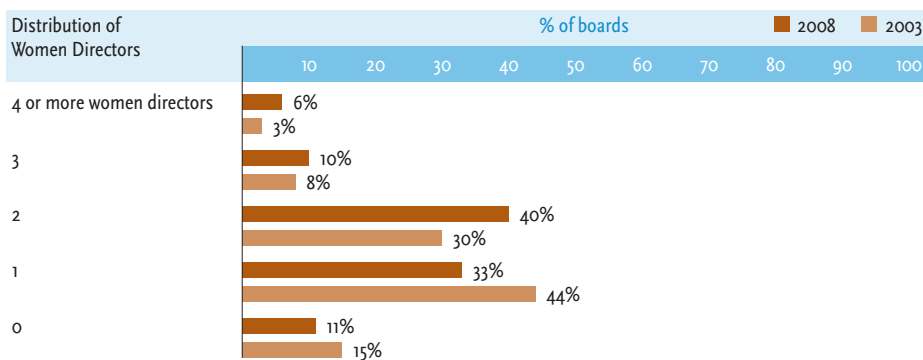
Average Age of Independent Directors	2008	2003	1998
	<b>Years</b>		
Average age	61.2	60.3	60.0
Minimum average age	49.0	48.0	48.0
Maximum average age	74.0	71.0	70.0
<b>Percentage of all S&amp;P 500 boards with average age . . .</b>			
59 and younger	28%	39%	39%
60 - 63	46%	47%	46%
64 and older	26%	14%	14%

- > Mandatory retirement ages are far more prevalent than they were five or 10 years ago: 74% of boards now have such a rule in place, vs. 66% in 2003 and 45% in 1998.
- > Among the 359 boards that have set a mandatory retirement age, 55% put it at 72, while 27% put it at 70 and 11% at 75 or older. Five and 10 years ago, these numbers were very different.
- > Still, many boards make exceptions to the mandatory retirement age rule when they want to retain directors with valuable experience.



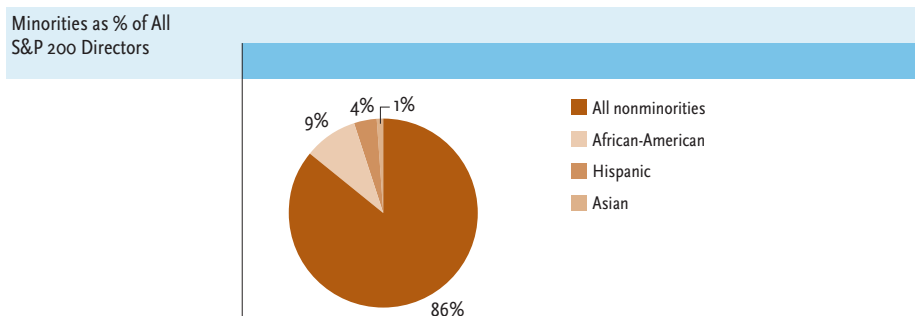
### Slight dip in number of women directors

- > Women sit on nearly 89% of all S&P 500 boards, representing a slight dip from 2007 but an increase from 85% in 2003.
- > 56% of S&P 500 companies have two or more women on the board, and 16% have three or more. This compares with 41% and 11%, respectively, in 2003.
- > The proportion of women among all independent directors remains at 15.7%, up from 13.1% in 2003.



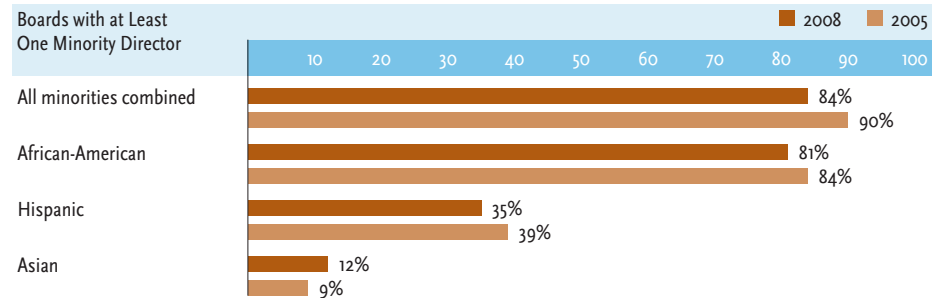
### Minority, international representation still not growing

- > Among the boards at the largest 200 of the S&P 500 companies, minorities (including African-Americans, Hispanics and Asians) account for nearly 14% of all directors, down one percentage point from 2005.<sup>1</sup> 84% of these boards have at least one minority director.
  - 9% of directors are African-American, and 81% of boards have at least one African-American director, down from 84% in 2005.
  - About 4% of directors are Hispanic. 35% of boards have at least one Hispanic director, down from 39% in 2005.
  - About 1% of directors are Asian. 12% of boards have at least one Asian director, up from 9% in 2005.



<sup>1</sup>2005 data from *Spencer Stuart 2006 Board Diversity Report*.

## Board Composition



- > 47% of the top 200 companies have at least one director from outside the U.S. This is down slightly from 50% in 2007 but up from 45% in 2005, the first year tracked.
- > Non-U.S. directors account for 6.4% of all directors on these boards, up from 5.9% in 2005.
- > Of this group, 24% come from the U.K., 14% from Canada, 9% from both Germany and India, 7% from France and 5% from both Australia and the Netherlands. The rest come from 18 other countries.

### Continuing trend toward CEO as sole board insider

- > The CEO is the only nonindependent director on nearly 44% of S&P 500 boards, up from 35% in 2003 and 23% in 1998. The percentage has been rising gradually since 1998, the first year we began tracking this.
- > As boards get older, CEOs are getting slightly younger. The average age of CEOs remains steady at 55.4; 10 years ago, the average age was 57.
- > While CEO tenure has not changed much in recent years, it has gotten shorter over the past decade. Sitting CEOs have been with their companies for an average of 14.4 years and in the top spot for 6.4 years on average, about the same as in 2003. However, looking back 10 years, these averages were 17 and 7 years, respectively.
- > Outside board service by CEOs is declining. On average, CEOs now serve on 0.7 other boards, down from one in 2003 and two in 1998.

### Women CEOs more likely to have women as independent directors

- > As of June 2008, 14 women serve as CEOs, compared with nine in 2003 and just four in 1998.
- > Companies led by women are more likely to have more women directors on their boards: all have at least two (including the CEO herself), and several have as many as five or six women directors.
- > The average number of women directors in women-led companies is 3.7 (including the CEO), vs. 1.6 for all S&P 500 companies.

S&P 500 Female CEOs and Their Boards	Company	CEO	Total Directors	Women Directors	Women Directors as % of Total
	Archer Daniels Midland	Patricia A. Woertz	9	3	33%
	Avon Products	Andrea Jung	10	5	50%
	Citizens Communications*	Mary Agnes Wilderotter	12	5	42%
	Kraft Foods	Irene B. Rosenfeld	12	5	42%
	The New York Times Company	Janet L. Robinson	15	5	33%
	PepsiCo	Indra K. Nooyi	12	3	25%
	Reynolds American	Susan Ivey	11	2	18%
	Safeco Corporation**	Paula Rosput Reynolds	12	2	17%
	Sara Lee Corporation	Brenda C. Barnes	10	3	30%
	The TJX Companies	Carol Meyrowitz	12	3	25%
	WellPoint	Angela F. Braly	17	6	35%
	Wendy's International***	Kerrii B. Anderson	13	3	23%
	Western Union	Christina A. Gold	9	3	33%
	Xerox Corporation	Anne M. Mulcahy	10	4	40%
	<b>Average % women for companies with women CEOs</b>				<b>32%</b>
	<b>Average % women for all other companies</b>				<b>15%</b>

\* Changed company name to Frontier Communications Corporation as of July 31, 2008.

\*\* Acquisition by Liberty Mutual closed September 22, 2008. Reynolds stepped down as CEO; board composition may change.

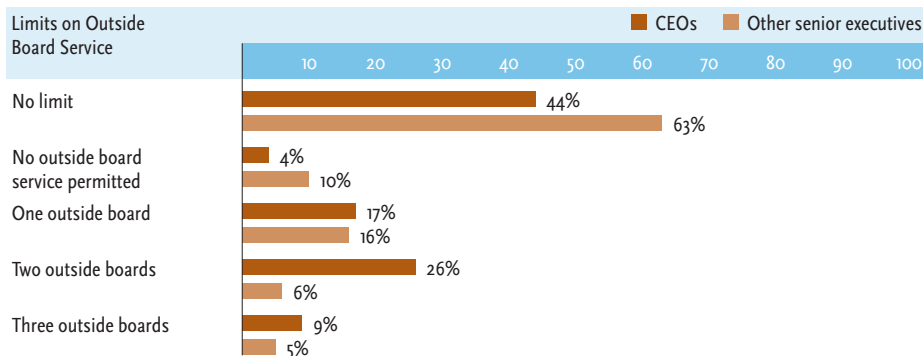
\*\*\* Acquisition by Triarc closed September 15, 2008. Anderson stepped down as CEO; board composition may change.



#### ADDED PERSPECTIVE

### Spencer Stuart Governance Survey: Limits on outside board service for CEOs and other senior executives

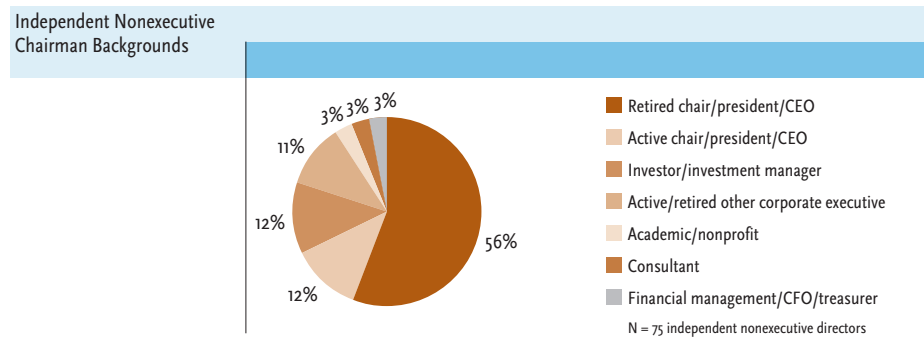
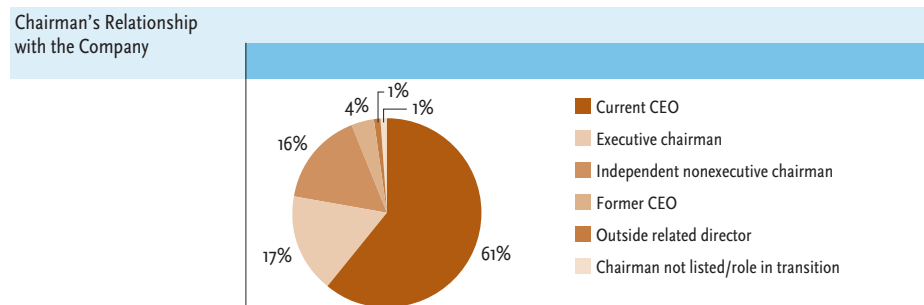
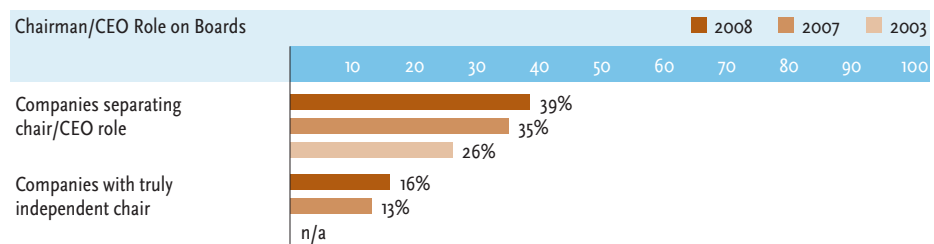
- > 56% of the boards we surveyed limit the number of other public-company boards on which their CEO may serve. Of this group, 4% do not allow their CEOs to serve on any other boards, while 17% limit outside service to one board, 26% to two boards and 9% to three.
- > Board service restrictions for other senior executives are less common: 37% of respondents have such rules. 10% do not permit any outside directorships, while 16% allow executives to serve on one board; 6% allow two boards and 5%, three.



## Board Composition

### Increasing separation of chairman and CEO roles; more independent chairs

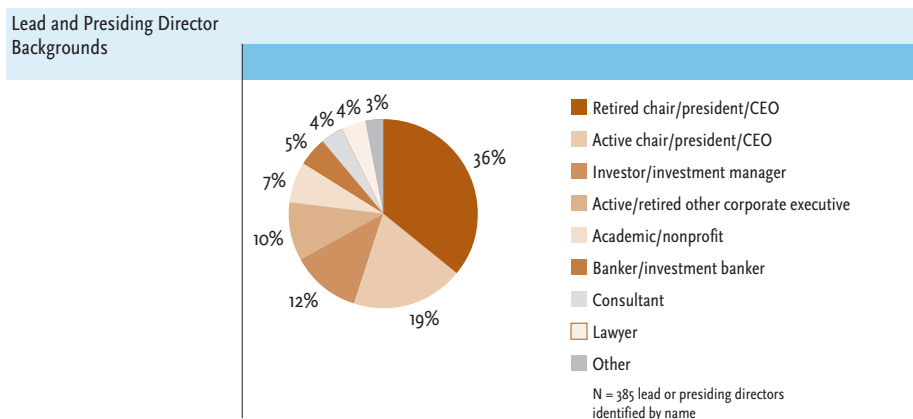
- > Over the past 10 years, S&P 500 boards have moved slowly but steadily toward separate chair and CEO roles. While 61% (296 companies) still have a combined chair/CEO, down from 65% in 2007 and 84% in 1998, 39% (186 companies) now separate these roles.
- > Of those that split the roles, 105 have a nonindependent chair (up from 96 last year) and 75 have an independent chair (vs. 60 last year). Six companies did not list a chairman or the role was in transition. Therefore, 16% of boards (75 out of 482) have a truly independent chair, up from 13% last year.
- > Among the 105 companies where the chairman is not independent, 80 are current or former company executives, 21 are former company CEOs, and 4 are outside related directors.
- > More than half of independent nonexecutive chairmen are retired chairmen, vice-chairmen, presidents or CEOs.



### Most companies report having lead or presiding director

- > 95% of all S&P 500 companies report having a lead or presiding director, up from 36% in 2003.
- > Of these 458 companies, 187 (41%) have lead directors and 271 (59%) have presiding directors, including those identified as “chair” of executive sessions.
  - Since we started tracking these data in 2004, the number of boards with lead directors has increased by 64%, while the number with presiding directors has decreased by 10%.
  - However, our research suggests that these titles signify different things at different companies, and in some instances the two roles are identical despite the differing titles.
- > Not surprisingly, companies that combine the chair/CEO roles or have a nonindependent chair are more likely to have a lead or presiding director:
  - Among the 296 companies where the chairman is the CEO, 290 (98%) have a lead or presiding director.
  - Among the 105 companies where the chair is separate from the CEO but not independent, 98 (93%) have a lead or presiding director.
- > 55% of lead and presiding directors have experience leading companies. Another 12% are investors or investment managers, and 10% are other corporate executives.
- > 93% of the lead directors and 78% of the presiding directors are identified by name. Companies that rotate the role among their independent board members or committee chairs continue to experiment with different rotation strategies. For example, of the 60 companies that do not have one person named as presiding director, 48 rotate the role at each board meeting.

Lead vs. Presiding Directors	2008	2007	2006	2005	2004
Lead directors	41%	40%	36%	32%	28%
Presiding directors	59%	60%	64%	68%	72%
Total	458	448	463	447	414





ADDED PERSPECTIVE

### Spencer Stuart Governance Survey: Board leadership roles and responsibilities

#### Leadership roles

> In the past year, 10% of respondents have separated the CEO and chair roles, while 5% have combined them. In most cases, the separation of roles was triggered by a CEO transition.

#### Responsibilities

> Among the 81 companies in our survey group that have a combined chair/CEO role, more than half say that the lead or presiding director has primary responsibility for leading the CEO's evaluation, overseeing board and director evaluations, coordinating the activities of independent directors, advising or commenting on the quality, quantity and timeliness of information from management, and recommending retention of consultants to the board.

> Among the 30 companies that have a nonexecutive chair, more than half say that person typically takes the lead on all of these activities, as well as on recommending membership of board committees and interviewing board candidates.

> When companies have both a lead or presiding director and a nonexecutive chairman, these responsibilities are sometimes carried out by one and sometimes by the other.

> In all cases, CEOs retain primary responsibility for representing the board with management and the public, facilitating communication between the board and investors and developing board agendas.

#### Time spent on board business

> Nonexecutive chairs appear to spend significantly more time on board business than lead or presiding directors and other independent directors. More than half of our survey respondents say their nonexecutive chairs spend an additional four or more days per month above and beyond the time put in by other directors. 90% of lead or presiding directors spend up to three additional days per month on board responsibilities.

Additional Days Spent  
on Board Business

	1	2-3	4	5+
Nonexecutive chair	27%	22%	16%	35%
Lead or presiding director	52%	38%	4%	6%

N = 124 survey respondents

## The Evolving Landscape for Corporate Governance

The capital markets are having an enormous impact on the performance of organizations, corporate governance and what goes on in the boardroom, argues Ira M. Millstein, senior partner of Weil, Gotshal & Manges LLP and senior associate dean for corporate governance at the Yale School of Management. Historically, he says, corporate governance was “largely an internal affair — it affected shareholders and boards but was not a matter of major economic concern. But now there are people all over the world — including current and would-be presidents, prime ministers and legislators — talking about corporate governance and its impact on the economic well-being of the world.”

According to Millstein, “we are now in another watershed period in the long trek of corporate governance evolution.” Why did this happen? As Millstein describes it, the explosion of capital market players such as hedge funds, private equity funds, state-owned enterprises, sovereign wealth funds, and pension and mutual funds has created a tremendously complex ownership landscape: “Corporations and their boards now must contend with a ‘zoo’ of owners with different colors, stripes, teeth, sensors, claws, vision, strength, will and attitudes. The crossovers, combinations and permutations are huge and varied. And these owners are not of a single mind in what they value and want.” Complicating this landscape is a blizzard of new financial instruments, many of which people don’t understand.

As a result, he says, “We may need a new paradigm in the boardroom. Directors look at these many different groups of owners and wonder, how we can be fair to all shareholders at once? What is shareholder value from the perspective of one investor who will profit from driving the share price down, another who wants to take the company private, another looking for instant cash and one more who is thinking about long-term growth? How do we serve so many masters? What is our fiduciary duty in this environment? Does that concept include ‘mediation,’ or deliberately favoring one set of shareholder values over another? Perhaps, but what’s the process?”

These questions bear on almost everything a board does: “With every decision — declaring dividends, buying back stock, expansions, shutdowns, mergers and acquisitions — boards need to think about what the reactions will be in terms of their many owners.”

Millstein suggests that boards need better guidance from policy makers: “We need to find ways to reform the capital markets so they actually serve the corporations that perform for the whole economy. We cannot continue to allow productive corporations, which provide the jobs and economic growth vital to the whole world’s well-being, to remain as the tail on the dog of the new volatile capital market.” At the same time, he says, we need a holistic approach: “The issues we face are intimately interconnected on a global scale, and the solutions should not be developed in a piecemeal fashion. In my view, this needs to be done by the OECD or by a joint effort of international policymakers.”

*“Directors look at these many different groups of owners and wonder, how we can be fair to all shareholders at once? What is our fiduciary duty in this environment?”*

— IRA M. MILLSTEIN  
Senior Partner, Weil, Gotshal & Manges LLP  
Senior Associate Dean for Corporate Governance,  
Yale School of Management



In addition to new international guidance, and, if necessary, regulation, Millstein stresses the need to ensure that boards themselves are up to the “delicate but critical” task of mediating different shareholder concerns and objectives. “Boards today need to be ever more nimble, comprehensive and aware of the complexity of their environment. We need to find, vet and elect the high caliber of directors needed for this new role and era. Executing new concepts of fiduciary duty and good faith is a task for the best we can find.”

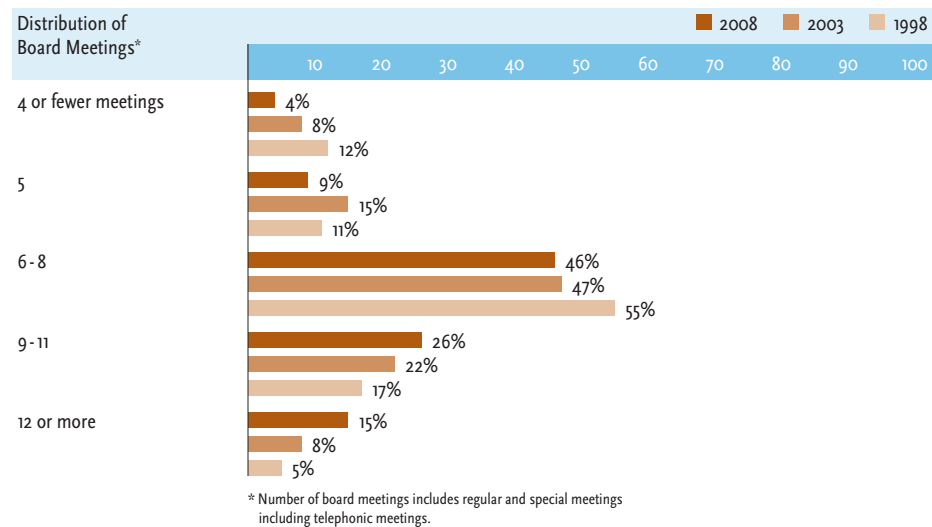
## Board Organization and Process

### 2008 SNAPSHOT

- Slight rise in number of board meetings
- 90% of boards subject to performance evaluation
- Audit committees are meeting less often; compensation committees are meeting more
- Retired and active top executives remain top choices as committee chairmen

### Number of board meetings inching up

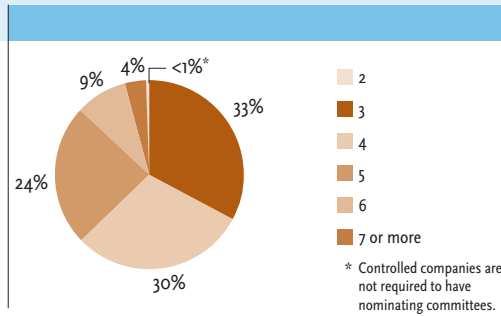
- > On average, boards meet 8.7 times per year, up from 7.8 in 2003 and 7.0 in 1998.
- > Nearly half of boards meet between six and eight times a year, but more than 40% meet more frequently than that.
- > 15% of boards meet 12 or more times, up from 8% in 2003 and 5% in 1998



### Few changes in committee structure

- > S&P 500 boards continue to have an average of 4.2 standing committees. Ten years ago, the average was 5.0.
- > One-third of boards list just the three mandatory committees (compensation/HR, audit, and nominating/governance), while 30% list four committees and 24% list five.
- > Executive and finance committees are most prevalent among boards that have more than three committees. However, the number of executive committees has declined steadily over the past five years, as management makes better use of technology to enable decision making by the full board.

Number of Standing Committees



**Committees becoming more independent**

- > Committees charged with financial issues, public policy or social and corporate responsibility, science and technology, investments and pensions, and strategy and planning are more independent than they were five years ago.

Prevalence and Independence of Standing Committees

	2008	2003	2008	2003
	% with this committee		% composed entirely of independent directors	
Audit	100%	100%	100%	98%
Compensation/HR	100%	100%	100%	96%
Nominating/governance	99%	98%	100%	91%
Executive	38%	47%	7%	2%
Finance	34%	33%	69%	62%
Public policy/ social & corporate responsibility	11%	15%	82%	79%
Science & technology	6%	6%	82%	78%
Legal/compliance	4%	n/a	90%	92%
Environment, health & safety	4%	5%	76%	79%
Investment/pension	4%	7%	78%	69%
Risk	3%	n/a	53%	n/a
Strategy & planning	3%	3%	43%	33%
Acquisitions/corporate development	2%	n/a	33%	n/a

### Audit committee meetings down; compensation committee meetings up

- > On average, audit committees meet 9.1 times a year, down slightly from a peak of 9.5 in 2006 and 2007.
- > However, 29% of audit committees convened 11 or more times in 2008, and one met 28 times.
- > Compensation committees are meeting more frequently: 6.6 times on average in 2008, vs. 5.8 times in 2005.
- > 30% of compensation committees met eight or more times in 2008, up from 19% a year ago, and one met 21 times.
- > The average number of nominating/governance committee meetings dipped from five in 2007 to 4.5 in 2008.

Distribution of Committee Meetings\*

	Audit Committee	Compensation Committee	Nominating/Governance Committee
3 or fewer meetings	1%	8%	27%
4	4%	13%	27%
5	8%	17%	22%
6	9%	18%	12%
7	8%	14%	6%
8 - 10	41%	23%	5%
11 - 13	21%	5%	0%
14 or more	8%	2%	1%

\* Number of committee meetings includes regular and special meetings including telephonic meetings.

### Most “Big 3” committee chairs are retired or active top executives

- > 43% of all audit committee chairmen are retired or active company chairmen, presidents and CEOs. Active or retired CFOs, treasurers and financial managers chair 15% of audit committees, followed by accountants and investors at 9% and 8% respectively.
- > Likewise, retired and active chairmen, presidents and CEOs are most in demand as chairmen of compensation and nominating/governance committees. Together, these groups make up 60% of compensation chairmen and 48% of nominating chairmen.
- > The next most sought-after chairman candidates are other corporate executives (both active and retired) for compensation committees and academics and nonprofit executives for nominating committees.

Chairman Backgrounds on "Big 3" Committees\*

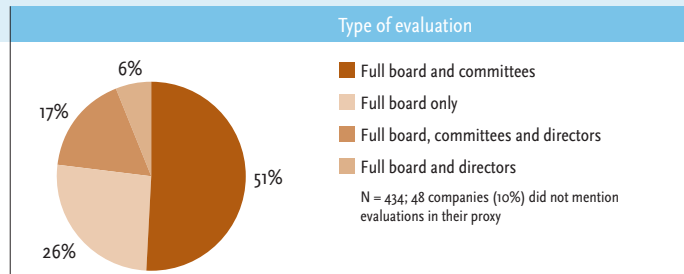
	% of chairmen		
	Audit Committee	Compensation Committee	Nominating/Governance Committee
Retired chair/president/CEO	28%	35%	25%
Active chair/president/CEO	15%	25%	23%
CFO/treasurer/financial manager	15%	1%	1%
Accountant	9%	1%	1%
Investor/investment manager	8%	8%	10%
Other corporate executive	6%	12%	9%
Academic/nonprofit	6%	5%	12%
Banker/investment banker	6%	4%	4%
Consultant	4%	5%	7%
Lawyer	2%	2%	6%
Other	1%	2%	2%
<b>Total number of boards reporting this information</b>	<b>465</b>	<b>456</b>	<b>444</b>

\* Except where noted, all include both active and retired executives.

### Most boards subject to performance evaluation

- > 90% of all S&P 500 boards undergo an annual performance evaluation, but there is wide variation in what gets evaluated.
  - Slightly more than half of boards conduct annual evaluations of both the full board and individual committees.
  - Only 17% of boards review performance at every level: the full board, committees and individual directors.
- > Individual director evaluations are typically conducted when a director's term is expiring and s/he would be standing for reelection to the board.

Board, Committee and Director Evaluations



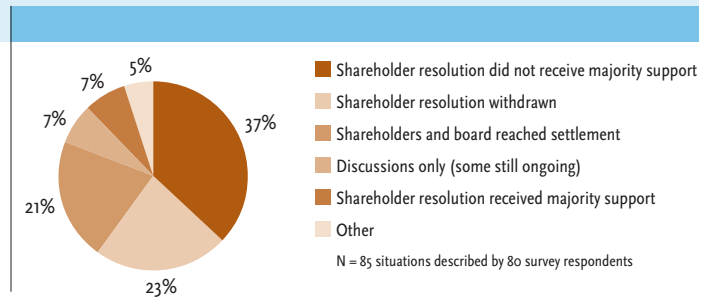


ADDED PERSPECTIVE

Spencer Stuart Governance Survey: Shareholder engagement

- > Only a third of survey respondents report having had no shareholder-initiated contact with their board or management in the 2008 proxy year. More than half say that shareholders contacted management to discuss particular topics or to get on the board’s agenda, while 26% contacted board members directly. Of the latter group, 10% reached out to a committee chairman (most often compensation or governance), 9% contacted the lead or presiding director and 7% contacted the nonexecutive chairman.
- > Topics of greatest interest to shareholders included executive compensation and say on pay (27%), majority voting (23%) and other governance issues, including concerns about board composition (21%). Social and environment issues, potential board directors and company strategy were among the other topics raised by shareholders.
- > The most outspoken shareholder groups included public pension funds (29%), institutional fund managers (22%) and union pension funds (16%).
- > In more than a third of the 85 cases where shareholders initiated contact with the board, a resolution was proposed but failed to win majority support; 23% of shareholder resolutions were withdrawn and just 7% received majority support. In 21% of the cases, the shareholders and board reached a settlement.
- > Nearly 45% of survey respondents say that their management or board reached out to shareholders proactively. Some companies report initiating direct contact with and/or meeting with their largest institutional investors, while others say they reach out to their top 20 or 25 shareholders on a regular basis. In several cases, respondents note that they contacted shareholders to discuss proxy recommendations, to lobby against specific shareholder proposals or to solicit votes for director nominees.

Outcome of Shareholder Involvement



## Six Years After SarBox, Symbolism Gives Way to Action

For Nell Minow, editor and founder of The Corporate Library, two recent events stand out as “perhaps the most monumental” in her 20-plus years in corporate governance — and that includes Sarbanes-Oxley.

First was the board resignation of the finance committee chair of Washington Mutual, after failing to receive a majority vote from shareholders. “We’re moving quickly to the point where it will be unthinkable for directors not to resign if they don’t get a majority, even though these votes are nonbinding,” says Minow. “Once we see more directors resigning immediately — without ‘passing Go or collecting \$200’ — it means that shareholders will start thinking about majority voting as a process that has real meaning and is no longer just symbolic. More institutional shareholders will think about withholding their votes, and the calculus will change dramatically.” Eventually, she believes, D&O insurers won’t be willing to insure directors who don’t get a majority vote.

The second noteworthy event was the resignation of one of Sen. Barack Obama’s advisors on vice-presidential selection, following news that he had received preferential treatment on mortgages from Countrywide Financial. A former Fannie Mae chairman, he had been criticized for serving on the boards of several companies under fire for their compensation practices and for being an overpaid executive himself. In Minow’s view, “This resignation sends a powerful message to corporate America that dramatic change is under way: no matter who is elected in November, we will see much greater scrutiny of presidential appointees from the private sector.”

Beyond these two milestones, Minow notes the changing relationship between boards and shareholders and growing acknowledgment of the need for better communications. Citing Pfizer as a model, she believes that shareholder meetings such as the one Pfizer initiated in 2007 will likely become routine in the future, and that shareholders will come to expect them. However, she is frustrated by CEOs who see these meetings as a waste of time because shareholders don’t

want to talk about the company’s products or its strategy: “CEOs need to understand that corporate governance — not strategy — is the primary item on the agenda. Shareholders want to know how you decide who’s on the board and whether those are the right people. They also are concerned about the director nomination process and shareholders’ ability to include proposals in the proxy.”

*“We’re moving quickly to the point where it will be unthinkable for directors not to resign if they don’t get a majority.”*

— NELL MINOW  
Editor and Founder,  
The Corporate Library



Minow sees “a sense of harmonic convergence on social, environmental and corporate governance issues,” all of which she views as coming under the umbrella of risk assessment: “For example, with growing environmental concerns and the rising interest in green products, companies should be looking at whether they are branding and marketing properly. At the same time, national-security-related social issues are becoming increasingly important, and investors need to look at who the companies in their portfolios are doing business with. This is a social, financial and risk issue all at once.”

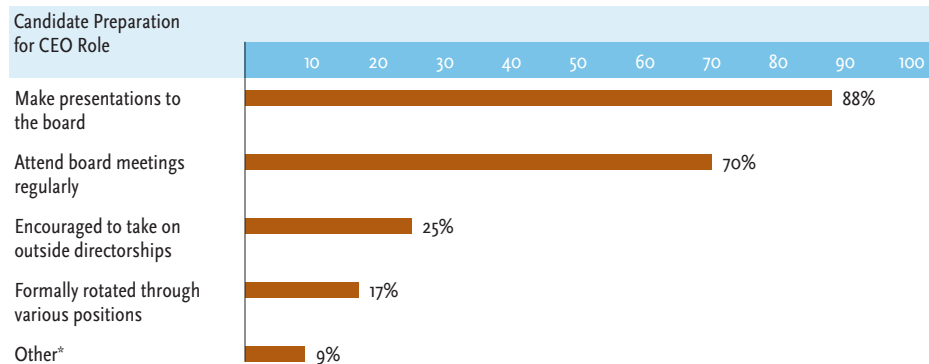
Still, Minow says that the #1 issue will continue to be executive compensation: “The more research we do on this subject, the more we find that compensation is the single biggest predictor of insurance and investment risk.” She also expects to see a lot more pressure on compensation committees: “It used to be that directors didn’t want to serve on the audit committee; now it’s the compensation committee they’re avoiding.”



ADDED PERSPECTIVE

Spencer Stuart Governance Survey: CEO succession planning

- > CEO succession is an annual discussion topic at 61% of responding companies and on the board agenda more than once a year at 34% of companies.
- > 86% of our survey respondents now have an emergency succession plan in place, up from 75% last year. 71% have a long-term plan.
- > More than half of survey respondents — up from less than 20% last year — say that the full board has primary responsibility for CEO succession planning. Other companies charge the compensation committee (24%) or the nominating/governance committee (21%) with this task.
- > At many companies, CEOs are deeply involved in planning the succession process and/or in suggesting and evaluating internal candidates. Remarkably, 40% of respondents say that the current CEO leads the process and another 40% say he or she is involved at the same level as all other directors. More than 60% say that the CEO suggests internal candidates to the board or committee handling succession and contributes to their evaluation.
- > Of the 44% of respondents that use a formal process to review potential internal successors, 62% say the process includes benchmarking of internal candidates against external ones.
- > 21% of boards surveyed use an outside firm or third party to assist with succession planning — designing the overall plan, developing the position specification, and searching for and assessing candidates.
- > Boards use a variety of approaches to prepare high-potential executives for the CEO role. Many ask top internal candidates to make presentations to the board (88%) and to attend board meetings regularly (70%). A quarter of our respondents encourage candidates to serve on outside public-company boards as a means of gaining broader leadership exposure, and they say that candidates are currently serving on outside boards.



N = 265 answers from 127 companies

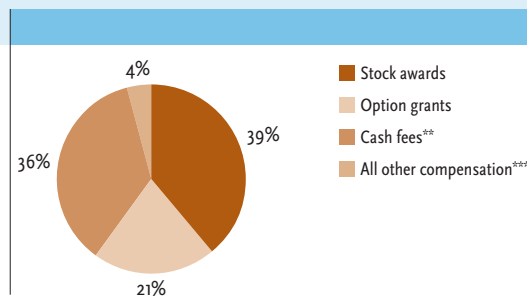
\* For example, candidates meet the board in informal settings and take on assignments with increasing responsibility or exposure to different parts of the business.

- Average director compensation package close to \$218,000
- 60% paid in equity
- Cash retainers continue to supplant meeting fees
- More differentiation in compensation for leadership and committee roles
- Stock option programs giving way to new and/or increased stock grants
- Significant differences among industries

**Total compensation approaching \$2 million per board**

- > Across industries, the all-inclusive average compensation for S&P 500 directors is \$217,674. This brings the annual price tag for board-related compensation to nearly \$2 million, based on an average board size of nine independent directors.
- > 60% is paid in equity, with stock awards accounting for 39% and option grants for 21%.
- > Within the cash component, we continue to see a trend away from meeting fees to retainers for committee leadership and service.
- > Likewise, the shift from stock option programs to stock grants persists. Nearly three-quarters of companies grant shares to directors, up from less than half in 2003. Stock options, meanwhile, are offered by just 40% of companies, down from 74% five years ago.

Breakdown of Average Director Compensation\*



\* Based on nonemployee director compensation tables included in 469 proxies for 2008. Includes all board and committee retainers and meeting fees, nonexecutive chairman and lead/presiding director supplemental fees when applicable, the value of equity compensation and all other compensation paid to nonemployee directors in 2008. Retiring and new directors are included when paid compensation in the relevant year.

\*\* Includes deferred compensation amounts.

\*\*\* Includes, for example, insurance premiums, charitable award programs and the incremental cost to the company of products provided.

## Director Compensation

### Changes in Nonemployee Director Compensation

	2008	2003	2008	2003	2003–08
	% of boards paying this type		Average paid		% change in value
Board retainer	100%*	100%*	\$74,872	\$43,667	71%
Board meeting fee	45%	69%	\$2,036	\$1,622	26%
Committee chair retainer	89%	65%	\$10,671	\$6,745	58%
Committee member retainer	31%	15%	\$6,971	\$5,231	33%
Committee meeting fee	47%	67%	\$1,568	\$1,289	22%
Stock option program	40%	74%	\$45,766	n/a	n/a
Stock grants paid in addition to retainer	74%	47%	\$84,927	n/a	n/a

\* Rounded up from 99.8% in both 2008 and 2003; one board (DR Horton) does not pay a retainer but it pays \$10,000 per meeting.

### Board retainers continue to climb

- > Annual cash retainers climbed 9% last year, reaching an average of \$74,872. Since 1998, retainers have increased by nearly 135%.
- > The median annual retainer has doubled over the past 10 years, from \$30,000 to \$60,000. Five years ago it was \$40,000.
- > Retainers now range from a minimum of \$10,000 to a maximum of \$280,000. Companies with the highest retainers pay partly in equity, and none pay meeting fees.
  - At the low end, 24% of boards pay retainers of less than \$50,000, compared with 88% of boards 10 years ago.
  - At the high end, 18% of boards pay \$100,000 or more; none did so in 1998.

### Board meeting fees becoming rarer

- > The long-term trend toward higher retainers in lieu of meeting fees continues: 45% of boards pay meeting fees, down from 69% five years ago and 81% 10 years ago.
- > Of those that do provide meeting fees, 36% pay \$1,500 per meeting while 33% pay \$2,000. Another 14% pay between \$2,000 and \$3,000 per meeting.
- > The minimum board meeting fee remains at \$750; the maximum is \$12,500.
- > Among the 218 boards that compensate directors for board meetings, 54 boards (25%) pay a lower fee for telephonic meetings. This fee averages \$1,026.
- > 12 boards pay a different fee for special, or unscheduled, board meetings. This number has doubled in the past year.

### Higher committee retainers for audit and compensation

- > Recognizing the substantive work that takes place in committees, more boards are paying retainers to committee chairs and, to a lesser extent, to members. 89% of boards pay retainers to committee chairmen, up from 65% in 2003. Among the 31% of boards that now pay a retainer for all committee members, 88% pay a higher amount to audit committee members.

- > Among the 428 boards that pay retainers to committee chairmen, 82% pay a higher amount to the audit committee chair and 26% pay a higher amount to the compensation committee chair. In both cases, the differential is up four percentage points since last year. The average retainer in these cases is 86% higher for the audit chair and 41% higher for the compensation chair than the average paid to other committee chairmen.
- > While the average committee member retainer is \$6,971, retainers for audit and compensation committee members top \$11,000. Among the 149 boards that pay a committee member retainer, 88% pay audit committee members a higher amount and 20% pay more to compensation committee members.

Committee Retainers				
	2008	2003*	2008	2003*
	Average committee retainers		% of boards paying this type	
All committee members	\$6,971	\$5,231	31%	15%
Compensation committee members	\$11,033	\$8,600	20%	15%
Audit committee members	\$11,301	\$8,077	88%	52%
All committee chairs	\$10,671	\$6,745	89%	65%
Compensation committee chairs	\$15,091	\$11,692	26%	14%
Audit committee chairs	\$19,866	\$14,158	82%	55%

\* 2004 data for compensation committee chairs and members.

### Downtrend in committee meeting fees

- > Less than half of boards still pay committee meeting fees, down from 67% in 2003 and 54% last year.
- > The median fee for all face-to-face committee meetings remains at \$1,500; for audit and compensation committees, the median is \$2,000.
- > 25% of boards pay committee members for telephonic meetings, with \$750 being the most common amount (\$1,000 for audit committee members).
- > Among the 226 boards that pay committee meeting fees, 15% pay more to audit committee members, who receive an average \$2,402 per meeting. This is 53% higher than the average fee of \$1,568 paid to members of all committees.
- > As committee chair retainers become more prevalent, meeting fees for chairmen are becoming rare. Among the same group of 226, just 20 boards (9%) pay meeting fees to all committee chairs, and seven of these pay higher meeting fees to audit committee chairs. In these cases, the respective median fees are \$2,500 and \$4,000.

## Director Compensation

### Stock grants much more common than options

- > A growing number of boards have eliminated stock option plans in favor of new and/or increased stock grants. 40% of S&P 500 companies now offer option plans, down from a peak of 77% in 2002.
- > In addition to paying a cash retainer, 74% of boards now provide equity in the form of stock grants, up from 47% in 2003. 18% pay equity as part of the retainer.
- > 58% of boards allow directors to elect to receive their compensation in cash, stock or stock units. Only 5% allow stock options as an alternative.

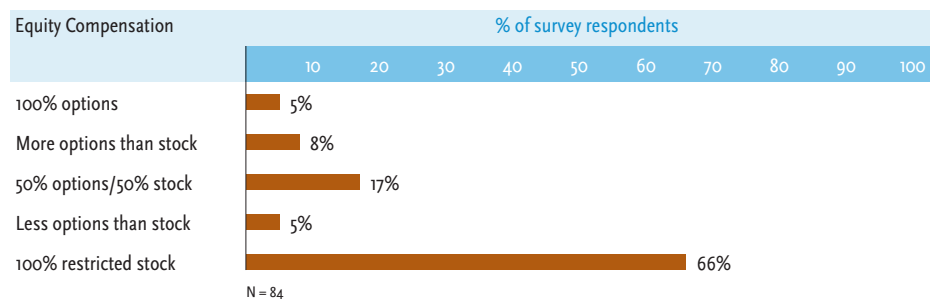
Equity Compensation	% of boards		
	2008	2003	1998
Stock option program exists	40%	74%	53%
Equity paid in addition to retainer	74%	47%	38%
Equity paid as part of retainer	18%	25%	23%
Director can elect to receive compensation in cash, stock or stock units	58%	59%	15%
Director can elect to receive compensation in stock options	5%	12%	n/a



#### ADDED PERSPECTIVE

### Spencer Stuart Governance Survey: Equity compensation

- > In line with our proxy analysis, most of our survey respondents favor restricted stock over stock options to reward their directors.
- > Two-thirds use 100% restricted stock, while 17% opt for a 50/50 split and only 5% rely completely on options.



### Rise in disclosure of share ownership guidelines

- > Close to three-quarters of boards, an all-time high, disclosed share ownership guidelines for directors in the 2008 proxy season.
- > 74% of companies offer deferred compensation plans, up slightly from 72% in both 2003 and 1998.

## Director compensation varies widely across industries

- > Based on industry averages, the most lucrative director compensation packages — topping \$227,000 — are offered by energy, transportation, technology and healthcare companies.
- > Cash fees range from 28% to 47% of the total across industries, with the highest in utilities and basic materials and the lowest in technology and transportation.
- > The value of stock awards ranges from 22% to 52% of the total, while the value of option grants ranges from 2% to 47%. Stock awards are most commonly used by conglomerates and energy companies, while options are most in favor in transportation and technology firms.

Average Compensation per Nonemployee Director by Industry\*

	Total average compensation	% of total compensation			
		Cash fees**	Stock awards	Option grants	All other comp.***
Basic materials	\$175,425	44%	36%	10%	10%
Capital goods	\$217,452	41%	41%	12%	6%
Conglomerates	\$218,712	33%	52%	2%	13%
Consumer/cyclical	\$195,457	43%	30%	22%	5%
Consumer/non-cyclical	\$204,362	40%	42%	13%	5%
Energy	\$317,937	30%	49%	17%	4%
Financial	\$214,275	39%	43%	12%	6%
Healthcare	\$259,875	32%	31%	33%	4%
Services	\$189,579	36%	43%	19%	2%
Technology	\$237,839	28%	29%	42%	1%
Transportation	\$260,637	29%	22%	47%	2%
Utilities	\$167,422	47%	43%	3%	7%
<b>Average</b>	<b>\$217,674</b>	<b>36%</b>	<b>39%</b>	<b>21%</b>	<b>4%</b>

\* Based on director total compensation tables included in 469 proxies. Includes all board and committee retainers and meeting fees, nonexecutive chairman and lead/presiding director supplemental fees when applicable, the value of equity compensation and all other compensation paid to nonemployee directors in 2007. Excludes compensation for directors who left the board within the first quarter of the year and for those who joined the board in the last quarter of the year; also excludes retirement payouts to former directors.

\*\* Includes deferred compensation amounts.

\*\*\* Includes insurance premiums, charitable award programs and the incremental cost to the company of products provided to directors.

## Compensation climbing for independent nonexecutive chairmen and lead/presiding directors

- > 89% of the S&P 500 boards that have independent nonexecutive chairmen pay those directors an additional fee.
- > The average fee for nonexecutive chairmen is \$165,402, a 16% increase since last year, and the median is \$135,000, up 29% from last year. However, these fees are highly variable, ranging from \$10,000 to \$800,000.
- > Additional compensation for lead and presiding directors is rising. Among the 458 boards with these roles, 35% pay additional cash retainers of \$24,331 on average; this amount is up 8% since 2007.
- > Retainers are far more prevalent for lead directors (60%) than for presiding directors (18%), which makes sense given that the latter role is more often rotated among directors.

Over the last few years shareholder activism has grown considerably. Whether it is calls for “say on pay,” separation of the chairman and CEO roles or a greater role for shareholders in the board nomination process, shareholders continue to agitate for changes in the boardroom. With this heightened activism, some directors may be worried that shareholders are encroaching on issues that are traditionally reserved for the board. Stephen L. Brown, director and senior counsel, corporate governance for TIAA-CREF, is quick to answer: “Yes, we are in the midst of a new era of investor activism. No, boards should not be worried.” In fact, Brown argues that boards “should embrace this activism and use this opportunity to review their governance practices.”



*“It’s a no-brainer that companies should be communicating on a regular basis with their large institutional investors. It helps us understand whether the board is doing its job and is focused on the right issues.”*

— STEPHEN L. BROWN, *Director & Senior Counsel, Corporate Governance, TIAA-CREF*

Brown believes that the majority of institutional investors have no desire to interfere with the board’s duty to manage the affairs of the company. “Investors should not try to usurp the board’s role as overseers of management,” he says. “However, we do expect boards to demonstrate that they are actually performing their duties in our best interest.”

But how do boards demonstrate that they are doing their jobs? According to Brown, “besides economic performance, the exercise of basic governance best practices provides indications that the boardroom has a shareholder-centric atmosphere for decision making. For instance, one of

the best litmus tests on whether a company gets the concept of good governance is whether it has adopted a majority voting standard for directors in uncontested elections.” Noting that more than two-thirds of the S&P 500 companies have already adopted majority voting, Brown says, “When we see a company that still has plurality voting, that’s a red flag.”

Brown describes other important corporate governance practices, such as strong independent leadership in the boardroom and executive compensation policies aligned with long-term shareholder value creation. In his view, these governance practices are simple mechanisms to ensure that boards are accountable: “When these mechanisms are not there, it is a signal for investors to exercise greater scrutiny into board practices. As Ronald Reagan put it, ‘Trust, but verify.’ Investors are not in the boardroom so we have to trust directors to oversee management. However, investors in the post-Enron, current credit crisis era are painfully aware of the importance of verifying that directors are providing the appropriate checks and balances on management.”

Reflecting on what the next wave of change is likely to bring, Brown expects the board-shareholder dialogue to evolve. “Periodic constructive dialogue with a company’s largest investors should be the norm. It’s a no-brainer that companies should be communicating on a regular basis with their large institutional investors. It provides the board a chance to hear feedback removed from the adversarial atmosphere of proxy battles and helps us understand whether the board is doing its job and is focused on the right issues.”

In the coming years, says Brown, “we at TIAA-CREF would like to see a broader discussion surrounding best practices in board-shareholder communications. Some companies have already embraced the practice of having independent directors join management in conversations with shareholders. This is a growing trend, but we want to see a sharp increase in the number of companies doing this.”

# Comparative Board Data

**Methodology:** Based on the S&P 500 as of May 31, 2008. Data were culled from the most recent proxies released as of May 31, 2008. Total average compensation per nonemployee director is based on nonemployee director compensation tables included in 469 proxies. The number includes all board and committee retainers and meeting fees, supplemental nonexecutive chairman and lead/presiding director fees, the value of equity compensation and all other compensation paid in 2007. Retiring and new nonemployee directors are included when paid compensation for at least three quarters in 2007.

## Comparative Board Data

Industry/Company	Sales (\$ in billion)	Number of Directors		Independent Directors		Meetings per Year <sup>(a)</sup>	Board Fees				% of Total Compensation			
		Total	Indep.	Average Age	Retirement Age		Board Retainer	Meeting Attendance Fee	Annual Board Fees <sup>(f)</sup>	Total Average Compensation per Nonemployee Director	Cash	Stock	Options	All Other
<b>Basic Materials</b>														
<b>Aerospace &amp; Defense</b>														
Precision Castparts Corp.	5,361.2	8	7	62	71	6	60,000 <sup>c</sup>	–	60,000	116,436	46%	38%	12%	4%
<b>Chemical Manufacturing</b>														
Air Products and Chemicals	10,037.8	12	10	59	72	9	50,000 <sup>b,c,d</sup>	2,000	68,000	194,558	35%	64%	0%	1%
International Flavors & Fragrances	2,276.6	11	10	63	72	7	175,000 <sup>b</sup>	–	175,000	190,707	44%	42%	2%	12%
Monsanto	8,563.0	9	8	62	70	6	165,000 <sup>b,c,d</sup>	–	165,000	172,266	48%	52%	0%	0%
PPG Industries	11,206.0	10	9	60	72	9	165,000 <sup>b,d</sup>	–	165,000	159,229	58%	31%	8%	3%
Praxair	9,402.0	10	9	61	72	7	55,000 <sup>c,d,g</sup>	1,500	65,500	141,612	57%	0%	43%	0%
Sigma-Aldrich	2,038.7	10	8	60	–	6	40,000 <sup>c,g</sup>	3,000	58,000	220,620	29%	21%	50%	0%
<b>Chemicals (Plastics &amp; Rubber)</b>														
Dow Chemical	53,513.0	12	9	59	70	9	70,000 <sup>c,d,g</sup>	45,000 <sup>l</sup>	115,000	223,721	57%	19%	23%	1%
Eastman Chemical	6,830.0	11	10	59	70	7	90,000 <sup>c,g</sup>	–	90,000	162,776	59%	3%	12%	26%
E.I. du Pont de Nemours	30,568.0	12	11	58	70	11	200,000 <sup>b</sup>	–	200,000	249,618	36%	37%	1%	26%
Hercules	2,136.2	10	9	64	–	9	50,000 <sup>c,d</sup>	–	50,000	146,462	62%	22%	15%	1%
Rohm and Haas	8,897.0	12	11	63	70	5	150,000 <sup>b,d</sup>	–	150,000	159,091	50%	50%	0%	0%
<b>Containers &amp; Packaging</b>														
Avery Dennison	6,307.8	11	9	60	72	8	55,000 <sup>c,d,g</sup>	1,500	67,000	203,725	47%	22%	16%	15%
Ball Corp.	7,475.3	10	8	60	–	5	60,000 <sup>c,d</sup>	–	60,000	237,362	25%	46%	0%	29%
Bed Bath & Beyond	6,617.4	11	8	55	–	16	40,000 <sup>c,d</sup>	–	40,000	32,143	100%	0%	0%	0%
MeadWestvaco	6,906.0	12	11	63	72	6	55,000 <sup>c</sup>	–	55,000	146,180	45%	54%	0%	1%
Pactiv Corporation	3,253.0	8	7	61	70	9	55,000 <sup>c,d</sup>	1,000	64,000	128,714	53%	47%	0%	0%
Sealed Air	4,651.2	9	7	65	–	9	90,000 <sup>b,d</sup>	1,500	103,500	108,555	56%	43%	0%	1%
<b>Fabricated Plastic &amp; Rubber</b>														
Ashland	7,819.0	10	9	61	70	7	90,000 <sup>c,d</sup>	–	90,000	n/a	n/a	n/a	n/a	n/a
<b>Forestry &amp; Wood Products</b>														
Weyerhaeuser	16,308.0	11	10	61	72	10	140,000 <sup>b,d</sup>	–	140,000	146,548	51%	49%	0%	0%
<b>Gold &amp; Silver</b>														
Newmont Mining	5,526.0	11	10	64	72	13	80,000 <sup>c</sup>	–	80,000	152,143	54%	45%	0%	1%
<b>Iron &amp; Steel</b>														
Allegheny Technologies	5,452.5	9	8	62	72	6	135,000 <sup>b</sup>	1,500	144,000	116,052	84%	14%	0%	2%
Nucor	16,593.0	8	7	60	70	10	60,000 <sup>c</sup>	–	60,000	171,242	38%	62%	0%	0%
United States Steel	16,873.0	12	11	64	72	11	180,000 <sup>b,c,d</sup>	–	180,000	168,789	47%	53%	0%	0%

a: Includes regular and special meetings; includes telephone meetings and unanimous written consent action when director is paid for such meeting/action.  
b: Equity (stock or stock units) is paid as part of retainer.  
c: Equity (stock or stock units) is paid in addition to stated retainer.  
d: Directors can elect to receive cash compensation fully or partially in stock.  
e: Directors can elect to receive cash and/or stock compensation in stock options.  
f: Retainer plus meeting fees paid

assuming full attendance (excludes committee and special fees).  
g: Stock option program for directors exists.  
h: Dollar value equivalent for retainer not provided in proxy.  
i: Retainer paid 100% in stock.  
j: Directors can elect to receive stock in lieu of stock option grant.  
k: Directors can elect to receive stock retainer fully or partially in cash.  
l: Meeting fee paid as an annual sum instead of on a per meeting basis.  
m: Per meeting fee of \$1,500 for meet-

ings in excess of two per year. Annual board fees include three meetings at \$1,500 each.  
n: Not to exceed \$40,000 per year.  
o: Per meeting fee of \$2,500 for meetings in excess of six per year. Annual board fees include four meetings at \$2,500 each.  
p: Per meeting fee of \$1,500 for meetings in excess of 12 per year. Annual board fees include one meeting at \$1,500.  
q: Per meeting fee of \$2,000 for telephonic meetings. Annual board fees include two telephonic meetings

at \$2,000 each.  
r: Per meeting fee of \$3,000 for telephonic meetings. Annual board fees include six telephonic meetings at \$3,000 each.  
s: Per meeting fee of \$500 for telephonic meetings. Annual board fees include four telephonic meetings at \$500 each.  
t: \$2,000 per meeting attended beginning with the sixth meeting in the year.  
u: Special meeting fee of \$1,500 for a full day and \$750 for a half day or less, subject to an annual maximum of \$25,000, for meetings in excess of six

per fiscal year. Annual board fees include two special meetings at \$1,500 each.  
v: Per meeting fee of \$2,500 for special meetings and each day of the board's annual planning session. Annual board fees include four special meetings and a three-day planning session at \$2,500 per day.  
w: Per meeting fee of \$1,000 for meetings in excess of four per year. Annual board fees include four meetings at \$1,000 each.  
x: Per meeting fee of \$2,000 for meetings in excess of six per year.

Annual board fees include three meetings at \$2,000 each.  
y: Per meeting fee of \$2,000 for meetings in excess of eight per year. Annual board fees include one meeting at \$2,000.  
z: Per meeting fee of \$2,000 for special meetings. Annual board fees include six special meetings at \$2,000 each.  
aa: Per meeting fee of \$750 for telephonic meetings. Annual board fees include seven telephonic meetings at \$750 each.

Industry/Company	Sales (\$ in billion)	Number of Directors		Independent Directors		Meetings per Year <sup>(a)</sup>	Board Fees				% of Total Compensation			
		Total	Indep.	Average Age	Retirement Age		Board Retainer	Meeting Attendance Fee	Annual Board Fees <sup>(f)</sup>	Total Average Compensation per Nonemployee Director	Cash	Stock	Options	All Other
<b>Metal Mining</b>														
Alcoa	30,748.0	13	11	64	75	7	192,500 <sup>b,d</sup>	–	192,500	224,854	87%	0%	0%	13%
Freeport-McMoRan Copper & Gold	16,939.0	16	10	64	72	8	40,000 <sup>c,d,g</sup>	1,500	52,000	480,000	11%	23%	35%	31%
Titanium Metals	1,278.9	7	4	66	–	6	20,000 <sup>c</sup>	1,000	26,000	52,195	67%	33%	0%	0%
<b>Misc. Fabricated Products</b>														
Parker Hannifin	10,718.1	10	9	59	70	7	87,500 <sup>c,d</sup>	– <sup>m</sup>	92,000	147,624	27%	33%	22%	18%
<b>Paper &amp; Paper Products</b>														
International Paper	21,890.0	11	10	57	70	9	200,000 <sup>b,c,d</sup>	–	200,000	218,292	18%	62%	0%	20%
Kimberly-Clark	18,266.0	12	11	59	70	8	80,000 <sup>c</sup>	–	80,000	215,796	31%	56%	0%	13%
<b>Total Basic Materials</b>														
Average		11	9	61	71		97,667		102,767	175,425	44%	36%	10%	10%
Median		11	9	61	72		80,000		83,750	162,776				
<b>Capital Goods</b>														
<b>Aerospace &amp; Defense</b>														
Boeing	66,387.0	11	10	61	72	7	75,000 <sup>c,d</sup>	–	75,000	195,256	35%	57%	0%	8%
General Dynamics	27,240.0	13	12	63	72	8	55,000 <sup>c,d,g</sup>	2,500	75,000	199,369	52%	17%	30%	1%
Goodrich Corporation	6,392.2	11	10	65	72	7	60,000 <sup>c,d</sup>	1,500	70,500	492,070	16%	82%	0%	2%
Honeywell International	34,589.0	10	9	62	72	8	80,000 <sup>c,d,g</sup>	2,500	100,000	247,237	73%	0%	18%	9%
Lockheed Martin	41,862.0	13	12	64	72	10	220,000 <sup>b,d,g</sup>	–	220,000	340,705	33%	60%	5%	2%
Northrop Grumman	32,018.0	11	10	65	72	15	200,000 <sup>b</sup>	–	200,000	214,370	51%	47%	0%	2%
Rockwell Collins	4,415.0	8	6	58	70	8	100,000 <sup>c,d</sup>	–	100,000	159,237	52%	44%	0%	4%
<b>Constr. &amp; Agric. Machinery</b>														
Caterpillar	44,958.0	14	13	62	72	6	90,000 <sup>d,g</sup>	–	90,000	222,243	40%	0%	49%	11%
Deere & Co	24,082.2	13	12	63	71	6	100,000 <sup>c,d</sup>	–	100,000	166,646	51%	45%	0%	4%
<b>Construction (Raw Materials)</b>														
The Manitowoc Company	4,005.0	9	7	64	72	5	30,000 <sup>c,d,g</sup>	1,500	37,500	193,357	27%	33%	40%	0%
Vulcan Materials	3,327.8	11	9	68	72	8	45,000 <sup>c,d</sup>	5,000	85,000	211,249	49%	51%	0%	0%
<b>Construction Services</b>														
Centex Corporation	12,014.6	11	10	59	70	6	100,000 <sup>c,g</sup>	–	100,000	305,210	33%	26%	22%	19%
D.R. Horton	11,296.5	8	5	65	75	6	–	10,000 <sup>n</sup>	40,000	115,295	49%	0%	51%	0%
Fluor	16,691.0	12	11	62	72	8	90,000 <sup>c,d</sup>	–	90,000	220,737	40%	49%	0%	11%
KB Home	6,416.5	10	9	58	72	10	80,000 <sup>c,d,e</sup>	–	80,000	n/a	n/a	n/a	n/a	

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		Total	Indep.	Average Age	Retirement Age		Board Retainer	Meeting Attendance Fee	Annual Board Fees <sup>(f)</sup>	Total Average Compensation per Nonemployee Director	Cash	Stock	Options	All Other
<b>Construction Services (cont'd)</b>														
Lennar	10,186.8	8	7	67	–	8	50,000 <sup>b,d,g</sup>	3,000	74,000	170,980	11%	46%	12%	31%
Pulte Homes	9,256.5	12	9	63	–	7	50,000 <sup>c,g</sup>	1,500	60,500	269,567	36%	36%	28%	0%
<b>Misc. Capital Goods</b>														
Cummins	13,048.0	9	7	62	72	5	150,000 <sup>b</sup>	–	150,000	184,554	45%	41%	0%	14%
Illinois Tool Works	16,170.6	10	9	63	72	6	135,000 <sup>c,d</sup>	–	135,000	173,295	80%	20%	0%	0%
Ingersoll-Rand	8,763.1	11	9	65	73	10	80,000 <sup>c,d</sup>	– <sup>o</sup>	90,000	185,230	51%	49%	0%	0%
Terex	9,137.7	11	10	64	–	7	150,000 <sup>d,e</sup>	–	150,000	167,502	39%	50%	11%	0%
W.W. Grainger	6,418.0	13	11	61	–	5	70,000 <sup>c,d</sup>	–	70,000	132,375	54%	46%	0%	0%
<b>Total Capital Goods</b>														
Average		11	9	63	72		91,364		100,568	217,452	41%	41%	12%	6%
Median		11	10	63	72		80,000		90,000	195,256				
<b>Conglomerates</b>														
<b>Conglomerates</b>														
3M	24,462.0	10	9	62	72	7	205,000 <sup>b,d</sup>	–	205,000	213,892	35%	51%	0%	14%
Dover	7,226.1	12	11	61	–	4	140,000 <sup>b</sup>	–	140,000	146,986	38%	54%	0%	8%
Emerson Electric	22,572.0	12	9	61	72	11	150,000 <sup>b,d</sup>	1,500	166,500	229,757	35%	40%	0%	25%
Fortune Brands	8,052.2	9	7	60	72	6	70,000 <sup>c</sup>	–	70,000	184,552	37%	52%	0%	11%
General Electric	169,974.0	16	13	61	73	13	250,000 <sup>b,d</sup>	–	250,000	363,842	11%	73%	0%	16%
ITT	9,003.3	9	8	58	72	9	90,000 <sup>c,g</sup>	–	90,000	156,569	33%	42%	25%	0%
Raytheon	21,301.0	9	8	62	72	9	65,000 <sup>c,d</sup>	1,500	78,500	198,367	49%	50%	0%	1%
Textron	13,225.0	12	11	63	72	12	215,000 <sup>b,c,d</sup>	–	215,000	231,910	65%	2%	0%	33%
Tyco International	18,781.0	11	10	62	72	11	80,000 <sup>c</sup>	–	80,000	196,657	40%	59%	0%	1%
United Technologies	54,419.0	12	10	62	72	7	220,000 <sup>d</sup>	–	220,000	264,592	12%	83%	2%	3%
<b>Total Conglomerates</b>														
Average		11	10	61	72		148,500		151,500	218,712	33%	52%	2%	13%
Median		12	10	62	72		145,000		153,250	206,129				
<b>Consumer Cyclical</b>														
<b>Apparel/Accessories</b>														
Coach	2,612.5	8	6	54	–	5	30,000 <sup>d,g</sup>	–	30,000	202,886	23%	0%	77%	0%
Jones Apparel Group	3,848.5	8	5	57	–	25	50,000 <sup>c</sup>	2,000	100,000	206,576	49%	46%	0%	5%
Liz Claiborne	4,577.3	10	8	60	72	11	150,000 <sup>b,d</sup>	1,000	161,000	193,598	47%	52%	0%	1%

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Polo Ralph Lauren	4,295.4	12	9	64	—	5	45,000 <sup>c,g</sup>	—	45,000	79,033	65%	0%	35%	0%
VF Corporation	7,219.4	13	11	62	72	9	50,000 <sup>d,g</sup>	1,500	63,500	164,497	47%	0%	51%	2%
<b>Appliance &amp; Tool</b>														
Black & Decker	6,563.2	11	10	64	75	5	220,000 <sup>b,d</sup>	—	220,000	249,740	14%	84%	0%	2%
Snap-on	2,904.2	11	9	63	72	7	75,000 <sup>c,d</sup>	—	75,000	163,520	46%	54%	0%	0%
Stanley Works	4,483.8	8	7	64	72	5	75,000 <sup>c,d</sup>	—	75,000	176,145	46%	54%	0%	0%
Whirlpool	19,408.0	12	10	62	70	6	90,000 <sup>c,g</sup>	—	90,000	187,362	41%	26%	22%	11%
<b>Audio &amp; Video Equipment</b>														
Harman International Industries	3,551.1	7	5	67	—	11	60,000 <sup>g</sup>	—	60,000	477,244	33%	0%	67%	0%
<b>Auto &amp; Truck Manufacturers</b>														
Ford Motor	172,455.0	13	9	61	72	11	100,000 <sup>b,d</sup>	—	100,000	132,163	73%	0%	0%	27%
PACCAR	15,221.7	10	8	63	72	4	75,000 <sup>c,d</sup>	7,500	105,000	206,910	61%	37%	0%	2%
<b>Auto &amp; Truck Parts</b>														
General Motors	181,122.0	14	13	63	72	13	200,000 <sup>b,d</sup>	— <sup>p</sup>	201,500	188,446	76%	0%	0%	24%
<b>Footwear</b>														
NIKE	16,325.9	12	10	61	72	5	50,000 <sup>g</sup>	2,000	60,000	144,189	38%	0%	52%	10%
<b>Furniture &amp; Fixtures</b>														
Leggett & Platt	4,306.4	10	8	64	72	7	50,000 <sup>c,d,e</sup>	—	50,000	131,335	47%	50%	0%	3%
Masco	11,770.0	10	8	61	72	9	80,000 <sup>b,c,g</sup>	1,500	93,500	226,040	34%	13%	53%	0%
<b>Photography</b>														
Eastman Kodak	10,301.0	12	11	58	72	9	70,000 <sup>b,c,d,g</sup>	—	70,000	134,267	56%	25%	16%	3%
<b>Recreational Products</b>														
Brunswick	5,671.2	10	8	63	70	7	100,000 <sup>b,c,d</sup>	—	100,000	151,837	64%	25%	0%	11%
Harley-Davidson	6,143.0	11	8	50	72	5	100,000 <sup>d</sup>	—	100,000	162,599	62%	38%	0%	0%
Hasbro	3,837.6	13	10	60	72	7	55,000 <sup>c,d</sup>	—	55,000	172,756	42%	44%	11%	3%
Mattel	5,970.1	12	11	58	72	8	65,000 <sup>c,d,g</sup>	2,000	81,000	197,673	55%	25%	12%	8%
<b>Tires</b>														
The Goodyear Tire & Rubber Company	19,644.0	11	9	61	70	8	75,000 <sup>c,d</sup>	—	75,000	351,235	22%	74%	0%	4%
<b>Total Consumer Cyclical</b>														
Average		11	9	61	72		84,773		91,364	195,457	43%	30%	22%	5%
Median		11	9	62	72		75,000		78,000	181,754				

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<b>Consumer/Non-cyclical</b>														
<b>Beverages (Alcoholic)</b>														
Anheuser-Busch Companies	16,685.7	14	10	65	72	11	75,000 <sup>c,d</sup>	2,000	97,000	186,712	56%	14%	28%	2%
Brown-Forman	2,218.0	14	7	64	70	8	35,000 <sup>c,d</sup>	5,000 <sup>q</sup>	69,000	89,335	66%	0%	33%	1%
Constellation Brands	5,216.4	8	6	64	70	9	60,000 <sup>c,g</sup>	2,500	82,500	166,936	59%	24%	17%	0%
Molson Coors Brewing	6,190.6	13	8	57	70	9	65,000 <sup>c,d</sup>	–	65,000	199,296	50%	50%	0%	0%
<b>Beverages (Non-alcoholic)</b>														
The Coca-Cola Company	28,857.0	14	11	68	74	7	175,000 <sup>b,i</sup> in stock	–	175,000	194,377	0%	97%	0%	3%
Coca-Cola Enterprises	20,936.0	12	9	58	70	6	91,000 <sup>c,d</sup>	2,000	103,000	216,221	51%	30%	10%	9%
The Pepsi Bottling Group	13,591.0	10	7	58	72	6	70,000 <sup>c,d,g</sup>	–	70,000	217,648	47%	24%	19%	10%
PepsiCo	39,474.0	12	10	61	72	8	100,000 <sup>c,d</sup>	–	100,000	323,491	35%	53%	9%	3%
<b>Food Processing</b>														
Archer Daniels Midland	44,018.0	9	7	54	70	6	200,000 <sup>b,d</sup>	–	200,000	200,000	50%	50%	0%	0%
Campbell Soup Company	7,867.0	16	15	62	72	7	147,600 <sup>b,d</sup>	–	147,600	242,344	42%	40%	18%	0%
ConAgra Foods	12,028.2	10	9	62	72	7	50,000 <sup>c,g</sup>	1,500	60,500	196,051	37%	16%	38%	9%
Dean Foods	11,821.9	12	9	60	70	11	35,000 <sup>c,d,g</sup>	3,000	68,000	225,529	28%	40%	32%	0%
General Mills	12,442.0	13	11	62	70	6	75,000 <sup>c,d,g</sup>	–	75,000	293,487	28%	18%	33%	21%
The Hershey Company	4,946.7	9	8	63	72	11	80,000 <sup>c,d</sup>	–	80,000	n/a	n/a	n/a	n/a	n/a
H.J. Heinz	9,001.6	12	11	60	72	16	85,000 <sup>c,d</sup>	–	85,000	183,768	51%	49%	0%	0%
Kellogg	11,776.0	11	9	63	72	9	70,000 <sup>c,d,g</sup>	–	70,000	210,357	34%	46%	19%	1%
Kraft Foods	37,241.0	12	11	58	75	18	70,000 <sup>c,d</sup>	–	70,000	215,656	47%	48%	0%	5%
McCormick & Company	2,916.2	11	9	59	70	7	45,000 <sup>c,g</sup>	1,500	55,500	145,531	40%	35%	25%	0%
Sara Lee	12,278.0	10	9	61	72	8	75,000 <sup>c,d</sup>	–	75,000	141,294	46%	46%	0%	8%
Tyson Foods	26,900.0	10	6	59	70	6	70,000 <sup>c</sup>	–	70,000	131,544	49%	51%	0%	0%
Wm. Wrigley Jr. Company	5,389.1	10	8	59	70	5	60,000 <sup>c,d,g</sup>	–	60,000	166,230	38%	36%	25%	1%
<b>Personal &amp; Household Products</b>														
Avon Products	9,938.7	10	9	61	70	9	15,000 <sup>b,d</sup>	–	15,000	160,174	36%	56%	0%	8%
The Clorox Company	4,847.0	11	10	59	70	7	75,000 <sup>c,d</sup>	–	75,000	156,850	47%	46%	7%	0%
Colgate-Palmolive	13,789.7	10	8	64	72	11	100% <sup>b,d,g,h,i,k</sup> in stock	1,000	11,000 <sup>plus stock</sup>	221,452	16%	62%	18%	4%
Ecolab	5,469.6	13	9	60	70	6	60,000 <sup>c,g</sup>	–	60,000	163,531	38%	18%	44%	0%
The Estee Lauder Companies	7,037.5	12	7	53	–	7	70,000 <sup>c,e,g</sup>	–	70,000	187,672	42%	15%	36%	7%
Newell Rubbermaid	6,407.3	11	10	58	70	6	60,000 <sup>c,g</sup>	2,000	72,000	168,446	58%	25%	17%	0%
Procter & Gamble	76,476.0	12	9	61	70	7	75,000 <sup>c,d</sup>	–	75,000	228,736	43%	55%	0%	2%

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Industry/Company	Sales (\$ in billion)	Number of Directors		Independent Directors		Meetings per Year <sup>(a)</sup>	Board Fees				% of Total Compensation			
		Total	Indep.	Average Age	Retirement Age		Board Retainer	Meeting Attendance Fee	Annual Board Fees <sup>(f)</sup>	Total Average Compensation per Nonemployee Director	Cash	Stock	Options	All Other
<b>Tobacco</b>														
Altria Group	38,051.0	8	6	63	–	7	100,000 <sup>c,d</sup>	–	100,000	224,414	47%	53%	0%	0%
Reynolds American	9,023.0	11	8	59	70	7	60,000 <sup>c,d</sup>	–	60,000	307,745	28%	71%	0%	1%
UST	1,893.2	9	8	63	72	12	77,000 <sup>c</sup>	–	77,000	366,038	31%	41%	0%	28%
<b>Total Consumer Non-Cyclical</b>														
Average		11	9	61	71		74,159		82,737	204,362	40%	43%	12%	5%
Median		11	9	61	70		70,000		73,500	197,673				
<b>Energy</b>														
<b>Coal</b>														
CONSOL Energy	3,565.5	10	9	63	–	9	80,000 <sup>c,d</sup>	–	80,000	164,244	48%	31%	17%	4%
Peabody Energy	4,574.7	10	9	64	75	11	75,000 <sup>c,g</sup>	–	75,000	148,082	55%	19%	26%	0%
<b>Oil &amp; Gas (Integrated)</b>														
Chevron	203,970.0	15	13	66	72	8	116,000 <sup>c,e</sup>	–	116,000	301,301	28%	65%	7%	0%
ConocoPhillips	171,500.0	17	16	64	72	8	100,000 <sup>c,d</sup>	–	100,000	340,706	31%	52%	0%	17%
Exxon Mobil	361,706.0	11	10	65	72	10	100,000 <sup>c</sup>	–	100,000	409,096	24%	75%	0%	1%
Hess Corporation	31,647.0	13	9	66	–	8	75,000 <sup>c</sup>	2,000	91,000	276,363	44%	54%	0%	2%
Marathon Oil	59,389.0	12	11	62	72	8	125,000 <sup>c,d</sup>	–	125,000	231,295	49%	49%	0%	2%
<b>Oil &amp; Gas Operations</b>														
Anadarko Petroleum	15,916.0	11	8	63	72	5	50,000 <sup>c,d,g</sup>	2,000	60,000	331,659	26%	40%	34%	0%
Apache	9,968.9	12	10	69	–	6	150,000 <sup>d</sup>	–	150,000	174,066	85%	12%	0%	3%
Chesapeake Energy	7,800.0	8	7	68	80	10	50,000 <sup>c</sup>	12,500 <sup>f</sup>	118,000	498,315	24%	59%	17%	0%
Devon Energy	11,362.0	9	7	60	73	8	50,000 <sup>c,g</sup>	2,000	66,000	257,291	27%	27%	46%	0%
EOG Resources	4,038.5	6	5	68	74	7	85,000 <sup>d,g</sup>	–	85,000	417,673	20%	0%	75%	5%
Murphy Oil	18,423.8	10	9	56	72	7	50,000 <sup>c</sup>	2,000	64,000	243,672	47%	51%	0%	2%
Occidental Petroleum	18,784.0	12	11	66	75	6	60,000 <sup>c</sup>	2,000	72,000	439,332	23%	74%	0%	3%
Questar	2,726.6	12	10	59	72	4	50,000 <sup>c,d</sup>	2,000	58,000	156,473	53%	47%	0%	0%
Spectra Energy	4,742.0	11	8	61	70	1	50,000 <sup>c,d</sup>	2,000	52,000	n/a	n/a	n/a	n/a	n/a
Sunoco	41,843.0	12	11	65	72	9	105,000 <sup>b,c,d</sup>	2,000	123,000	281,477	45%	36%	0%	19%
Valero Energy	94,527.0	10	9	66	72	7	75,000 <sup>c,g</sup>	2,000	89,000	177,584	57%	32%	10%	1%
XTO Energy	5,513.0	9	5	64	–	7	180,000 <sup>c,g</sup>	–	180,000	719,785	25%	24%	46%	5%

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<b>Oil Well Services &amp; Equipment</b>														
Baker Hughes	10,428.2	12	11	64	72	7	60,000 <sup>c,g</sup>	–	60,000	161,074	47%	43%	10%	0%
BJ Services	4,802.4	7	6	65	70	6	80,000 <sup>c,g</sup>	1,500	89,000	458,991	21%	37%	34%	8%
Cameron International	4,666.4	8	6	66	72	6	50,000 <sup>c,d</sup>	2,500	65,000	342,701	26%	71%	0%	3%
ENSCO International	2,143.8	9	8	57	70	7	48,000 <sup>c,d,g</sup>	2,000	62,000	416,771	19%	68%	13%	0%
Halliburton	15,264.0	10	9	61	72	6	50,000 <sup>c,d</sup>	2,000	62,000	256,210	34%	29%	4%	33%
Nabors Industries	4,938.8	8	6	72	72	6	50,000 <sup>c</sup>	–	50,000	606,703	18%	74%	7%	1%
National Oilwell Varco	9,789.0	8	6	55	70	6	55,000 <sup>c,g</sup>	1,500	64,000	232,194	34%	8%	55%	3%
Noble Corporation	2,995.3	8	7	61	72	6	50,000 <sup>b,c,d</sup>	2,000	62,000	583,390	21%	74%	5%	0%
Noble Energy	3,061.1	8	6	57	70	13	50,000 <sup>c,g</sup>	2,000	76,000	306,893	35%	30%	34%	1%
Range Resources	868.9	8	6	63	–	8	40,000 <sup>c,d,g</sup>	1,000	48,000	252,304	28%	40%	32%	0%
Rowan Companies	2,095.0	10	9	64	–	12	40,000 <sup>c</sup>	2,000	64,000	206,971	40%	60%	0%	0%
Schlumberger	23,276.5	12	11	60	70	5	60,000 <sup>c</sup>	–	60,000	196,422	33%	67%	0%	0%
Smith International	8,764.3	6	4	58	70	5	50,000 <sup>c</sup>	2,000	60,000	273,002	35%	65%	0%	0%
Tesoro Petroleum	21,675.0	9	8	62	75	12	100,000 <sup>b,c,d,g</sup>	–	100,000	264,717	19%	16%	62%	3%
Transocean	6,377.0	14	11	62	72	5	90,000 <sup>c</sup>	–	90,000	362,162	22%	78%	0%	0%
Weatherford International	7,832.1	7	5	65	–	6	60,000 <sup>c,d</sup>	5,000	90,000	320,930	34%	61%	0%	5%
<b>Total Energy</b>														
Average		10	8	63	72		73,114		83,029	317,937	30%	49%	17%	4%
Median		10	9	64	72		60,000		75,000	278,920				
<b>Financial</b>														
<b>Consumer Financial Services</b>														
American Express	31,452.0	12	10	60	72	12	80,000 <sup>c,d</sup>	–	80,000	283,249	31%	53%	0%	16%
Capital One	18,965.5	9	8	61	70	12	70,000 <sup>c,e</sup>	–	70,000	288,447	15%	61%	23%	1%
CIT Group	8,605.0	11	10	60	72	15	60,000 <sup>c,d,g</sup>	–	60,000	133,060	45%	21%	34%	0%
Discover Financial Services	4,101.7	11	9	58	72	6	75,000 <sup>c</sup>	–	75,000	n/a	n/a	n/a	n/a	n/a
Fannie Mae	43,355.0	12	11	60	72	22	100,000 <sup>c,d</sup>	–	100,000	208,607	62%	19%	7%	12%
Fidelity National Information Services	4,758.0	11	9	53	–	8	40,000 <sup>d,g</sup>	1,500	52,000	156,016	44%	2%	54%	0%
Freddie Mac	43,104.0	11	10	61	72	13	60,000 <sup>c,d,g</sup>	1,500	79,500	278,025	49%	30%	16%	5%
<b>Insurance (Accident &amp; Health)</b>														
Aetna	27,599.6	12	11	64	75	7	50,000 <sup>c,d</sup>	–	50,000	259,583	23%	57%	0%	20%
Aflac	15,392.0	17	10	64	75	6	40,000 <sup>c,g,i</sup>	–	40,000	129,785	48%	4%	38%	10%

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Assurant	8,378.2	10	8	62	73	31	40,000 <sup>c</sup>	2,000	102,000	186,397	57%	34%	6%	3%
CIGNA	17,582.0	11	10	60	72	8	225,000 <sup>b</sup>	—	225,000	403,468	23%	76%	0%	1%
Coventry Health Care	9,879.5	10	8	57	70	7	225,000 <sup>b,d,e</sup>	—	225,000	300,697	39%	50%	11%	0%
Humana	25,290.0	8	7	52	73	9	75,000 <sup>c,d</sup>	—	75,000	225,752	39%	50%	0%	11%
Torchmark	3,482.0	10	8	64	74	9	45,000 <sup>g</sup>	2,000 <sup>s</sup>	57,000	132,919	49%	0%	51%	0%
UnitedHealth Group	75,431.0	8	7	62	—	10	30,000 <sup>d,e,g</sup>	1,500	45,000	336,891	25%	1%	74%	0%
Unum Group	10,519.9	11	10	62	70	10	80,000 <sup>c,d</sup>	2,000	100,000	174,328	80%	18%	0%	2%
WellPoint	61,134.3	17	14	64	72	11	50,000 <sup>c</sup>	2,000	72,000	346,975	25%	72%	0%	3%
<b>Insurance (Life)</b>														
Genuine Parts Company	10,843.2	13	9	64	72	4	35,000 <sup>c</sup>	1,250	40,000	125,795	38%	59%	0%	3%
Lincoln National	10,594.0	12	11	64	72	6	172,000 <sup>b,d</sup>	—	172,000	200,484	44%	18%	11%	27%
Principal Financial Group	10,906.5	13	11	59	70	6	60,000 <sup>c,d</sup>	2,500	75,000	178,836	55%	45%	0%	0%
Prudential Financial	34,401.0	13	11	64	74	11	100,000 <sup>c,d</sup>	—	100,000	177,689	51%	49%	0%	0%
<b>Insurance (Miscellaneous)</b>														
Aon	9,973.0	15	13	62	—	10	95,000 <sup>c,d</sup>	—	95,000	203,326	45%	48%	0%	7%
Marsh & McLennan Companies	11,350.0	12	11	63	72	17	100,000 <sup>b,c,d</sup>	—	100,000	197,727	42%	57%	0%	1%
MetLife	53,007.0	13	12	60	72	10	225,000 <sup>b</sup>	—	225,000	252,675	52%	46%	0%	2%
<b>Insurance (Prop. &amp; Casualty)</b>														
Allstate	36,769.0	11	10	60	72	7	40,000 <sup>c,d,g</sup>	—	40,000	224,702	20%	50%	30%	0%
Ambac Financial Group	(4,224.5)	6	5	58	72	18	50,000 <sup>c,d</sup>	2,000	86,000	248,747	35%	61%	0%	4%
AIG	110,064.0	13	11	63	73	9	75,000 <sup>c,d</sup>	—	75,000	302,135	47%	53%	0%	0%
Chubb	14,072.0	12	11	62	72	10	60,000 <sup>c,d</sup>	2,000	80,000	206,889	48%	40%	11%	1%
Cincinnati Financial Corporation	4,259.0	13	9	55	70	7	50,000 <sup>c</sup>	4,500	81,500	104,232	52%	43%	0%	5%
The Hartford Financial Services Group	25,916.0	10	8	53	72	8	45,000 <sup>c,d</sup>	2,500	65,000	227,993	47%	51%	1%	1%
Loews	18,255.0	10	7	63	—	9	75,000 <sup>gh</sup>	—	75,000	173,857	50%	0%	50%	0%
MBIA	3,122.4	10	9	58	70	17	40,000 <sup>c,d</sup>	2,000	74,000	120,092	70%	16%	0%	14%
The Progressive Corporation	14,674.4	11	10	64	80	9	110,000 <sup>b,d</sup> in stock	—	110,000	150,508	0%	100%	0%	0%
Safeco	6,208.8	12	11	59	72	11	40,000 <sup>c</sup>	1,000	51,000	190,595	36%	64%	0%	0%
Travelers	26,056.0	13	12	61	72	7	60,000 <sup>c,d</sup>	—	60,000	156,342	42%	57%	0%	1%
XL Capital	9,135.7	11	10	65	72	7	50,000 <sup>c,d,g</sup>	3,000	71,000	333,850	44%	38%	16%	2%

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<b>Investment Services</b>														
American Capital Strategies	1,233.0	8	7	63	—	33	100,000 <sup>g</sup>	3,000	199,000	870,901	32%	0%	18%	50%
Ameriprise Financial	8,909.0	10	9	62	72	10	80,000 <sup>c,d</sup>	—	80,000	189,793	47%	49%	0%	4%
Charles Schwab	6,063.0	11	10	66	—	9	85,000 <sup>c,d,e,g</sup>	—	85,000	180,758	52%	29%	14%	5%
E*TRADE Financial	2,222.6	10	9	59	70	21	25,000 <sup>g</sup>	2,500	77,500	157,620	82%	18%	0%	0%
Franklin Resources	6,205.8	13	8	65	75	6	70,000 <sup>c,d</sup>	3,000	88,000	268,180	35%	65%	0%	0%
Genworth Financial	11,125.0	10	8	63	73	9	160,000 <sup>b,d</sup>	—	160,000	111,188	34%	51%	0%	15%
Goldman Sachs	87,968.0	12	9	64	72	10	75,000 <sup>b,c,i in stock</sup>	—	75,000	640,846	7%	74%	18%	1%
HCP	2,388.4	11	9	64	—	16	35,000 <sup>c,d</sup>	1,500	59,000	153,725	40%	57%	0%	3%
Janus Capital Group	1,117.0	14	12	62	72	9	100,000 <sup>c,d</sup>	—	100,000	326,126	47%	52%	0%	1%
Legg Mason	4,343.7	14	12	65	72	5	40,000 <sup>c,d</sup>	— <sup>t</sup>	40,000	219,641	27%	25%	48%	0%
Lehman Brothers Holdings	59,003.0	11	10	62	—	8	75,000 <sup>c,g</sup>	—	75,000	365,077	31%	60%	8%	1%
Leucadia National	1,130.6	8	6	70	—	13	75,000 <sup>g</sup>	—	75,000	96,803	84%	0%	16%	0%
Merrill Lynch	64,217.0	11	10	63	72	12	75,000 <sup>c</sup>	—	75,000	265,420	30%	69%	0%	1%
Morgan Stanley	87,879.0	11	9	59	72	15	75,000 <sup>c,d</sup>	—	75,000	343,042	27%	73%	0%	0%
T. Rowe Price Group	2,233.1	9	6	65	70	7	75,000 <sup>g,j</sup>	—	75,000	190,947	50%	24%	22%	4%
<b>Misc. Financial Services</b>														
Federated Investors	1,127.6	7	4	72	72	6	50,000 <sup>g</sup>	—	50,000	84,534	75%	0%	25%	0%
<b>Money Center Banks</b>														
Bank of America	119,190.0	16	14	63	72	9	80,000 <sup>c,d</sup>	—	80,000	223,801	22%	78%	0%	0%
The Bank of New York Mellon	14,798.0	18	14	61	72	5	75,000 <sup>c,d</sup>	—	75,000	n/a	n/a	n/a	n/a	n/a
Citigroup	159,229.0	14	10	64	72	13	75,000 <sup>c,d,e</sup>	—	75,000	174,303	22%	67%	11%	0%
U.S. Bancorp	20,308.0	13	11	61	72	8	80,000 <sup>c,d,e,g</sup>	—	80,000	283,478	42%	27%	31%	0%
Wells Fargo & Company	53,593.0	16	14	62	70	7	75,000 <sup>c,g</sup>	2,000	89,000	220,534	54%	32%	14%	0%
<b>Regional Banks</b>														
BB&T	10,668.0	16	12	56	70	7	50,000 <sup>c,g</sup>	1,500	60,500	96,829	73%	6%	20%	1%
Comerica	4,618.0	13	11	55	70	6	45,000 <sup>c,d</sup>	1,500	54,000	126,404	61%	39%	0%	0%
Fifth Third Bancorp	8,494.0	15	12	61	70	9	50,000 <sup>b,c,d,g</sup>	1,500	63,500	182,596	34%	57%	6%	3%
First Horizon National	3,165.9	12	10	58	72	8	45,000 <sup>c</sup>	2,000	61,000	136,912	53%	37%	0%	10%
Huntington Bancshares	3,419.6	14	12	60	70	11	35,000 <sup>c</sup>	1,500	51,500	105,438	53%	47%	0%	0%
KeyCorp	7,873.0	12	10	60	70	6	35,000 <sup>c,d</sup>	1,500	44,000	107,368	59%	29%	0%	12%
M&T Bank Corporation	4,477.8	20	14	66	70	6	20,000 <sup>b,d</sup>	2,000	32,000	51,481	33%	65%	2%	0%
Marshall & Ilsley	5,745.2	16	10	63	72	10	40,000 <sup>c,d,g</sup>	1,500	55,000	109,139	59%	27%	14%	0%
National City	11,791.3	12	10	60	68	6	50,000 <sup>c,d</sup>	—	50,000	155,657	45%	52%	0%	3%

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assuming full attendance (excludes committee and special fees).  
g: Stock option program for directors exists.  
h: Dollar value equivalent for retainer not provided in proxy.  
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Industry/Company	Sales (\$ in billion)	Number of Directors		Independent Directors		Meetings per Year <sup>(a)</sup>	Board Fees			Total Average Compensation per Nonemployee Director	% of Total Compensation			
		Total	Indep.	Average Age	Retirement Age		Board Retainer	Meeting Attendance Fee	Annual Board Fees <sup>(f)</sup>		Cash	Stock	Options	All Other
Northern Trust Corporation	5,395.1	14	12	62	72	6	80,000 <sup>c,d</sup>	–	80,000	164,711	54%	46%	0%	0%
The PNC Financial Services Group	9,956.0	18	17	63	70	17	45,000 <sup>c,d</sup>	1,500	70,500	217,667	39%	45%	0%	16%
Regions Financial	10,753.8	15	12	60	72	6	40,000 <sup>d,g</sup>	1,500	49,000	82,266	78%	0%	16%	6%
State Street	11,818.0	13	12	61	72	13	70,000 <sup>c,d</sup>	1,500	89,500	228,575	28%	72%	0%	0%
SunTrust Banks	13,464.6	14	13	65	70	11	45,000 <sup>c,d</sup>	1,500	61,500	157,866	49%	48%	0%	3%
Wachovia	55,528.0	17	15	62	70	8	75,000 <sup>c</sup>	–	75,000	230,959	34%	65%	0%	1%
Zions Bancorporation	3,617.7	10	8	60	72	6	35,000 <sup>d,g</sup>	1,500	44,000	130,732	44%	0%	54%	2%
<b>S&amp;Ls/Savings Banks</b>														
Hudson City Bancorp	2,134.8	9	7	66	–	8	50,000 <sup>b</sup>	1,000	58,000	234,896	34%	0%	55%	11%
Sovereign Bancorp	5,010.7	12	11	62	73	4	50,000 <sup>c,d</sup>	–	50,000	162,720	55%	45%	0%	0%
Washington Mutual	25,531.0	13	11	64	72	11	60,000 <sup>c,g</sup>	1,500	76,500	186,733	52%	30%	16%	2%
<b>Total Financial</b>														
Average		12	10	62	72		69,486		80,211	214,275	37%	41%	16%	6%
Median		12	10	62	72		60,000		75,000	190,194				
<b>Healthcare</b>														
<b>Biotechnology &amp; Drugs</b>														
Allergan	3,938.9	12	11	62	70	7	40,000 <sup>c,d,g</sup>	2,000	54,000	387,963	18%	46%	36%	0%
AmerisourceBergen	66,074.3	8	7	63	75	7	60,000 <sup>c,d,e,g</sup>	3,000	81,000	192,215	37%	18%	45%	0%
Amgen	14,771.0	11	10	65	72	12	55,000 <sup>c,g</sup>	3,000	91,000	297,380	34%	34%	27%	5%
Barr Pharmaceuticals	2,500.6	6	5	67	–	12	65,000 <sup>b</sup>	–	65,000	236,457	27%	73%	0%	0%
Biogen Idec	3,171.6	11	9	61	75	16	25,000 <sup>c,g</sup>	2,500	65,000	318,655	26%	35%	38%	1%
Cardinal Health	86,852.0	15	13	57	72	8	75,000 <sup>c,d,g</sup>	– <sup>u</sup>	78,000	183,989	39%	18%	42%	1%
Celgene	1,405.8	9	7	68	–	7	55,000 <sup>b</sup>	2,500	72,500	306,865	18%	0%	82%	0%
Forest Laboratories	3,360.3	8	5	70	–	6	30,000 <sup>b</sup>	2,000	42,000	113,155	44%	56%	0%	0%
Genzyme	3,813.5	8	7	61	–	9	40,000 <sup>c,d,g</sup>	2,500	62,500	526,000	12%	0%	79%	9%
Gilead Sciences	4,230.0	10	9	72	–	5	40,000 <sup>d,g</sup>	–	40,000	1,028,386	6%	6%	88%	0%
Hospira	3,436.2	8	7	53	–	7	50,000 <sup>c,d</sup>	1,500	60,500	230,821	35%	65%	0%	0%
King Pharmaceuticals	2,136.9	8	7	61	73	13	38,000 <sup>c,d</sup>	2,000	64,000	217,973	40%	57%	0%	3%
McKesson	92,977.0	8	7	64	72	8	75,000 <sup>c</sup>	1,500	87,000	226,104	43%	56%	0%	1%
Mylan Laboratories	2,666.0	10	7	58	–	14	50,000 <sup>b</sup>	1,500	71,000	151,583	64%	0%	36%	0%
Watson Pharmaceuticals	2,496.7	10	8	62	–	18	40,000 <sup>c,g</sup>	1,500	67,000	167,138	43%	48%	9%	0%

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## Comparative Board Data

Industry/Company	Sales (\$ in billion)	Number of Directors		Independent Directors		Meetings per Year <sup>(a)</sup>	Board Fees				% of Total Compensation			
		Total	Indep.	Average Age	Retirement Age		Board Retainer	Meeting Attendance Fee	Annual Board Fees <sup>(f)</sup>	Total Average Compensation per Nonemployee Director	Cash	Stock	Options	All Other
<b>Healthcare Facilities</b>														
Laboratory Corporation of America Holdings	4,068.2	10	7	61	70	14	40,000 <sup>b,c,g</sup>	2,000	68,000	135,665	45%	37%	18%	0%
Quest Diagnostics	6,704.9	9	8	61	–	8	35,000 <sup>c,d,e,g</sup>	1,500	47,000	305,969	23%	27%	49%	1%
Tenet Healthcare	8,852.0	10	9	62	72	10	65,000 <sup>c</sup>	1,500	80,000	276,434	41%	57%	0%	2%
<b>Major Drugs</b>														
Abbott Laboratories	25,914.2	13	12	64	72	7	72,000 <sup>c,d</sup>	–	72,000	250,006	38%	39%	3%	20%
Bristol-Myers Squibb	19,348.0	10	9	59	72	14	60,000 <sup>c</sup>	2,000	88,000	338,088	46%	38%	1%	15%
Eli Lilly and Company	18,633.5	13	11	62	72	7	80,000 <sup>c,d</sup>	–	80,000	275,859	38%	53%	1%	8%
Johnson & Johnson	61,095.0	12	10	63	72	7	100,000 <sup>c,d</sup>	–	100,000	194,221	47%	50%	0%	3%
Merck & Co.	24,197.7	13	12	61	72	13	55,000 <sup>c,d,g</sup>	1,500	74,500	169,570	52%	0%	20%	28%
Pfizer	48,418.0	14	12	65	73	11	75,000 <sup>c,d</sup>	–	75,000	182,091	37%	63%	0%	0%
Schering-Plough	12,690.0	13	12	63	–	8	200,000 <sup>b</sup>	–	200,000	209,641	68%	32%	0%	0%
Wyeth Pharmaceuticals	22,399.8	13	11	62	72	9	220,000 <sup>b,c,d,g</sup>	–	220,000	192,706	39%	37%	20%	4%
<b>Medical Equipment &amp; Supplies</b>														
Baxter International	11,263.0	13	12	63	72	9	60,000 <sup>c,g</sup>	1,500	73,500	198,175	41%	29%	29%	1%
Becton, Dickinson and Company	6,359.7	13	12	61	72	6	70,000 <sup>c,d</sup>	–	70,000	178,637	37%	62%	0%	1%
Boston Scientific	8,357.0	15	11	58	–	10	60,000 <sup>c,d</sup>	–	60,000	162,104	46%	52%	2%	0%
Covidien	8,895.0	11	9	57	72	3	85,000 <sup>c,g</sup>	–	85,000	n/a	n/a	n/a	n/a	n/a
C.R. Bard	2,202.0	10	8	62	72	7	48,750 <sup>c,d,g</sup>	1,650	60,300	247,255	33%	24%	14%	29%
Medtronic	12,299.0	11	9	57	70	7	70,000 <sup>c,g</sup>	–	70,000	154,834	44%	41%	15%	0%
Patterson Companies	2,798.4	8	6	63	–	6	35,000 <sup>g</sup>	1,500	44,000	132,746	27%	0%	73%	0%
St. Jude Medical	3,779.3	9	7	58	75	5	54,000 <sup>d,g</sup>	2,000	64,000	192,280	41%	58%	0%	1%
Stryker	6,000.5	8	6	62	–	7	115,000 <sup>g</sup>	–	115,000	522,582	26%	0%	74%	0%
Varian Medical Systems	1,776.6	10	8	57	–	5	45,000 <sup>c,d,g</sup>	2,000	55,000	253,420	19%	36%	45%	0%
Zimmer Holdings	3,897.5	8	7	58	70	14	50,000 <sup>b,c,d,e</sup>	1,500	71,000	198,535	50%	48%	2%	0%
<b>Total Healthcare</b>														
<b>Average</b>		<b>10</b>	<b>9</b>	<b>62</b>	<b>72</b>		<b>65,750</b>		<b>77,643</b>	<b>259,875</b>	<b>35%</b>	<b>35%</b>	<b>26%</b>	<b>4%</b>
<b>Median</b>		<b>10</b>	<b>9</b>	<b>62</b>	<b>72</b>		<b>55,000</b>		<b>71,000</b>	<b>213,807</b>				

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		Total	Indep.	Average Age	Retirement Age		Board Retainer	Meeting Attendance Fee	Annual Board Fees <sup>(f)</sup>	Total Average Compensation per Nonemployee Director	Cash	Stock	Options	All Other
<b>Services</b>														
<b>Advertising</b>														
The Interpublic Group of Companies	6,554.2	10	8	61	74	6	80,000 <sup>c</sup>	—	80,000	215,506	39%	33%	0%	28%
Monster Worldwide	1,351.3	7	5	60	72	20	40,000 <sup>c</sup>	1,000	60,000	221,237	45%	53%	0%	2%
Omnicom Group	12,694.0	11	9	66	—	7	60,000 <sup>c,d</sup>	2,000	74,000	206,222	43%	57%	0%	0%
<b>Broadcasting &amp; Cable TV</b>														
CBS Corporation	14,072.9	14	10	68	—	9	60,000 <sup>c,d,g</sup>	2,000	78,000	179,053	50%	25%	24%	1%
Comcast	30,895.0	13	11	63	—	8	60,000 <sup>c,d</sup>	2,500	80,000	275,360	39%	45%	0%	16%
The DIRECTV Group	17,246.0	10	7	63	—	9	80,000 <sup>c,d</sup>	—	80,000	261,709	39%	53%	0%	8%
Time Warner	46,482.0	12	10	62	72	11	100,000 <sup>c,d,g</sup>	—	100,000	254,089	39%	36%	24%	1%
Viacom	13,423.1	11	6	64	—	10	60,000 <sup>c,d,g</sup>	2,000	80,000	203,490	57%	24%	19%	0%
The Walt Disney Company	35,510.0	12	9	58	—	7	65,000 <sup>c,d,g</sup>	—	65,000	221,504	26%	40%	22%	12%
<b>Business Services</b>														
Automatic Data Processing	7,800.0	10	8	63	72	11	105,000 <sup>b,d,g</sup>	2,000	127,000	170,410	14%	30%	37%	19%
Equifax	1,843.0	13	11	62	70	5	40,000 <sup>c,d</sup>	1,500	47,500	212,747	29%	70%	0%	1%
IMS Health	2,192.6	9	8	60	72	9	45,000 <sup>c,d,g</sup>	1,500	58,500	151,917	51%	36%	13%	0%
International Business Machines	98,785.0	11	9	62	72	10	200,000 <sup>b</sup>	—	200,000	194,471	93%	0%	0%	7%
Johnson Controls	34,624.0	11	9	63	72	6	200,000 <sup>b,d</sup>	—	200,000	195,455	52%	48%	0%	0%
Moody's	2,259.0	8	7	55	70	6	75,000 <sup>c</sup>	—	75,000	188,373	44%	56%	0%	0%
Paychex	1,887.0	8	6	57	—	5	25,000 <sup>c,g</sup>	—	25,000	96,984	51%	9%	38%	2%
Robert Half International	4,645.7	7	5	74	—	4	40,000 <sup>c</sup>	1,500	46,000	122,782	46%	52%	0%	2%
Total System Services	1,805.8	18	10	61	72	5	40,000 <sup>c,d</sup>	—	40,000	77,150	74%	14%	0%	12%
<b>Casinos &amp; Gaming</b>														
International Game Technology	2,621.4	8	6	55	—	17	65,000 <sup>c,g</sup>	1,500	90,500	205,532	32%	0%	68%	0%
<b>Communications Services</b>														
AT&T	118,928.0	14	13	65	72	8	85,000 <sup>c,d</sup>	2,000	101,000	202,809	55%	38%	0%	7%
CenturyTel	2,656.2	12	9	60	75	11	50,000 <sup>c</sup>	2,000 <sup>v</sup>	75,500	177,014	58%	41%	0%	1%
Citizens Communications	2,288.0	12	11	59	—	7	40,000 <sup>c,d,g</sup>	2,000	54,000	150,038	22%	76%	2%	0%
Embarq	6,365.0	9	8	56	—	12	50,000 <sup>c</sup>	1,500	68,000	177,800	42%	57%	0%	1%
Qwest Communications Int'l	13,778.0	13	12	62	—	16	70,000 <sup>c,d,g</sup>	—	70,000	165,383	39%	15%	46%	0%
Sprint Nextel	40,146.0	9	8	59	—	20	70,000 <sup>c,d</sup>	2,000	110,000	235,303	52%	47%	0%	1%
Verizon Communications	93,469.0	12	11	63	72	4	60,000 <sup>c</sup>	—	60,000	292,248	23%	77%	0%	0%
Windstream	3,260.8	9	7	60	75	7	60,000 <sup>c</sup>	1,750	72,250	193,490	43%	57%	0%	0%

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assuming full attendance (excludes committee and special fees).  
g: Stock option program for directors exists.  
h: Dollar value equivalent for retainer not provided in proxy.  
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## Comparative Board Data

Industry/Company	Sales (\$ in billion)	Number of Directors		Independent Directors		Meetings per Year <sup>(a)</sup>	Board Fees				% of Total Compensation			
		Total	Indep.	Average Age	Retirement Age		Board Retainer	Meeting Attendance Fee	Annual Board Fees <sup>(f)</sup>	Total Average Compensation per Nonemployee Director	Cash	Stock	Options	All Other
<b>Hotels &amp; Motels</b>														
Marriott International	12,990.0	10	7	58	72	4	60,000 <sup>c,d</sup>	1,250	65,000	167,521	47%	49%	0%	4%
Starwood Hotels & Resorts Worldwide	6,153.0	8	7	55	72	16	80,000 <sup>b,c,g,i,k</sup> in stock	—	80,000	203,386	13%	34%	42%	11%
Wyndham Worldwide	4,360.0	7	5	57	75	7	150,000 <sup>b,d</sup>	—	150,000	159,108	44%	52%	0%	4%
<b>Personal Services</b>														
Cintas	3,706.9	9	6	66	—	7	40,000 <sup>c,d,g</sup>	2,750	59,250	84,875	78%	12%	10%	0%
H&R Block	4,021.3	11	9	61	75	14	50,000 <sup>d,g</sup>	2,000	78,000	158,360	59%	0%	38%	3%
<b>Printing &amp; Publishing</b>														
Gannett	7,439.5	9	8	57	—	5	45,000 <sup>c,d,e</sup>	2,000	55,000	142,895	21%	46%	29%	4%
McGraw-Hill	6,772.3	12	10	61	70	8	50,500 <sup>c,d</sup>	1,500	62,500	146,175	58%	41%	0%	1%
Meredith	1,616.0	11	9	60	72	7	40,000 <sup>c,d,g</sup>	—	40,000	148,908	14%	15%	70%	1%
The New York Times Company	3,195.1	15	10	56	70	9	45,000 <sup>c,d,g</sup>	—	45,000	114,036	55%	31%	11%	3%
News Corporation	28,655.0	15	8	62	—	8	90,000 <sup>c</sup>	—	90,000	n/a	n/a	n/a	n/a	n/a
R. R. Donnelley & Sons	11,587.1	9	8	63	72	10	220,000 <sup>b,i</sup> in stock	—	220,000	282,247	0%	98%	0%	2%
The E.W. Scripps Company	2,517.1	11	10	62	70	8	40,000 <sup>d,g</sup>	2,500	60,000	242,924	33%	0%	67%	0%
The Washington Post Company	4,180.4	10	9	59	75	5	70,000	—	70,000	70,000	100%	0%	0%	0%
<b>Real Estate Operations</b>														
Apartment Investment & Management Company	1,763.4	8	7	64	—	5	100% <sup>b,g,i,k</sup> in stock	1,000	5,000 <sup>plus stock</sup>	255,166	8%	88%	4%	0%
AvalonBay Communities	871.9	8	5	61	72	11	50,000 <sup>c</sup>	—	50,000	170,616	21%	79%	0%	0%
Boston Properties	1,413.0	9	6	60	75	11	50,000 <sup>c,d</sup>	1,500	66,500	129,116	66%	34%	0%	0%
CB Richard Ellis Group	6,034.2	12	9	61	75	7	30,000 <sup>c,g</sup>	—	30,000	112,381	48%	28%	14%	10%
Developers Diversified Realty	983.1	9	7	54	72	9	100,000 <sup>b,d</sup>	—	100,000	110,506	68%	32%	0%	0%
Equity Residential	2,038.4	12	8	61	72	11	50,000 <sup>c,d,g</sup>	—	50,000	128,871	48%	38%	14%	0%
Host Hotels & Resorts	5,437.0	7	5	64	—	8	65,000 <sup>c,d</sup>	—	65,000	141,846	54%	35%	0%	11%
General Growth Properties	3,261.8	10	6	57	—	8	40,000 <sup>c</sup>	1,000	48,000	138,165	48%	52%	0%	0%
Jacobs Engineering Group	8,474.0	10	8	64	—	8	50,000 <sup>g</sup>	1,500	62,000	144,724	46%	0%	54%	0%
Kimco Realty	750.6	10	7	69	—	4	50,000 <sup>c,g</sup>	—	50,000	204,267	15%	17%	68%	0%
Plum Creek Timber	1,675.0	9	8	64	—	6	40,000 <sup>c,d</sup>	2,000	52,000	150,593	42%	58%	0%	0%
ProLogis	6,310.3	10	9	60	—	11	50,000 <sup>c,d</sup>	1,500	66,500	157,643	52%	48%	0%	0%
Public Storage	1,817.7	10	6	64	—	10	40,000 <sup>g</sup>	—	40,000	74,672	57%	0%	43%	0%
Simon Property Group	3,631.8	13	9	64	—	6	70,000 <sup>c</sup>	2,000	82,000	185,137	39%	61%	0%	0%
Vornado Realty Trust	3,332.6	11	7	69	—	17	60,000 <sup>c</sup>	1,000	77,000	170,760	53%	47%	0%	0%

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<b>Recreational Activities</b>														
Carnival	13,033.0	13	8	64	75	9	40,000 <sup>c</sup>	5,000	85,000	285,194	38%	44%	17%	1%
<b>Rental &amp; Leasing</b>														
Ryder System	6,566.0	11	10	58	72	8	45,000 <sup>c,d</sup>	–	45,000	154,451	44%	49%	1%	6%
<b>Restaurants</b>														
Darden Restaurants	5,567.1	12	10	61	73	5	15,000 <sup>c,d,e,g,k</sup>	1,000	20,000	182,904	17%	55%	24%	4%
McDonald's	22,786.6	14	12	61	–	9	90,000 <sup>c,d</sup>	2,000	108,000	297,468	44%	52%	4%	0%
Starbucks	9,411.5	9	8	59	70	6	120,000 <sup>e,g</sup>	–	120,000	296,359	4%	0%	96%	0%
Yum! Brands	10,416.0	13	10	60	72	6	135,000 <sup>b,g,i,k in stock</sup>	–	135,000	185,468	7%	67%	22%	4%
<b>Retail (Apparel)</b>														
Abercrombie & Fitch	3,318.2	7	6	64	–	9	55,000 <sup>c,d</sup>	–	55,000	276,675	28%	72%	0%	0%
Gap	15,923.0	13	9	58	72	6	70,000 <sup>c,d</sup>	–	70,000	208,087	40%	43%	10%	7%
Limited Brands	10,671.0	11	8	64	–	10	50,000 <sup>c</sup>	–	50,000	129,784	57%	43%	0%	0%
Nordstrom	8,561.0	9	6	58	72	7	50,000 <sup>c,d</sup>	–	50,000	248,366	34%	57%	0%	9%
TJX Companies	17,404.6	12	10	58	72	14	50,000 <sup>c</sup>	1,500	71,000	147,940	47%	53%	0%	0%
<b>Retail (Catalog &amp; Mail Order)</b>														
Western Union	4,900.2	9	8	58	74	6	70,000 <sup>c,d,e,g</sup>	–	70,000	n/a	n/a	n/a	n/a	n/a
<b>Retail (Department &amp; Discount)</b>														
Dillard's	7,636.1	12	7	60	–	4	45,000 <sup>c</sup>	2,500	55,000	143,329	48%	52%	0%	0%
J.C. Penney Corporation	19,903.0	12	10	59	72	7	60,000 <sup>c,d</sup>	–	60,000	198,577	29%	69%	0%	2%
Kohl's	15,596.9	10	8	61	70	7	100,000 <sup>g</sup>	–	100,000	189,872	50%	0%	50%	0%
Macy's	26,970.0	11	10	62	72	12	60,000 <sup>b,d,g</sup>	2,000	84,000	308,268	17%	25%	46%	12%
Sears Holdings	53,016.0	8	6	52	70	10	40,000	–	40,000	42,000	100%	0%	0%	0%
Target	59,490.0	13	11	55	68	6	90,000 <sup>c,d,e,g</sup>	–	90,000	213,059	21%	37%	41%	1%
Wal-Mart Stores	348,650.0	15	10	57	70	6	60,000 <sup>c,d</sup>	–	60,000	211,759	30%	66%	0%	4%
<b>Retail (Drugs)</b>														
CVS Caremark	76,329.5	12	11	61	72	12	260,000 <sup>b,d</sup>	–	260,000	259,937	5%	94%	0%	1%
Express Scripts	18,273.6	11	9	62	75	14	30,000 <sup>c,g</sup>	2,000	58,000	241,621	26%	22%	52%	0%
Medco Health Solutions	44,506.2	9	7	61	–	11	50,000 <sup>c,g</sup>	2,000	72,000	297,838	28%	32%	40%	0%
Walgreen Co.	53,762.0	10	8	62	72	9	70,000 <sup>b,c,d</sup>	–	70,000	168,939	22%	73%	0%	5%
<b>Retail (Grocery)</b>														
Kroger	66,111.0	15	12	60	72	6	75,000 <sup>c,g</sup>	–	75,000	176,040	44%	22%	32%	2%
Safeway	42,286.0	11	10	60	72	5	145,000 <sup>b,d,g</sup>	–	145,000	194,434	16%	73%	11%	0%

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<b>Retail (Grocery) (cont'd)</b>														
SUPERVALU	37,406.0	14	13	62	74	6	80,000 <sup>c,d,g</sup>	—	80,000	211,292	35%	26%	35%	4%
Sysco	35,042.1	11	9	65	—	9	60,000 <sup>c,d,g</sup>	—	60,000	294,732	28%	53%	17%	2%
Whole Foods Market	6,591.8	6	5	60	75	7	12,680 <sup>g</sup>	5,725	52,755	146,315	91%	0%	8%	1%
<b>Retail (Home Improvement)</b>														
The Home Depot	79,022.0	10	9	56	72	17	280,000 <sup>b,d</sup>	—	280,000	n/a	n/a	n/a	n/a	n/a
Lowe's Companies	46,927.0	11	10	63	70	6	75,000 <sup>c,d</sup>	—	75,000	195,004	41%	59%	0%	0%
Sherwin-Williams	8,005.3	11	10	62	72	7	85,000 <sup>c,d</sup>	—	85,000	155,807	53%	46%	0%	1%
<b>Retail (Specialty)</b>														
Amazon.com	14,835.0	8	7	59	—	5	100% <sup>b,h,i</sup> in stock	—	100% in stock	48,035	0%	100%	0%	0%
AutoNation	17,691.5	7	5	51	—	8	25,000 <sup>g</sup>	— <sup>w</sup>	29,000	236,055	13%	0%	77%	10%
AutoZone	6,169.8	9	7	51	70	8	40,000 <sup>b,d,g</sup>	—	40,000	117,657	17%	17%	66%	0%
Big Lots	4,743.0	9	8	60	70	5	45,000 <sup>g</sup>	1,500	52,500	119,751	51%	0%	44%	5%
Costco Wholesale	64,400.2	13	8	68	—	6	30,000 <sup>c</sup>	1,000	36,000	178,214	23%	77%	0%	0%
eBay	7,672.3	14	10	52	—	10	50,000 <sup>c,d,g</sup>	2,000	70,000	314,327	28%	6%	66%	0%
Family Dollar Stores	6,834.3	9	7	62	—	9	40,000 <sup>c</sup>	1,500	53,500	109,357	73%	27%	0%	0%
GameStop	5,318.9	11	9	62	—	8	50,000 <sup>c,g</sup>	1,000	58,000	425,571	11%	74%	15%	0%
Office Depot	15,527.5	12	11	63	72	7	75,000 <sup>c,d,e</sup>	—	75,000	364,197	13%	42%	40%	5%
OfficeMax	9,082.0	8	7	55	70	9	51,000 <sup>c,d</sup>	2,000	69,000	175,289	56%	43%	0%	1%
Staples	18,160.8	12	10	57	72	4	75,000 <sup>c,g</sup>	—	75,000	275,596	15%	30%	54%	1%
Tiffany & Co.	2,560.7	9	7	62	72	10	50,000 <sup>g</sup>	2,000	70,000	255,853	31%	67%	0%	2%
<b>Retail (Technology)</b>														
Bemis	3,649.3	13	10	59	70	4	65,000 <sup>c,d</sup>	—	65,000	97,171	72%	27%	0%	1%
Best Buy	35,934.0	11	7	56	70	5	75,000 <sup>g</sup>	—	75,000	219,595	29%	0%	68%	3%
RadioShack	4,251.7	9	8	61	72	5	40,000 <sup>c,d</sup>	1,500	47,500	177,571	39%	59%	0%	2%
<b>Travel Agencies</b>														
Expedia	2,677.4	10	4	55	—	6	45,000 <sup>c,d</sup>	—	45,000	207,078	30%	70%	0%	0%
<b>Waste Management Services</b>														
Allied Waste Industries	6,068.7	10	9	59	72	5	40,000 <sup>c,d</sup>	2,000	50,000	119,143	53%	47%	0%	0%
Waste Management	13,310.0	9	8	61	72	7	50,000 <sup>c,d</sup>	2,000	64,000	202,500	54%	46%	0%	0%
<b>Total Services</b>														
Average		11	8	60	72		65,951		76,336	189,579	36%	43%	19%	2%
Median		11	8	61	72		51,000		68,500	185,137				

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Industry/Company	Sales (\$ in billion)	Number of Directors		Independent Directors		Meetings per Year <sup>(a)</sup>	Board Fees				% of Total Compensation			
		Total	Indep.	Average Age	Retirement Age		Board Retainer	Meeting Attendance Fee	Annual Board Fees <sup>(f)</sup>	Total Average Compensation per Nonemployee Director	Cash	Stock	Options	All Other
<b>Technology</b>														
<b>Communications Equipment</b>														
American Tower	1,456.6	9	7	64	–	10	50,000 <sup>g</sup>	–	50,000	254,908	22%	0%	78%	0%
Ciena	779.8	9	7	61	–	7	25,000 <sup>c,d</sup>	1,500	35,500	145,859	32%	48%	20%	0%
Corning	5,860.0	14	10	65	74	13	50,000 <sup>c,d,g</sup>	1,500	69,500	184,669	56%	29%	13%	2%
JDS Uniphase	1,396.8	9	8	60	76	10	48,000 <sup>c,g</sup>	1,500	63,000	156,553	61%	23%	16%	0%
Juniper Networks	2,836.1	8	6	53	75	7	30,000 <sup>g</sup>	1,250	38,750	153,508	27%	0%	73%	0%
L-3 Communications Holdings	13,960.5	9	8	66	–	12	50,000 <sup>d,g</sup>	1,500	68,000	141,547	61%	0%	39%	0%
Motorola	36,622.0	14	13	57	72	12	100,000 <sup>c,d</sup>	–	100,000	185,747	33%	66%	0%	1%
QUALCOMM	8,871.0	10	8	66	–	9	100,000 <sup>d,g</sup>	2,000	118,000	436,576	20%	0%	62%	18%
Tellabs	1,913.4	10	8	63	72	10	40,000 <sup>c,d,g</sup>	1,500	55,000	171,324	36%	22%	42%	0%
Tyco Electronics	13,460.0	11	9	58	72	4	200,000 <sup>b,c</sup>	–	200,000	220,959	11%	89%	0%	0%
<b>Computer Hardware</b>														
Apple	24,006.0	8	7	59	75	7	50,000 <sup>g</sup>	–	50,000	n/a	n/a	n/a	n/a	n/a
Dell	57,420.0	11	9	62	–	9	75,000 <sup>c,d,e,g</sup>	–	75,000	223,294	23%	29%	48%	0%
Sun Microsystems	13,873.0	10	8	60	75	9	50,000 <sup>g</sup>	–	50,000	48,276	74%	0%	26%	0%
<b>Computer Networks</b>														
Convergys	2,844.3	10	9	58	72	10	160,000 <sup>b,d</sup>	–	160,000	140,662	58%	42%	0%	0%
NetApp	2,804.3	10	8	62	–	6	30,000 <sup>g</sup>	–	30,000	368,687	11%	0%	89%	0%
<b>Computer Peripherals</b>														
Cisco Systems	34,922.0	12	9	54	70	7	75,000 <sup>c,d,g</sup>	–	75,000	244,392	37%	28%	35%	0%
Hewlett-Packard	104,286.0	10	9	58	–	9	200,000 <sup>b,d,g</sup>	– <sup>x</sup>	206,000	200,035	25%	51%	22%	2%
Lexmark International	4,973.9	11	10	66	72	7	50,000 <sup>c,d,g</sup>	2,500	67,500	207,077	39%	3%	53%	5%
<b>Computer Services</b>														
Affiliated Computer Services	5,772.5	7	5	59	–	12	45,000 <sup>g</sup>	2,000	69,000	258,804	62%	0%	38%	0%
Computer Sciences	14,854.9	7	6	65	72	19	55,000 <sup>c</sup>	2,000	93,000	246,474	64%	34%	0%	2%
Electronic Data Systems	22,134.0	12	10	62	75	7	200,000 <sup>c,d</sup>	–	200,000	181,147	16%	84%	0%	0%
Fiserv	5,021.7	10	8	59	75	16	60,000 <sup>c,d,g</sup>	–	60,000	158,692	47%	22%	31%	0%
Google	16,594.0	10	7	54	–	7	100% <sup>b,g,i,h</sup> in equity	–	100% <sup>in equity</sup>	494,902	0%	34%	66%	0%
<b>Computer Storage Devices</b>														
EMC	13,230.2	11	9	62	–	6	30,000 <sup>c,g</sup>	3,000	48,000	306,754	26%	56%	18%	0%
Microchip Technology	1,039.7	5	4	61	–	4	26,000 <sup>g</sup>	2,800	37,200	100,178	35%	0%	65%	0%
Micron Technology	5,688.0	7	4	56	70	5	50,000 <sup>c,d</sup>	–	50,000	240,079	19%	81%	0%	0%
SanDisk	3,896.4	7	6	61	70	5	40,000 <sup>c,g</sup>	–	40,000	531,441	11%	19%	70%	0%

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<b>Electronic Instr. &amp; Controls</b>														
Agilent Technologies	5,420.0	9	8	62	72	7	195,000 <sup>c,d,g</sup>	—	195,000	244,401	8%	65%	27%	0%
Cooper Industries	5,903.1	11	10	59	70	6	55,000 <sup>c,d</sup>	—	55,000	251,847	28%	56%	14%	2%
Eaton	13,033.0	11	10	62	72	9	60,000 <sup>d,g</sup>	2,000	78,000	185,298	63%	0%	36%	1%
Jabil Circuit	12,290.6	9	7	58	—	12	52,500 <sup>c</sup>	—	52,500	286,500	23%	77%	0%	0%
Molex	3,265.9	11	6	65	—	6	60,000 <sup>d,g</sup>	3,000	78,000	102,904	87%	0%	13%	0%
Rockwell Automation	5,003.9	8	7	64	72	9	87,000 <sup>b,c,d,g</sup>	—	87,000	160,525	41%	34%	16%	9%
Southern	15,353.0	12	11	60	70	7	85,000 <sup>b,c,d</sup>	—	85,000	156,427	61%	38%	0%	1%
<b>Office Equipment</b>														
Pitney Bowes	6,129.8	14	12	60	70	10	65,000 <sup>c</sup>	1,500	80,000	200,188	50%	50%	0%	0%
Xerox	17,228.0	10	8	60	70	11	130,000 <sup>b,d</sup>	—	130,000	142,503	22%	66%	0%	12%
<b>Scientific &amp; Technical Instr.</b>														
Applera	2,093.5	10	9	49	72	6	70,000 <sup>b,c,g</sup>	—	70,000	205,982	32%	50%	16%	2%
Danaher	11,025.9	9	6	66	72	10	40,000 <sup>d,g</sup>	2,500	65,000	202,810	37%	0%	63%	0%
Millipore	1,531.6	10	9	65	72	5	60,000 <sup>c,g</sup>	—	60,000	142,430	51%	18%	31%	0%
PerkinElmer	1,787.3	10	8	59	72	10	70,000 <sup>c,g</sup>	—	70,000	222,519	32%	45%	23%	0%
Thermo Fisher Scientific	9,746.4	9	8	59	70	10	70,000 <sup>d,g</sup>	—	70,000	138,297	62%	0%	38%	0%
Waters	1,473.0	9	8	54	72	5	50,000 <sup>c,d,g</sup>	1,500	57,500	157,889	37%	26%	37%	0%
<b>Semiconductors</b>														
Advanced Micro Devices	6,013.0	9	7	53	72	9	65,000 <sup>c,g</sup>	— <sup>y</sup>	67,000	401,065	16%	26%	58%	0%
Altera	1,263.5	6	5	60	—	13	50,000 <sup>c</sup>	—	50,000	159,867	32%	0%	68%	0%
Analog Devices	2,511.1	9	7	66	75	15	60,000 <sup>g</sup>	—	60,000	188,301	35%	0%	65%	0%
Applied Materials	9,734.9	11	8	59	70	7	40,000 <sup>c,d</sup>	3,000	61,000	175,526	42%	2%	56%	0%
Broadcom	3,776.4	8	6	64	70	15	75,000 <sup>c</sup>	—	75,000	511,646	19%	46%	35%	0%
Intel	38,334.0	11	9	57	72	6	75,000 <sup>c,d</sup>	—	75,000	193,278	45%	54%	0%	1%
Linear Technology	1,083.1	5	3	65	—	8	45,000 <sup>g</sup>	1,500	57,000	227,382	27%	0%	73%	0%
LSI	2,603.6	9	8	53	—	8	60,000 <sup>g</sup>	—	60,000	143,540	53%	0%	47%	0%
MEMC Electronic Materials	1,921.8	8	7	59	—	5	45,000 <sup>c,g</sup>	1,000	50,000	227,348	35%	51%	14%	0%
National Semiconductor	1,929.9	9	8	62	70	6	50,000 <sup>c,d</sup>	—	50,000	369,442	18%	81%	0%	1%
Novellus Systems	1,570.0	9	8	55	70	6	30,000 <sup>c</sup>	2,000	42,000	146,031	37%	63%	0%	0%
NVIDIA	3,068.8	8	7	58	—	8	100% <sup>g,h</sup> in options	—	100% <sup>in</sup> options	464,167	0%	0%	100%	0%
QLogic	586.7	7	6	64	—	6	45,000 <sup>c,g</sup>	—	45,000	333,720	18%	3%	79%	0%
Teradyne	1,102.3	8	7	62	—	7	65,000 <sup>c,d</sup>	—	65,000	194,945	42%	58%	0%	0%
Texas Instruments	13,835.0	10	9	60	70	9	80,000 <sup>c,d</sup>	—	80,000	220,776	36%	31%	29%	4%

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<b>Software &amp; Programming</b>														
Adobe Systems	3,157.9	11	10	60	72	8	35,000 <sup>c,g</sup>	—	35,000	321,509	15%	0%	85%	0%
Akamai Technologies	636.4	11	8	59	—	12	250,000 <sup>b,g</sup>	—	250,000	214,886	13%	61%	26%	0%
Autodesk	1,839.8	8	6	61	—	8	75,000 <sup>b,g,i,k</sup> in stock	—	75,000	322,588	0%	25%	75%	0%
BMC Software	1,580.4	10	9	58	70	4	35,000 <sup>d,g</sup>	3,000	47,000	498,124	15%	0%	85%	0%
CA	3,943.0	12	11	63	75	17	175,000 <sup>b,i,k</sup> in stock	—	175,000	182,073	27%	67%	0%	6%
Citrix Systems	1,391.9	7	6	51	—	13	40,000 <sup>c,g</sup>	—	40,000	264,320	19%	23%	58%	0%
Cognizant Technology Solutions	2,135.6	7	5	66	—	7	20,000 <sup>g</sup>	1,500	30,500	287,656	21%	0%	79%	0%
Compuware	1,213.0	9	7	65	—	6	40,000 <sup>c,d</sup>	2,500	55,000	295,553	24%	74%	2%	0%
Electronic Arts	3,091.0	9	7	52	75	6	50,000 <sup>c,d,g</sup>	—	50,000	243,432	9%	4%	73%	14%
Intuit	2,672.9	10	7	55	—	10	30,000 <sup>g</sup>	—	30,000	215,384	19%	0%	81%	0%
Microsoft	51,122.0	10	8	59	75	12	200,000 <sup>b,d</sup>	—	200,000	203,750	43%	57%	0%	0%
Novell	932.5	11	9	65	73	17	50,000 <sup>c,d,g</sup>	1,500	75,500	192,189	53%	0%	45%	2%
Oracle	17,996.0	11	7	65	—	10	52,500 <sup>g</sup>	3,000 <sup>z</sup>	76,500	349,811	45%	0%	55%	0%
Symantec	5,199.4	9	8	54	—	13	50,000 <sup>b,c</sup>	—	50,000	374,553	8%	52%	40%	0%
Teradata	1,702.0	7	6	63	72	3	75,000 <sup>c,d</sup>	—	75,000	n/a	n/a	n/a	n/a	n/a
VeriSign	1,496.3	9	8	58	—	8	37,500 <sup>c,g</sup>	—	37,500	160,624	38%	6%	55%	1%
<b>Total Technology</b>														
Average		9	8	60	72		69,399		77,189	237,839	28%	29%	42%	1%
Median		9	8	60	72		50,000		65,000	207,077				
<b>Transportation</b>														
<b>Air Courier</b>														
FedEx	35,214.0	14	12	59	72	8	77,500 <sup>g</sup>	2,000	93,500	229,524	44%	0%	55%	1%
United Parcel Service	49,692.0	10	8	58	72	6	75,000 <sup>c</sup>	—	75,000	167,131	42%	56%	2%	0%
<b>Airline</b>														
Southwest Airlines	9,861.0	8	6	64	75	6	14,760 <sup>c</sup>	3,780	37,440	77,053	66%	6%	13%	15%
<b>Misc. Transportation</b>														
C.H. Robinson Worldwide	7,316.2	9	8	57	70	5	60,000 <sup>c,d</sup>	—	60,000	93,125	68%	32%	0%	0%
Expeditors International of Washington	5,235.2	9	6	61	—	1	10,000 <sup>g</sup>	1,000	11,000	820,297	2%	0%	98%	0%

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		Total	Indep.	Average Age	Retirement Age		Board Retainer	Meeting Attendance Fee	Annual Board Fees <sup>(f)</sup>	Total Average Compensation per Nonemployee Director	Cash	Stock	Options	All Other
<b>Railroads</b>														
Burlington Northern Santa Fe	15,802.0	11	10	61	72	7	60,000 <sup>c,d</sup>	–	60,000	257,575	29%	71%	0%	0%
Norfolk Southern	9,432.0	10	9	64	72	6	50,000 <sup>c,d</sup>	–	50,000	265,874	34%	58%	0%	8%
Union Pacific	16,283.0	10	9	65	–	8	220,000 <sup>b,c,d</sup>	–	220,000	174,518	75%	0%	24%	1%
<b>Total Transportation</b>														
Average		10	9	61	72		70,908		75,868	260,637	29%	25%	44%	2%
Median		10	9	61	72		60,000		60,000	202,021				
<b>Utilities</b>														
<b>Electric Utilities</b>														
AES	13,588.0	8	7	64	72	18	70,000 <sup>b,c,d,e</sup>	–	70,000	241,248	17%	71%	8%	4%
Allegheny Energy	3,307.0	10	9	64	75	6	50,000 <sup>c,d</sup>	1,250	57,500	188,835	36%	64%	0%	0%
Ameren	7,380.0	11	8	62	72	13	50,000 <sup>c</sup>	1,500	69,500	152,014	57%	36%	0%	7%
American Electric Power	13,380.0	11	9	61	72	8	80,000 <sup>c,d</sup>	–	80,000	171,084	47%	51%	0%	2%
CenterPoint Energy	9,623.0	11	10	58	–	10	50,000 <sup>c</sup>	2,000	70,000	153,551	56%	26%	0%	18%
CMS Energy	6,464.0	11	9	66	75	17	45,000 <sup>c</sup>	1,500 <sup>aa</sup>	65,250	141,009	66%	32%	0%	2%
Consolidated Edison	13,120.0	12	10	60	72	17	50,000 <sup>c,d</sup>	1,500	75,500	167,235	60%	40%	0%	0%
Constellation Energy Group	21,193.2	13	12	60	70	9	50,000 <sup>c,d</sup>	1,500	63,500	167,000	48%	51%	0%	1%
Dominion Resources	15,674.0	10	9	64	72	12	60,000 <sup>c,d</sup>	–	60,000	222,525	49%	36%	0%	15%
DTE Energy	8,506.0	13	10	64	72	7	50,000 <sup>b,c</sup>	2,000	64,000	171,829	47%	50%	0%	3%
Duke Energy	12,443.0	11	10	62	70	8	50,000 <sup>c,d</sup>	2,000	66,000	226,096	49%	49%	0%	2%
Dynegy	3,103.0	11	7	65	72	9	50,000 <sup>c,d</sup>	2,000	68,000	139,561	44%	40%	0%	16%
Edison International	13,113.0	12	9	62	72	7	45,000 <sup>c,g</sup>	2,000	59,000	240,953	31%	45%	18%	6%
Entergy	11,484.4	12	11	65	72	15	100% <sup>b,h,i</sup> in stock	1,500	22,500 <sup>plus stock</sup>	155,353	55%	42%	0%	3%
Exelon	18,916.0	14	13	56	72	18	45,000 <sup>c,d</sup>	1,500	72,000	149,963	54%	46%	0%	0%
FirstEnergy	12,128.0	11	10	63	72	12	40,000 <sup>c,d</sup>	1,500	58,000	225,172	43%	35%	0%	22%
FPL Group	15,263.0	12	11	59	72	6	50,000 <sup>c</sup>	1,500	59,000	153,281	38%	61%	0%	1%
Integrus Energy	10,292.4	15	14	62	70	9	40,000 <sup>c</sup>	1,500	53,500	106,165	56%	41%	0%	3%
Pepco Holdings	9,366.4	12	10	62	70	9	85,000 <sup>d</sup>	2,000	103,000	91,682	94%	0%	0%	6%
PG&E	13,237.0	8	7	64	70	8	50,000 <sup>c,e,g</sup>	1,750	64,000	155,072	62%	29%	8%	1%
Pinnacle West Capital	3,523.6	12	11	62	72	10	30,000 <sup>c</sup>	1,500	45,000	122,281	57%	36%	0%	7%
PPL	6,498.0	10	9	62	75	6	110,000 <sup>b,d</sup>	1,500	119,000	128,460	49%	51%	0%	0%
Progress Energy	9,153.0	12	11	62	73	9	80,000 <sup>b,c,d</sup>	–	80,000	149,440	50%	43%	0%	7%
Public Service	12,853.0	8	7	61	72	10	45,000 <sup>c</sup>	1,500	60,000	163,622	58%	41%	0%	1%

a: Includes regular and special meetings; includes telephone meetings and unanimous written consent action when director is paid for such meeting/action.  
b: Equity (stock or stock units) is paid as part of retainer.  
c: Equity (stock or stock units) is paid in addition to stated retainer.  
d: Directors can elect to receive cash compensation fully or partially in stock.  
e: Directors can elect to receive cash and/or stock compensation in stock options.  
f: Retainer plus meeting fees paid

assuming full attendance (excludes committee and special fees).  
g: Stock option program for directors exists.  
h: Dollar value equivalent for retainer not provided in proxy.  
i: Retainer paid 100% in stock.  
j: Directors can elect to receive stock in lieu of stock option grant.  
k: Directors can elect to receive stock retainer fully or partially in cash.  
l: Meeting fee paid as an annual sum instead of on a per meeting basis.  
m: Per meeting fee of \$1,500 for meet-

ings in excess of two per year. Annual board fees include three meetings at \$1,500 each.  
n: Not to exceed \$40,000 per year.  
o: Per meeting fee of \$2,500 for meetings in excess of six per year. Annual board fees include four meetings at \$2,500 each.  
p: Per meeting fee of \$1,500 for meetings in excess of 12 per year. Annual board fees include one meeting at \$1,500.  
q: Per meeting fee of \$2,000 for telephonic meetings. Annual board fees include two telephonic meetings

at \$2,000 each.  
r: Per meeting fee of \$3,000 for telephonic meetings. Annual board fees include six telephonic meetings at \$3,000 each.  
s: Per meeting fee of \$500 for telephonic meetings. Annual board fees include four telephonic meetings at \$500 each.  
t: \$2,000 per meeting attended beginning with the sixth meeting in the year.  
u: Special meeting fee of \$1,500 for a full day and \$750 for a half day or less, subject to an annual maximum of \$25,000, for meetings in excess of six

per fiscal year. Annual board fees include two special meetings at \$1,500 each.  
v: Per meeting fee of \$2,500 for special meetings and each day of the board's annual planning session. Annual board fees include four special meetings and a three-day planning session at \$2,500 per day.  
w: Per meeting fee of \$1,000 for meetings in excess of four per year. Annual board fees include four meetings at \$1,000 each.  
x: Per meeting fee of \$2,000 for meetings in excess of six per year.

Annual board fees include three meetings at \$2,000 each.  
y: Per meeting fee of \$2,000 for meetings in excess of eight per year. Annual board fees include one meeting at \$2,000.  
z: Per meeting fee of \$2,000 for special meetings. Annual board fees include six special meetings at \$2,000 each.  
aa: Per meeting fee of \$750 for telephonic meetings. Annual board fees include seven telephonic meetings at \$750 each.

Industry/Company	Sales (\$ in billion)	Number of Directors		Independent Directors		Meetings per Year <sup>(a)</sup>	Board Fees				% of Total Compensation			
		Total	Indep.	Average Age	Retirement Age		Board Retainer	Meeting Attendance Fee	Annual Board Fees <sup>(f)</sup>	Total Average Compensation per Nonemployee Director	Cash	Stock	Options	All Other
<b>Enterprise Group</b>														
TECO Energy	3,536.1	11	8	65	72	6	30,000 <sup>c,d</sup>	750	34,500	79,876	59%	41%	0%	0%
Xcel Energy	10,034.2	13	12	64	72	6	80,000 <sup>c</sup>	–	80,000	193,552	39%	45%	0%	16%
<b>Natural Gas Utilities</b>														
El Paso	4,648.0	14	13	64	72	7	80,000 <sup>b,c,d</sup>	–	80,000	195,289	40%	59%	0%	1%
Nicor	3,176.3	11	10	63	72	5	50,000 <sup>c,d</sup>	1,500	57,500	123,576	53%	41%	0%	6%
NiSource	7,939.8	11	10	62	–	7	165,000 <sup>b,c</sup>	–	165,000	187,220	40%	24%	0%	36%
Sempra Energy	11,438.0	12	10	64	75	8	50,000 <sup>c,d,g</sup>	1,000	58,000	212,066	30%	30%	31%	9%
Williams Companies	10,558.0	13	12	65	75	13	110,000 <sup>b</sup>	–	110,000	215,085	44%	56%	0%	0%
<b>Total Utilities</b>														
Average		12	10	63	72		61,333		72,225	167,422	47%	43%	3%	7%
Median		11	10	62	72		50,000		65,625	163,622				
<b>Total S&amp;P 500</b>														
Average		11	9	61	72	9	74,872		82,900	217,674	36%	39%	21%	4%
Median		11	9	62	72	8	60,000		71,000	194,945				

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