

Chart of the Week



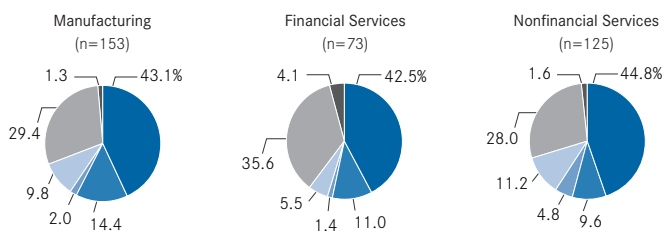
Majority Voting, Plurality Voting, and Resignation Requirements

FROM *DIRECTOR COMPENSATION AND BOARD PRACTICES: 2013 EDITION*

Over the years, U.S. public companies have been departing from the default model of plurality voting for the uncontested election of their board members. According to 2012 disclosure documents, of the majority voting models introduced, companies in smaller revenue groups tend to prefer the one without a resignation requirement: 30 percent of companies with annual revenue of less than \$100 million use that model, compared to the 6.7 percent that require the mandatory resignation of any director who fails to obtain a majority of *for* votes.

Majority Voting and Plurality Voting, by Industry

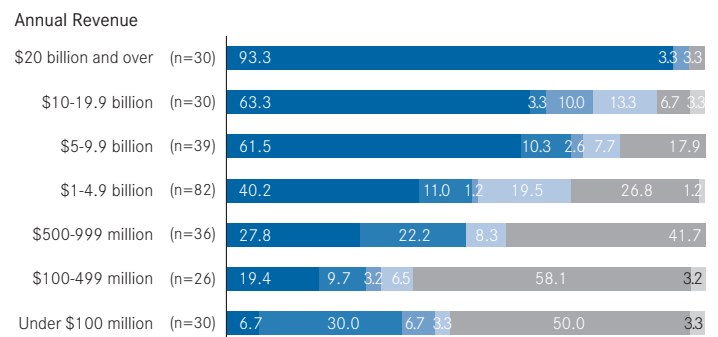
- Majority voting (with resignation requirement)
- Majority voting (without resignation requirement)
- Majority voting (with timed cessation)
- Plurality voting (with resignation requirement)
- Plurality voting (without resignation requirement)
- Plurality voting (with timed cessation)



Source: The Conference Board/NASDAQ OMX/NYSE Euronext, 2013.

Majority Voting and Plurality Voting, by Company Size

- Majority voting (with resignation requirement)
- Majority voting (without resignation requirement)
- Majority voting (with timed cessation)
- Plurality voting (with resignation requirement)
- Plurality voting (without resignation requirement)
- Plurality voting (with timed cessation)



Note: Total may not equal 100 percent due to rounding.

Source: The Conference Board/NASDAQ OMX/NYSE Euronext, 2013.

Why it matters...

- Voting standards for director elections are a sensitive issue for investors. On average, shareholder proposals requesting that the election model be changed from plurality to majority voting receive the support of the majority of shareholders.
- Majority voting is not the only alternative to consider. Some companies have softened their plurality voting model through the introduction of resignation policies or bylaw provisions that require that incumbents receiving more votes withheld than votes for cease to be directors after a certain time period.

For more information on this and over 150 other corporate governance practices, download *Director Compensation and Board Practices: 2013 Edition* at: www.conference-board.org/boardpractices or contact Matteo Tonello at matteo.tonello@conference-board.org

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