

AGENDA

THE WEEK'S NEWS FROM OTHER BOARDROOMS

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Directors' and Officers' Outlook: Q4 2010

In *Agenda's* most recent Directors' and Officers' Outlook survey we asked directors how their companies are preparing for say on pay. Many have been taking a wait-and-see approach, but with the release of the SEC's rules it appears there will be more analysis of the issue this fall. We also prodded directors for information on the thresholds they're setting for incentive programs as well as the metrics they're using. In both cases, it's clear that economic uncertainty and shareholder concerns are weighing heavily on directors' decisions.

As we do every quarter, we also probed directors for their outlook on the economy. This confidence index hasn't changed much since the last quarter. There is still an overall positive sentiment among directors and that's driven by the prospects they see for their own companies, not necessarily the economy as a whole.

Finally, we asked directors for information on the most important issues they are adding to their boardroom agendas. At the top of the list this quarter is risk oversight, replacing discussions about the regulatory environment in the number one slot.

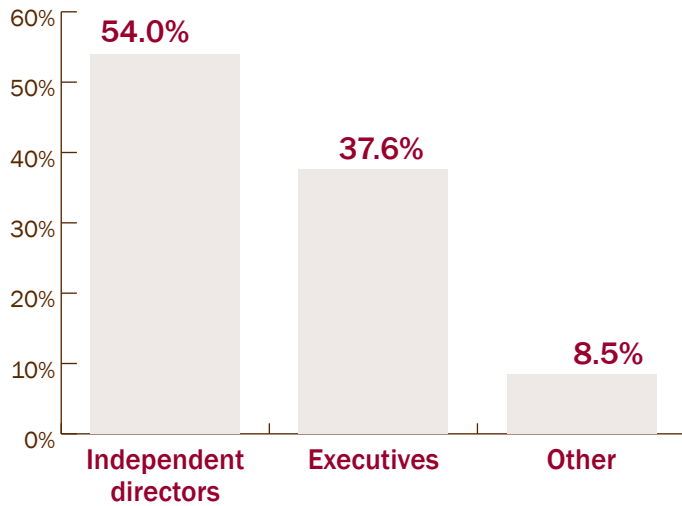
The Q4 2010 survey was conducted between Oct. 5 and Oct. 18 and included 188 total responses.

Table of Contents

- 2 Survey Information
- 3 2011 Compensation
- 5 What's on the Agenda?
- 6 Director Confidence

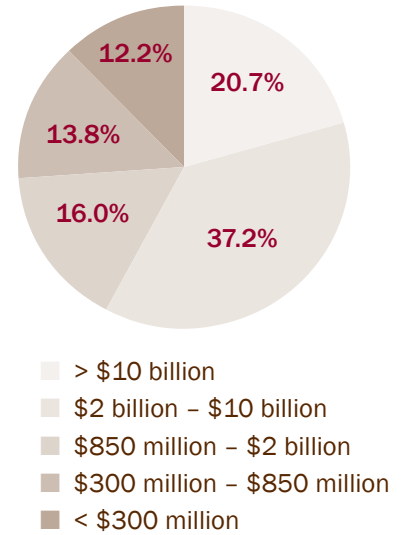
Survey Information

Survey Respondents



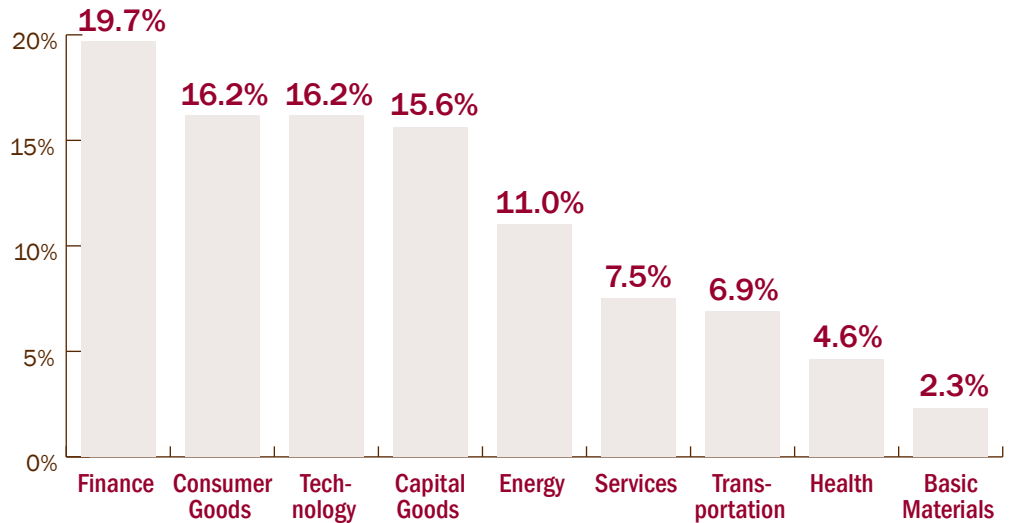
Note: Based on 189 responses; total is more than 100% due to rounding

Size of Company



Note: Based on 188 responses

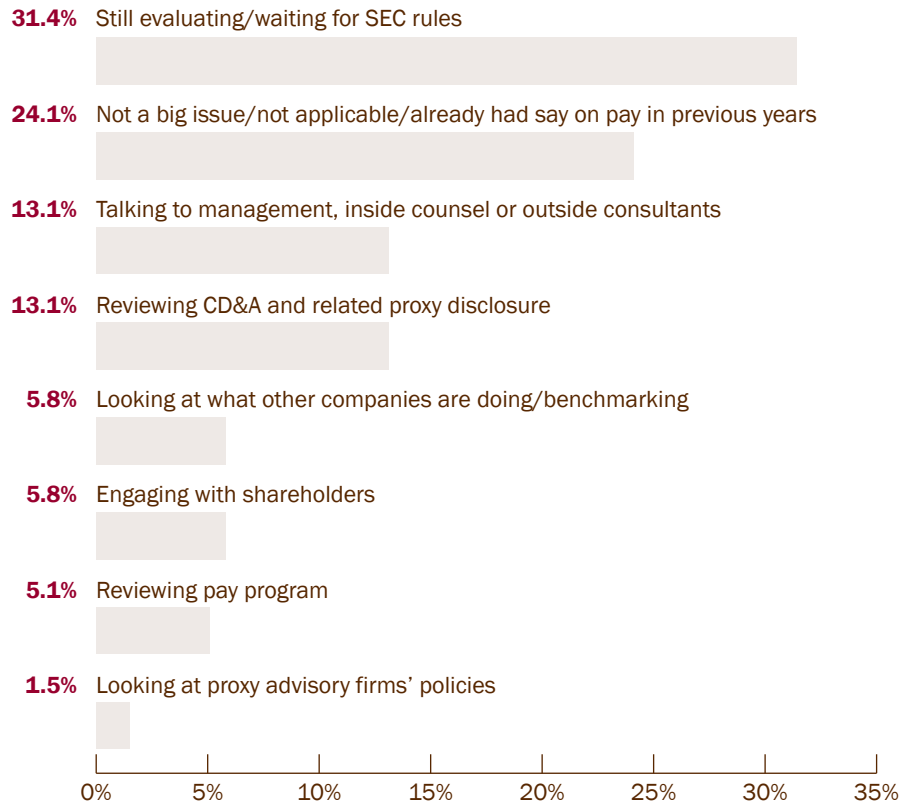
Sectors



Note: Based on 173 responses

2011 Compensation

Most Boards Still Deciding How to Prepare for Say on Pay Votes



Note: Based on 137 write-in responses from mostly independent directors and corporate executives.

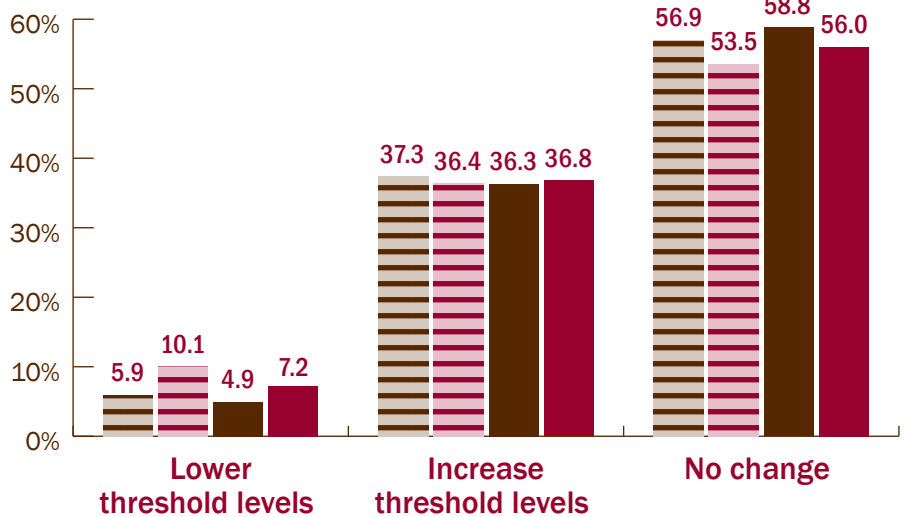
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2011 Compensation *continued*

Performance Thresholds

For 2011, what are you planning to do to your CEO's performance threshold levels for the following?

- ▨ 2010 Annual incentive plan
- ▨ 2009 Annual incentive plan
- 2010 Long-term incentive plan
- 2009 Long-term incentive plan



Note: 2010 based on 101 responses from independent directors; 2009 based on 129 responses

Most Common Pay Metrics

1	Revenue/sales
2	EBIT/EBITDA/operating income/pre-tax income/operating income
2	Earnings/net income/profit/margins/income
4	EPS
5	Cash/cash flow/cash earnings per share
5	ROI/ROIC/ROCE/ROA
7	TSR/relative TSR
7	ROE
9	Market share
9	Costs/expenses

Note: Based on 86 responses from independent directors

Some "Soft" Metrics Directors Included

1	Customer-related metrics
2	Strategic goals
3	Personal goals
4	Safety

Note: Based on 86 responses from independent directors

What's on the Agenda?

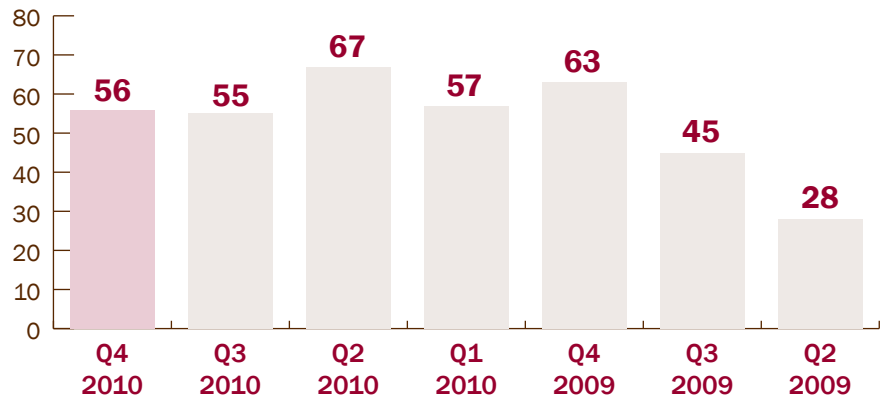
What's on the Agenda?

In our surveys for the fourth, second and first quarters we asked directors what new topics they're adding to their boardroom agendas. Below are some themes ranked in order of prevalence:

Fourth Quarter	Second Quarter	First Quarter
Risk oversight	New regulations and legislation (especially the health care bill)	Risk oversight
Strategic growth	Executive compensation plans (emphasis on economic uncertainty)	International expansion and opportunities
Regulation and legislation	Strategic growth	Executive compensation (emphasis on tying pay to strategy)
Executive compensation (emphasis on pay for performance)	Succession planning	Technology
Succession planning	International expansion and opportunities	Mergers and acquisitions
International expansion and opportunities	Risk oversight	Taxes
Corporate culture	Cyber security	Sustainability
Board member qualification	Shareholder concerns	Stakeholder concerns (employees, community, customers etc.)
D&O review by independent broker	Fraud	New regulations and legislation

Director Confidence

Directors' Confidence Gauge For the Economy and Their Businesses



Note: Based on 102 responses

The director confidence gauge is the average of four scores, which were as follows in the most recent survey:

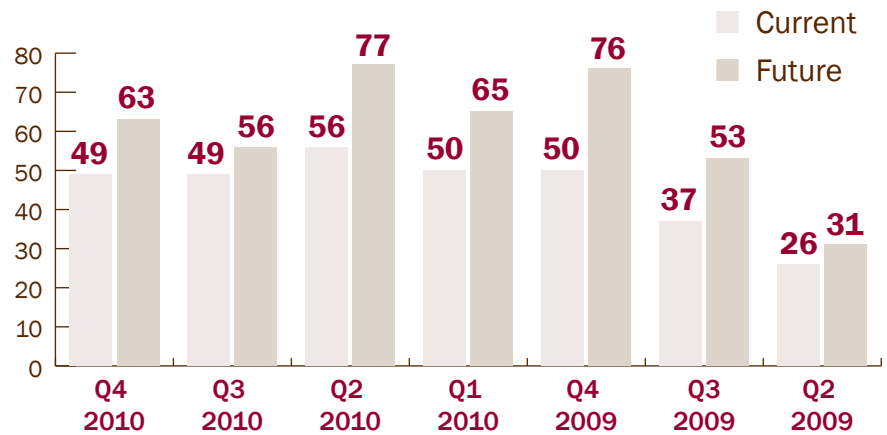
	Score
Current condition of your company	90
Outlook for your company over the next six months	91
Current condition of the economy	8
Outlook for the economy over the next six months	34
Average	56

The scores are a measure of directors' overall confidence reflected by the expression of positive or negative sentiment. A score of 100 would reflect no negative sentiment; a score of 0 would reflect no positive sentiment. The numbers are calculated by removing the neutral responses to a question and then dividing the positive responses by the total number of positive and negative responses.

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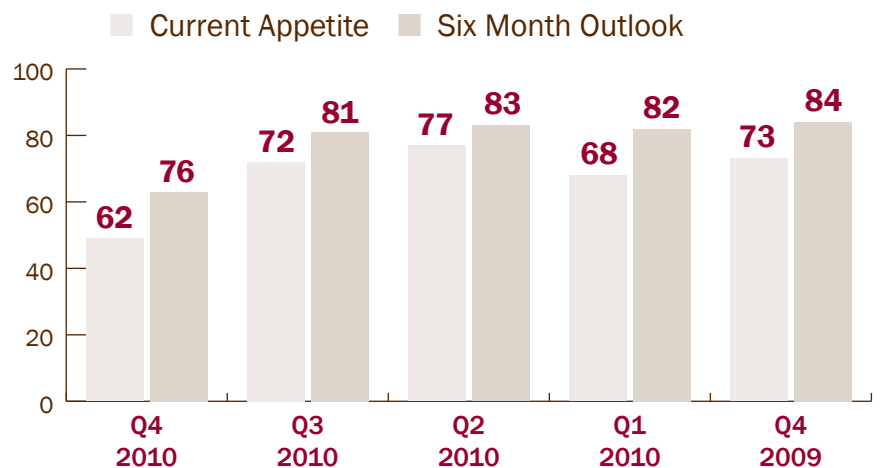
Director Confidence *continued*

Director Current Confidence Gauge vs. Director Future Confidence Gauge



Note: The above numbers combine directors' future sentiment (six-month outlook on the economy and the company) together separately from the current sentiment (current condition of the economy and the company) to create a gauge of current and future sentiment compared quarter to quarter.

Gauge of Boards' Appetite Toward Risk-Taking



Note: The above scores include directors' responses to questions about their boards' current and expected future risk appetite.

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Director Confidence *continued*

Note on the surveys:

- *Directors' and Officers' Outlook: Q4 2010* – conducted between Oct. 5 and Oct. 18 and included responses from 103 independent directors and 71 corporate executives.
- *Directors' and Officers' Outlook: Q3 2010* – conducted between July 8 and July 21 and included responses from 164 independent directors and 57 corporate executives.
- *Directors' and Officers' Outlook: Q2 2010* – conducted between March 24 and April 6 and included responses from 105 independent directors and 46 corporate executives.
- *Directors' and Officers' Outlook: Q1 2010* – conducted between Dec. 8 and Dec. 18 and included responses from 253 independent directors and 80 corporate executives.
- *Directors' and Officers' Outlook: Q4 2009* – conducted between Oct. 22 and Nov. 4 and included responses from 131 independent directors and 51 corporate executives.
- *Directors' and Officers' Outlook: Q3 2009* – conducted between June 24 and July 1 and included responses from 291 independent directors and 136 corporate executives.
- *Directors' and Officers' Outlook: Q2 2009* – conducted between March 24 and April 2 and included responses from 119 independent directors and 95 corporate executives.