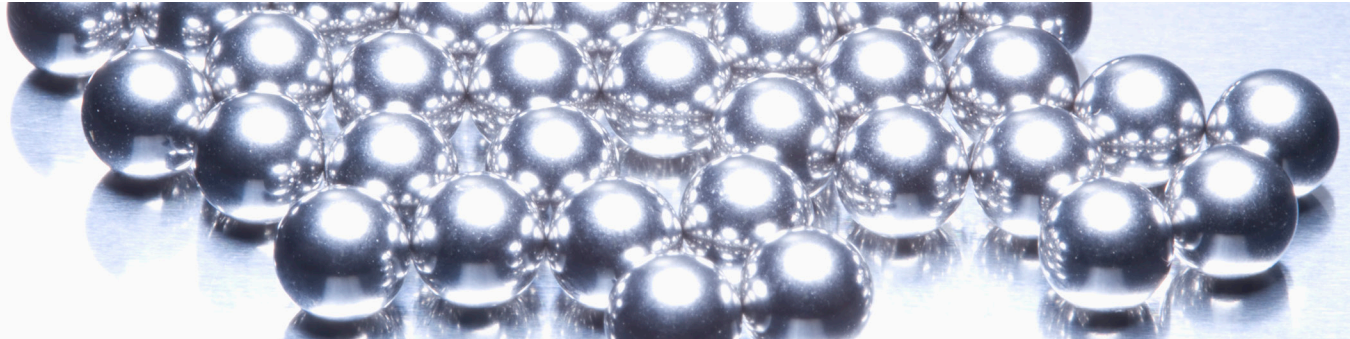


Chart of the Week



THE CONFERENCE BOARD GOVERNANCE CENTER®

Board Declassification Proposals

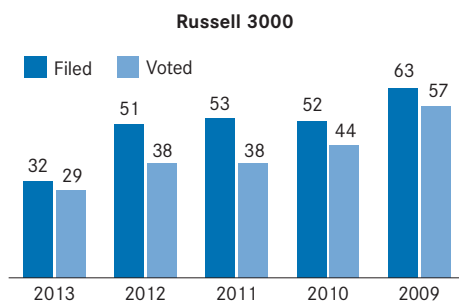
FROM PROXY VOTING ANALYTICS (2009-2013)

Proposals seeking to eliminate classified boards in favor of annual director elections remain a popular topic with investors, particularly among smaller cap companies in the Russell 3000, where classified boards are more common.

The vast majority of board declassification proposals during the 2013 proxy season were submitted by pension funds under the auspices of the Harvard Law School Shareholder Rights Project (SRP), a clinical program founded by Professor Lucian Bebchuk. The SRP represented a group of eight institutional investors, collectively managing more than \$400 billion in assets, in the drafting and submission of declassification proposals at S&P 500 companies.

Board Declassification—Shareholder Proposal Volume (2009-2013)

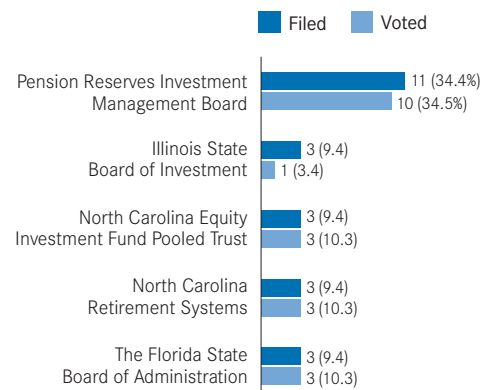
Number of shareholder proposals



Source: The Conference Board/FactSet, 2013.

Board Declassification—Most Frequent Sponsors (2013)

Number of shareholder proposals (percentage of total)



Source: The Conference Board/FactSet, 2013.

Why it matters...

- While the volume of declassification proposals has softened somewhat as the number of companies with staggered boards has declined, average support for such proposals has held high and steady (78.5 percent of votes cast among Russell 3000 companies that held meetings during the first half of 2013).
- The volume of management-sponsored declassification proposals during the first half of the year increased from 60 in 2012 to 75. The finding is not surprising, given that a failure to implement a majority-supported shareholder proposal can lead to negative recommendations by proxy advisors and votes against incumbents in the following year.

For more information on this and other proxy voting data and analysis for companies in the Russell 3000 and S&P 500, download *Proxy Voting Analytics (2009-2013)* at: www.conference-board.org/proxy2013 or contact Matteo Tonello at matteo.tonello@conference-board.org