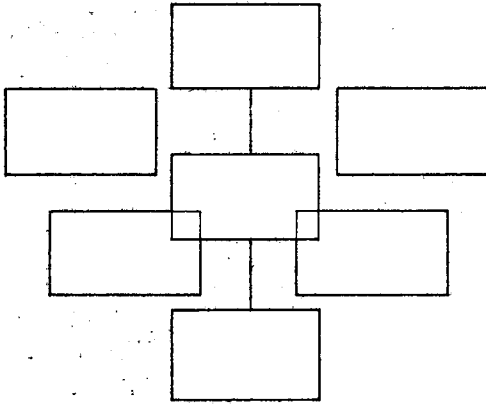


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Corporate Governance



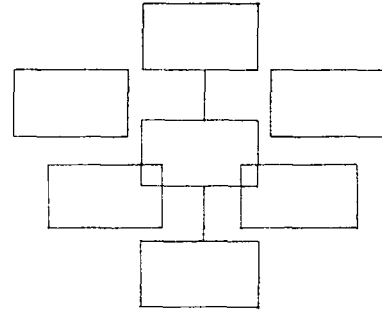
Survey of Corporate Boards, Structure and Composition

January 1979

THE New York Stock
Exchange

Marketing Division Business Research Department

Corporate Governance




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Purpose and Background

This report presents the findings of a joint New York Stock Exchange (NYSE) American Society of Corporate Secretaries, Inc. (ASCS) survey on Corporate Boards, Structure and Composition.

While it has been generally recognized that the structure and composition of Corporate Boards of Directors have been changing, available data have been somewhat limited.

As a result, a survey was undertaken to determine the current status of some of these changes among ASCS members – particularly since 1975.

On September 11, 1978 the ASCS mailed questionnaires for this survey to its 1,700 members. All ASCS members represent companies subject to SEC reporting requirements.

Response:

- 993 companies or 58% of the entire ASCS membership responded to the questionnaire.

The survey focuses on:

- Structure of Boards – 1975 vs. 1978.
- Composition of Boards – Fall 1978.
- Composition of audit, compensation and nominating committees of Boards – 1975 vs. 1978.

Separate data for NYSE companies were developed from the questionnaire responses, for comparative purposes.

Highlights

Board Structure:

- Marked increase in the number of corporate audit, compensation and nominating committees since 1975.

Board Composition:

- Non-management* directors comprise the majority on approximately 80% of respondent company Boards of Directors.

Audit, Compensation and Nominating Committees' Composition:

- Non-management* directors comprise majorities on audit, compensation and nominating committees.
 - Audit committees are entirely comprised of non-management directors for:
 - 92% of respondent companies.
 - 96% of NYSE respondent companies.
 - Compensation committees are entirely comprised of non-management directors for:
 - 69% of respondent companies.
 - 74% of NYSE respondent companies.
 - Nominating committees are entirely comprised of non-management directors for:
 - 44% of respondent companies.
 - 47% of NYSE respondent companies.

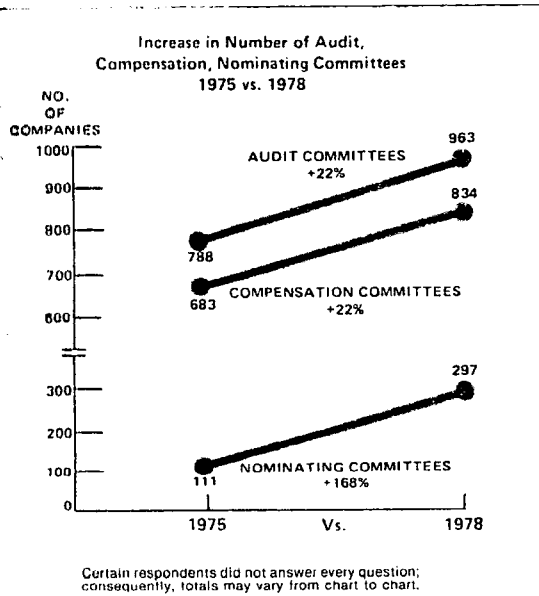
*Note: The questionnaire used in the survey is reproduced as Appendix B. The term "non-management director", as used throughout, is defined on page 3 of Appendix B.

Board Structure

Marked increase in the number of corporate audit, compensation and nominating committees since 1975.

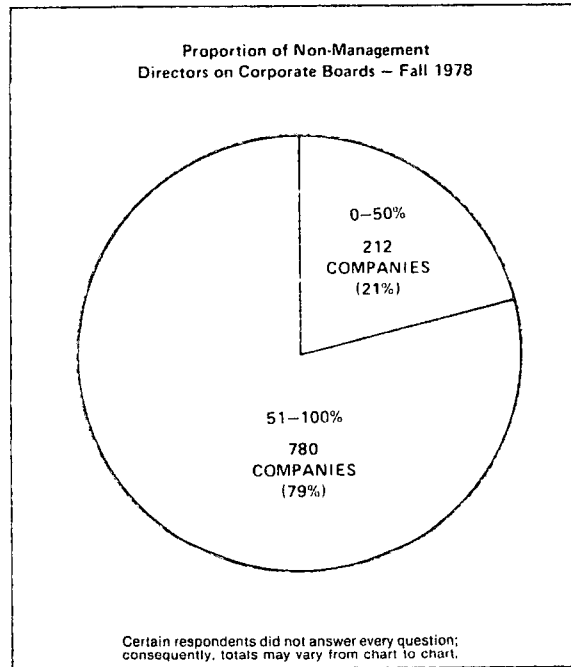
Majority of companies have audit and compensation committees.

Nominating committees show highest percentage increase (due to relatively small base in 1975).



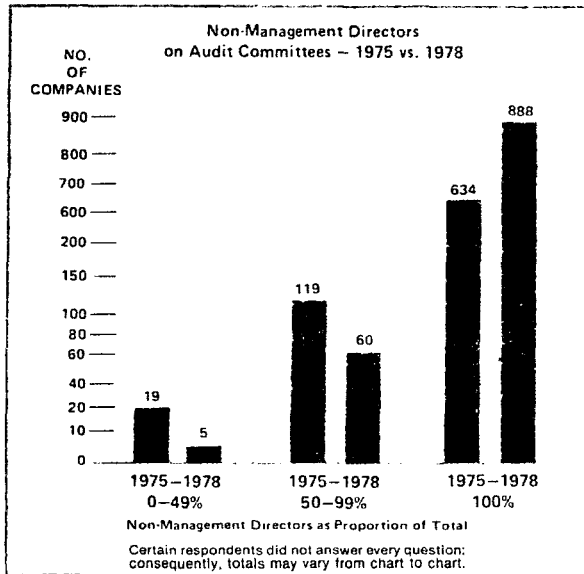
Board Composition

- Non-management directors comprise the majority on approximately 80% of respondent company Boards of Directors and also comprise majorities on audit, compensation and nominating committees.



Audit Committee Composition

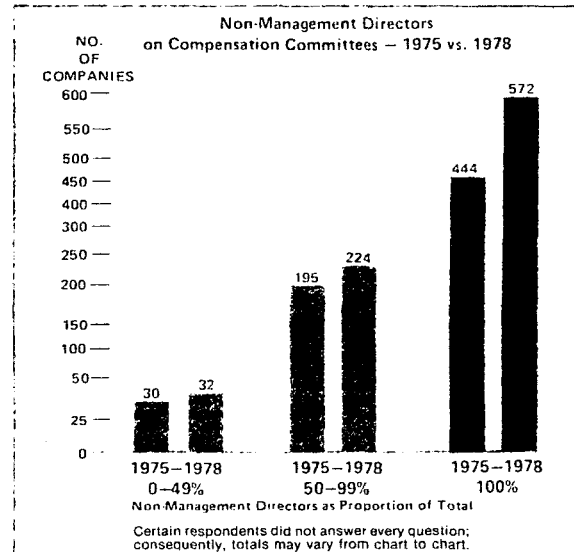
- Audit committees are entirely comprised of non-management directors for:
 - 92% of respondent companies.
 - 96% of NYSE respondent companies.*



* Subsequent to receipt of the survey responses a detailed review determined that only one NYSE respondent company's audit committee was not entirely comprised of non-management directors.

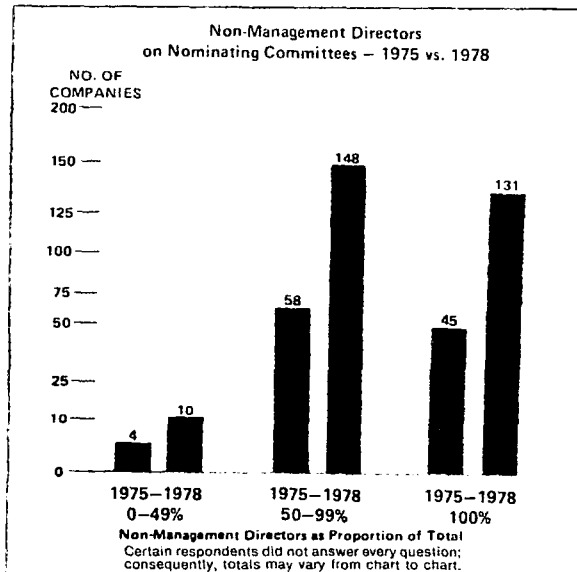
Compensation Committee Composition

- Compensation committees are entirely comprised of non-management directors for:
 - 69% of respondent companies.
 - 74% of NYSE respondent companies.
- Compensation committees are comprised of 50-100% non-management directors for:
 - 95% of respondent companies.
 - 97% of NYSE respondent companies.



Nominating Committee Composition

- Nominating committees are entirely comprised of non-management directors for:
 - 44% of respondent companies.
 - 47% of NYSE respondent companies.
- Nominating committees are comprised of 50--100% non-management directors for:
 - 94% of respondent companies.
 - 95% of NYSE respondent companies.



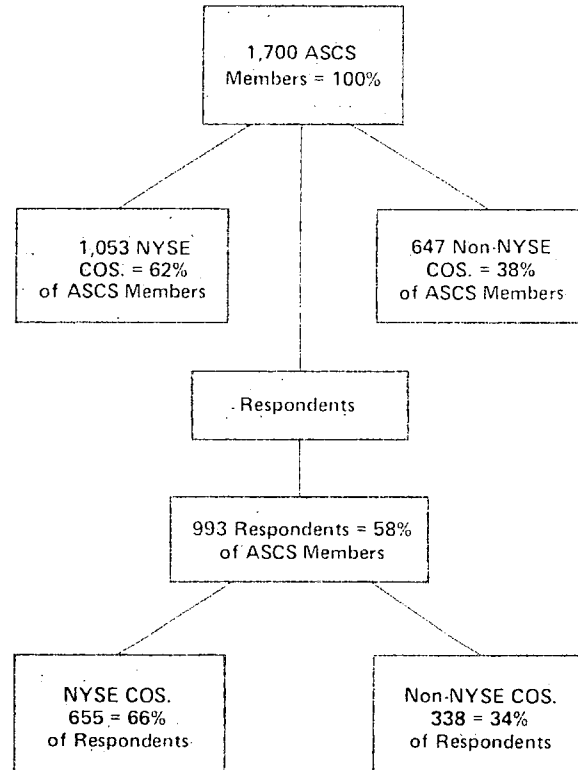
Other Findings

- Approximately 40% of respondent companies without a nominating committee report they "have formulated plans" or are "actively giving consideration" to establishing one.
- Approximately 30% of respondent companies without a compensation committee indicate plans for establishing one.
- Approximately 30% of respondent companies with a nominating committee have identified, in their latest proxy statement or annual report, the members who serve on that committee.
- Approximately 40% of respondent companies with a compensation committee have identified members serving on that committee. NYSE companies compare favorably, with the reported number being 50%.
- Approximately 50% of respondent companies with a nominating committee report their committee considers nominees recommended by shareholders.

Survey Overview

- The 1,053 New York Stock Exchange listed companies which are represented by members of the American Society of Corporate Secretaries constitute 62% of all 1,700 ASCS members.
- The 993 members of the Society participating in the survey represent a 58% response rate.
- Of the 993 survey respondents, 655, or 66%, are NYSE listed companies.
- The remaining 338 respondents, or 34%, are not NYSE listed companies.

SURVEY OVERVIEW



Appendix B

AMERICAN SOCIETY
OF CORPORATE SECRETARIES, INC.
One Rockefeller Plaza, New York, New York 10020
in cooperation with
THE NEW YORK STOCK EXCHANGE, INC.

**SURVEY—CORPORATE BOARDS,
STRUCTURE AND COMPOSITION 9/78**

The following is a brief self-explanatory survey to obtain some indication of the trends and composition of boards of directors and board committees. This information is being gathered for possible presentation to members of Congress, the Securities and Exchange Commission and others as a means of demonstrating what is actually occurring within the corporate board structure.

This questionnaire is extremely important in this time of debate and rule-making or legislative efforts in the overall area of corporate governance. We appreciate your taking a few minutes of your time to answer this questionnaire and return it to us **no later than September 29**. Because of the importance of this survey, it has been decided that we will not survey the members this fall regarding corporate communications to shareholders as previously announced.

_____	_____
Respondent's Name	Title

Company	

Appendix B

Please indicate the primary category of your company.

- | | | | |
|--------------------------|--------------------------|----------------------|--------------------------|
| Manufacturing | <input type="checkbox"/> | Mining | <input type="checkbox"/> |
| Communications | <input type="checkbox"/> | Merchandising | <input type="checkbox"/> |
| Public Utility | <input type="checkbox"/> | Transportation | <input type="checkbox"/> |
| Insurance &
Financial | <input type="checkbox"/> | Other | <input type="checkbox"/> |
| | | Please specify _____ | |

Please indicate the total assets of your company in millions of dollars (as of the end of its most recent fiscal year).

- | | | | |
|------------|--------------------------|----------------|--------------------------|
| Under 25 | <input type="checkbox"/> | 200 to 499 | <input type="checkbox"/> |
| 25 to 49 | <input type="checkbox"/> | 500 to 999 | <input type="checkbox"/> |
| 50 to 99 | <input type="checkbox"/> | 1,000 to 4,999 | <input type="checkbox"/> |
| 100 to 199 | <input type="checkbox"/> | 5,000 & over | <input type="checkbox"/> |

Please indicate sales of your company in millions of dollars (as of the end of its most recent fiscal year).

- | | | | |
|------------|--------------------------|----------------|--------------------------|
| Under 25 | <input type="checkbox"/> | 200 to 499 | <input type="checkbox"/> |
| 25 to 49 | <input type="checkbox"/> | 500 to 999 | <input type="checkbox"/> |
| 50 to 99 | <input type="checkbox"/> | 1,000 to 4,999 | <input type="checkbox"/> |
| 100 to 199 | <input type="checkbox"/> | 5,000 & over | <input type="checkbox"/> |

Please indicate number of stockholders.

- | | |
|------------------|--------------------------|
| Under 10,000 | <input type="checkbox"/> |
| 10,000 to 24,999 | <input type="checkbox"/> |
| 25,000 to 49,999 | <input type="checkbox"/> |
| 50,000 to 99,999 | <input type="checkbox"/> |
| 100,000 & over | <input type="checkbox"/> |

For purposes of this questionnaire, the terms "non-management director" and "management director" are defined as follows:

- The term "non-management director" means any person who is independent of management and free from any relationship that, in the opinion of the Board of Directors of the company, would interfere with the exercise of independent judgement as a Board member.
- The term "management director" refers to any person who is an affiliate of the company, an officer or employee of the company or its subsidiaries, or a close relative of an officer of the company or its subsidiaries, or does not meet the definition of a "non-management director" above.

1) How many individuals serve on your Board of Directors?

2) How many members of the Board are:

non-management directors _____
management directors _____

Audit Committee—Structure and Composition

3) Has your company established an audit committee?

Yes No

If "YES", please answer 3A only

If "NO", please skip to 3B

3A. If "YES":

- When did this committee become operative?

Month _____ Year _____

- How many members who serve on this committee are:
 non-management directors _____
 management directors _____

- If this committee was operative in 1975, how many members were then:
 non-management directors _____
 management directors _____

3B. If "NO", (your company has not established an audit committee), please check one of the following to indicate your plans regarding audit committees:

- Company has formulated plans to establish an audit committee.

If so, when do you believe it will become operative?
 Year _____

- Company is actively giving consideration to doing this although has not formulated plans as yet to establish an audit committee.

- Company has no interest in establishing an audit committee.

Nominating Committee—Composition, Structure and Functions

4) Has your company established a nominating committee?

- Yes No

If "YES", please answer 4A only
 If "NO", please skip to 4B

4A. If "YES":

- When did this committee become operative?
 Month _____ Year _____

- How many members who serve on this committee are:
 non-management directors _____
 management directors _____

- If this committee was operative in 1975, how many members were then:
 non-management directors _____
 management directors _____

- Have you identified in your latest proxy statement or in your annual report the members who serve on your nominating committee?

- Yes No

- Does your nominating committee consider nominees recommended by shareholders?

- Yes, does consider nominees recommended by shareholders.

If "YES", check following box only if your proxy describes the procedure to be followed.

- No, does not consider nominees recommended by shareholders.

4B. If "NO" please check one of the following to indicate your plans regarding nominating committees:

- Company has formulated plans to establish a nominating committee.

If so, when do you believe it will become operative?
 Year _____

- Company is actively giving consideration to doing this although has not formulated plans as yet to establish a nominating committee.
- Company has no interest in establishing a nominating committee.

Compensation Committee—Structure and Composition

5) Has your company established a compensation committee?

- Yes No

If "YES", please answer 5A only
 If "NO", please skip to 5B

5A. If "YES"

- When did this committee become operative?
 Month _____ Year _____
- How many members who serve on this committee are:
 non-management directors _____
 management directors _____
- If this committee was operative in 1975, how many members were then:
 non-management directors _____
 management directors _____
- Have you identified in your latest proxy statement or in your annual report the members who serve on the compensation committee?

- Yes No

5B. If "NO", please check one of the following to indicate your plans regarding compensation committees.

- Company has formulated plans to establish a compensation committee.
 If so, when do you believe it will become operative?
 Year _____
- Company is actively giving consideration to doing this although has not formulated plans as yet to establish a compensation committee.
- Company has no interest in establishing a compensation committee.

Thank you. Please return this questionnaire in the envelope provided to:

American Society of Corporate Secretaries, Inc.
 One Rockefeller Plaza
 New York, N.Y. 10020