



**Engaged Boards. Effective Directors.**  
Serving directors and boards in Northern California.

## Say on Pay—Preparing for Year Two

***NACD Northern California Chapter Meeting  
September 20, 2011***

Pillsbury Winthrop Shaw Pittman  
50 Fremont Street  
San Francisco, CA

***Robert McCormick  
Chief Policy Officer, Glass Lewis***

***Michael T. Esser  
Managing Director, Pearl Meyer & Partners***

***Daniel M. Wetzel  
Managing Director, Pearl Meyer & Partners***

## 2011 – First Year of Say on Pay

**2011 was first year for mandatory Say on Pay advisory votes for most US public companies (beyond TARPies and early adopters)**

Key Provision	Description	Preliminary Implications
<p>#1 Say on Pay (“SoP”)</p> <p><i>Applies for shareholder meetings on or after Jan. 21, 2011</i></p>	<ul style="list-style-type: none"> <li>• Must provide non-binding advisory vote on compensation of named executive officers, CD&amp;A and all related disclosure (SEC did not specify format/wording of the vote, though did provide an example resolution)</li> <li>• New required CD&amp;A disclosure item will discuss impact of most recent SoP vote results on compensation policies and decisions</li> <li>• SoP vote does not cover director pay or risk management disclosures</li> <li>• Most investment managers will be required to annually file how they voted on executive compensation-related matters</li> </ul>	<ul style="list-style-type: none"> <li>• Draft proxy language for SoP vote</li> <li>• Redraft CD&amp;A to support favorable SoP vote: <ul style="list-style-type: none"> <li>• Executive summary</li> <li>• Highlight performance linkages</li> </ul> </li> <li>• Possible shareholder outreach</li> </ul>
<p>#2 Say on Frequency (“SoF”)</p> <p><i>Applies for shareholder meetings on or after Jan. 21, 2011</i></p>	<ul style="list-style-type: none"> <li>• Must provide separate non-binding advisory vote on frequency of the SoP vote. Initial vote in 2011 with subsequent votes at least every six years thereafter</li> <li>• SEC rules require four choices on ballot (every 1, 2 or 3 years, or abstain)</li> <li>• Companies can determine whether to follow shareholder SOF vote. Decision must be disclosed in 8-K no later than 150 calendar days following meeting</li> <li>• Following a majority vote outcome allows exclusion of new shareholder proposals regarding SoP or SoF votes until next SoF vote</li> </ul>	<ul style="list-style-type: none"> <li>• Review bylaws to confirm/allow “multiple choice” SoF vote</li> <li>• Determine frequency preference (if any) and disclose management’s choice <ul style="list-style-type: none"> <li>• Triennial – initially favored by most companies</li> <li>• Annual – favored by ISS</li> </ul> </li> <li>• Possible shareholder outreach</li> </ul>

\* Collectively, the SOP Advisory Votes refer to shareholder advisory votes on Say on Pay (SOP) [#1], Say on Frequency (SOF) [#2], and Say on Golden Parachutes (SGP) [#3] in the tables

## Say on Golden Parachutes

### Say on Golden Parachutes applies to initial transaction filings made on or after April 25, 2011

Key Provision	Description	Preliminary Implications
<p>#3 Say on Golden Parachutes (“SGP”)</p> <p><i>Applies to initial filings made on or after Apr. 25, 2011</i></p>	<ul style="list-style-type: none"> <li>• Must provide non-binding advisory votes on all executive change-in-control arrangements in the context of a transaction-related meeting (unless previously subject to SoP vote)</li> <li>• New disclosure table will be required in merger-related proxies, but may <i>voluntarily</i> be included as part of regular annual proxy – if SGP included in annual proxy, only new or modified arrangements will be voted upon at time of merger</li> <li>• Unlike existing termination disclosures, new table requires values by element, including all perquisites/benefits, and a total column</li> </ul>	<ul style="list-style-type: none"> <li>• Consider whether adding new table to annual proxy statement as part of SoP vote to receive exemption in future years is desirable (no early filers have done yet)</li> </ul>

Note: Smaller reporting companies (public float <\$75M) are exempt from SOP and SOF until Jan 21, 2013; however, no delay for SGP in the event of a transaction

## 2011 SOP / SOF Trends

### Say on Pay / Say on Frequency proposals—trends we saw as 2011 progressed

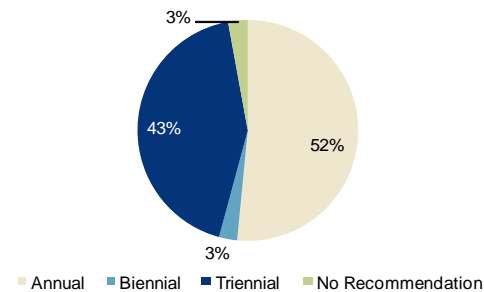
- Same time next year: Say on Frequency proposals experienced an overwhelming shift to favoring annual SOP votes
  - Initial management recommendations ran 2-1 in favor of triennial vs. annual SOP votes
  - As the season progressed and actual vote results favored annual frequency, recommendations (and votes) ran more in favor of annual SOP votes

#### 2011 Proxy Filers: "Say on Frequency"

Proxy Dates: 12/2/2010 to 9/2/2011

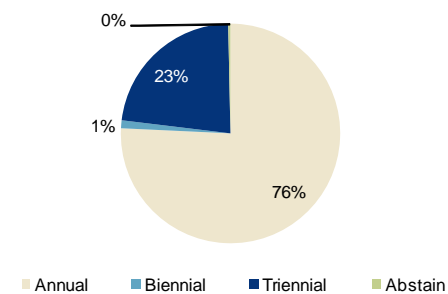
##### SOF RECOMMENDATION SUMMARY

	#	%
Say on Frequency Recommendations:	2913	
Recommendations for:		
Annual	1502	52%
Biennial	77	3%
Triennial	1250	43%
No Recommendation	84	3%



##### SOF RESULTS SUMMARY

	#	%
Say on Frequency Recommendations:	2913	
Say on Frequency Vote Results:	2731	94%
Votes for:		
Annual	2069	76%
Biennial	32	1%
Triennial	621	23%
Abstain	9	0%



### Say on Pay / Say on Frequency proposals—2011 trends (cont'd.)

- Rise of the *Executive Summary*
  - Substantial number of filers included an *Executive Summary*, either as support in the SOP proposal itself or as a separate section in the CD&A referenced by the proposal
    - » Provided forum for discussing positive features of the executive pay program, i.e. incentives and tie to performance, highlighting good/best practices, etc.
- Inclusion of business/performance highlights (often in the *Executive Summary*)
  - Significant number of companies included a discussion of business or financial performance for the past year; and linkages to aspects of pay or pay decisions
- Executive Summaries and performance recaps—common themes
  - Noting or illustrating pay alignment with 2010 performance
  - Identifying pay mix and highlighting performance-based components
  - Summarizing performance and pay actions in a historical context
  - Highlighting governance and compensation “best practices”
  - Heavy use of graphics and charts

# 2011 SOP / SOF Trends

## Say on Pay / Say on Frequency—2011 trends (cont'd.)

- Example Executive Summary—Staples, Inc.

### Executive Summary

**CEO pay was aligned with performance.** The following two tables which the Committee reviewed reflect, relative to our peer group, alignment between our CEO's base salary, total cash compensation, and TDC and the Company's performance as measured by TSR, EPS growth and ROIC over the 2009 and 2007-2009 periods. In reviewing each of the components of compensation, the Committee placed greatest emphasis on realizable TDC, as opposed to the TDC reported in our proxy statement, since realizable TDC reflects the real value of the equity awards and increases and decreases as the share price changes. The percentiles in the tables show, relative to our peer group, the CEO's or Staples' position with respect to each compensation element and with respect to each performance measure.

1 Year Financial Performance Relative to Peer Group - Fiscal 2009								3 Year Financial Performance Relative to Peer Group - Fiscal 2007-2009							
Percentile	CEO Base Salary	CEO Total Cash	CEO TDC (Realizable)(1)	CEO TDC (As Reported)	Total Shareholder Return	EPS Growth	ROIC %	Percentile	CEO Base Salary	CEO Total Cash	CEO TDC (Realizable)(1)(2)	CEO TDC (As Reported)(2)	Total Shareholder Return CAGR	EPS CAGR	ROIC Average %
75th				✕				75th			✕	✕	✕		
50th	✕				✕		✕	50th	✕		✕(3)			✕	✕
25th		✕	✕			✕		25th		✕					
Actual Performance					49.2%	-11.6%	10.8%	Actual Performance					-1.7%	-3.8%	11.4%
Percentile vs. Peer Group	53%	31%	39%	74%	56%	34%	57%	Percentile vs. Peer Group	47%	30%	77%	90%	81%	49%	62%

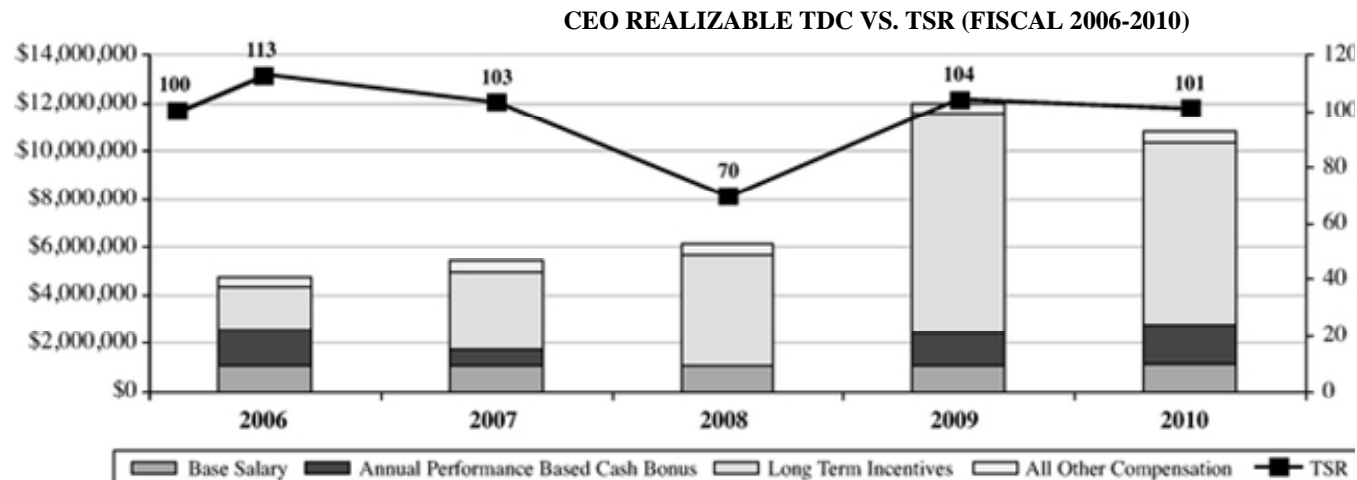
## 2011 SOP / SOF Trends

### Say on Pay / Say on Frequency—2011 trends (cont'd.)

- Example Executive Summary—Staples, Inc.

The following graph illustrates how Staples' CEO's annual realizable pay over the last five fiscal years has been aligned with performance. Base salary and annual performance based cash bonus are the same as reported in our Summary Compensation Table for the respective fiscal year. The values for stock options and time based restricted stock awards are the realizable value (described above) at the end of fiscal 2010. Special grants are normalized over their respective vesting periods, excluding the 2007 Special Performance Share Award which is extremely unlikely to payout. Cumulative TSR is represented by the line graph, consistent with the Stock Performance Graph shown in our fiscal year 2010 Annual Report on Form 10-K.

Average annual realizable compensation for our CEO over the five year period is \$7,819,534, while total compensation at target over the same period averaged \$11,000,000. Realizable compensation only exceeded target compensation in 2009, when TSR growth was 49.5%.



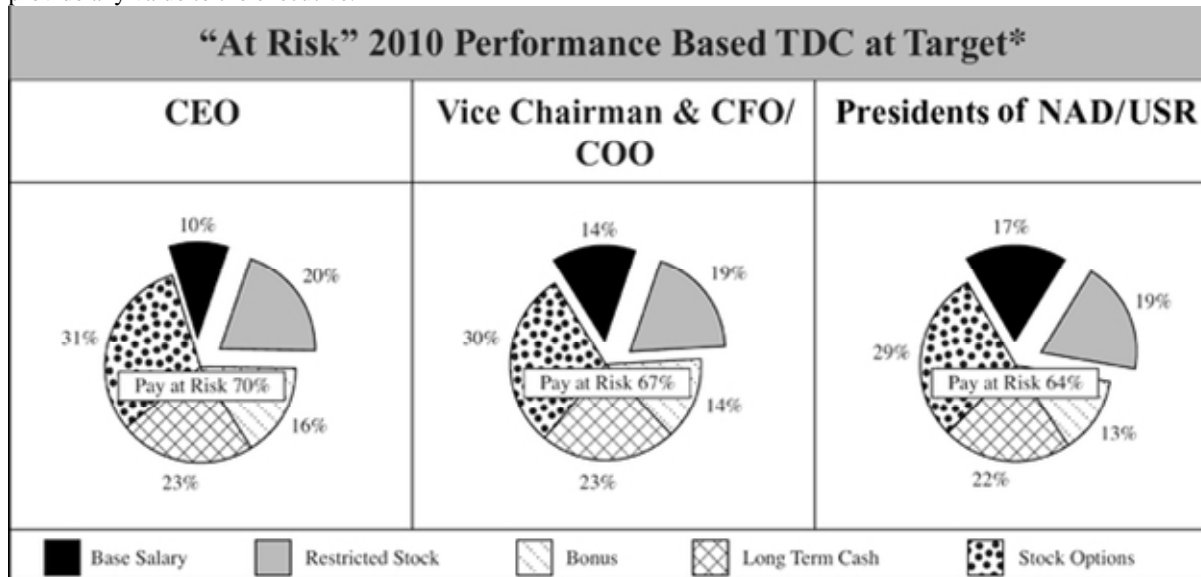
# 2011 SOP / SOF Trends

## Say on Pay / Say on Frequency—2011 trends (cont'd.)

- Example Executive Summary—Staples, Inc.

*Our pay mix emphasizes "at risk" performance based compensation.* To align our named executive officers' compensation with the interests of our stockholders, a substantial portion of compensation is "at risk" and performance based. The five main elements of TDC are base salary, annual cash bonus, long term cash incentives, restricted stock and stock options. The chart below highlights the extent to which the total pay opportunity is characterized by "at risk" performance based compensation by illustrating the percentage of each element at target and showing the "at risk" portion of TDC for each of our named executive officers.

The long term cash component of the long term incentive portfolio and the bonus earned under our Executive Officer Incentive Plan are performance based plans and represent "at risk" compensation since minimum levels of performance must be attained in order for any payout to occur. Similarly, the stock option component of our long term equity incentives is performance based and "at risk" since the stock price at exercise must exceed the original fair market value grant price in order to provide any value to the executive.



## 2011 SOP / SOF Trends

### Say on Pay / Say on Frequency—2011 trends (cont'd.)

- Example Executive Summary—Federal Express, Inc.

**Executive Summary**

Fiscal 2011 was a turnaround year for FedEx as an improving economy and strong customer demand increased volumes and yields across all transportation segments. We are investing for the future, strengthening our networks, improving on our already high levels of service, growing our international business and continuing to invest in critical, long-term projects as part of our global strategy to position the company for stronger growth.

At the same time, we have not yet returned to pre-recession levels of profitability. Consistent with our pay-for-performance philosophy and reflecting FedEx's financial performance during fiscal 2011, we made partial payouts under our annual incentive compensation ("AIC") program to all participants. In addition, effective January 1, 2011, we fully restored 401(k) company-matching contributions. Because our long-term incentive compensation ("LTI") program is tied to financial performance over a three-year period, there were no LTI payouts for fiscal 2011 to any participant, including the named executive officers, as we fell short of the earnings per share ("EPS") goals required for payout.

The following table details key compensation highlights of the last five fiscal years, including actions taken in 2009 in response to the effect of the unprecedented global recession on our financial performance.

Compensation Highlights
<b>FY2011</b>
AIC plan paid below target AIC payouts at target require above-plan performance No FY09-FY11 LTI plan payout 401(k) match fully reinstated
<b>FY2010</b>
AIC plan paid below target AIC payouts at target require above-plan performance No FY08-FY10 LTI plan payout Annual base salary increases reinstated 401(k) match partially reinstated
<b>FY2009</b>
No AIC plan payout No FY07-FY09 LTI plan payout Permanent salary reductions (including 20% reduction for CEO) Annual base salary increases suspended 401(k) match suspended
<b>FY2008</b>
AIC plan paid below target FY06-FY08 LTI plan paid slightly above target
<b>FY2007</b>
AIC plan paid approximately at target FY05-FY07 LTI plan paid at maximum

### Say on Pay / Say on Frequency—2011 trends (cont'd.)

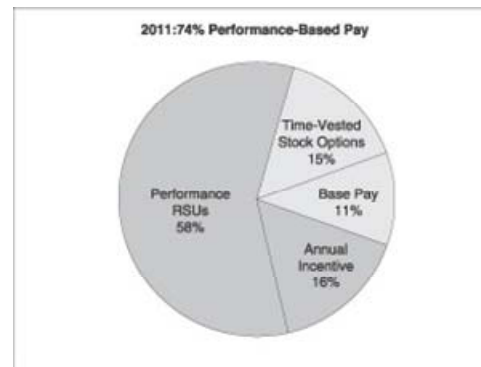
- Example SOP Proposal Support / Performance Summary—ALCOA, Inc.

#### ITEM 3—ADVISORY VOTE ON EXECUTIVE COMPENSATION

The Board of Directors is asking you to approve, on an advisory basis, the 2010 compensation of our named executive officers as described in this proxy statement, pages 21 through 44.

We believe you should read the Compensation Discussion and Analysis and compensation tables beginning on page 21 and also consider the following factors in determining whether to approve this proposal:

#### Strong Pay for Performance Alignment



#### CEO's 2011 target compensation

- Performance Restricted Stock Units (RSUs)—58% of target compensation depends on improving profitability, which is closely aligned with creating shareholder value—paid in stock which vests in 2014
- Annual Incentive—16% of target compensation depends on achieving annual operating performance goals for free cash flow, profit, safety, environment and diversity—paid in cash
- Time-Vested Stock Options—15% of target compensation depends on the stock price increasing above the January 2011 grant date value—stock options vest ratably over three years
- Base Pay—11%, of target compensation is in the form of a fixed salary

### Say on Pay / Say on Frequency—2011 trends (cont'd.)

#### Example SOP Proposal Support / Performance Summary—ALCOA, Inc.

##### Good Pay Policies and Practices

- CEO must hold 6 times salary in Alcoa stock until retirement. Other named executive officers must hold 3 times salary until retirement.
- Tax gross ups eliminated after January 1, 2010 for all benefits except relocation and grandfathered plan (see page 43)
- No repricing or exchanging options
- Good risk mitigating factors (multiple metrics, appropriate balance of compensation elements, independent committee oversight, conservative risk profile)
- Claw back policies for all incentive compensation

The advisory vote on the compensation of our named executive officers gives you another way to convey your views on our compensation policies and decisions. The Board of Directors will review the results of this vote and take it into consideration in addressing future compensation policies and decisions.

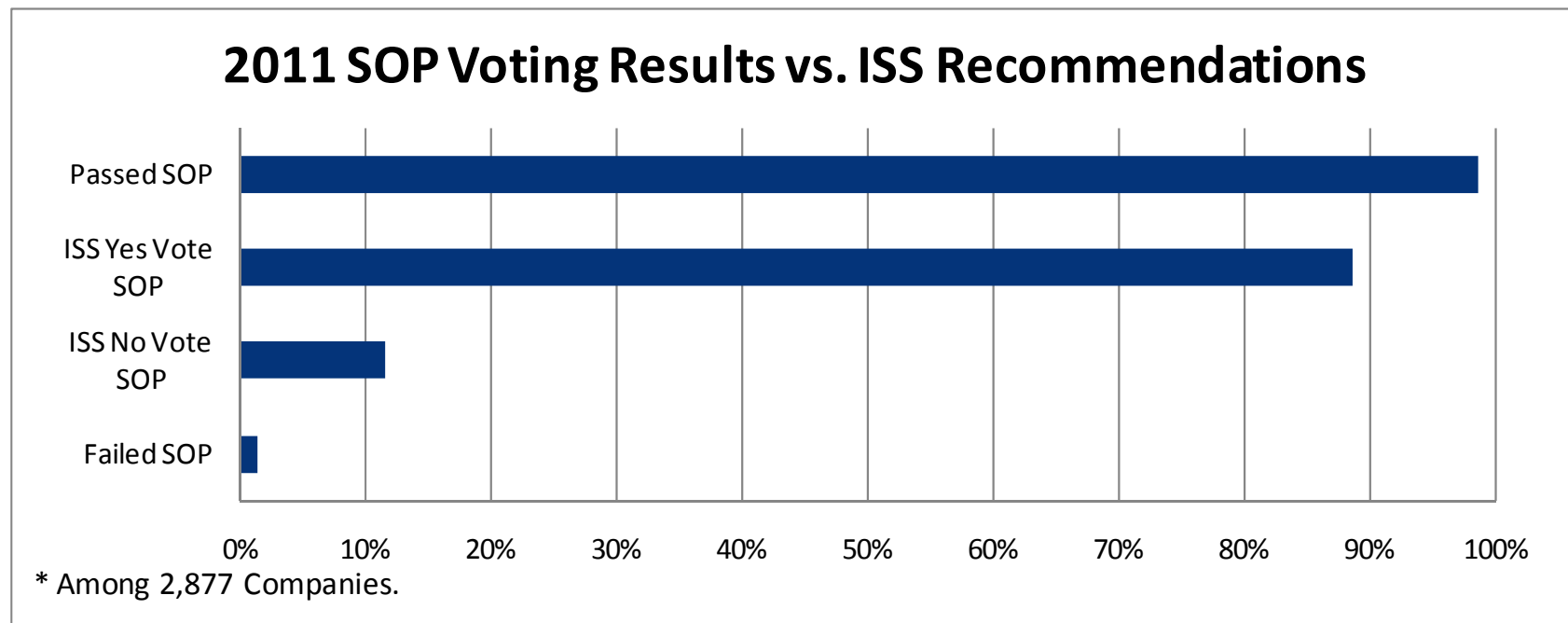
##### *Highlights of 2010 Financial Performance*

- Exceeded all Cash Sustainability Program targets
- Revenue of \$21.0 billion compared to \$18.4 billion in 2009, up 14 percent
- Net income of \$254 million, or \$0.24 per share, compared to a net loss of \$1.15 billion, or \$1.23 per share, in 2009
- Income from continuing operations of \$262 million, or \$0.25 per share (includes a negative impact from special items of \$0.29 per share) as compared with a loss of \$1.06 per share in 2009
- Free cash flow of \$1.2 billion, a \$1.5 billion improvement over 2009, best result since 2003
- Selling, General Administrative, Other Expenses less than \$1.0 billion, lowest level since 1999
- Cash from operations of \$2.3 billion, compared to \$1.4 billion in 2009
- Debt balance reduced by \$654 million, debt maturity extended
- Debt-to-capital ratio reduced to 34.9 percent, 380 basis point improvement over 2009

## 2011 SOP / SOF Trends

### Say on Pay / Say on Frequency—2011 trends (cont'd.)

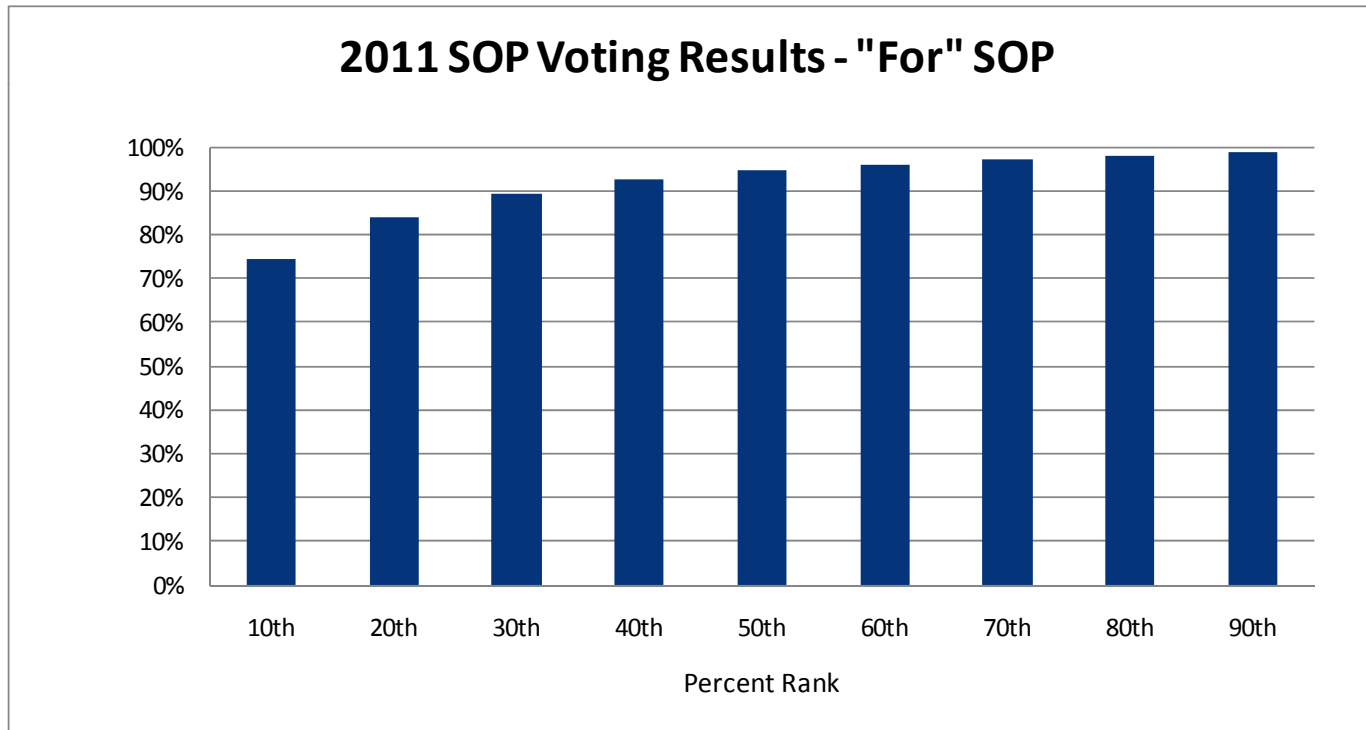
- Good news / bad news
  - Shareholder advisory firms fairly targeted in their recommendations (for ISS - 89% of recommendations in favor)
  - Considering non-binding nature, shareholders fairly restrained in voting practices (only 1.4% - or 37 companies failed)
    - » Many identified by ISS or Glass Lewis as having a Pay for Performance disconnect, i.e. CEO pay increased while TSR was negative or below median relative to GICS code group



## 2011 SOP / SOF Trends

### Say on Pay / Say on Frequency—2011 trends (cont'd.)

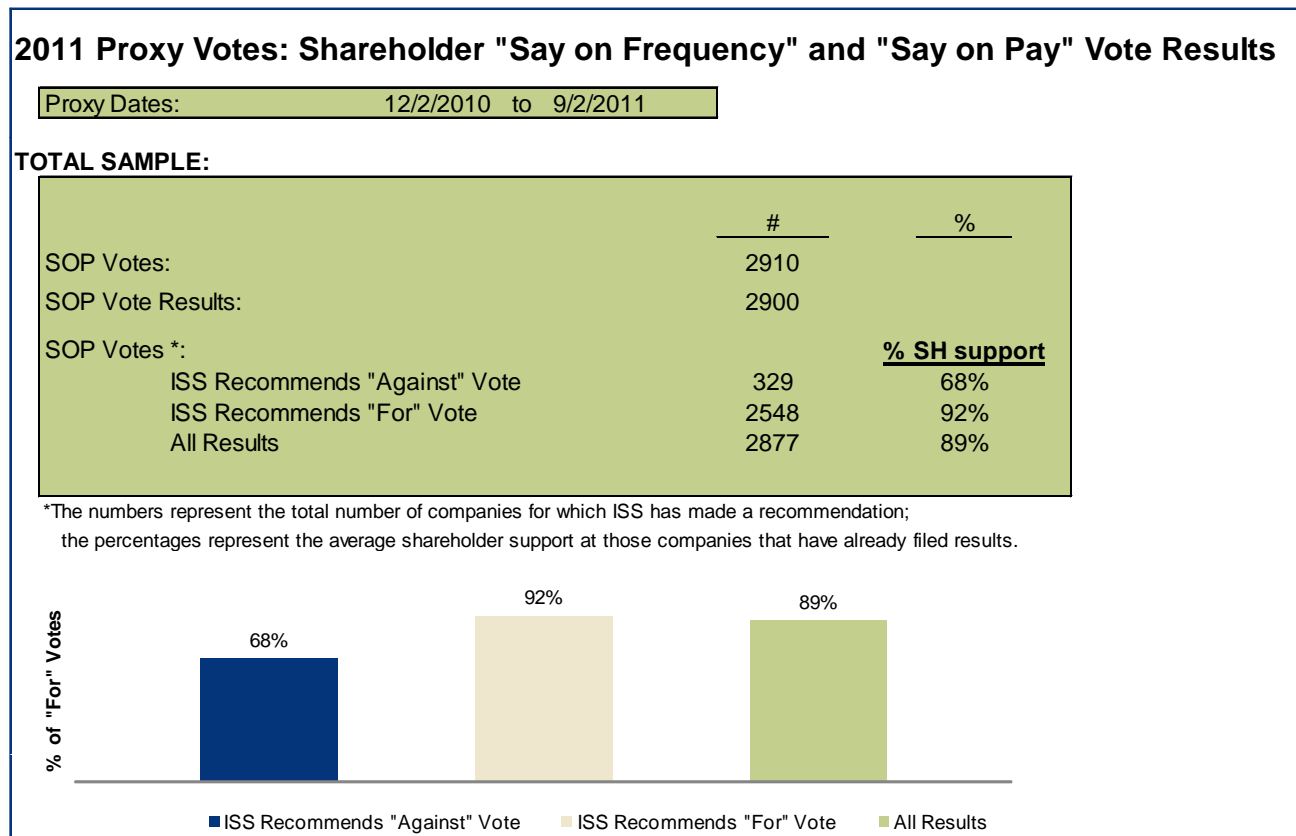
- Good news / bad news
  - Overall approval levels were high for the vast majority of companies



## 2011 Say on Pay – Impact of the Advisory Services

While not a fait accompli in terms of vote outcomes, the proxy advisory services have a significant impact on the level of shareholder approval

- Those companies who ISS recommended “Against” SOP had significantly lower levels of shareholder approval for SOP (68% vs. 89% for All companies)

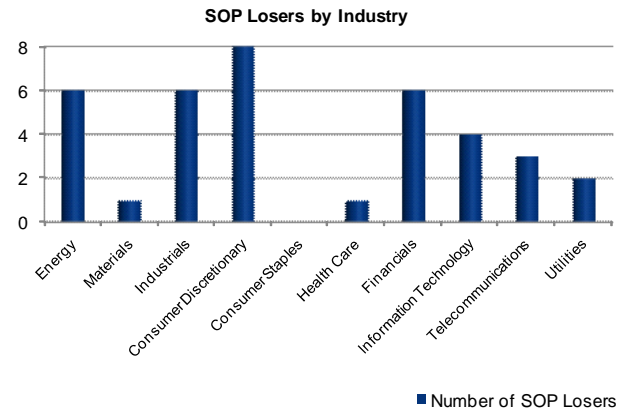


## 2011 Say on Pay Vote Losers – the Bottom 1%

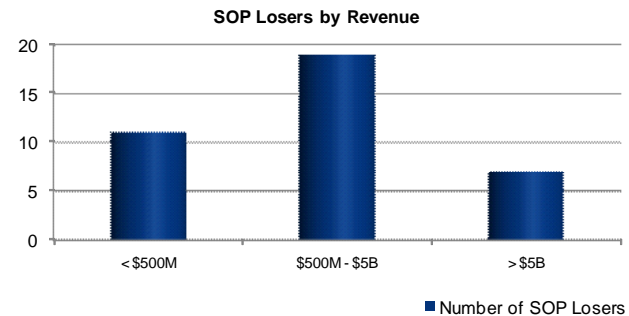
The 37 companies without majority SOP approval spanned a variety of industries and revenue sizes, although there tended to be fewer large companies (>\$5 billion)

### 2011 Say on Pay Losers

Industry	# of SOP Losers
Energy	6
Materials	1
Industrials	6
Consumer Discretionary	8
Consumer Staples	0
Health Care	1
Financials	6
Information Technology	4
Telecommunications	3
Utilities	2
<b>Total:</b>	<b>37</b>



Revenue	# of SOP Losers
< \$500M	11
\$500M - \$5B	19
> \$5B	7
<b>Total:</b>	<b>37</b>



- Adding insult to injury, nine companies have been sued following their negative SOP vote (as of 9/13/11)

## ■ 2011 SOP / SOF Trends



### Say on Pay / Say on Frequency—2011 trends (cont'd.)

- “Let’s get ready to rumble”—square-offs with shareholder advisors
  - With SOP raising the stakes, sparring with shareholder advisory services over vote recommendations and rationale increased dramatically
  - Significant number of proxy “square offs” played out in public, with varying results
- More rain in the forecast...
  - SOP vote “losers” (receiving majority Against votes) subject to significant scrutiny
  - May be subjected to shareholder lawsuits following the vote

# 2011 Say on Pay – Pushing Back on the Advisors

During 2011, over 90 companies rebutted the vote recommendations of the proxy advisory services

## Proxy Square-Offs

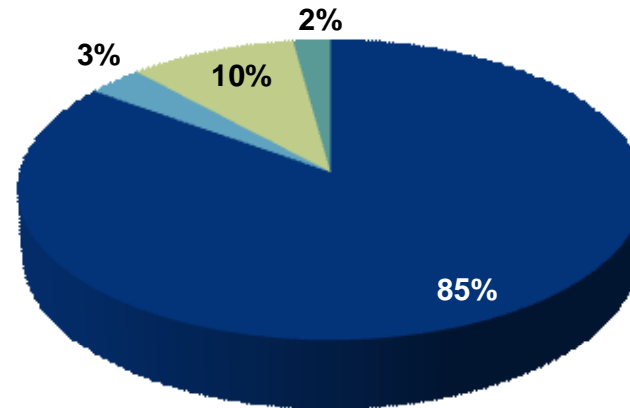
Filings from: 1/1/2011 to 9/9/2011

Total Rebuttals	93
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### By Industry:

Energy	8
Materials	2
Industrials	10
Consumer Discretionary	13
Consumer Staples	5
Health Care	20
Financials	19
Information Technology	8
Telecommunication Services	5
Utilities	1

## Rebuttals by Proxy Advisory Firm



■ ISS rebuttals      ■ Glass Lewis rebuttals  
 ■ ISS & Glass Lewis rebuttals      ■ Other/Not Specified

### By Proxy Advisory Firm:

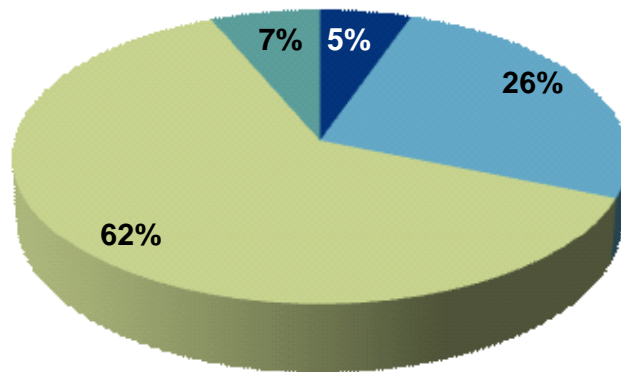
ISS rebuttals	79
Glass Lewis rebuttals	3
ISS & Glass Lewis rebuttals	9
Other/Not Specified	2

# 2011 Say on Pay – Pushing Back on the Advisors

Majority of the rebuttals dealt with SOP vote recommendations; some addressed equity plan recommendations

The company “won”, i.e. majority approval of the proposal, in over 80% of the rebuttal situations

Rebuttals by Topic

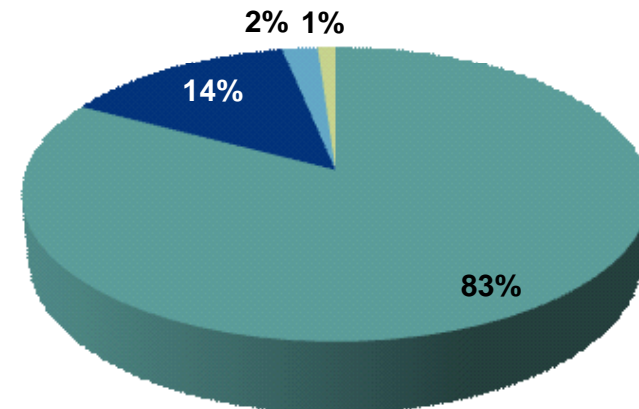


■ Director Elections    ■ Equity Plan  
■ Say-on-pay            ■ Other

**By Topic:**

Director Elections	5
Equity Plan	24
Say-on-pay	58
Other	6

Company Win vs. Loss



■ Won                      ■ Lost  
■ Not Available\*    ■ N/A

**By Company Win/Loss:**

Won	77
Lost	13
Not Available*	2
N/A	1

\*Vote has not yet occurred.

## ■ 2011 Say on Pay – Pushing Back on the Advisors



### **SOP rebuttal details**

- In most cases, shareholder advisors cited a pay for performance disconnect as the rationale for their “Against” recommendation
- Most rebuttals focused on the inappropriateness of the Peer Group used by the advisors for such comparisons, discrepancies in values for or treatment of stock options and other LTI
- Following are selected examples of Say on Pay rebuttals and outcomes; please refer to the Appendix for a complete list

# 2011 Say on Pay – Pushing Back on the Advisors



## SOP rebuttal details (cont'd.)

Date Filed	Company	Advisory Firm(s)	Advisory Firm Action	Advisory Firm Rationale	Company Response or Rebuttal	Company Won/Lost	Notes
4/12/2011	<b>Allegheny Technologies Inc.</b>	ISS and Glass Lewis	ISS and Glass Lewis recommended to vote <u>against</u> Allegheny Technologies' executive compensation programs.	Misalignment between Company performance and the compensation of NEOs and the CEO. "Easy" performance goal of positive EBIT.	ISS fails to take into account the global economy and ATI's business conditions when the goal was set. ISS' chosen Peer Group consisted of companies in unrelated businesses. ATI outperformed ATI's true peer group and outperformed the S&P 500 over the last 4 of 5 years. ATI has a 2010 1-year TSR of 25%. 89% of total compensation at risk.	Won	
3/11/2011	<b>Hewlett-Packard</b>	ISS	ISS recommended to vote <u>against</u> Hewlett-Packard's executive compensation programs.	There are substantial discretionary awards and the Company disclose performance goals, there is a poor track record of CEO exits and large severance provisions. "Send a signal" to the Board that they are "monitoring the situation closely."	The Company believes there is full disclosure consistent with historical practices.	Lost	
5/9/2011	<b>Novellus Systems Inc</b>	Glass Lewis	Glass Lewis recommended to vote <u>against</u> Novellus Systems' executive compensation programs.	"Executives appear to be eligible to receive unlimited compensation through the STI plan." "One performance metric under the LTI plan." Internal pay inequity.	"No participant's actual award under the 162(m) Bonus Program may exceed \$3 million for any year." Other non-financial performance metrics are utilized. Internal pay gap is appropriate as the CEO has an 18 year tenure.	Won	
6/2/2011	<b>Premiere Global Services</b>	ISS and Glass Lewis	ISS and Glass Lewis recommend a vote <u>against</u> say-on-pay.	There is a misalignment between the compensation of the CEO and company performance.	The valuations used by ISS and Glass Lewis to evaluate the CEO's LTI award significantly overstates his total compensation.	Lost	
5/10/2011	<b>Safeway</b>	ISS and Glass Lewis	ISS and Glass Lewis recommended a vote <u>against</u> Safeway's executive compensation programs.	Pay-for-performance disconnect for CEO.	85% of the CEO's target total direct compensation is "at risk" each year. Equity valuations are based on estimates about the future. Both ISS and Glass Lewis select very broad groups of large and small companies that do not correlate with the sector in which Safeway competes.	Won	
3/2/2011	<b>Walt Disney</b>	ISS	ISS recommended to vote <u>against</u> the executive compensation programs, then changed its recommendation to for.	Recently extended excise tax gross ups and restricted stock unit awards are dependent on one-year EPS.	Per the rebuttal, ISS made the following mistakes: Prohibited excise tax gross ups in any future extensions of agreements, and the EPS test is a three-year test.	Won	On March 18 Walt Disney amended its employment agreements to remove excise tax gross ups for current executives

## ■ Preparing for 2012 Say on Pay



### Actions to consider in preparation for SOP Year Two...

- Review executive compensation programs—understand likely hot button issues or practices (gross-ups, excessive perquisites, large grants where not performance-based, duplicative metrics in STI, LTI plans, etc.)
- Review executive pay relative to performance, especially CEO pay relative to TSR
  - Understand whether CEO pay has increased over 2011, when TSR has been flat or negative
- If not done already, prepare *Executive Summary* to support SOP proposal
  - Include company performance highlights and how performance relates to compensation/incentive plans
  - Address most important issues (the subjects of 2011 rebuttals) up front in Summary
    - » Peer group – rationale and differences from GICS subgroup
    - » Performance based compensation elements; specific performance measures, achievement and resulting payouts
- Initiate or (better still) continue dialogue with significant shareholders
  - Initiate or improve dialogue with shareholder advisory services
- In the event of an “Against” recommendation
  - Consider whether practices can be changed to alleviate the issue(s)
  - Be prepared to (potentially) rebut the recommendation

## ■ Preparing for 2012 Say on Pay

- Finally, consider the potential impact of other executive compensation provisions of the Dodd-Frank Act on 2012 proxies and SOP planning....
- Key pay-related provisions of Dodd-Frank (in order of anticipated timing):
  1. Say on Pay ✓
  2. Say on Frequency of the Say on Pay vote ✓
  3. Say on Golden Parachutes ✓
  4. Enhanced disclosure regarding Chairman and CEO roles **TBD**
  5. Elimination of broker discretionary votes ✓
  6. Proxy access **TBD**
  7. Executive compensation at financial institutions **2012+**
  8. Compensation Committee member independence and Committee's oversight authority **2012**
  9. Independence of the Compensation Committee's advisor **2012**
  10. Pay-for-performance disclosure **2012+**
  11. Internal equity ratio disclosure **2012+**
  12. Mandatory clawback policies **2012+**
  13. Hedging policy disclosure **2012+**

✓ Implemented 2011    **TBD**    **2012+**    **2012**  
Actions pending SEC rules    Likely to have low impact

# Appendix:

## 2011 SOP Vote Losers



Following are the 37 companies receiving negative SOP votes (listed by company with highest percentage of “against” votes):

Helix Energy Solutions Group Inc	67.94%	Weatherford International Ltd	55.37%
MDC Holdings Inc	65.11%	Masco Corp	55.22%
Monolithic Power Systems Inc	63.74%	Navigant Consulting Inc	55.13%
Umpqua Holdings Corporation	61.85%	NVR Inc	54.70%
Cadiz Inc	61.65%	BioMed Realty Trust Inc	54.22%
Pico Holdings Inc	60.97%	Freeport McMoran Copper & Gold Inc	53.94%
Superior Energy Services Inc	60.72%	Beazer Homes	53.77%
Constellation Energy Group Inc	60.57%	Jacobs Engineering Group, Inc	53.73%
Cogent Communications Group Inc	60.55%	Curtiss Wright Corp	52.66%
Stanley Black & Decker, Inc.	59.15%	Dex One Corp	51.99%
Cincinnati Bell Inc	58.53%	Blackbaud Inc	51.96%
Nutri System Inc	58.03%	Cutera Inc	51.90%
Ameron International Corp	57.67%	Premiere Global Services Inc	51.34%
Nabors Industries Ltd.	57.27%	Talbots Inc	51.04%
Penn Virginia Corp	55.98%	Stewart Information Services Corp	50.88%
Intersil Corp	55.77%	Tutor Perini Corp	50.82%
Shuffle Master Inc	55.40%	Hewlett Packard Co	50.77%
Hercules Offshore, Inc.	55.38%	Kilroy Realty Corp	50.70%
Janus Capital Group Inc	55.38%		

## 2011 SOP Rebuttal Detail

Following are details regarding the rebuttals filed by 58 companies to the “against” SOP vote recommendations from proxy advisory services

Date Filed	Company	Advisory Firm(s)	Advisory Firm Action	Advisory Firm Rationale	Company Response or Rebuttal	Company Won/Lost Vote	Notes
5/16/2011	<b>Alexandria Real Estate Equities</b>	ISS	ISS recommended a vote <u>against</u> Alexandria Real Estate Equities' executive compensation programs.	Pay-for-performance disconnect.	Executive compensation decisions are made by a strong, seasoned and highly experienced Compensation Committee, using a methodical pay-for-performance approach, and ARE's performance has been outstanding in both stockholder return and other important performance measures. CEO's compensation package is heavily weighted toward at-risk elements (75%).	Won	
4/12/2011	<b>Allegheny Technologies Inc.</b>	ISS and Glass Lewis	ISS and Glass Lewis recommended to vote <u>against</u> Allegheny Technologies' executive compensation programs.	Misalignment between Company performance and the compensation of NEOs and the CEO. "Easy" performance goal of positive EBIT.	ISS fails to take into account the global economy and ATI's business conditions when the goal was set. ISS' chosen Peer Group consisted of companies in unrelated businesses. ATI outperformed ATI's true peer group and outperformed the S&P 500 over the last 4 of 5 years. ATI has a 2010 1-year TSR of 25%. 89% of total compensation at risk.	Won	
4/19/2011	<b>Allstate Corp.</b>	ISS	Allstate believes that ISS will recommend a vote <u>against</u> Allstate's executive compensation programs.		ISS' valuation of options not in accordance to SEC rules.	Won	
5/26/2011	<b>Amedisys, Inc</b>	ISS	ISS recommended a vote <u>against</u> Amedisys' executive compensation programs.	Chairman and CEO has a modified single-trigger severance provision.	Disagree with ISS' recommendation regarding the entire compensation program because of what the company believes is one relatively small element of that overall program.	Won	
5/9/2011	<b>Amgen</b>	ISS and Glass Lewis	ISS and Glass Lewis recommended to vote <u>against</u> Amgen's executive compensation programs.	Pay-for-performance disconnect.	ISS overstates CEO compensation and does not use applicable accounting guidance. CEO compensation correlates with long-term performance. Incorrect Peer Group.	Won	

## 2011 SOP Rebuttal Detail (cont'd)

Date Filed	Company	Advisory Firm(s)	Advisory Firm Action	Advisory Firm Rationale	Company Response or Rebuttal	Company Won/Lost Vote	Notes
6/10/2011	<b>Blackbaud Inc.</b>		Proxy Advisory services recommend to vote <u>against</u> Say-on-pay.		Recommendation is based on rigid models that fail to take account of Blackbaud's individual facts and circumstances.	Lost	
4/18/2011	<b>Cambrex, Corp.</b>	ISS	ISS recommended a vote <u>against</u> Cambrex's executive compensation programs.	Pay-for-performance disconnect.	ISS' valuation of the CEO's option grant significantly overstates his total compensation. The CEO did not receive a salary increase since becoming CEO in 2008, and he did not receive any long-term equity awards in 2009. Incorrectly accused by ISS for not disclosing director stock ownership guidelines.	Won	Glass Lewis & Co. and Egan-Jones recommended a vote <u>for</u> Cambrex's executive compensation programs
6/10/2011	<b>Cbeyond, Inc.</b>	ISS	ISS recommends a vote <u>against</u> the Company's recommendation on the advisory vote on executive compensation.	There is a misalignment between the Company's long-term performance and the compensation of the CEO.	Incomplete and inaccurate analysis. ISS used multi-year price performance while using year-over-year CEO compensation.	Won	
5/9/2011	<b>Charles Schwab</b>	ISS	ISS recommended to vote <u>against</u> Charles Schwab's executive compensation programs.	Pay-for-performance disconnect.	The majority of named executive officer compensation is performance-based, including a significant portion of cash compensation and all long-term compensation. CEO compensation declined in 2010 rather than increased by 4.1% as reported by ISS.	Won	
5/27/2011	<b>Chesapeake Energy Corp</b>	ISS	ISS recommends to vote <u>against</u> the say-on-pay proposal.		The Compensation Committee considers a comprehensive evaluation of performance when determining compensation and believes that short-term TSR is inappropriate as the exclusive metric upon which to judge a company's performance.	Won	
5/25/2011	<b>CME Group</b>	ISS	ISS recommended to vote <u>against</u> CME Group's executive compensation programs.	Pay-for-performance disconnect for the CEO.	Discredits ISS chosen Peer Group. Stock Options are in fact performance based. Recent addition of performance shares. Increase in compensation was based on performance.	Won	

## 2011 SOP Rebuttal Detail (cont'd)

Date Filed	Company	Advisory Firm(s)	Advisory Firm Action	Advisory Firm Rationale	Company Response or Rebuttal	Company Won/Lost Vote	Notes
5/17/2011	<b>Collective Brands</b>	ISS	ISS recommended a vote <u>against</u> Collective Brands' executive compensation programs.	Concern related to increases in cash and equity incentives for 2010 over 2009.	Company has taken steps to increase link between pay and performance and there is a clear link between pay and performance. ISS does not appear to account for the fact that under the 2009-2011, 2010-2012 and 2011-13 long term incentive plan performance periods, the payout is subject to a positive or negative adjustment of 20% based upon relative TSR compared to our disclosed peer group.	Won	
4/21/2011	<b>Conocophlips</b>	ISS	ISS recommended to vote <u>against</u> Conocophlips executive compensation programs.	Excise tax gross-ups and additional years of credited services under pension plans for two newly hired executives.	These are two non-core reasons for recommending an against vote. These are pre-existing programs and the Company does not want to discriminate against newly hired executives. ISS has acknowledged the Company's pay for performance alignment.	Won	
5/11/2011	<b>Cryolife</b>	ISS	ISS recommended a vote <u>against</u> Cryolife's executive compensation programs.	Pay-for-performance disconnect for the CEO.	ISS' methodology for calculating executive compensation is inconsistent with the SEC's guidelines.	Won	
5/13/2011	<b>Dean Foods</b>	ISS	ISS recommended a vote <u>against</u> Dean Foods' executive compensation programs.	Excise tax gross-ups in change in control agreements.	Shareholders voted to allow the use of excise tax gross-ups in 2010.	Won	
5/17/2011	<b>Douglas Emmett</b>	ISS	ISS recommended a vote <u>against</u> Douglas Emmett's executive compensation programs.	Discretionary aspect of cash bonus payouts.	The company does not agree with the mere existence of a discretionary component to compensation as meriting an "against" vote from ISS. ISS also made several errors in its analysis of Douglas Emmett's compensation programs.	Won	
5/6/2011	<b>Dr. Pepper Snapple Group, Inc.</b>	ISS	ISS recommended to vote <u>against</u> Dr. Pepper Snapple's executive compensation programs.	One new executive is entitled to gross-ups in the company's Change-in-Control Severance Plan.	ISS has based its recommendation on only one small element of a comprehensive executive compensation program. DPS has a valid business reason for allowing newly hired employees to participate in pre-existing programs for similarly situated executives, including the CIC Plan.	Won	

## 2011 SOP Rebuttal Detail (cont'd)

Date Filed	Company	Advisory Firm(s)	Advisory Firm Action	Advisory Firm Rationale	Company Response or Rebuttal	Company Won/Lost Vote	Notes
5/6/2011	<b>ExxonMobil</b>	ISS	ISS recommended to vote <u>against</u> ExxonMobil's executive compensation programs.	Pay-for-performance disconnect.	The ISS model inappropriately focuses on short-term performance (1 and 3 years). TSR as the only performance criteria is narrow. Faulty Peer Group. ISS incorrectly asserts that ExxonMobil's time-vested restricted stock is not performance-based compensation.	Won	
4/21/2011	<b>Federal Realty Investment Trust</b>	ISS	ISS recommended to vote <u>against</u> Federal Realty Investment Trust's executive compensation programs.	Pay-for-performance disconnect for the CEO.	TSR considered alone is an inadequate measure. ISS chosen comparison companies are incorrect as some are in different industries. Illogical Peer Group with undisclosed rationale.	Won	
6/2/2011	<b>Freeport McMoran Copper &amp; Gold Inc.</b>	ISS	ISS has recommended that shareholders vote <u>against</u> the proposal regarding executive compensation.	Concern about the design of the annual incentive program and overvalued executive compensation.	Believes the stockholders are in favor of the incentive plan. The ISS uses a stock option valuation that is flawed as it is based of inconsistent assumptions. The formulaic approach used does not consider the facts and circumstances disclosed in the 2011 proxy.	Lost	
6/3/2011	<b>GameStop Corp.</b>	ISS	ISS recommended to vote <u>against</u> ratification of executive compensation.	The Company's one and three-year TSR underperformed the sector median and there were still pay increases for the Executive Chairman and the CEO.	The base pay and short-term incentive did not change from fiscal 2009 to fiscal 2010. The increase in overall pay was due to the short-term incentive award.	Won	
4/7/2011	<b>General Electric</b>	ISS	ISS recommended to vote <u>against</u> General Electric's executive compensation programs.	The CEO's compensation suggests a misalignment with long-term company performance.	The CEO's pay increased a modest 6.4% since 2007. ISS' valuation of option granted significantly overstates his total compensation. ISS' model is inconsistent with applicable accounting guidance.	Won	GE modified its options vesting provisions to be in alignment with ISS' practices 11 days later.
4/28/2011	<b>Gilead Sciences, Inc.</b>	ISS	ISS recommended to vote <u>against</u> Gilead Sciences' executive compensation programs.	Pay-for-performance disconnect.	Strong performance relative to its Peer Group over the past five years. Because equity compensation is limited to performance-based shares and stock options, 100% of the value realized is performance-based. CEO's compensation decreased from 2009 to 2010.	Won	Glass Lewis & Co. recommended a vote <u>for</u> Gilead Sciences' executive compensation programs

## 2011 SOP Rebuttal Detail (cont'd)

Date Filed	Company	Advisory Firm(s)	Advisory Firm Action	Advisory Firm Rationale	Company Response or Rebuttal	Company Won/Lost Vote	Notes
4/12/2011	Harsco Corp.	ISS	ISS recommended a vote <u>against</u> Harsco's executive compensation programs.	Pay for performance disconnect.	Discredits how ISS computes estimated payout values for performance cycles beginning in 2010; however, LTIP cycles ending in 2010 and 2009 had actual payouts of zero.	Won	Glass Lewis and Egan-Jones recommended a vote <u>for</u> Harsco's executive compensation programs
3/11/2011	Hewlett-Packard	ISS	ISS recommended to vote <u>against</u> Hewlett-Packard's executive compensation programs.	There are substantial discretionary awards and the Company disclose performance goals, there is a poor track record of CEO exits and large severance provisions. "Send a signal" to the Board that they are "monitoring the situation closely."	The Company believes there is full disclosure consistent with historical practices.	Lost	
5/17/2011	Intermec, Inc.	ISS	Intermec made changes to its executive compensation programs due to ISS' concerns.		The Compensation Committee will ensure that at least 50% of the equity normally granted to our CEO for 2011 (based on the number, not value, of shares) will consist of awards that vest based on the achievement of specified performance goals. For equity grants to our named executive officers in future years, 50% of the number of shares granted will be subject to performance goals with a multi-year basis.	Won	
5/11/2011	J P Morgan Chase	ISS	ISS recommended to vote <u>against</u> JP Morgan Chase's executive compensation programs.	"In light of above-median CEO pay coupled with a discretionary-nature in the company's executive compensation program..."	"Above-median" pay is not an appropriate trigger for voting against the Say on Pay proposal. Compensation determinations are disciplined but not formulaic.	Won	
5/3/2011	J. C. Penney Company, Inc.	ISS	ISS recommended to vote <u>against</u> J. C. Penney's executive compensation programs.	Pay-for-performance disconnect.	ISS should not use GICS Peer Group as it is not indicative of the true peers of J. C. Penney. TSR should be on a fiscal year, rather than calendar year basis. CEO's compensation has decreased since 2008. ISS overstated option grant for the CEO and did not use GAAP. Contrary to the ISS report, the CEO does not have an employment contract or severance agreement.	Won	

## 2011 SOP Rebuttal Detail (cont'd)

Date Filed	Company	Advisory Firm(s)	Advisory Firm Action	Advisory Firm Rationale	Company Response or Rebuttal	Company Won/Lost Vote	Notes
4/19/2011	<b>Johnson &amp; Johnson</b>		Johnson & Johnson issued a preemptive defense of its executive compensation program.		Reduced total planned compensation 12% due to mixed performance in 2010. Pay for performance alignment in compensation plan.	Won	
5/11/2011	<b>Level 3 Communications</b>	ISS	ISS recommended a vote <u>against</u> Level 3 Communications' executive compensation programs.	Pay-for-performance disconnect.	Our CEO's total pay for 2010 was significantly below the median of the peer group that ISS selected for its report. Stock appreciation rights have had \$0 in payout as a result of settlements.	Won	
4/12/2011	<b>Lockheed Martin</b>	ISS	ISS originally recommended to vote against the executive compensation programs, but has changed its recommendation to for.	Pay-for-performance disconnect.	Lockheed Martin amended its option agreement with the CEO to include performance goals where the options will be forfeited if goals are not met.	Won	
5/23/2011	<b>Masimo</b>	ISS	ISS recommended a vote <u>against</u> Masimo's executive compensation programs.	Pay-for-performance disconnect for the CEO.	ISS focuses on short-term performance (one and three year). TSR as the sole performance metric is not appropriate. Option valuations inconsistent with GAAP which overstates the CEO's compensation. Discredits ISS chosen Peer Group. Error of ISS: ISS uses incorrect exercise price when valuing options.	Won	
7/12/2011	<b>McKesson Corp</b>	ISS	ISS recommends stockholders vote <u>against</u> the Say-on-pay proposal.		The Company has had favorable stock performance, financial results and a 13% decrease in CEO compensation over the past year. Have implemented positive changes in programs and policies.	Won	
6/10/2011	<b>Monolithic Power Systems Inc.</b>	ISS and Glass Lewis	ISS and Glass Lewis have recommended that their clients vote <u>against</u> the advisory vote on executive compensation.	Perceived pay-for-performance and pay level issues.	ISS does not focus on the overall circumstances surrounding the CEO's compensation for 2010 and misses the relationship between the company's decision in 2009-2010. The Company's LTI takes into account performance. The metrics used to determine accelerated vesting are different than the metrics used to determine cash incentive bonuses. The Board has never exercised upward discretion to adjust annual cash incentive awards and they are committed to pay practices that are aligned with stockholder interests.	Lost	

## 2011 SOP Rebuttal Detail (cont'd)

Date Filed	Company	Advisory Firm(s)	Advisory Firm Action	Advisory Firm Rationale	Company Response or Rebuttal	Company Won/Lost Vote	Notes
5/4/2011	<b>Morgan Stanley</b>	ISS	ISS recommended to vote <u>against</u> Morgan Stanley's executive compensation programs.	Pay for performance disconnect and incentive programs do not provide transparency about how awards are derived.	While the CEO's pay declined in 2010, despite taking on additional responsibilities, ISS does not recognize that this represents a clear and direct link between pay and performance. ISS incorrectly does not recognize stock options as performance based. CEO's pay was more than 22% below the median for CEOs in the peer group identified by ISS.	Won	
4/15/2011	<b>Navigant Consulting, Inc.</b>	ISS	ISS recommended to vote <u>against</u> Navigant's executive compensation programs.	Misalignment of CEO pay and company stock performance.	ISS failed to follow the allocation methodology that it advocated in the prior year, and instead allocated the value of equity grants to the year in which they were granted rather than to the performance year on which they were based. ISS' report understates the decrease in total CEO compensation for both 2010 and 2009.	Lost	A majority of shareholder's voted against Navigant's executive compensation programs
4/1/2011	<b>Northern Trust Corp.</b>	ISS	ISS recommended to vote <u>against</u> Northern Trust's executive compensation programs.	The CEO's compensation suggests a "pay for performance disconnect." There is poor TSR performance relative to ISS reflected peer group.	90% of the CEO's compensation is in the form of variable incentive compensation. 65% is in long-term equity-based incentive pay. ISS' chosen Peer Group consisted of companies in unrelated businesses.	Won	Glass Lewis recommended a vote <u>for</u> Northern Trust's executive compensation programs
5/9/2011	<b>Novellus Systems Inc</b>	Glass Lewis	Glass Lewis recommended to vote <u>against</u> Novellus Systems' executive compensation programs.	"Executives appear to be eligible to receive unlimited compensation through the STI plan." "One performance metric under the LTI plan." Internal pay inequity.	"No participant's actual award under the 162(m) Bonus Program may exceed \$3 million for any year." Other non-financial performance metrics are utilized. Internal pay gap is appropriate as the CEO has an 18 year tenure.	Won	
5/10/2011	<b>NVIDIA</b>	ISS	ISS recommended to vote <u>against</u> NVIDIA's executive compensation programs.	Pay-for-performance disconnect.	ISS overstates option grant values with methodology inconsistent with GAAP.	Won	
4/14/2011	<b>Pfizer, Inc.</b>	ISS	ISS recommended to vote <u>against</u> Pfizer's executive compensation programs.	Opposed to separation agreement with former CEO.	Agreement was in the best interest of shareholders, (significant non-competition, non-solicitation). Amounts paid and to be paid were largely based upon the terms of plans and programs applicable to other executives.	Won	

## 2011 SOP Rebuttal Detail (cont'd)

Date Filed	Company	Advisory Firm(s)	Advisory Firm Action	Advisory Firm Rationale	Company Response or Rebuttal	Company Won/Lost Vote	Notes
7/26/2011	<b>Polo Ralph Lauren Corp</b>	ISS	ISS recommends stockholders vote <u>against</u> the Say-on-pay proposal.	A disconnect exists between Mr. Lauren's total pay and performance.	ISS' recommendation is based solely on the CEO bonus, it does not take into account the strong financial performance and operational improvements. The Company's one, three and five year TSR have outperformed the sector and the S&P 500.	Won	
6/2/2011	<b>Premiere Global Services</b>	ISS and Glass Lewis	ISS and Glass Lewis recommend a vote <u>against</u> say-on-pay.	There is a misalignment between the compensation of the CEO and company performance.	The valuations used by ISS and Glass Lewis to evaluate the CEO's LTI award significantly overstates his total compensation.	Lost	
8/25/2011	<b>RBC Bearings Inc.</b>	ISS	ISS recommends to vote <u>against</u> the say-on-pay proposal.	Pay-for-performance misalignment.	Believe this to be unfounded and the Company's executive compensation program and mix of cash and equity awards appropriately rewards our executives for achievement of both short-term and long-term financial results.	Not Available	Annual Meeting: 9/7/2011
5/10/2011	<b>Safeway</b>	ISS and Glass Lewis	ISS and Glass Lewis recommended a vote <u>against</u> Safeway's executive compensation programs.	Pay-for-performance disconnect for CEO.	85% of the CEO's target total direct compensation is "at risk" each year. Equity valuations are based on estimates about the future. Both ISS and Glass Lewis select very broad groups of large and small companies that do not correlate with the sector in which Safeway competes.	Won	
5/25/2011	<b>Shuffle Master</b>	ISS	ISS recommended to vote <u>against</u> Shuffle Master's executive compensation programs.	The Chief Operating Officer has a ("legacy") modified single-trigger severance provision.	Amended the employment agreement to eliminate the single-trigger severance provision.	Lost	
5/25/2011	<b>Staples</b>	ISS	ISS recommended a vote <u>against</u> Staples' executive compensation programs.	Pay-for-performance disconnect for the CEO.	Discredits ISS methodology for assessing company performance. Discredits ISS chosen Peer Group. CEO annual pay aligned with stock price performance.	Won	

## 2011 SOP Rebuttal Detail (cont'd)

Date Filed	Company	Advisory Firm(s)	Advisory Firm Action	Advisory Firm Rationale	Company Response or Rebuttal	Company Won/Lost Vote	Notes
4/28/2011	<b>Sunrise Senior Living, Inc.</b>	ISS and Glass Lewis	ISS and Glass Lewis recommended to vote <u>against</u> Sunrise Senior Living's executive compensation programs.	Concern with the design of the 2010 annual incentive bonus plan and the CEO's pay compared to ISS and Glass Lewis selected peer group medians.	Company successfully improved grim financial position and stock price appreciated 70% during 2010 meriting bonus payouts. CEO's re-signing bonus and re-signing option should be excluded from any peer group compensation analysis. Glass Lewis' 3-year pay-for-performance analysis is inappropriate as CEO has only been employed for 2 years.	Won	
5/12/2011	<b>Superior Energy Services</b>	ISS	ISS recommended a vote <u>against</u> Superior Energy Services' executive compensation programs.	Excessive non-performance based payments and benefits to two former executives, without clear justification.	The arrangements with these executives were in the best interests of the stockholders because they provide for the continuation of significant non-competition, non-solicitation and other protections for the Company and secure the continuing professional services of these two former senior executives during the early years of this transition period.	Lost	Lost say-on-pay vote
5/5/2011	<b>Talbots</b>	ISS	ISS recommended a vote <u>against</u> Talbots' executive compensation programs.	Pay-for-performance disconnect.	78% of CEO's compensation is variable and tied to performance. No base salary increases for CEO since 2007. Long-term incentive program entirely equity based. ISS failed to recognize one-time incentive award to be performance-based.	Lost	Lost say-on-pay vote
4/13/2011	<b>Teleflex Inc.</b>	ISS	ISS recommended to vote <u>against</u> Teleflex's executive compensation programs.	"Given that the CEO did not meet his performance goals under the annual incentive plan and received a severance benefit . . . an increase in non-performance equity awards is not warranted . . ."	Illogical to criticize equity awards in light of his severance benefit because he had to forfeit the equity awards to receive his severance benefit. Severance benefits reflect contract set in 2006 and were not Ad-Hoc equity awards.	Won	
4/6/2011	<b>Textron, Inc.</b>	Glass Lewis	Glass Lewis recommended to vote <u>against</u> Textron's executive compensation programs.	There is a pay-for-performance disconnect.	Discredits Glass-Lewis' chosen performance Peer Group. The Company believes that it is unfair to penalize management with an against vote after managements' large accomplishments.	Won	

## 2011 SOP Rebuttal Detail (cont'd)

Date Filed	Company	Advisory Firm(s)	Advisory Firm Action	Advisory Firm Rationale	Company Response or Rebuttal	Company Won/Lost Vote	Notes
2/22/2011	<b>Tyco International</b>	ISS	ISS recommended a vote <u>against</u> Tyco's executive compensation programs	Does not align pay with performance and there are high pay levels after two spinoffs.	70% of target directed pay in 2010 consisted of performance share units and stock options and there was a 30% decrease in targeted direct compensation.	Won	Glass Lewis recommended a vote <u>for</u> Tyco's executive compensation programs
4/22/2011	<b>Umpqua Holdings</b>	ISS	ISS recommended to vote <u>against</u> and shareholders <u>voted against</u> Umpqua's executive compensation programs.	Pay-for-performance disconnect	CEO's salary has been flat between 2007 and 2010. 60% of CEO's compensation at-risk. Umpqua became profitable. ISS' valuation of options not in accordance with SEC rules. ISS' Peer Group inconsistent with true peer group. TSR considered alone is an inadequate measure.	Lost	Rebuttal was filed in the 8-K disclosing the vote loss (post-facto)
4/12/2011	<b>Unisys Corp.</b>	ISS	ISS recommended to vote <u>against</u> Unisys' executive compensation programs.	There is a "Pay for performance disconnect" due to stock options granted. 1, 3, 5-year TSR below median of ISS' chosen peer group.	The CEO's compensation not assessed over the period of his tenure (2 years). TSR is assessed over 2-year period above median TSR for ISS' chosen peer group and the S&P 500. 80% of total compensation is at risk. Well below market equity based awards; number of stock options was the same in both 2009 and 2010, but the increase in value was due to >5x increase in stock price.	Won	Glass Lewis recommended a vote <u>for</u> Unisys' executive compensation programs
5/26/2011	<b>VCA Antech</b>	ISS	ISS recommended a vote <u>against</u> VCA Antech's executive compensation programs.	Pay-for-performance disconnect. CEO's consulting agreement provides generous compensation.	Without the CEO's SERP, the CEO's pay has decreased from 2008 to 2010. The SERP and consulting agreement were adopted as a recognition of the CEO's historical contributions to the company and his importance to the company's continued success.	Won	
5/20/2011	<b>Vornado Realty Trust</b>	ISS	ISS recommended a vote <u>against</u> Vornado Realty Trust's executive compensation programs.	Lack of transparency in the use of performance metrics that ultimately determine[s] the level of equity-based compensation to align pay and performance.	Executive compensation program does not mandate specific performance metrics that result in formula-driven payouts; however, executive pay aligns very well with performance, with industry peers, and with our shareholders' interests. ISS more concerned with the potential pay-for-performance disconnect.	Won	

## 2011 SOP Rebuttal Detail (cont'd)



Date Filed	Company	Advisory Firm(s)	Advisory Firm Action	Advisory Firm Rationale	Company Response or Rebuttal	Company Won/Lost Vote	Notes
3/2/2011	Walt Disney	ISS	ISS recommended to vote <u>against</u> the executive compensation programs, then changed its recommendation to <u>for</u> .	Recently extended excise tax gross ups and restricted stock unit awards are dependent on one-year EPS.	Per the rebuttal, ISS made the following mistakes: Prohibited excise tax gross ups in any future extensions of agreements, and the EPS test is a three-year test.	Won	On March 18 Walt Disney amended its employment agreements to remove excise tax gross ups for current executives
4/15/2011	Zimmer Holdings, Inc.	ISS	ISS recommended to vote <u>against</u> Zimmer Holdings' executive compensation programs.	Pay-for-performance disconnect.	ISS' valuation of the 2010 stock option grant significantly overstates his total compensation. ISS' stock option valuation goes against GAAP. ISS' analysis is not consistent with SEC rules.	Won	Glass Lewis & Co. and Egan-Jones recommended a vote <u>for</u> Zimmer Holdings' executive compensation programs

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