

Say on Pay and Say on Frequency (“Say When on Pay”) Results as the Season winds down

We are well over halfway through the proxy season and approximately 2,644 proxies have been filed with Say on Pay and Say on Frequency votes on the ballot. Of those, 832 have come to a vote and reported results. It continues to be clear that the choice for most investors is for Annual votes on Say on Pay and that most companies are easily winning support for their Say on Pay proposals, though there are several notable exceptions.

Average Reported Results to date on Say on Pay

	For	Against
All Companies	90.9%	9.1%
Russell 3000	90.9%	9.1%
S&P 500	89.0%	11.0%

The average support for Say on Pay has remained fairly steady since our previous update, continuing a trend of strong support for the Say on Pay proposals. However, to date eighteen companies have experienced Say on Pay failures: they are Ameron International, Beazer Homes USA, Cogent Communications Group, Hewlett-Packard, Jacobs Engineering Group, Janus Capital Group Inc., Navigant Consulting Inc., Shuffle Master, Stanley Black & Decker Inc., Umpqua Holdings Corporation, Helix Energy Solutions Group, Inc., Cincinnati Bell Inc., M.D.C Holdings, Inc., Penn Virginia Corporation, NVR, Inc, Dex One Corporation and Stewart Information Services Corporation.

Breakdown of Issuer Recommendations on Frequency proposal

	Annual	Biennial	Triennial	No Rec
All Companies	1280	70	1,071	71
Russell 3000	1,169	55	911	61
S&P 500	275	12	104	16

As we mentioned previously, although the early trend showed more than a majority of companies supporting a triennial frequency for Say on Pay votes, the trend has continued to shift and now over a majority of companies are recommending an annual frequency vote on Say on Pay. We still believe that this change reflects votes for companies with early meetings, and ISS' and Glass Lewis' recommendations for an annual vote.

Average Reported Percentage Results to date on Frequency proposal

	Annual	Biennial	Triennial
All Companies	69.8%	2.5%	25.7%
Russell 3000	69.8%	2.5%	25.7%
S&P 500	76.3%	2.4%	20.4%

The percentages favoring annual say on pay has once again jumped; our last update showed the Annual choice at S&P 500 companies at 72.5%, and it is currently 4 points higher, at 76.3%.

ISS recommended a vote against Say on Pay proposals at 241 companies in their total universe, out of 2,236 ballots reviewed – a ratio of 88.9% in favor, and 11.1% against. The favorable recommendations at S&P 500 companies were slightly lower – 87% of S&P companies reviewed by ISS received favorable recommendations.

It is worth noting that an ISS against recommendation is not a clear indicator that the proposal will not pass – for example, of the 50 S&P 500 companies that ISS recommended a vote against, only 4 companies failed to get a majority vote on the proposal.

Across the universe of all companies reviewed by ISS, there were 241 negative recommendations, and only 18 companies failed to receive majority support. However, of the 813 companies that passed the proposal, 49 companies received less than 70% support.

We will continue to monitor Say on Pay and Say on Frequency votes and trends and provide you with periodic updates.

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