

SHAREHOLDER VOICE GROWING LOUDER IN THE BOARDROOM

RESULTS OF FTI CONSULTING'S
SECOND ANNUAL CORPORATE
GOVERNANCE INVESTOR SURVEY

FTI Consulting | Strategic Communications Practice
2012



INTRODUCTION

Institutional investors – long viewed as passively following the recommendations of corporate governance ratings firms such as Institutional Shareholder Services – are forging their own way in 2012. FTI Consulting's second annual Corporate Governance Survey shows that investors are demanding more influence over the corporate affairs of their portfolio holdings and using more of the tools at their disposal to ensure their views are heard. Executive compensation remains 2012's hot topic, and managements and boards that failed to take seriously any meaningful opposition to compensation last year are the most vulnerable.

It is clear that the proxy vote has become a referendum on a company's performance, corporate governance, and its ongoing engagement with shareholders. A proxy vote is no longer a discrete event: how a company responds to shareholder concerns expressed in one proxy vote will have repercussions on future proxy votes. Moreover, there is strong support for a variety of measures that allow shareholders to have greater say over governance issues. Investors clearly want to hold managements and boards accountable, and plan to use their vote to express concerns about performance or stewardship.

SAY-ON-PAY (SOP)

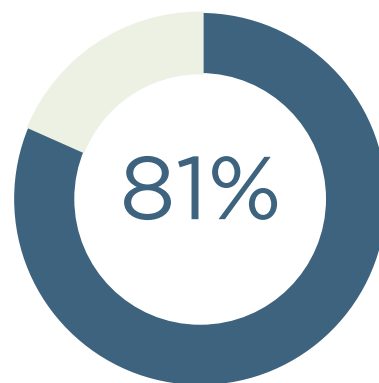
SAY-ON-PAY STILL AT THE FOREFRONT

Executive pay will continue to be the hot button issue in the upcoming proxy season. Eighty-one percent of respondents indicated executive compensation is **very or critically important** to them. Another 17 percent think it's somewhat important. Additionally, over half (55 percent) of the respondents said they plan to scrutinize executive compensation more rigorously this year compared to last year.

MANAGEMENTS AND BOARDS CAN'T IGNORE 2011 SAY-ON-PAY RESULTS

Over half of the survey respondents indicated that **opposition of greater than 20 percent to a company's say-on-pay vote mandates a corporate response**. Management and board members should start evaluating pay practices and preparing a response to shareholder concerns well before the 30 percent opposition hurdle that proxy advisors like ISS are advocating.

Companies that do not satisfactorily address shareholder opposition to their compensation plans will most likely face more aggressive actions. Eighty-five percent of respondents said they would **withhold votes for or vote against directors** of a company that did not adequately respond to shareholder dissatisfaction expressed in a prior year's say-on-pay vote. Alternatively, nearly three quarters (72 percent) of investors indicated they would consider submitting or supporting **shareholder proposals that push for meaningful change** to compensation structures should a company fail to redress dissatisfaction with pay practices.



Percentage of respondents who consider SOP very or critically important in 2012



Over eight in ten investors would withhold or vote against directors

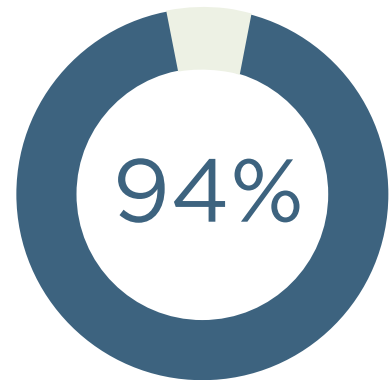


Seven of ten investors would submit or support shareholder proposals

DIRECTOR INDEPENDENCE AND RE-ELECTION

THE MOST IMPORTANT ISSUE TO INVESTORS

The survey's most strongly held opinions related to **director independence**. Ninety-four percent of respondents indicated director independence was at least very important and 85 percent thought having a **policy regarding director re-elections** was at least very important. It is clear that companies must demonstrate that their directors are competent, informed, engaged, contribute value to the business and willing to protect the enterprise.



Percentage of respondents who consider director independence very or critically important

SEPARATION OF THE CHAIRMAN ROLE

INVESTORS WANT CHAIRMAN ACCESS

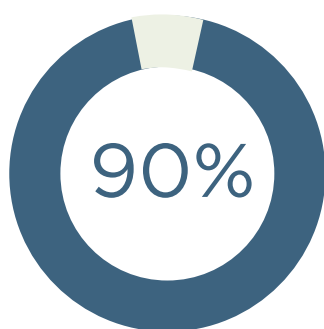
The separation of the Chairman and CEO roles also remains an important topic in corporate governance circles. Our findings indicate that over 60 percent of investors think it is critically important or very important to **separate the roles of Chairman and CEO**. Another 27 percent find the issue to be somewhat important.

Additionally, investors desire, and expect, access to the Chairman. Ninety-four percent of respondents agreed that the Chairman should be accessible to shareholders in some manner.

EMERGING GOVERNANCE ISSUES

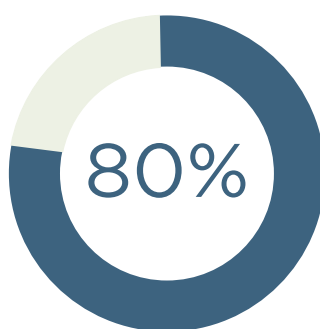
Investors in our survey indicated strong interest in influencing the affairs of the corporation, including using mechanisms that enable them to implement change at their portfolio companies when they are dissatisfied with performance, executive compensation or stewardship. Our research suggests that the following emerging issues will be of interest to institutional investors throughout 2012, not just to proxy advisory firms.

PROXY ACCESS



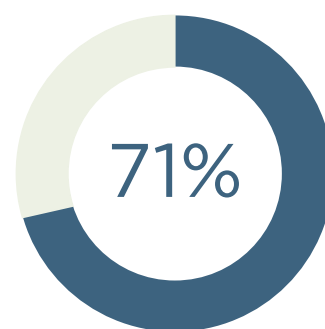
Percentage of respondents who think proxy access is at least moderately important. Fifty-eight percent view companies with these policies to be more attractive investments.

CALL SPECIAL MEETINGS



Percentage of respondents who view the ability to call special shareholder meetings at least moderately important

POLITICAL CONTRIBUTIONS



Percentage of respondents who consider the disclosure of political contributions at least moderately important

Survey Methodology

During January 2012, FTI Consulting surveyed 143 institutional portfolio managers and analysts in the U.S. and Canada about their attitudes towards topical proxy issues. Survey results were anonymous.

About FTI Consulting

FTI Consulting (NYSE: FCN) is a global business advisory firm that provides multidisciplinary solutions that help clients address complex business opportunities and challenges. With over 20 years of experience, FTI Consulting provides a broad range of professional expertise to protect and enhance enterprise value from every angle. More information can be found at www.fticonsulting.com.

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