Pearl Meyer & Partners
Comprehensive Compensation®

ON POINT

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2009 Say on Pay Survey

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Team Involved in Say on Pay

	All Firms	Covered by TARP		Revenue / Assets				
	All Firms	TARP	Non-TARP	Under $300 Million	$300 Million to less than $1 Billion	$1 Billion to less than $3 Billion	$3 Billion to less than $10 Billion	$10 Billion or greater
Number of Firms Reporting	231	15	216	20	44	55	45	67
What function will LEAD (or is leading) the company's efforts associated with Say on Pay?								
Human Resources	22.5%	6.7%	23.6%	20.0%	18.6%	17.0%	26.8%	27.9%
Legal	29.8%	20.0%	30.5%		30.2%	18.9%	34.1%	[illegible]
Finance	0.5%		0.5%	5.0%				
Outside Compensation Consultant	2.8%		3.0%			5.7%		
Outside Legal Counsel	2.8%	13.3%	2.0%	5.0%	2.3%	5.7[illegible]		
Compensation Committee	28.9%	40.0%	28.1%	55.0%	39.5[illegible]			
Members of the Board of Directors (Other than the Compensation Committee)	1.8%		2.0%	10.0%				
Senior Executives	3.2%	20.0%	2.0%					
Other	4.6%		4.9%					
None	3.2%							
Wha[illegible] function(s) are or wi[illegible] be PART OF THE TEAM								
Hum[illegible]								
[illegible]								

Voting Guidelines and Shareholder Relations	All Firms	Covered by TARP		Revenue / Assets				
	All Firms	TARP	Non-TARP	Under $300 Million	$300 Million to less than $1 Billion	$1 Billion to less than $3 Billion	$3 Billion to less than $10 Billion	$10 Billion or greater
Number of Firms Reporting	231	15	216	20	44	55	45	67
Are you familiar with the overall voting guidelines of proxy advisory groups such as RiskMetrics Group, Glass Lewis, and Proxy Governance with respect to Say on Pay?								
No	30.1%	40.0%	29.4%	45.0%	37.2%	39.6%	31.7%	
Yes	69.9%	60.0%	70.6%	55.0%	62.8%	60.4%	68.3%	
Are you familiar with the overall voting guidelines of major institutional investors (e.g., Fidelity, CalPERS) with respect to S								
No	54.8%	66.7%	54.0%	65.0%	65.1%	63.0		
Yes	45.2%	33.3%	46.0%	35.0%				
How often does your company typically reach out to shareholders for feedback on executive								
Never	45.8%	42.9%	46.0%					
Less than once a year	26.9%	7.1%						
Once year	22							
2 to								

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Say on Pay

Say on Pay gives shareholders an annual, non-binding proxy vote "in favor of" or "against" a company's executive compensation program. Currently, such an advisory vote is a requirement for public companies participating in the Troubled Asset Relief Program (TARP). Given the Treasury's recent statement, momentum for *Say on Pay* is growing and it may eventually be mandated for all public companies.

Pearl Meyer & Partners invites you to participate in a very short survey about your company's approach to and perspectives on *Say on Pay*. Individual responses will be held in strict confidence and all participants will receive a detailed summary analysis of the survey results.

Please provide your corporate email address. Your email address will serve as your username allowing you to log into the questionnaire at any time or return to finish later.

E-mail:

Please provide your full company name:

Company:

Please provide the contact person for this survey:

Name:

Please identify your role at the company.

- ○ Member of the Compensation Committee
- ○ Member of the Board of Directors (Other than the Compensation Committee)
- ○ CEO
- ○ CFO
- ○ Head of Human Resources
- ○ Other Direct Report to the CEO
- ○ Human Resources Staff (Excluding the Compensation Group)
- ○ Member of the Compensation Group

○ Other (Specify) [ ]

Organization Demographics

What is the organization's form of ownership?

○ Publicly Held - For Profit
○ Closely Held - For Profit [Skip to question 1]
○ Privately Held - For Profit [Skip to question 1]
○ Tax Exempt or Government Chartered, including 501(c)(3), FFRDC [Skip to question 1]

What is the organization's reporting entity ?

○ Parent/Stand Alone
○ Subsidiary
○ Division

Where is the organization's headquarters located?

Headquarters [ ]

Please select specific industry code. For more details click here

Global Industry Classification Code: [ ]

Please select the appropriate revenue, asset size, or operational budget category (whichever is most appropriate for indicating organization scope) for your organization, for the most recently completed fiscal year. (Used for reporting category.)

My selection below is indicative of:

○ Revenue
○ Assets
○ Operational Budget

My organization's size is:

○ Under $100 million
○ $100 million to less than $300 million
○ $300 million to less than $1 billion
○ $1 billion to less than $3 billion

- ○ $3 billion to less than $10 billion
- ○ $10 billion to less than $20 billion
- ○ $20 billion to less than $30 billion
- ○ $30 billion or greater

What is your company's current market capitalization?

- ○ Under $100 million
- ○ $100 million to less than $300 million
- ○ $300 million to less than $1 billion
- ○ $1 billion to less than $3 billion
- ○ $3 billion to less than $10 billion
- ○ $10 billion to less than $20 billion
- ○ $20 billion to less than $30 billion
- ○ $30 billion or greater

1. In the past year, has your company been asked by any major shareholder, watchdog, or activist group (excluding government mandates) to provide shareholders a *Say on Pay* vote?

- ○ Yes
- ○ No

2. How likely do you think it is that *Say on Pay* will be required for all U.S. public companies for 2010 proxies?

- ○ Very likely
- ○ Likely
- ○ Neutral
- ○ Unlikely
- ○ Very unlikely
- ○ No opinion

3. How likely do you think it is that *Say on Pay* will be required for all U.S. public companies for 2011 proxies?

- ○ Very likely
- ○ Likely
- ○ Neutral
- ○ Unlikely

- ○ Very unlikely
- ○ No opinion

4. How concerned is your company about *Say on Pay*?

- ○ Very concerned
- ○ Somewhat concerned
- ○ Neutral
- ○ Not very concerned
- ○ Not at all concerned
- ○ Unknown

5. Has your company taken any steps to prepare for *Say on Pay*?

- ○ Yes
- ○ No [Skip to question 6]

5a. What steps has your company taken to prepare for *Say on Pay* (select all that apply)?

- ☐ Inquired about our institutional shareholders' general views on *Say on Pay* and whether they are likely to follow recommendations from proxy advisory firms like RiskMetrics Group and Glass Lewis
- ☐ Identified any perceived "poor pay practices" in our executive compensation philosophy and program design
- ☐ Reviewed our proxy CD&A and related tables to ensure executive compensation disclosure is clear, complete, and not subject to misinterpretation
- ☐ Stayed abreast of the results of *Say on Pay* proposals at other companies
- ☐ Conducted an analysis to ensure there is a strong link between executive pay and performance
- ☐ Conducted a risk assessment to ensure incentive programs do not motivate "unnecessary and excessive risk-taking"
- ☐ Reviewed market benchmarking practices, particularly with respect to selection of appropriate peer group(s)
- ☐ Established an effective shareholder communication strategy, including a process for gathering feedback from institutional shareholders, unions and / or other constituencies on executive compensation programs
- ☐ Other (Specify _____

6. Within the next 6 months, is your company planning to take any steps to prepare for *Say on Pay*?

- ○ Yes
- ○ No [Skip to question 7]

6a. What steps is your company planning to take to prepare for *Say on Pay* (select all that apply)?

- ☐ Inquire about our institutional shareholders' general views on *Say on Pay* and whether they are likely to follow recommendations from proxy advisory firms like RiskMetrics Group and Glass Lewis
- ☐ Identify any perceived "poor pay practices" in our executive compensation philosophy and program design
- ☐ Review our proxy CD&A and related tables to ensure executive compensation disclosure is clear, complete, and not subject to misinterpretation
- ☐ Stay abreast of the results of *Say on Pay* proposals at other companies
- ☐ Conduct an analysis to ensure there is a strong link between executive pay and performance
- ☐ Conduct a risk assessment to ensure incentive programs do not motivate "unnecessary and excessive risk-taking"
- ☐ Review market benchmarking practices, particularly with respect to selection of appropriate peer group(s)
- ☐ Establish an effective shareholder communication strategy, including a process for gathering feedback from institutional shareholders, unions and / or other constituencies on executive compensation programs
- ☐ Other (Specify) [ ]

7. What function within (or outside) your organization <u>will lead</u> (or is leading) the company's efforts associated with *Say on Pay*?

- ○ Human Resources
- ○ Legal
- ○ Finance
- ○ Investor Relations
- ○ Outside Compensation Consultant
- ○ Outside Legal Counsel
- ○ Proxy Solicitor
- ○ Compensation Committee
- ○ Members of the Board of Directors (Other than the Compensation Committee)
- ○ Senior Executives
- ○ Other (Specify) [ ]
- ○ None

8. What function(s) within (or outside) your organization are or will <u>be part of the team</u> addressing your company's efforts associated with Say on Pay (select all that apply)?

- ☐ Human Resources
- ☐ Legal
- ☐ Finance

- ☐ Investor Relations
- ☐ Outside Compensation Consultant
- ☐ Outside Legal Counsel
- ☐ Proxy Solicitor
- ☐ Compensation Committee of the Board of Directors
- ☐ Members of the Board of Directors (Other than the Compensation Committee)
- ☐ Senior Executives
- ☐ Other (Specify) [ ]
- ☐ None

9. Are you familiar with the overall voting guidelines of proxy advisory groups such as RiskMetrics Group, Glass Lewis, and Proxy Governance with respect to *Say on Pay*?

- ○ Yes
- ○ No

10. Are you familiar with the overall voting guidelines of major institutional investors (e.g., Fidelity, CalPERS) with respect to *Say on Pay*?

- ○ Yes
- ○ No

11. How often does your company typically reach out to shareholders for feedback on executive compensation matters?

- ○ Never
- ○ Less than once a year
- ○ Once a year
- ○ 2 to 3 times a year
- ○ 4 to 5 times a year
- ○ More than 5 times a year

12. Is your company a TARP participant?

- ○ Yes
- ○ No [Skip to question 20]

13. Did your company file a proxy in 2009 that included a management *Say on Pay* proposal?

- ○ Yes
- ○ No [Skip to question 17]

14. Are you familiar with the voting recommendations given to shareholders by proxy advisory firms such as RiskMetrics Group or Glass Lewis regarding your company's *Say on Pay* proposal?

- ○ Yes
- ○ No
- ○ Not applicable

15. Have the vote results of your company's 2009 *Say on Pay* proposal been determined?

- ○ Yes
- ○ No [Skip to question 16]

15a. What were the results of the vote on your company's 2009 *Say on Pay* proposal?

- ○ Less than 50% of our shareholders voted "in favor of" our executive compensation program
- ○ 50% to less than 75% of our shareholders voted "in favor of" our executive compensation program
- ○ 75% to less than 90% of our shareholders voted "in favor of" our executive compensation program
- ○ 90% or more of our shareholders voted "in favor of" our executive compensation program
- ○ Unknown

16. How prepared was your company for *Say on Pay* in 2009

- ○ Very prepared
- ○ Prepared
- ○ Somewhat prepared
- ○ Not prepared
- ○ Very unprepared

17. How prepared will your company be for *Say on Pay* in 2009

- ○ Very prepared
- ○ Prepared
- ○ Somewhat prepared
- ○ Not prepared
- ○ Very unprepared

18. When shareholders vote on your company's 2009 *Say on Pay* proposal, do you think your company's proxy CD&A will help shareholders vote to approve the compensation program?

- ○ Yes
- ○ No

19. Now that a *Say on Pay* vote is required at your company, how often are you reaching out to shareholders to discuss executive compensation matters?

- ○ More often
- ○ About the same as previously
- ○ Less often

20. Did your company voluntarily adopt *Say on Pay* or include a management *Say on Pay* proposal in its most recent proxy?

- ○ Yes
- ○ No

21. If *Say on Pay* were required for your company today, how prepared would your company be?

- ○ Very prepared
- ○ Prepared
- ○ Somewhat prepared
- ○ Not prepared
- ○ Very unprepared

22. If *Say on Pay* becomes mandatory, how often do you expect your company will reach out to shareholders to discuss executive compensation matters?

- ○ More often
- ○ About the same as now
- ○ Less often

23. If a *Say on Pay* vote were conducted at your company today, do you think most shareholders would cast their ballots…

- ○ “In favor of” your executive compensation program
- ○ “Against” your executive compensation program
- ○ Unpredictable

24. If your company were required to have a *Say on Pay* vote, would you anticipate changing the proxy Compensation Discussion & Analysis (CD&A) section in your proxy?

- ○ Yes

○ No

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About Pearl Meyer & Partners

For 20 years, PM&P has served as a trusted independent advisor to Boards and their senior management in the areas of compensation governance, strategy and program design. The firm provides comprehensive solutions to complex compensation challenges through the development of programs that align rewards with business goals to create long-term value for all stakeholders: shareholders, executives and employees. The firm maintains offices in New York, Atlanta, Boston, Charlotte, Chicago, Houston, Los Angeles and San Jose.

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