KORN/FERRY INTERNATIONAL

32nd Annual Board of Directors Study

Celebrating Three Decades of Governance Analysis

Table of Contents

32nd

Observations and Commentary

32nd

As in recent years, 2005 continued to be a time of great change in the realm of corporate governance. The structures, practices, and responsibilities of boards worldwide have evolved in response to changes in commerce, culture, economies, technology, political systems, and legal mandates. One consistent element, integrity, has made these proactive and reactive changes easier to achieve. Adhering to code promotes prudent guidance and enables directors to provide expert counsel in the best interests of shareholders.

Although in only a few instances, the absence of integrity has been a catalyst for recent landmark regulations. Governments around the globe, seeking to correct egregious corporate mismanagement, have made the majority of directors in the Americas, the UK and Japan more cautious.

Individual directors are also exercising greater caution in selecting boards on which to sit. According to surveyed directors in the Americas, Australasia, Non-Japan Asia, Switzerland, and the UK, more than half have declined a board invitation due to perceived risk. A majority of respondents in the Americas, Australasia, Germany, Non-Japan Asia, and Switzerland also report that they are experiencing difficulty in recruiting highly qualified directors. This reluctance is understandable, considering the myriad of complexities inherent in oversight.

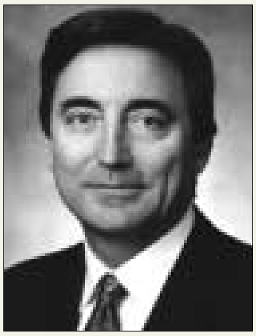
This year's respondents also agree that the media is not completely accurate in its reporting of corporate governance issues. Three-quarters of responding directors from the Americas, Non-Japan Asia, and Switzerland do not believe the media presents the public with a correct representation of the actions of boards. Perhaps what the media neglects to mention most is how an overly cautious board can also be detrimental, as it may develop an exclusively internal focus and a prevailing mindset of self-preservation. This can deter directors from taking necessary risks that could be in the best interests of the company. In the extreme, it can potentially render a board ineffective and lead to angry or disappointed shareholders.

In 2005, responding directors around the globe pursued greater independence from their former and current management. A majority of responding directors in the Americas, Australasia, France, Japan, Non-Japan Asia, Switzerland and the UK report that the former CEO does not sit on their board. In Germany, the percentage of surveyed directors endorsing this practice doubled this year to 63 percent, up from 25 percent the previous year.

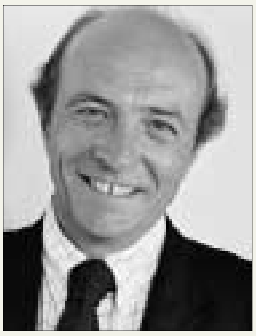
More boards are formalising CEO performance reviews and management succession processes, and the frequency of directors leading CEO searches (rather than the incumbent CEO) seems to be increasing. Full board performance reviews are also becoming more common, paving the way for the growing acceptance of individual director reviews. Asking a director to resign is now more commonplace.

32nd

Today's directors have become less tolerant of poor management and are taking active positions in fostering the improvement of governance. Following an unwritten rule of conduct, directors today remain dedicated to integrity and to the perseverance of timely and relevant governance in the interest of maximising shareholder value.



Charles H. King
Board Services Practice
Global



Didier Vuchot
Board Services Practice
Europe

Sakie Fukushima
Board Services Practice
Asia Pacific

32nd

Methodology

To provide a clearer understanding of the effects of globalisation on governance, Korn/Ferry's 32nd Annual Board of Directors Study examines emerging practices and reports, as well as established trends set by the boards of premier organisations throughout the world. Directors of leading organisations based in the Americas, Europe, and Asia Pacific were invited to participate.

Their participation is illustrative of these directors' unswerving dedication to thoroughly examining and implementing best practices in governance. More than 1,200 directors from 15 countries returned the completed survey via mail or the Internet. Outside and non-executive directors account for 62 percent of the respondents and inside directors account for the remaining 38 percent. Thirty six percent are CEOs, 25 percent are chairmen and 19 percent are presidents. Respondents represent companies in 17 different industries.

Significant trends and occurrences are highlighted in the opening section of the study. An examination of practices and opinions of directors serving companies in major regions also follows. The Americas includes Brazil, Canada, Colombia, Mexico and the United States. Data in the European section is culled from responses from directors in France, Germany, South Africa, Switzerland, the United Kingdom and South Africa. Asia Pacific encompasses Australia, New Zealand, China (including Hong Kong), Japan, Malaysia, Singapore and Thailand.

The basis for the Proxy Information section is the information reported in proxies of FORTUNE 1000 organisations from July 1, 2004 to June 30, 2005. Compiled and reported in the aggregate, this data reveals trends in board practices of North America's largest public organisations. Comparisons to data reported in previous Korn/Ferry Board Studies have been made, where appropriate.

In Appreciation

The Korn/Ferry Annual Board of Directors Study is the most comprehensive, longest running survey of its kind in the world. For more than three decades, Korn/Ferry has monitored and reported the evolution of governance, sharing its data with the business community.

Korn/Ferry is grateful to those directors who invested the time and energy in our survey and for sharing information about their experiences and the operations of their board.

We also wish to acknowledge the Hong Kong Institute of Directors for their generous assistance in disseminating our survey this year.

Executive Summary: Highlights of Global Findings

The effects of regulation on the global business world continue to influence the tone of the boardroom. Directors from the world's major multinational organisations remain vigilant in their careful evaluation of board operations and current governance trends. They are mindful of a world economy that is continuously globalising, while at the same time keeping abreast of those cultural practices that continue to contribute to good governance for their companies and the nations in which they operate.

Some traditional practices, which had enormous value when conceived, have not met the tests of transparency or competitiveness in a global environment. Changes in composition have resulted, as have modifications in directors' relationships with management, labour, shareholders, and one another. This year, the dedication to providing good governance and the subsequent changes made to achieve it are evident in the responses from surveyed directors.

Effects of Regulation

Rather than being the catalyst for improved governance, 72 percent of responding directors in the Americas believe that Sarbanes-Oxley (SOX) regulations have served to make their boards more cautious. Almost two-thirds (65 percent) of their peers serving on US listed Japanese boards hold the same opinion. Sixty-one percent of responding directors in the UK view the Combined Code as having this same effect on governance.

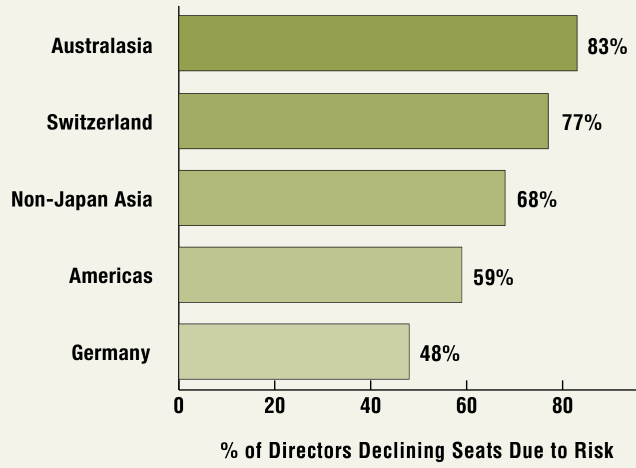
More than half (58 percent) of responding directors in the Americas feel SOX should be repealed or overhauled. This is a view shared by 37 percent of surveyed directors in Japan. Only 28 percent of responding directors in the UK endorse such action to remedy the Combined Code.

Costs of Compliance

Activities to comply with SOX will cost between $1 million and $5 million annually, according to 53 percent of responding directors in the Americas. Twenty-one percent estimate their companies will need to spend between $6 million and $10 million annually to meet ongoing regulatory mandates.

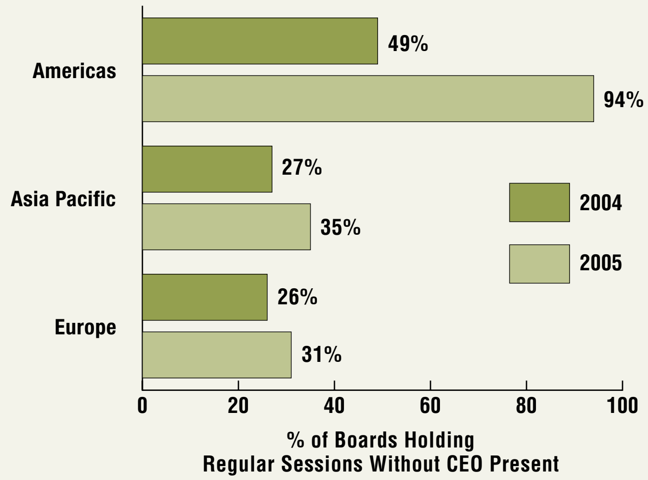
Director Risk

Perceived risk has made directors worldwide more discriminating when accepting directorship invitations. Eighty-three percent of surveyed directors in Australasia and 77 percent in Switzerland have declined a board seat due to the risk associated. Risk was also characterised as the determining factor in turning down board seats by 68 percent of responding directors in Non-Japan Asia and 59 percent in the Americas. Almost half (48 percent) of their responding counterparts in Germany cite this factor, a significant increase from 31 percent in 2004.



Sessions Without the CEO

While only 35 percent of respondents in the Asia Pacific region as a whole report that their boards hold regular sessions without the CEO present, of those surveyed in Australasia, 62 percent reported doing so. Thirty-one percent of surveyed directors in Europe and 94 percent in the Americas report their boards convene regularly without the CEO present.



Recruitment of Directors

The majority of those surveyed worldwide have found it more difficult to recruit high quality directors. Most notably, the majority of those in Germany, Non-Japan Asia, and Switzerland (79 percent, 77 percent, and 64 percent, respectively) stated that attracting qualified members was more difficult than in past years. Conversely, 63 percent of Japanese directors surveyed report that recruitment has not become a greater challenge. French respondents are almost equally divided in their assessment of recruitment, with 49 percent saying the activity is more challenging.

Members New to Board Service

Fifty-seven percent of directors surveyed in Germany state they have added a member without prior board service in the past three years. This practice does not seem to be popular with the majority of those surveyed in other nations.

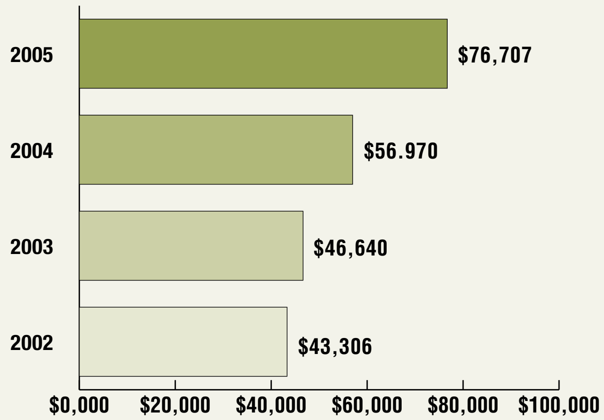
32nd

Director Compensation

An average annual retainer and per meeting fee of $76,707 was awarded to directors from FORTUNE 1000 companies this year. This is a 35 percent increase over that awarded in 2004. For the first time, cash compensation broke the six-figure mark: directors of $20+ billion organisations received an average of $115, 375, surging 43 percent from that paid the previous year.

Stock as Director Compensation

Members of Japanese boards surveyed are universally opposed (100 percent) to the idea of stock comprising the majority of a director's compensation package, as are the majority of respondents elsewhere in the world. The exception is with those directors surveyed in the Americas, where 55% percent believe stock should be the major component of compensation.



Average Annual Retainer/Per
Meeting Fee for FORTUNE 1000 Organizations

Required Stock Ownership

With regard to SOX, directors surveyed worldwide are divided when asked the value of requiring directors to own stock. Support is strongest in France with 85percent of surveyed directors reporting they must also be shareholders and in the Americas, where 76 percent surveyed state they must have an equity position. A slight majority (54 percent) of those responding in the UK report that they serve on boards where stock ownership is mandated.

32nd

Mr. Takuya Goto

I started my career at Kao as an engineer at a plant and in the sales division of the chemical products business, which is a rather different line of work to Kao's consumer business. I also worked at subsidiary companies in Japan for 11 years and for four years overseas. My job assignments were management related, which enabled me to observe the consumer business objectively. These experiences have proven useful in my later involvement in management at Kao.

One thing I accomplished during my presidency at Kao was to clarify the responsibility of senior executives. I also restructured the corporate governance system and appointed new, younger board members and established an external board member system. In order to clearly separate the supervision and execution functions, a corporate officer system was also introduced. The company has established a Compensation Advisory Committee and a Chairman/President Appointing Committee. We also established several related committees: the Internal Control Committee, Compliance Committee, and Trade Secret Committee, which secure the transparency and reliability of the company. Although expensive, I think that the costs are unavoidable when creating a trustworthy company.

I often say that we must be very careful that Kao's common sense is not judged as being different from the common sense in society as a whole. The function of an external board member is to help guide the company along the right path, not to enhance the company's business performance. The company should accept external board member's opinions on such occasions as when new stock options are introduced or on matters of compliance, and reflect them into company management. I believe that such a function is expected of me when I serve as an external board member in other companies.

Currently, I am an external board member of Nagase & Co., Ltd. and Asahi Glass Co., Ltd. As an external board member for other companies, I can share my experiences from Kao, as well as be able to observe Kao itself from an external perspective. This allows me to gain valuable insight, which I can feed back into management at Kao.

As far as my board is concerned, I do not find it difficult to promote internal members to the board since I am able to spot member's management or executive potential through their daily decision making processes. In contrast, it is quite difficult to search for external board member candidates. Even though a person may have a good reputation, it does not mean that the person is suitable for a particular company.

Kao has made a head start in structuring a corporate governance system, and so far we cannot find any major problems. The company is striving to respond proactively to changes in global society and in Japan itself.

Japan's economy is recovering and business performance is improving. Thus, foreign investors are expecting to see further growth in Japan's economy. One reason for an increase in foreign investors is that Japanese companies are improving profit returns to their shareholders and paying more consideration to payout ratios.

Today's investors are beginning to observe company activities more closely, which is increasing the responsibility of the board of directors. In order to make effective corporate governance a reality, it is essential for board members to be aware of its importance. At Kao, I believe that while respecting stakeholders including shareholders, consumers, customers and employees, we should promote transparent and precise management, and make it a 'competitive and respected company' with continuing 'profitable growth.' As a result, I believe, Kao will be a company trusted by many people.

32nd

Mr. Takuya Goto
Chairman of the Board,
Kao Corporation
Tokyo, Japan

32nd

Board Practices in Asia Pacific – Survey Responses

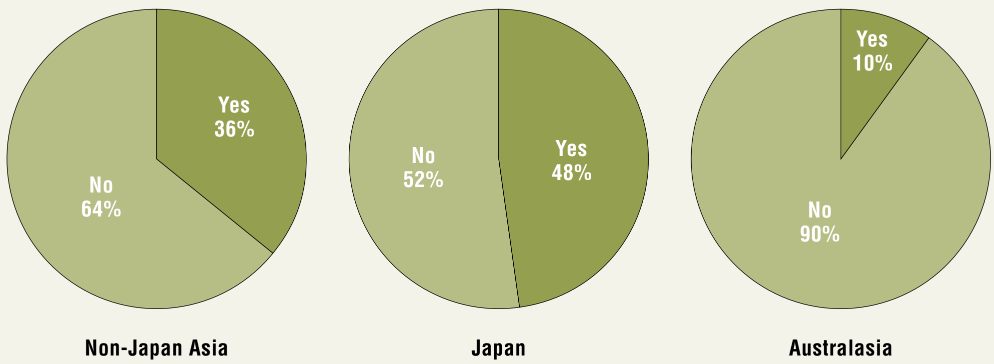
Directors of Asia Pacific's leading companies face what many experts would describe as one of the most critical global governance challenges. This is the synthesis of diverse business and cultural traditions with best practices that have been established by other governments and endorsed by activist foreign shareholders. As fiduciaries, it is incumbent upon these board members to carefully assess whether adopting specific practices truly benefits shareholders. Such evaluations require in-depth discussion and analysis of the possible outcomes of any change, as well as testing the potential introduction of new policies and refinement of current procedures within the context of the organisation's specific economic, political, and regulatory situation.

Members of boards across the Asia Pacific region are taking a calculated approach to the evolution of governance. Though few changes have been instituted universally, boards are making changes once considered unthinkable. Holding sessions without the chief executive, conducting regular full-board and individual director reviews, as well as conducting formal reviews of the CEO, and taking a formal approach to management succession in which the board leads the process are a few ways in which survey respondents in Asia Pacific are beginning to adopt more "Western" practices to improve the performance of their boards.

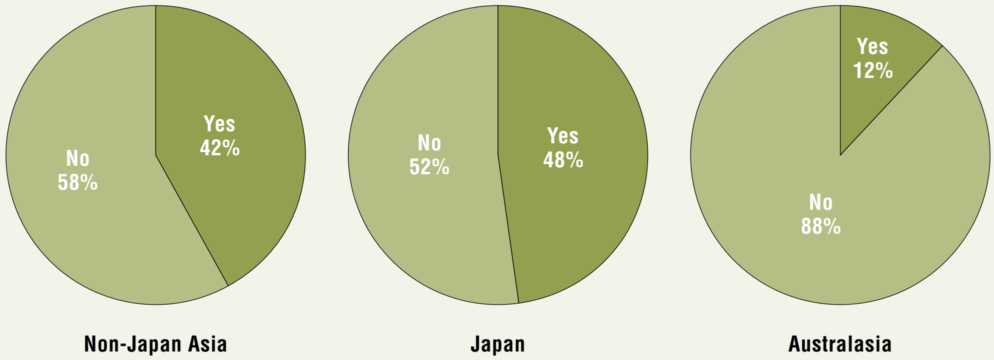
To best illustrate the diversity and state of governance practices in Asia Pacific, data is presented in aggregate for regional comparisons and also by sub-regional breakdowns as follows: Australasia, Japan, and Non-Japan Asia. Australasia consists of Australia and New Zealand. For the purposes of this study, Non-Japan Asia comprises China (including Hong Kong), Malaysia, Singapore, and Thailand.

Board Composition

Does the former CEO sit on the board?



Should the former CEO sit on the board?

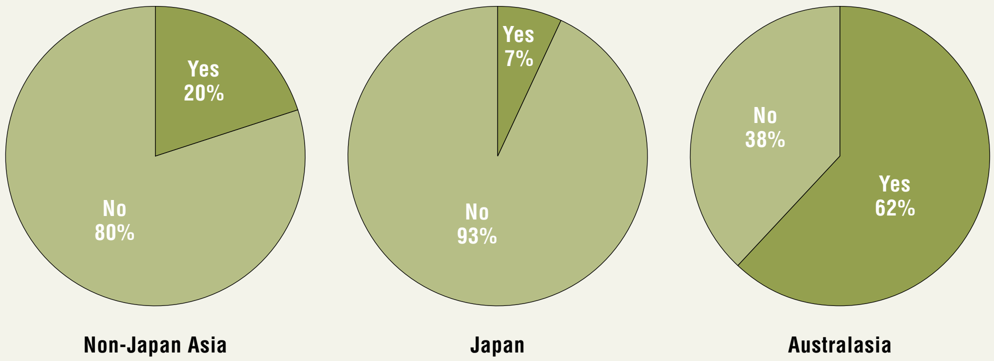


32nd

Of the Australasian directors surveyed, ninety percent report that the former CEO does not occupy a seat in the boardroom. Furthermore, 88 percent of them do not believe that the former chief executive should participate in a company's governance. More than half (52 percent) of those serving on Japanese boards report that the former chief executive does not retain a board seat, with the same percentage endorsing the practice.

In boardrooms across Non-Japan Asia, practices and opinions on this matter diverge, which is indicative of the continuing evolution to better balance management and governance there. While 64 percent of directors surveyed in this region indicate that the former CEO is not a board colleague, only 58 percent believe they should not sit on the board.

Does the board typically hold regular executive sessions without the CEO present during board meetings?

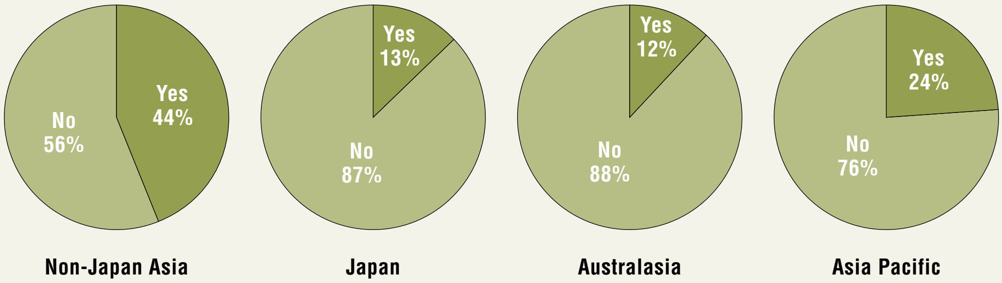


Australasian respondents seem keen to convene their boards independent of their CEO, with 62 percent indicating that their board holds regular sessions without them. In Non-Japan Asia, 20 percent of respondents state they sit on boards that convene without the CEO, while only seven percent of those respondents in Japan do so.

32nd

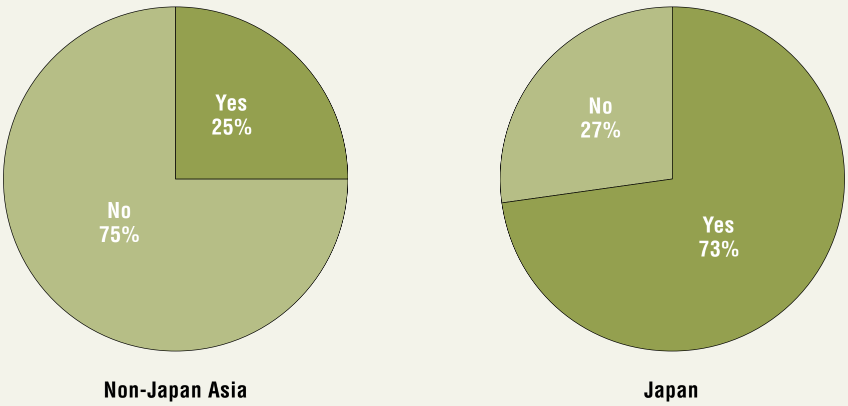
Board Service

Is there a limit to the number of other boards on which the CEO may serve as a board member?



In Asia Pacific, geography and a limited pool of experienced directors may be the reason that most do not set limits on the CEO's participation on other boards. Only 24 percent of responding directors say they set limitations. However, in Australasia, CEOs ordinarily have to obtain the permission of the board before taking on an outside board seat and they are frequently discouraged or not permitted to do so unless they are close to retirement. Interestingly, Australasian boards don't generally stipulate such limits for their own directors and it is left to the individual to decide. However there is increasingly pressure applied by company stakeholders on directors, and particularly chairman, in Australasia to restrict the number of board seats they take to a reasonable number.

Does your board have a mandatory retirement age?

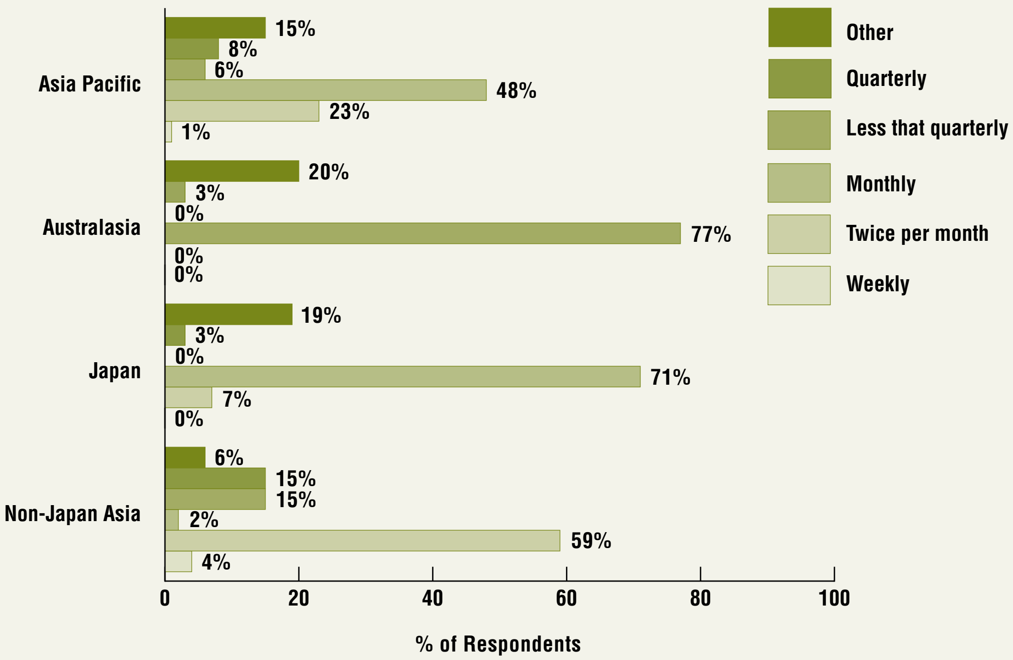


Boards in Asia Pacific face unique local and regional challenges that impact their decisions about whether or how to adopt global governance practices. The shortage of experienced directors in Non-Japan Asia may be a factor in the recent moves to eliminate a retirement age for directors. This year 75 percent of surveyed directors in Non-Japan Asia report that they do not have such a mandate, a significant increase from the 53 percent reported last year.

Conversely, the percentage of organisations in Japan instituting a retirement age for directors increased, from 67 percent in 2004 to 73 percent this year.

In Australia, the law does not permit a mandatory retirement age for board members.

On average, how often does your full board meet?

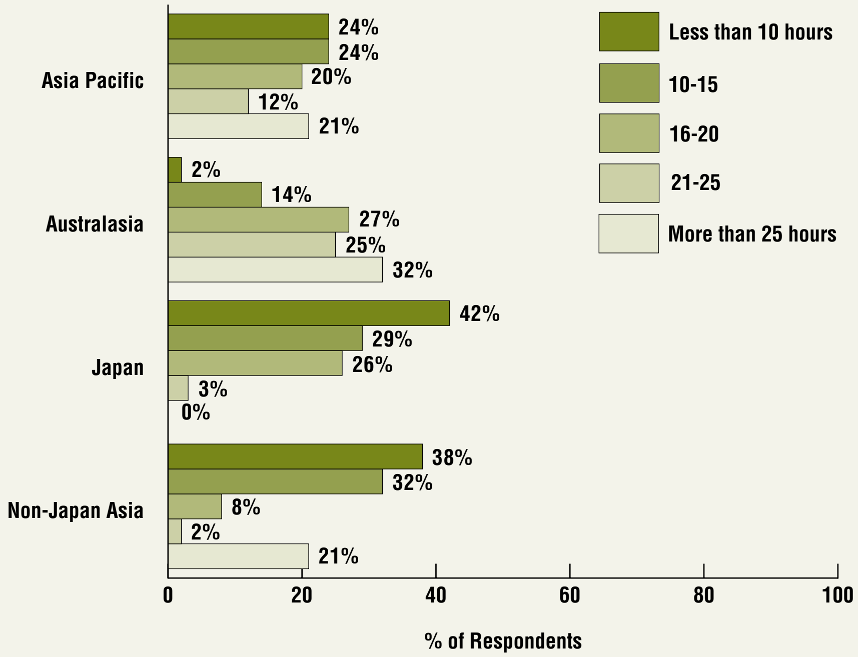


To fulfil their ever-expanding fiduciary responsibilities and protect shareholder interests, directors in Asia Pacific invest a significant amount of time and energy in board matters. The majority of respondents indicate their board convenes either monthly (48 percent) or bi-weekly (23 percent). Three-quarters (77 percent) of Australasian directors report they meet 12 times annually, as do 71 percent of their peers serving on Japanese boards. Surprisingly, 59 percent of surveyed directors in Non-Japan Asia meet twice a month.

32nd

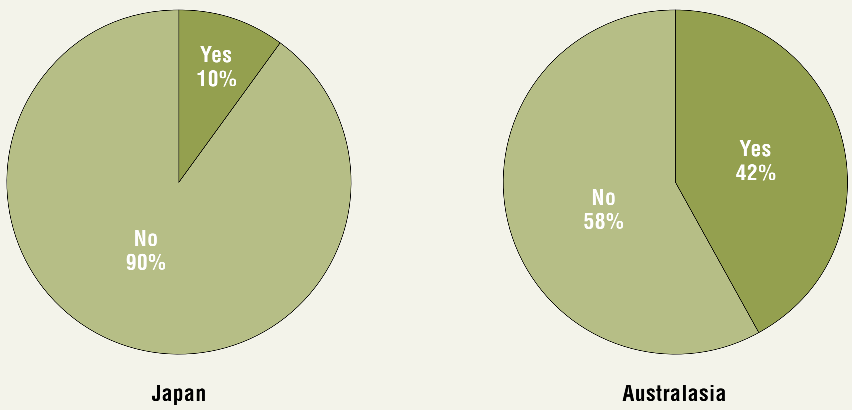
32nd

How many hours per month do you estimate you spend on board matters for this company?



A majority of respondents from every sub-region devote at least 16 hours per month to board matters. One-third (32 percent) of Australasian company directors reported spending more than 25 hours each month on directorship duties, as do 21 percent of those serving on Non-Japan Asia boards.

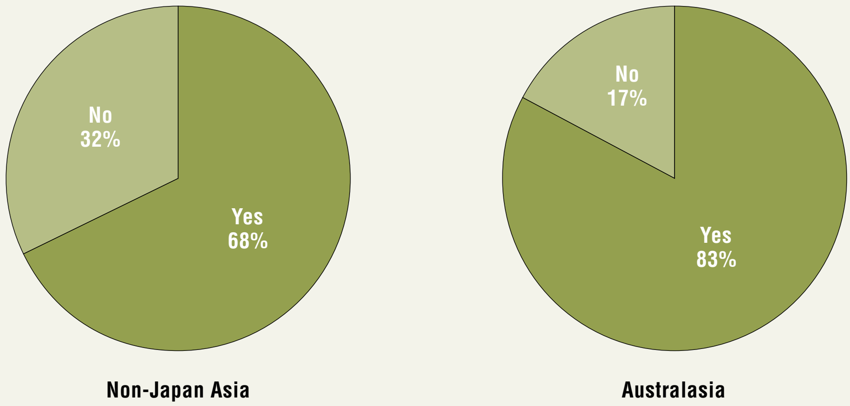
Has the frequency of your board meetings increased in the last year?



Like their peers serving on Swiss (42 percent), German (45 percent), and French (45 percent) company boards, 42 percent of the directors surveyed from Australasian companies are meeting more often this year. The vast majority (90 percent) of Japanese respondents report that meeting frequency remained constant, as do 80 percent of responding board members in the UK.

Director Risk

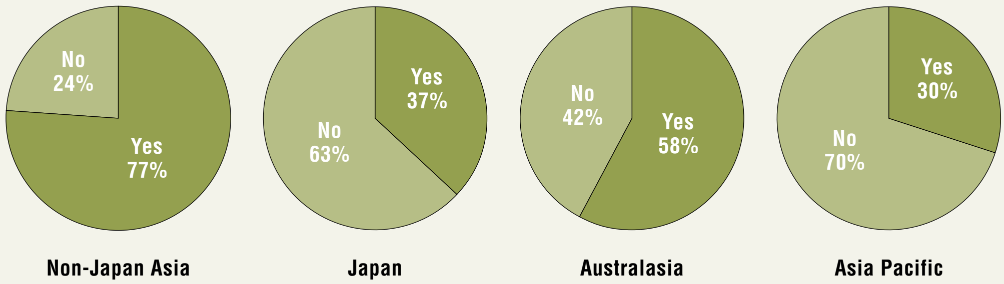
Have you ever turned down a board position because you felt your risk was too great?



Directors worldwide now scrutinise all board invitations more carefully and report that risk is often a determining factor for acceptance. More than two-thirds (68 percent) of directors surveyed in Non-Japan Asia have refused to accept a board seat because of the inherent risk, while 83 percent of Australasian board members surveyed report having declined directorships on this basis.

Director Recruitment

Are you finding it more difficult to recruit high-quality directors?



Geographical and cultural diversity, as well as the number of companies and available qualified individuals, influence the recruitment of director talent in Asia Pacific. More than three-fourths (77 percent) of surveyed directors serving on boards in Non-Japan Asia state that recruiting high calibre members is increasingly difficult. Only in Germany, where 79 percent of directors report finding recruitment more difficult, was the percentage higher. Surveyed directors in both Non-Japan Asia and Germany report that attracting new members with international expertise is their greatest recruitment hurdle.

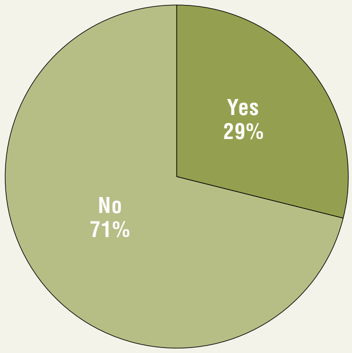
32nd

Perhaps adding to the difficulty in Australasia is the fact that 82 percent of responding directors state they consider a public company directorship a less attractive proposition than it was a few years ago. More than half (55 percent) of the same respondents state they would prefer a seat on a board of a privately-held company rather than a listed company.

Conversely, a clear majority (63 percent) of surveyed Japanese directors indicate that their board is not finding director recruitment more difficult. Responding board members in France are almost equally divided, with a slim majority (51 percent) stating their board has not found it more difficult to recruit qualified members.

32nd

Has your board added a director with no prior experience in the past 3 years?

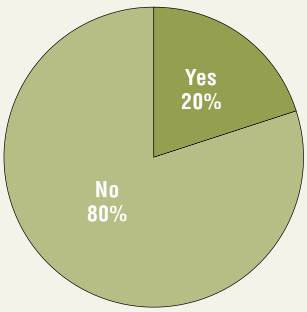


Asia Pacific

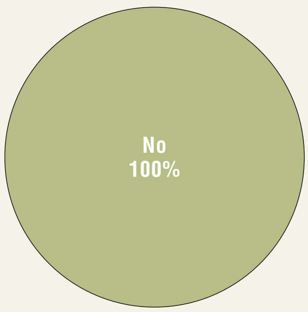
Despite reporting difficulties in attracting qualified talent to the board, the vast majority of directors surveyed in Asia Pacific are hesitant to add inexperienced members. Only 29 percent report that their board has broadened membership to include a novice member in the past three years, significantly less than their surveyed counterparts in Europe (40 percent) and the Americas (44 percent), who state their board has done so.

Board Compensation

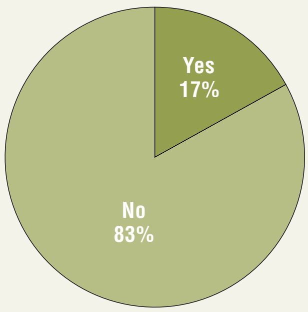
Do you think the majority of a director's compensation should be in stock?



Non-Japan Asia



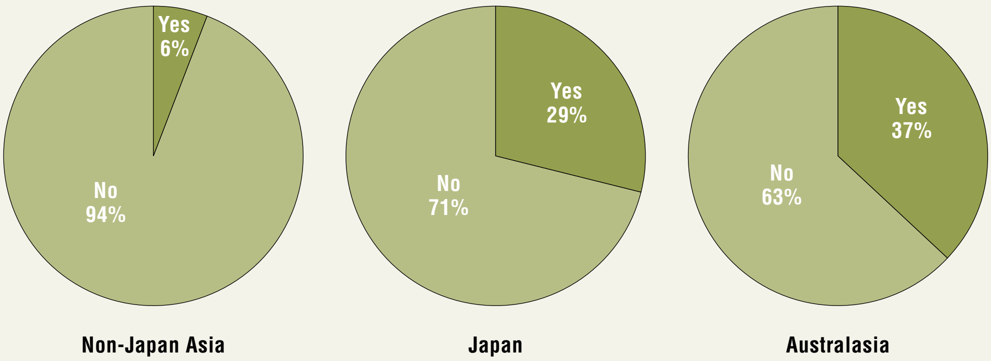
Japan



Australasia

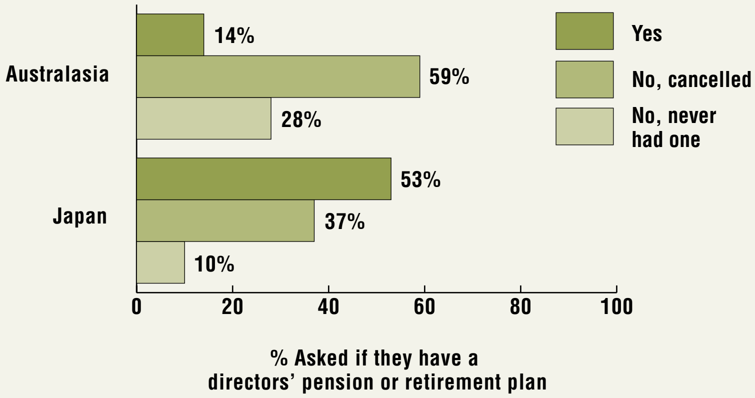
Though pundits promote stock ownership as a method to more closely align directors' and shareholders' interests, few directors in Asia Pacific report seeing value in making stock the major component of the director compensation package. Japanese directors are unilaterally opposed to the concept. At least 80 percent of those surveyed in both Non-Japan Asia and Australasian boardrooms disagree with the practice.

Is there a requirement that directors own shares of company stock?



Required stock ownership is a mandate with waning or lukewarm support in the boardrooms of Asia Pacific's major enterprises. This year, only six percent of directors in Non-Japan Asia state they must have an equity stake in the organisation, a decrease from last year when 24 percent reported they had to do so. The percentage of surveyed Japanese directors who report that stock ownership is a requirement of director service declined slightly, from 33 percent last year to 29 percent this year.

Does your company have a directors' pension or retirement plan?



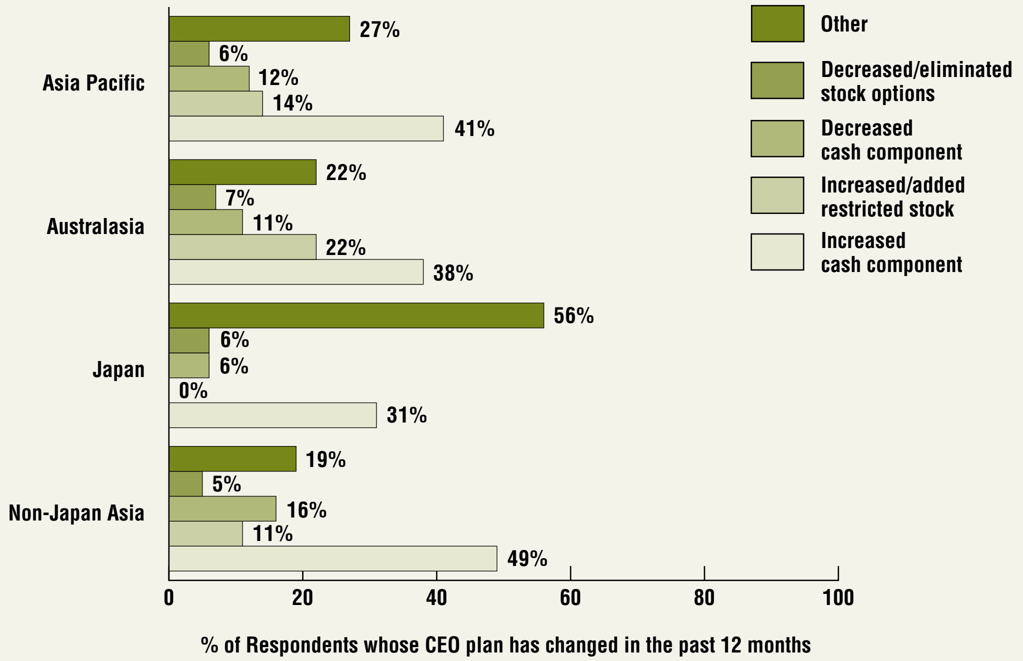
The majority (59 percent) of surveyed directors of Australasia's leading companies report they have eliminated benefits such as director retirement and pension plans. The vast majority (87 percent) of Australasian respondents are not now accruing retirement benefits.

The prevalence of this perquisite also seems to be declining in Japan, with 37 percent of Japanese board members surveyed reporting cancellation of the director pension or retirement plan. However, a slight majority (53 percent) of these Japanese directors report they still enjoy such a benefit.

CEO Compensation

32nd

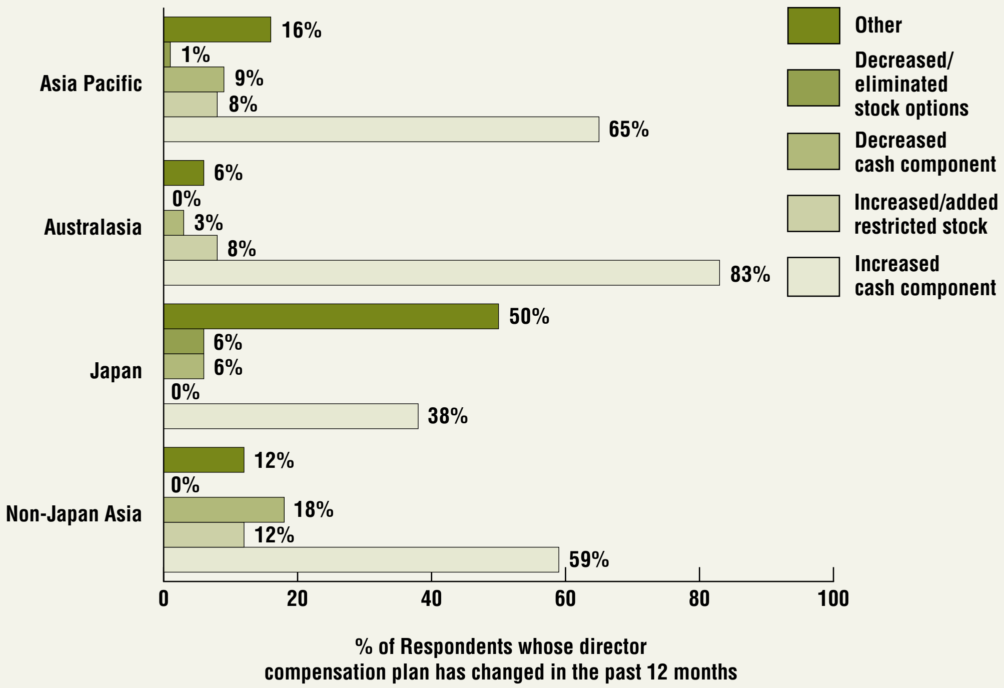
If your CEO compensation plan has changed in the past 12 months, please indicate the nature of that change below:



When restructuring the CEO compensation package, increasing the cash component was the change cited most often by directors of Asia Pacific boards (41 percent). Almost half (49 percent) of directors responding in Non-Japan Asia report altering the chief executive's compensation in this way. A majority (56 percent) of Japanese board members state their board chose to provide incentives other than cash or stock to the CEO.

Director Compensation

If your director compensation plan has changed in the past 12 months, please indicate the nature of that change below:



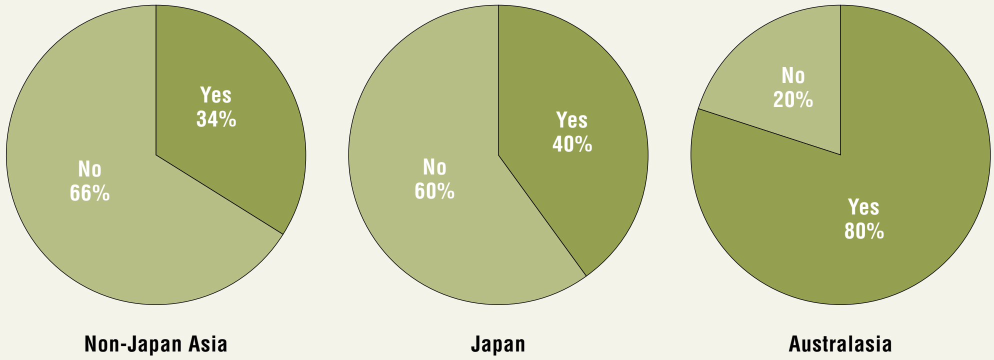
32nd

In keeping with their conservative views of using stock as a component of director compensation, few Asia Pacific board members indicate a change in stock awards. Of those reporting a change to the director compensation package, 65 percent of respondents state that they received a larger cash fee. Eighty-three percent of Australasian respondents report receiving increased cash compensation. This is probably reflective of the increased work load and risk associated with being a director, as well as partial compensation for the elimination of some director retirement plans. Consistent with their refinement of CEO compensation, half (50 percent) of Japanese board members indicate that changes other than cash or stock were made.

32nd

Management Succession

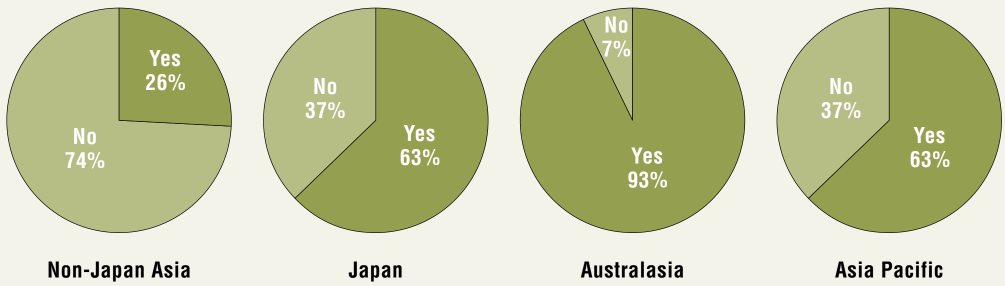
Does the board have a management succession committee or process?



Independent boards around the globe are now developing formal procedures to assure a smooth transition of top leadership. One third (34 percent) of directors surveyed in Non-Japan Asia state that they have adopted an effective process, with 40 percent saying that the board drives the process. Forty percent of responding directors of Japan's premier companies report that their board has done so and 38 percent add that the board, rather than the CEO, would facilitate the process. A slightly greater percentage of Australasian directors (80 percent) state they have created a process or committee dedicated to management succession than have their counterparts in the Americas (76 percent).

Evaluations

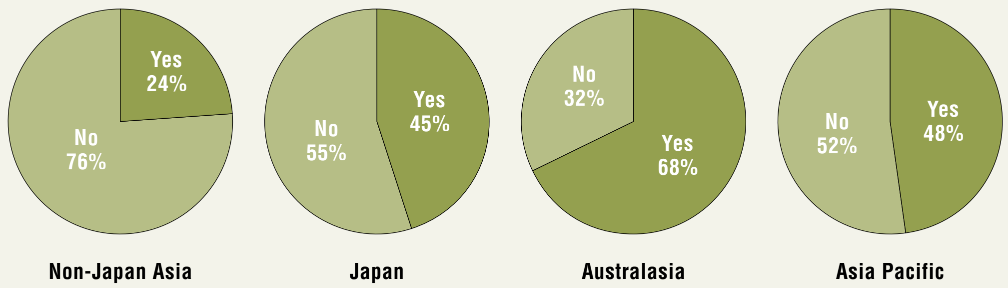
Is the entire board's performance formally evaluated on a regular basis?



Significantly more surveyed directors in Japan and Australasia state that they have incorporated full board reviews as a way to achieve improved performance. The percentage of Japanese company directors reporting such evaluations increased from 50 percent last year to 63 percent this year. Almost all (93 percent) of Australasian board members state their full board is routinely reviewed, compared to 79 percent who reported the practice last year. In Non-Japan Asia, only 26 percent of the directors surveyed say the board as a whole is formally and regularly evaluated.

According to those surveyed across Asia Pacific, the boards' integration of full-board performance reviews as part of board operations lags behind that of boards in Europe (62 percent compared to 72 percent, respectively).

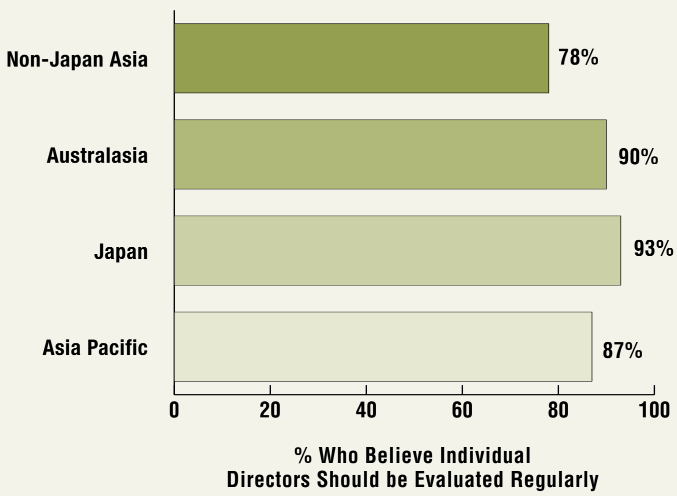
Does your board evaluate individual directors on a regular basis?



In Japan, the drive for continuously improved governance is fostering greater openness to individual director reviews. This year, almost half (45 percent) of Japanese company directors surveyed undertook such performance evaluations compared to 37 percent reported last year. Only 42 percent of their peers from companies in the Americas stated that they are given individual performance reviews.

This year, the percentage of surveyed directors in Australasia who report receiving individual performance reviews is virtually unchanged from 2004 (68 percent compared to 69 percent). Interestingly, only 24 percent of responding directors in Non-Japan Asia state their board reviews individual members compared to 55 percent who did so last year.

Should individual directors be evaluated regularly as to their performance?



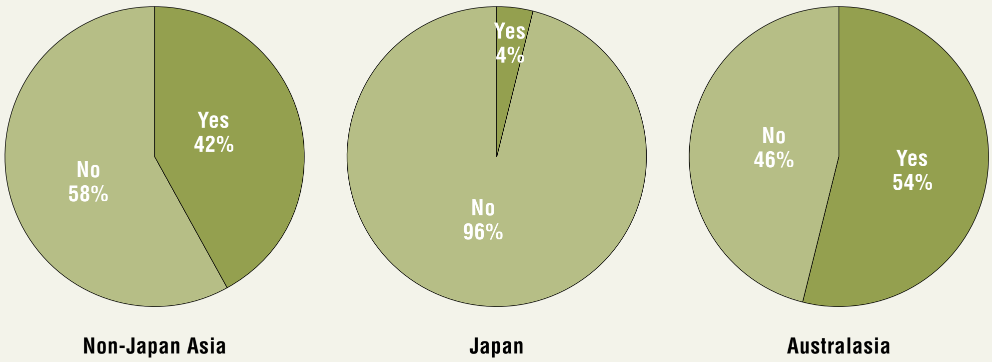
32nd

32nd

Dedication to improving governance and a willingness to be constructively critiqued by peers is evident in Asia Pacific's company directors' opinion of the value of individual reviews. The overwhelming majority believes such reviews should be part of board operations. Support is unequivocal among Japanese respondents, with 93 percent endorsing the practice. The reason may be that most major companies in Japan still have boards with a majority of internal directors who are also responsible for operational performance and are themselves regularly evaluated. Ninety percent of Australasian board members and 78 percent of their peers in Non-Japan Asia who were surveyed also agree that performance should be reviewed regularly.

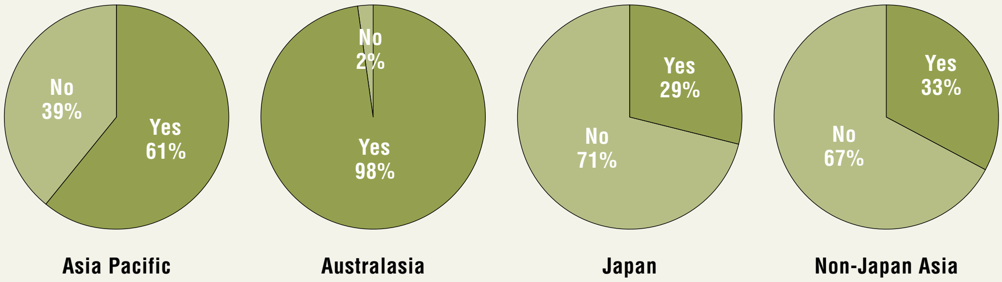
Regionally, directors surveyed in Asia Pacific indicate the greatest support of this type of evaluation, with 87 percent in favour of the practice compared to 82 percent of their European counterparts and 79 percent of their peers in the Americas.

Has your company ever asked a director to resign or not stand for re-election?



Whether complying with new regulations to meet standards of independence, dealing with conflicts of interest, or addressing poor performance, more boards worldwide have faced the unpleasant situation of dismissing a peer. In Australasia, 54 percent of surveyed directors report they have had to ask a peer to resign or not stand for re-election. Almost all (96 percent) of the responding Japanese directors state they have been spared the experience of asking for a director's resignation, as did 58 percent of those in Non-Japan Asia.

Does the board have a formal process for evaluating CEO performance?

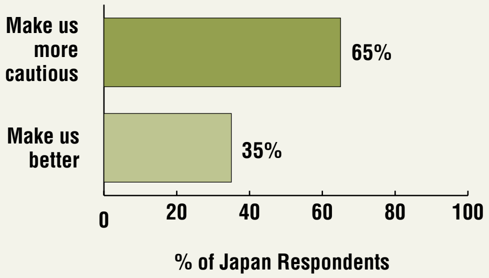


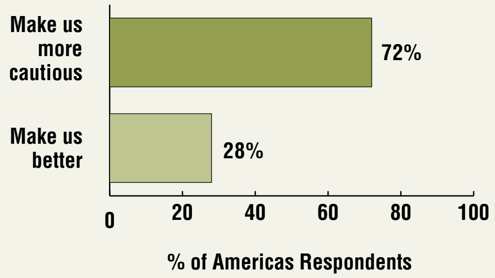
The implementation of formal CEO performance evaluations illustrates another evolution in global governance. Almost all (98 percent) of the Australasian company directors surveyed report that the board uses a formal process to evaluate the chief executive, a practice reported by 89 percent of their peers in the Americas and 70 percent of responding directors in Europe. More than one-quarter (27 percent) of Australasia's directors surveyed use the lead director to conduct the chief executive's review, while 71 percent say they have the full board evaluate the top executive's performance.

Conversely, more than two-thirds of both Non-Japan Asia directors (67 percent) and Japanese (71 percent) directors surveyed report they have not formalised procedures for evaluating CEO performance.

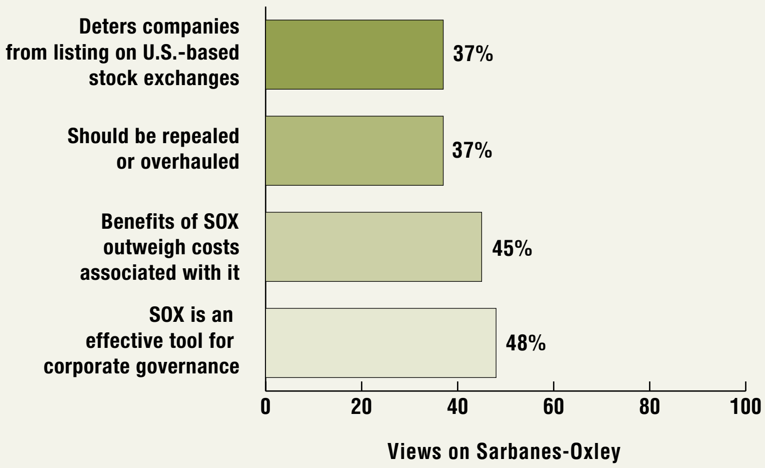
Issues Specific to Japan

Do Sarbanes-Oxley requirements make your board better or just more cautious?





Please rate the level of agreement with the following statements:

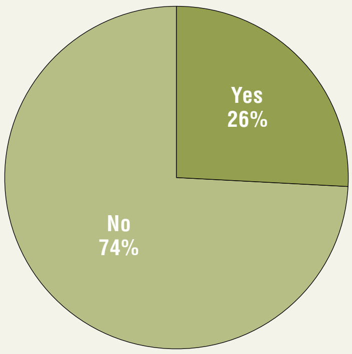


After adhering to regulations set forth by Sarbanes-Oxley (SOX) in 2002, two-thirds (72 percent) of respondents in the Americas state they believe that the landmark regulation only served to make officials more cautious. However, surveyed directors of Japan's leading companies view SOX more positively than their counterparts in the Americas. Almost half (48 percent) see it as an effective tool for corporate governance and 45 percent think the rewards of this regulation outweigh the costs. Only 21 percent of their peers in the Americas report they take this stance. While 58 percent of those directors surveyed from the Americas believe SOX should be repealed or overhauled, just 37 percent of Japanese company directors do.

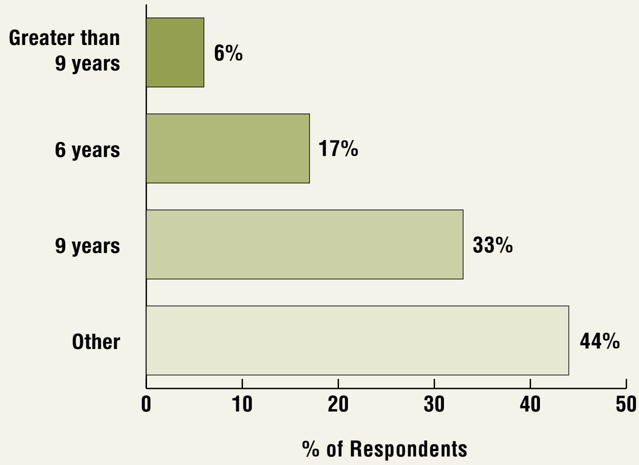
32nd

Issues Specific to Australasia

Does your board require a non-executive director to retire after serving a maximum term?



If Yes, what is the maximum term?

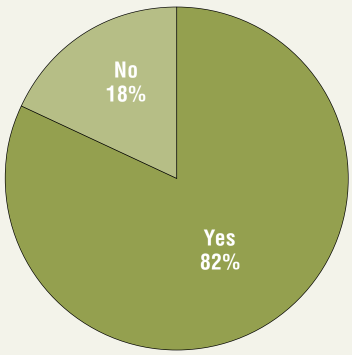


Adding new members has provided fresh perspectives to boards in Australasia and proven to be a positive way to enhance governance. Creating an intellectually stimulating environment is not only beneficial to all board members, it also negates the argument that directors with significant tenures become stale and complacent.

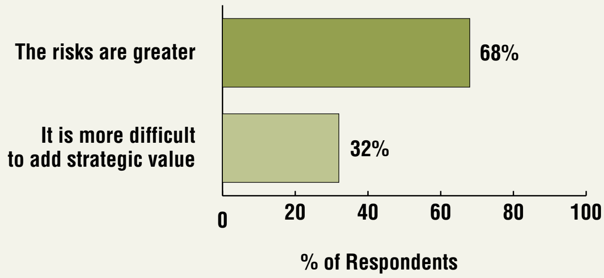
32nd

Among the 26 percent surveyed who indicate their boards have adopted term limits for directors, there is no clear consensus as to what constitutes the most effective length of service. Thirty-three percent of those surveyed state that nine years is the term allowed, while 17 percent report six years as the maximum. Forty-four percent of boards elect various, alternative options.

Do you consider a public company directorship a less attractive position than it was, say, 3 years ago?



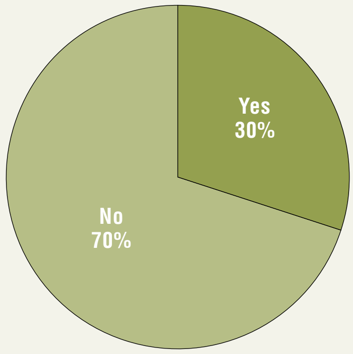
If Yes, the most compelling reason is that:



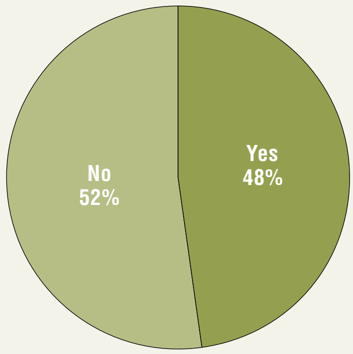
The overwhelming majority (82 percent) of those surveyed in Australasia view public company directorship invitations as less attractive than they did three years ago. Sixty-eight percent of respondents cite greater financial and reputational risk while one-third (32 percent) point to an increased challenge to add strategic value. This is perhaps a reaction to the increased accountability of directors and to boards devoting more time to compliance and internal oversight. As far as committing to another board position, respondents are almost equally divided in their preference for a seat on the board of a private equity company versus a public company.

32nd

Does the board have a succession plan for the Chair?



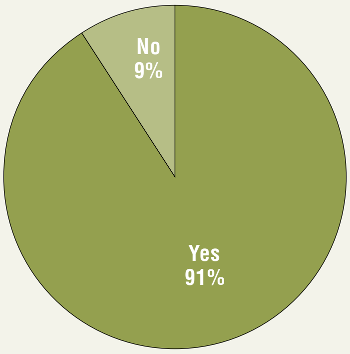
Does the board have a succession plan for the non-executive directors?



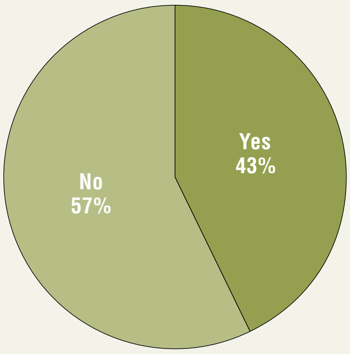
Though many Australasian boards have addressed the strengthening of their composition by adding members with specific expertise, less than half (48 percent) of respondents have actually invested the time to assure an uninterrupted continuum of board leadership. The slight majority (52 percent) report they have not formulated a succession plan for non-executive directors, and 70 percent state they have not identified a successor or possible successors to the current chair.

Issues Specific to Non-Japan Asia

Do you believe that good corporate governance is a source of competitive advantage in Asia?



Do you see a direct relationship between the share price of a company and the contribution that a board member could make?

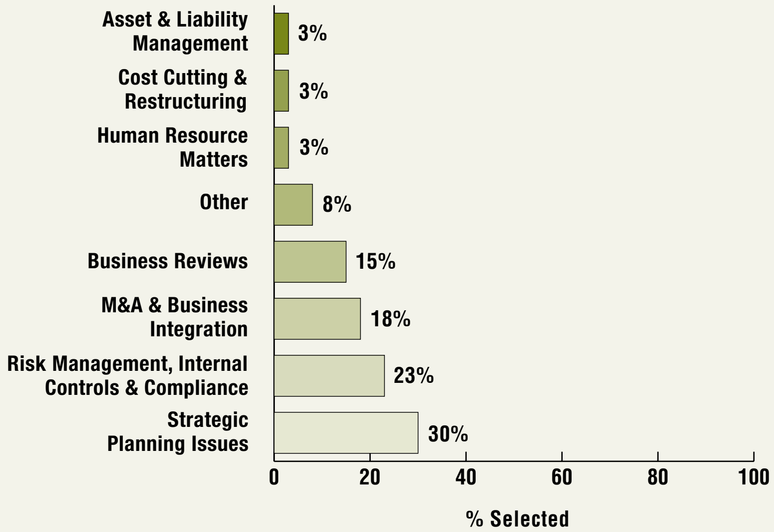


The overwhelming majority (91 percent) of directors surveyed in Non-Japan Asia possess an unyielding belief in the ability of good governance to enhance company competitiveness. To further improve effectiveness, 86 percent state they would like the roles of non-executive and executive directors to be more clearly defined. Although studies do show a correlation between good governance and stock price, 57 percent of responding directors in Non-Japan Asia do not believe there is a relationship between the stock price and the contributions of an individual.

32nd

32nd

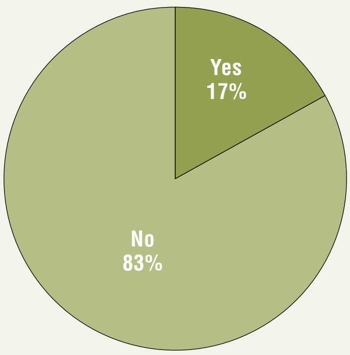
If the board has experienced an increased workload from the previous year, where is it coming from?



The opportunities and constraints of global business have caused 81 percent of those surveyed in Non-Japan Asia to devote more time to board matters this year. Of this group, 30 percent cite strategic planning as commanding more of their attention, while 18 percent point to mergers and acquisitions and the ensuing business integration needs. Almost one-quarter (23 percent) of board members indicate that risk management, internal controls and compliance issues are the cause for an increased time commitment.

However, directors are accepting of this, with 81 percent surveyed reporting they believe non-executive members are provided with adequate time, information and resources to prepare for the challenges of board service.

Does the media accurately reflect what's going on in boardrooms?



Like their peers on boards in the Americas, responding company directors in Non-Japan Asia question the media's ability to comprehend and communicate the complexities of global governance. Eighty-three percent are not confident that the media accurately reflects actions taken in the boardroom.

Governor Thomas J. Ridge

With the increased influence and impact of governments and other regulatory bodies on corporate governance, we thought it appropriate to ask the thoughts of someone close to the subject. Following are the views of Governor Tom Ridge, former Secretary of the U.S. Department of Homeland Security and now a director on several U.S. boards, regarding the associations between the public and private sectors and the lessons each can learn from the other.

Before joining the corporate world as a director of several companies, I had an exciting and satisfying career in government, serving two terms as governor of Pennsylvania and most recently as Secretary of the Department of Homeland Security. Having moved from public service to the private sector, people are understandably curious about my perspective on what corporate America can teach Washington and local government, and what, in turn, the business community can learn from the public sector.

My board experience has confirmed my expectations about how the private sector can be a model in some areas to those in the public sector. For example, public officials would do well to follow the example of company officers and directors in accepting the globalisation of markets. Globalisation is an intractable way of life and has to be dealt with in a competitive way. Many people in the political world accept the inevitability of that intellectually, but still respond to it with protectionist and isolationist reactions. It's a perilous notion that we can maintain our standard of living in a market protected from outside forces.

On the heels of that, CEOs and boards of directors have been concerned about the problems in our educational system for 30 or 40 years. They are right to be concerned. There are some hugely productive leaders and workers in the rest of the world who are prepared to be aggressive and take us on. Moreover, the competition will grow even more intense. The number of young people under 16 in China is greater than the entire population of the U.S. We have to develop an attitude that we can compete and will compete—and win.

Additionally, in matters such as setting priorities, building consensus and executing on action, there is a much greater sense of urgency in the private sector. Much of it comes down to the competitive pressures of the global marketplace. If you don't move quickly to fill a void, someone else will. There has to be a constant assessment of where you are and where you have to be.

It would be nice if government could move with the same speed and mobility. In some cases, it does. Creating the Department of Homeland Security, for example, was

32nd

a huge merger and acquisition endeavour that also included divestitures and a couple of start-ups. In a sense, the Department of Homeland Security represented the biggest change management challenge of all time. We became a “public sector” offering staked in the security of our country and, as such, everyone in the country, having a stake in its success. In the private sector, you might get a year to carry out an M & A operation on that scale. We had one hundred days.

That speed came out of an unprecedented and critical need. For the most part, you can’t run government as you would a company. If you’re a Cabinet Secretary, the board you have to go to when you want to raise capital is 535 people on Capitol Hill – and you haven’t appointed any of them. Nevertheless, there are some everyday business principles that can be applied to the public sector, such as establishing performance standards and a matrix that sets up a calendar for achieving and measuring results, managing expectations and honouring a pre-defined code of organisational integrity.

On the flip side, I would encourage the private sector to recognise how much the government relies on you and learns every day in one way or the other the benefit of partnering over mandating. Nearly 85 percent of America’s critical infrastructure is owned by private business. Government is not looking for ways to regulate business, but rather cooperate in ways that both sectors can benefit.

Quite frankly, good security is good business. After 9-11, when many companies in the World Trade Centre lost everything due to a lack of back-up systems, government immediately began forging collaborative efforts to help businesses secure their cyber systems, their cargo and people at land, air and sea ports. We all realise that terrorists groups have stated intentions to disrupt our economy and harm our citizens. A close working relationship – a true national integration of effort – is the only way government and the business sector can keep our nation safe and secure.

To be sure, in a 21st-century threat environment, our nation will continue to face many challenges. With those challenges will come opportunities to work together to protect our country, our economy and our way of life – and lead, as only these United States can. May we continue to summon that leadership to our best efforts.

Governor Thomas J. Ridge
Former Secretary of the U.S. Department of Homeland Security
Director, Exelon
Director, The Home Depot
Director, Vonage
Director, Savi
Washington, D.C.

Proxy Information

Detailed analysis of the proxies of 904 publicly held FORTUNE 1000 companies, issued between July 1, 2004 and June 30, 2005, is the basis for 2005 data. In addition to governance practices concerning board operations, this evaluation revealed emerging trends in shareholder communications and boards' responses to calls for governance reform.

Proxies continue to be more informative, detailing criteria used in determining director independence and listing directors who meet such specifications. Companies are using proxies to communicate their governance reforms, some of which go beyond the mandate established by Sarbanes-Oxley. Special sections in proxies detail a variety of initiatives, including:

- Minimum stock ownership requirements;
- Limitations on the number of other public company boards on which directors may serve;
- Regular rotation of directors in leadership roles, notably the Lead Independent Director and Committee Chairs; and
- Restrictions on directors with potential conflicts of interest (directors who serve in a consulting capacity to other organisations that may be competitors of the company or board members who have a significant financial interest in organisations that are vendors, landlords or competitors of the company).

More companies are granting restricted stock as part of the overall compensation package for board and committee service. Increasing numbers of companies are assigning a dollar amount to the grants.

Size of Board

Despite increasing responsibilities resulting from the growing complexities of global business and external oversight, the board size of publicly traded FORTUNE 1000 companies has not increased in the past decade.

Eleven seems to be the optimal size for the boards of publicly traded FORTUNE 1000 organisations. Directors of these boards continue to meet an average of eight times annually, a frequency unchanged since 1995.

32nd

Table A – Number of Board Members, Meetings

Size of Company	Average Number Insiders	Average Number Outsiders	Average Number Members	Average Number Board Mtgs.
Under $3 billion	2	7	9	7
$3 billion - $4,999 billion	2	8	10	8
$5 billion - $9,999 billion	2	9	11	8
$10 billion - $19,999 billion	2	9	11	9
$20 billion and over	2	10	13	8
Type of Company				
Industrial	2	8	10	7
Banks	3	11	14	9
Other Financial Institutions	3	8	11	9
Insurance Companies	3	9	12	7
Consumer Products	3	8	11	7
Retailers	2	7	10	7
Advanced Technology	2	7	10	9
Aerospace	2	10	11	8
Energy	2	8	10	9
Healthcare Providers	2	8	10	9
Pharmaceuticals	2	9	11	9
Entertainment / Hospitality	4	7	11	9
Other Services	2	8	10	8
Miscellaneous	3	7	10	8
All Companies	2	8	11	8
Average All Companies by Type	2	8	11	8

The average number of inside and outside members may not add up to the total number of members due to the rounding of fractional amounts.

Inside Directors vs. Outside Directors

The development and implementation of detailed criteria establishing director independence may have influenced this year's change in the balance of outside and inside directors present in FORTUNE 1000 boardrooms. While inside directors hold an average of two board seats, which is unchanged since 1995, insider representation increased by one member in the boardrooms of four industries: banks, other financial institutions, consumer products, and entertainment/hospitality. For the first time since 1990, the average number of outside directors decreased from nine to eight.

Board Composition and Demographics

The continuing drive for independence from management and the desire to provide the best business guidance have once again influenced FORTUNE 1000 board composition. The vast majority of boards (95 percent) now include a retired executive from another company among its members, a trend that has grown steadily over the past few of years.

These organisations continue to embrace diversity. This year, women are found in 84 percent of boardrooms, compared to 82 percent that was reported last year. The percentage of members of a minority ethnicity has held at 76 percent.

32nd

Restrictions on external board memberships and burgeoning leadership demands appear to be catalysts in the declining percentage of active CEOs and COOs present in FORTUNE 1000 boardrooms. This year, 80 percent of these boards benefit from the "in the trenches" experience of a CEO or COO from another company, a decrease from the 82 percent reported last year.

Table B – Boards with One or More of the Following Individuals

Proxy Data From	2005	2004	2003	2002	2001	1995
Retired executive (other companies)	95%	95%	94%	94%	93%	75%
Investor	94%	91%	91%	89%	91%	73%
CEO/COO (other companies)	80%	82%	83%	83%	82%	82%
Woman	84%	82%	80%	79%	78%	69%
Former government official	55%	58%	59%	59%	56%	54%
Ethnic minority member	76%	76%	75%	71%	68%	47%
African-American	47%	47%	47%	44%	42%	34%
Latino	19%	18%	19%	17%	16%	9%
Asian	10%	11%	10%	10%	10%	4%
Academician	56%	58%	60%	59%	59%	53%
Commercial banker	27%	29%	30%	31%	30%	28%
Non-U.S. citizen	14%	15%	15%	16%	15%	17%

While the rise in the number of companies having at least one woman sitting on the board is significant, racial diversity seems to have levelled off. The rise in the number of companies having at least one Latino sitting on the board has increased, but only by a small fraction of a percentage.

The increase in the number of investors is, in part, due to the rise in the number of directors holding more than one percent of the company's stock.

32nd

Committee by Function

Due to the wide variation in actual committee names, Table C represents particular committee functions rather than the names of committees. This is a way of standardising committees for data analysis. For example, while there are actual "Stock Option" committees, this function is most regularly performed by a Compensation Committee. Similarly, there are few, if any, "Director Compensation" committees. That function is usually handled by a Compensation or Corporate Governance committee.

The desire to quickly and fully comply with mandates set forth by Sarbanes-Oxley is unmistakable. All publicly-owned FORTUNE 1000 organisations now have both an Audit and Compensation Committee, which are requirements of the regulation.

Almost all (97 percent) of FORTUNE 1000 companies have a Nominating Committee, a significant increase from the 75 percent reporting such a committee in 2002, the year Sarbanes-Oxley was enacted. In the majority of instances, this committee is also responsible for the corporate governance issues of the company. The existence of this committee has almost doubled in five years. In 2001, fewer than half (48 percent) reported having a formal Nominating Committee.

The number of committees dedicated to the issues surrounding succession planning also continues to grow. This year, 36 percent of boards have a formalised function dedicated to this vital responsibility, compared to 30 percent who reported this in 2002. Almost half (48 percent) have a committee examining directors compensation, a significant increase from the 29 percent found three years ago. The prevalence of Executive Committees continues to decline, at 46 percent this year, down from 56 percent in 2001.

Table C – Board Committees

Committee Function	2005	2004	2003	2002	2001	1995
Audit	100%	100%	100%	100%	100%	100%
Compensation	100%	100%	99%	99%	99%	99%
Stock Options	81%	80%	84%	86%	86%	56%
Nominating	97%	96%	87%	75%	72%	73%
Executive	46%	49%	52%	55%	56%	65%
Corporate Governance	94%	90%	72%	54%	48%	35%
Finance	30%	30%	30%	33%	35%	32%
Succession Planning	36%	35%	32%	30%	30%	31%
Investment	15%	15%	16%	18%	19%	21%
Corporate Responsibility	17%	17%	19%	20%	21%	19%
Directors Compensation	48%	41%	31%	29%	30%	n/a

There is a continuing decline in Executive Committees and a continuing increase in the number of Compensation or Nominating/Corporate Governance Committees that report that they have responsibility for determining the compensation of outside directors. As we have noted in our previous two board studies, both of these trends are due to Sarbanes/Oxley. The decline in Executive Committees suggests a decline in the influence of inside directors on board governance. The rise in the identification of who makes recommendations for outside director compensation is a demonstration of the growth of information being provided by proxy statements.

32nd

Committee Composition

Inside directors continue to participate on select Board committees that are not required by Sarbanes-Oxley to be composed of outside directors exclusively. Inside directors also exert their influence by their presence on committees examining the finances of the company and its investments.

Table D — Committee Composition

Committee Function/Name	Average Number Inside Directors	Average Number Outside Directors	Average Number Directors
Audit	0	3	4
Compensation	0	3	3
Stock Options	0	3	3
Nominating	0	3	3
Executive	2	2	4
Corporate Governance	0	3	3
Finance	1	4	4
Succession Planning	0	4	4
Investment	1	4	4
Corporate Responsibility	0	4	4
Directors Compensation	0	4	4

Fractional percentages account for seeming discrepancies in the average number of directors.

Committee Meeting Frequency

There continues to be a small increase in the number of committee meetings held. Audit Committees are well ahead of all others, meeting almost twice as frequently as any other board committee. Proxy data shows that the average number of Audit Committee meetings in 2005 is nine, almost double the number held in 2002 when Sarbanes-Oxley was enacted. Other committees convene an average of four to five times annually.

While the number of Nominating Committee meetings appears to be the same when rounded off, there has been a small increase in the number of meetings. Many Nominating Committees that were established last year met for the first time this year.

Table E – Meeting Frequency

Committee Function/Name	2005 Number of Meetings	2004 Number of Meetings	2003 Number of Meetings
Audit	9	8	7
Compensation	5	5	5
Stock Options	5	5	5
Nominating	4	4	3
Executive	4	4	4
Corporate Governance	4	4	3
Finance	5	5	5
Succession Planning	5	5	5
Investment	5	4	4
Corporate Responsibility	4	3	3
Director Compensation	5	5	4

Full Board Compensation

More FORTUNE 1000 organisations are using director compensation as a means to communicate their performance expectations and convey that meeting attendance is expected. Rather than “rewarding” a director for attendance by way of a separate meeting fee, companies are moving toward annual retainers and even docking a director’s pay for missing meetings.

As was true last year, the trend continues with companies paying their independent directors a larger annual retainer rather than a mix of retainer and meeting fees. This allows for equity compensation (most frequently in the form of a restricted stock grant) to become a more significant component of the director’s overall compensation. Equity compensation has been increasingly used as a means of linking directors’ and stockholders’ interests.

This year, 30 percent of boards awarded only an annual fee to outside directors, an increase from the 27 percent reported last year and more than double the percentage (14 percent) reported in 1995.

32nd

Table F – Full Board Compensation

Percentage of Companies Paying	2005	2004	2003	2002	2001	1995
Annual plus per-meeting fee	67%	70%	71%	70%	72%	84%
Annual fee only	30%	27%	23%	21%	20%	14%
Per-meeting fee only	2%	3%	4%	5%	5%	2%
No cash compensation (stock only)	1%	0%	2%	4%	3%	N/A
	100%	**100%**	**100%**	**100%**	**100%**	**100%**

Annual Retainer Plus Per-Meeting Fee

Increased expectations of performance, time commitments and heightened exposure to litigation continue to fuel dynamic increases in the annual retainer and per-meeting fees awarded to outside directors.

Directors' fees continue to increase dramatically: 35 percent over last year's rise of 22 percent. This year, the largest companies again saw the greatest increase in director compensation, which was up 43 percent compared to the 24 percent rise reported last year. Companies with revenues under $3 billion reported fees up 23 percent, compared to 16 percent last year.

When broken out by industry, we see very significant increases in directors' fees in both "Aerospace" and "Other Financial Institutions." These increases are largely due to the number of companies in each category who have started awarding restricted stock. This year, for example, Boeing gave its directors $130,000 in restricted stock and American Express gave a restricted grant of $111,472. Twelve of the 14 "Aerospace" companies and 11 of the 22 "Other Financial Institution" companies granted restricted stock last year.

32nd

Table G – Annual Retainer Plus Per-Meeting Fee

Size	Average Cash Compensation 2005	2004	2003	2002	2001	2000
Under $3 billion	$55,178	$44,866	$38,609	$34,336	$33,792	$33,667
$3 billion - $4,999 billion	$65,866	$56,923	$48,374	$38,378	$37,567	$35,910
$5 billion - $9,999 billion	$78,262	$60,559	$50,045	$46,348	$42,264	$41,202
$10 billion - $19,999 billion	$83,539	$65,690	$55,234	$48,667	$47,589	$48,484
$20 billion and over	$115,375	$80,955	$65,239	$61,307	$56,587	$51,774
Type of Company						
Industrial	$72,038	$56,551	$48,824	$42,550	$40,467	$37,978
Banks	$77,527	$55,623	$45,654	$40,934	$38,418	$38,415
Other Financial Institutions	$109,249	$61,476	$49,175	$48,643	$45,138	$42,162
Insurance Companies	$73,749	$57,175	$43,615	$43,788	$40,998	$37,317
Consumer Products	$73,568	$58,119	$49,945	$45,709	$42,781	$39,476
Retailers	$59,483	$46,142	$37,619	$34,206	$33,716	$32,299
Advanced Technology	$68,495	$58,303	$50,045	$41,183	$40,744	$41,891
Aerospace	$107,200	$69,033	$58,167	$56,818	$58,182	$54,042
Energy	$69,044	$55,704	$48,694	$41,216	$40,664	$40,276
Healthcare Providers	$70,161	$52,717	$39,923	$39,881	$38,741	$38,803
Pharmaceuticals	$72,913	$61,039	$44,075	$47,750	$50,500	$50,785
Entertainment / Hospitality	$79,250	$59,559	$48,450	$45,724	$40,309	$43,975
Other Services	$64,509	$49,172	$42,140	$34,570	$33,716	$35,114
Average	**$76,707**	**$56,970**	**$46,640**	**$43,306**	**$41,875**	**$40,964**

Committee Compensation

With the additional responsibilities placed on committees, the value of expert contributions and the perceived risk of being a director, compensation for committee service continues to increase.

The effects of a stringent, vigilant regulatory environment on committee compensation are reflected in retainers paid to three committees mandated by Sarbanes-Oxley (SOX). This year, the average retainer awarded to the Audit Committee chair was $12,817, more than double that paid prior to SOX. Directors chairing the Compensation Committee received $8,392 this year, 66 percent more than awarded in 2001. Chairs of the Corporate Governance Committee experienced a similar increase, receiving $8,135 in 2005, 56 percent more than the $5,200 amount paid in 2001.

In 2005, average retainers and committee fees awarded to chairs and members of all committees increased across the board. However, there is a single exception where the retainer awarded to the chair of the Executive Committee decreased six percent from last year. Fewer than half of FORTUNE 1000 organisations have an Executive Committee.

32nd

The most dramatic increases were in the average retainers awarded to committee chairs and members of "Pharmaceutical Company" boards, with increases of 34 percent and 35 percent respectively over those awarded in 2004. Retailers provided retainers to committee chairs that were 31 percent more than those reported last year, $10,062 compared to $7,675.

Retainers given to committee members of FORTUNE 1000 banks jumped 30 percent, from $5,700 to $7,385. Similarly, the retainers awarded to committee members of "Other Financial Institutions" rose 32 percent, from $6,500 to $8,550.

Table H – Average Cash Retainer for Committee Chairs

	2005	2004	2003	2002	2001	2000
Audit Chair Retainer	$12,817	$10,317	$8,110	$5,779	$5,331	$4,987
Compensation Chair Retainer	$8,392	$7,282	$6,278	$5,500	$5,055	$4,946
Corporate Governance Chair Retainer	$8,135	$6,863	$5,979	$5,136	$5,200	$4,902

Table I – Average Cash Compensation by Type of Committee

	All Companies			
Committee Function/Name	Chair Retainer	Chair Meeting Fee	Member Retainer	Member Meeting Fee
Audit	$12,817	$1,679	$8,507	$1,518
Compensation	$8,392	$1,543	$6,625	$1,421
Corporate Governance	$8,135	$1,522	$6,581	$1,406
Corporate Responsibility	$7,868	$1,568	$5,925	$1,470
Directors Compensation	$8,246	$1,527	$6,680	$1,420
Executive	$7,728	$1,598	$6,698	$1,449
Finance	$8,433	$1,525	$7,517	$1,450
Investment	$7,194	$1,667	$5,923	$1,502
Nominating	$8,036	$1,533	$6,113	$1,418
Stock Options	$8,216	$1,543	$6,286	$1,421
Succession Planning	$8,540	$1,555	$5,938	$1,395

Table J – Average Committee Fees by Size and Type of Company

Size	Committee Member Meeting Fee	Committee Chair Meeting Fee	Committee Chair Retainer	Committee Member Retainer
Under $3 billion	$1,374	$1,527	$8,812	$8,293
$3 billion - $4,999 billion	$1,557	$1,692	$8,521	$6,835
$5 billion - $9,999 billion	$1,451	$1,551	$9,267	$6,482
$10 billion - $19,999 billion	$1,508	$1,560	$9,585	$6,962
$20 billion and over	$1,478	$1,629	$11,449	$8,122
Type of Company				
Industrial	$1,502	$1,678	$8,235	$6,765
Banks	$1,441	$1,560	$10,684	$7,385
Other Financial Institutions	$1,554	$1,598	$12,708	$8,550
Insurance Companies	$1,500	$1,658	$9,507	$6,276
Consumer Products	$1,511	$1,639	$9,754	$4,771
Retailers	$1,288	$1,378	$10,062	$9,658
Advanced Technology	$1,519	$1,600	$9,886	$8,890
Aerospace	$1,393	$1,512	$8,382	$9,722
Energy	$1,505	$1,549	$8,172	$5,973
Healthcare Providers	$1,417	$1,472	$9,993	$6,147
Pharmaceuticals	$1,283	$1,504	$11,492	$8,452
Entertainment / Hospitality	$1,388	$1,612	$11,625	$6,893
Other Services	$1,362	$1,542	$8,934	$11,546
Miscellaneous	$1,314	$2,071	$10,019	$6,639
All Companies 2005	**$1,427**	**$1,598**	**$9,961**	**$7,690**
All Companies 2004	$1,351	$1,506	$8,491	$6,895

32nd

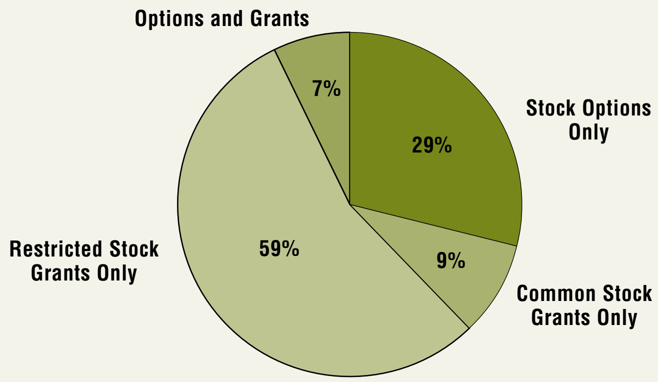
Stock as Director Compensation

2005 saw equity as director compensation gain further support from the FORTUNE 1000, with 94 percent of companies using some form of equity in their overall compensation package. Last year, only 79 percent included equity as part of director compensation.

Continuing a trend reported last year, restricted stock grants are becoming the preferred form of equity compensation. The majority of FORTUNE 1000 organisations (55 percent) limit the equity piece to restricted stock grants. The number of boards awarding stock options to outside board members decreased markedly since last year, from 46 percent to 29 percent.

32nd

Summary of Stock Options and Grants
(Companies that Pay Directors with Some Form of Equity Compensation)



Profile of Proxy Companies

Proxy data was based on information reported by the 904 largest publicly-held organisations based in the United States as determined by FORTUNE Magazine. Those companies excluded from this analysis were privately-held or mutual companies or organisations undergoing significant change, such as Chapter 11 or a merger or acquisition.

This year, the number of companies with revenues over $10 billion increased by 30. The number of companies with revenues under $3 billion (FORTUNE ranks between 571 and 1,000) declined, comprising 43 percent of the total companies as opposed to 47 percent last year. The number of Energy companies included in the FORTUNE 1000 increased one percent, as it has for the previous two years. All other industries either decreased in percentage or remained the same.

Table L – Proxy Companies

Size	2005 Number of Companies	2005 Percent of Companies	2004 Number of Companies	2004 Percent of Companies
Under $3 billion	388	43%	424	47%
$3 billion - $4,999 billion	162	18%	160	18%
$5 billion - $9,999 billion	148	16%	144	16%
$10 billion - $19,999 billion	111	12%	89	10%
$20 billion and over	95	11%	87	10%
Total	**904**	**100%**	**904**	**100%**
Type				
Advanced Technology	113	13%	114	13%
Aerospace	14	2%	15	2%
Banks	38	4%	38	4%
Consumer Products	61	7%	60	7%
Energy	120	13%	109	12%
Entertainment / Hospitality	15	2%	17	2%
Healthcare Providers	34	4%	34	4%
Industrial	205	23%	203	22%
Insurance Companies	46	5%	44	5%
Miscellaneous	14	2%	16	2%
Other Financial Institutions	22	2%	31	3%
Other Services	49	5%	46	5%
Pharmaceuticals	20	2%	18	2%
Retailers	153	17%	159	18%
Total	**904**	**100%**	**904**	**100%**

32nd

32nd

Mr. Carlos Fernández

I'm very proud to be a part of the next generation of executives at Grupo Modelo and within Mexico. As part of my mission to my company I have made a commitment, to not only do what is expected of me but to strive to surpass the level of excellence which was set before me. I believe that this same type of commitment is required of me as a director. To me, taking part in another companies' governance is of enormous importance; and the first requisite of any outside director should be a willingness to commit.

Throughout my career it has been my experience that a team, far beyond the ability of any individual has the power to achieve significant objectives and drive great organisational change. But any team is only as strong as the strength of its members. A board must commit to truly understanding the challenges and operations of the business if it has any chance of helping its management team to realise full potential and this commitment to learning the business from top to bottom makes the difference.

I started as bellboy at the brewery and later on part-time as an assistant to the GM in one of our breweries and worked in many different areas after that: Raw Materials, Production, Bottling, Human Resources, Finance and Sales. By 1989 I was working in the corporate offices of the engineering department. I became the COO in 1992 and the CEO in 1997.

For me, growing up in the industry and in my business has provided me with an incredible knowledge base. Of course, the insights I've learned are one thing, what is really challenging is to continually bring innovation to the company. Similarly, as a director, we must challenge the CEO and his/her management team to thrive on never being in the comfort zone.

In addition to my role as Chairman and CEO of Grupo Modelo, I also sit on the Board of Directors of Anheuser-Busch and Emerson Electric. Being a director has been interesting. As a CEO you understand the enormous responsibility (you have) for your company. As a board member you must rely on other CEOs and trust in the management of those companies. In my particular roles, I see the level of commitment and pride in the way these CEOs drive their organisations and interact with their boards.

This brings me to my second point – I believe that the key to driving passion in the board room – from the top down – is based on what you believe and what you work for. A short-term outlook is dangerous. It's being prepared for the future that drives long-term shareholder value. I often view a CEO as a sculptor or an artist because you look at things in a way no one else does. And, once you achieve your goal, you look for the next step or the next piece. It is hard to express with words; but it is a feeling and a focus to keep moving forward. You need to drive this on a daily basis with everyone in the firm and on the board.

Of course there will always be challenges in growing a global brand. It is up the board to stay ahead of market conditions and continually look for ways to recommend to the management to help them transform and grow by embracing these new opportunities.

Consumer focus in driving growth and globalisation is the new reality. We (constantly) need to work on that. The challenge is how to understand the things operating around us and adapt them to our business. We are becoming a bigger player in the import beer category by understanding local regional issues such as the habits, preferences, channels, pricing, etc. For an outside director, staying abreast of market conditions and looking for opportunities to recommend to management can make a big difference to the business.

On Globalisation

I believe that the world today is causing us to do things differently in Mexico and in Latin America. The world is flattening and we are becoming much more global. We need to adapt to constant change. For private sector companies it is something we need to address every day. Decisions must be driven from the markets globally as opposed to just the corporate headquarters.

32nd

With the complexity of today's business, it is difficult to predict entrepreneurial behaviour, but you must remain flexible and anticipate change. This provides a great reason to build a diverse board. Disparate backgrounds and fresh ideas can help the CEO to find growth and ward off stagnation. At Grupo Modelo, we are fortunate that our board has a good balance of knowledge, expertise and independence. Of course, it is always difficult to recruit because to get the best directors it takes a tremendous amount of time to find, attract and build relationships within the board.

On Communication

In addition to focus and commitment, I believe the third critical element for effective governance is communication. Before accepting any board position, I personally believe that you should be very careful in considering the level of confidence that the company gives you and the level of transparency that exists between the board and its management. If the management is getting you involved with the business – the good and the bad aspects – then that is the key point. Being asked to participate in areas in which you are not an expert, you must be willing to reach out for help. You need to voice your concerns early and get a level of confidence early.

The way the board members interact and communicate with one another not only drives the effectiveness of governance but also the amount of time needed to govern. Of course, different issues will require more time but overall, it is the relationships and communication flow that create effectiveness.

I believe the most important element in the boardroom is open and honest communication. Just as a CEO demands strong performances from his employees, the Board of Directors should demand better performance of their company's management. I see the Board of Directors acting as the coach. Even if performance is good, it is their job to demand more at all times from all levels.

So in conclusion, for me, it is the right balance of focus, commitment and open communication that makes being an outside director such a professionally rewarding endeavour.

Mr. Carlos Fernández
Chairman & CEO, Grupo Modelo
Director, Anheuser-Busch Companies
Director, Emerson Electric
Mexico City, Mexico

32nd

Board Practices in the Americas – Survey Responses

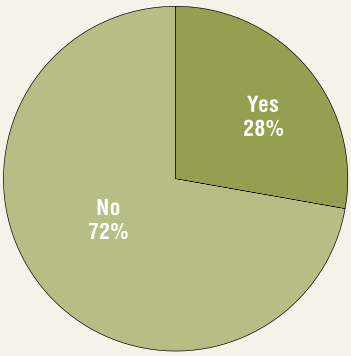
Aftershocks from corporate scandals and sweeping regulatory reforms continue to shape governance in the Americas. Sarbanes-Oxley (SOX) has had no shortage of publicity or detractors.

Although most respondents state that compliance with SOX only serves to make boards more cautious, these directors are determined not to become risk-averse. In spite of the demands on their time and resources, directors are devoted to fully executing their fiduciary responsibilities, and maintaining an external focus and global approach to the business. Having lead directors is now the norm for boards in the Americas. Also, more boards are meeting regularly in executive session, signaling continued dedication to protecting shareholders by developing a constructive management/governance balance.

Directors serving on boards of pre-eminent companies in Canada, Latin America, and the United States provided insight into the far-reaching effects of regulation and the quest for improved governance.

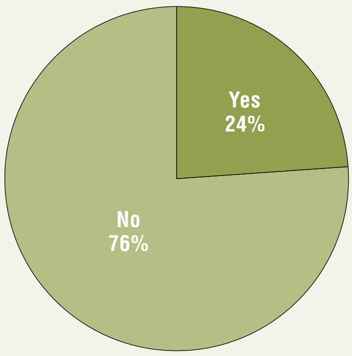
Board Composition

Does the former CEO sit on the board?



2005

Should the former CEO sit on the board?



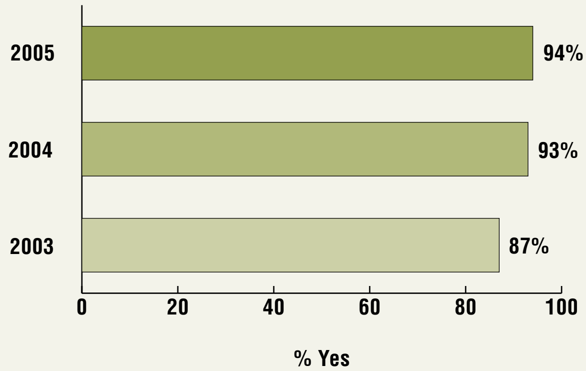
2004

For the past two decades, boards have grappled with the pros and cons of allowing a former CEO to retain a seat on the board. When surveyed, directors often noted concerns regarding the new chief executive, the balance in the boardroom, and the former CEO's ability to make a productive transition from a management role to that solely of fiduciary.

In this post-SOX era, providing counsel to leaders of the world's major organisations and attracting qualified directors is more difficult. This year, respondents in the Americas report a slight increase, to 28 percent, in the number of boards that include a former company CEO. This is up from the 23 percent reported in 2003.

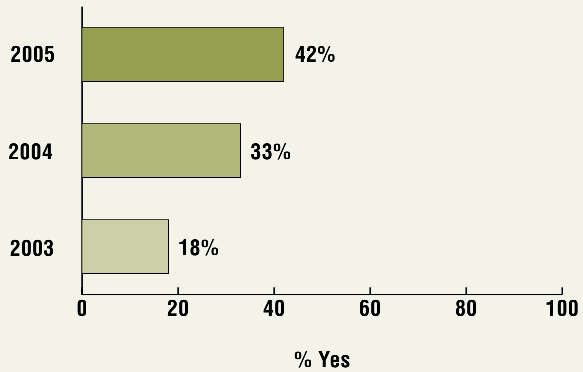
Potential contributions of a former CEO, including leadership experience and intimate company and industry knowledge, seem to outweigh potential negative effects. Almost one quarter (24 percent) of directors believe this executive should retain a seat on the board, an increase from the 20 percent who held this opinion in 2003. More than half (58 percent) of their peers in Asia Pacific boardrooms hold this opinion.

Does the board typically hold regular executive sessions without the CEO present?



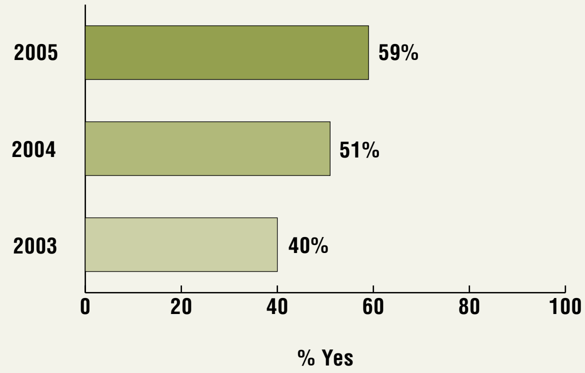
A greater willingness to sit with a former CEO in the boardroom has not diminished directors' dedication to maintaining a productive balance between management and the board. The vast majority of responding directors (94 percent) state that they hold regular executive sessions without the CEO present. This number is virtually unchanged from last year, when 93 percent indicated such a practice was part of their board practice. Only 31 percent of their counterparts on European boards and 36 percent of directors in Asia Pacific indicate their boards have embraced this practice.

Is there a limit to the number of other boards on which the Outside Directors may serve as board members?



32nd

Is there a limit to the number of other boards on which the CEO may serve as board member?

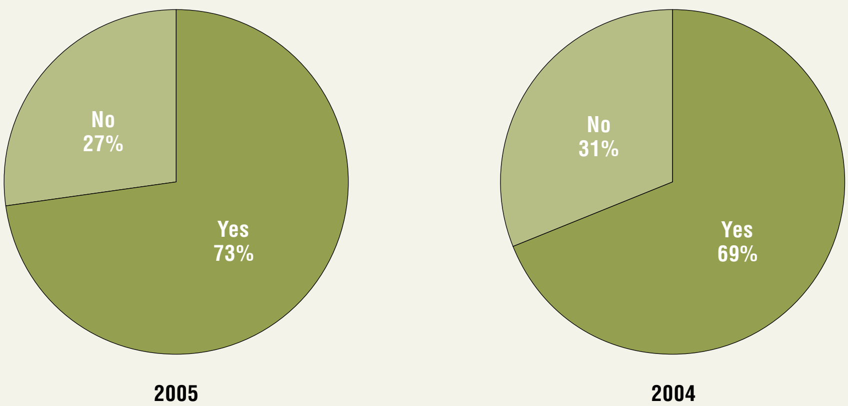


Increased scrutiny of governance and escalating expectations of performance may be the catalysts for stricter rules concerning memberships on other boards. As demands on outside directors have grown, more boards have placed limits on the number of external memberships allowed. This year, 42 percent of responding directors in the Americas indicate that they are limited in the number of directorships they may accept. In 2003, only 18 percent reported such restrictions.

Many boards are also determining the board seats a CEO may accept. This year, a majority (59 percent) of directors report they are limiting the number of outside boards on which the chief executive may serve. Two years ago, only 40 percent of directors stated their board had instituted such a policy. Almost two-thirds (65 percent) of their European counterparts report that they restrict their chief executive's participation on other boards. In contrast, few boards in Japan or Australasia have taken actions to limit the CEO's board memberships, with only 13 percent and 12 percent, respectively, doing so.

Board Service

Does your board have a mandatory retirement age?

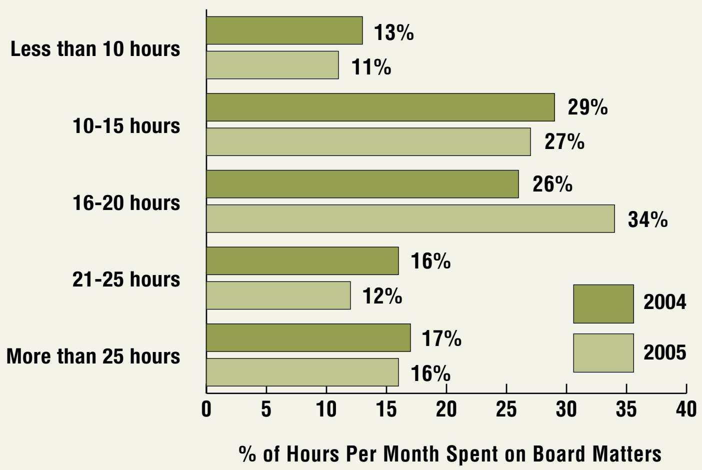


Retired executives are prized for their experience, their desire to contribute to governance and their availability. Almost all FORTUNE 1000 companies include a retired executive as a member. However, the prevalence of these retired executives has forced boards to consider their future composition needs and has necessitated policies concerning retirement from board service. Almost three-quarters (73 percent) of directors in the Americas indicate their board has a mandatory retirement age. The same number of their Japanese peers report that they too must leave the board at a specific age.

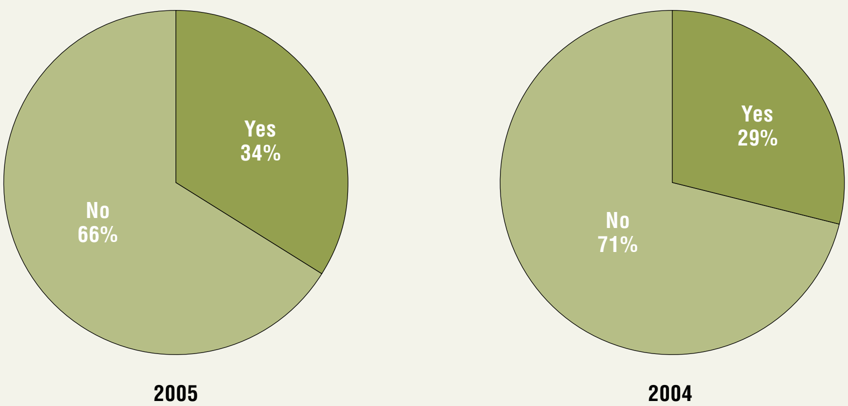
32nd

Board Meetings and Preparation

How many hours per month do you estimate you spend on board matters for this company?



Has the frequency of your board meetings increased in the last year?



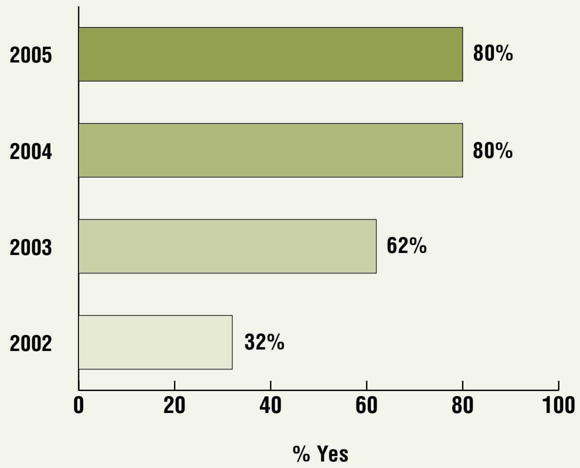
Board service commands a significant investment in time. The majority (62 percent) of responding directors in the Americas report they devote 16 or more hours a month to board matters.

Directors in the Americas also say they are meeting more frequently, which is most likely due to market dynamics and increased regulation. One-third (34 percent) of respondents indicate their board is convening more often, an increase from last year when the number was 29 percent. Almost half of German (45 percent) and French (45 percent) company directors note an increased meeting frequency as well.

32nd

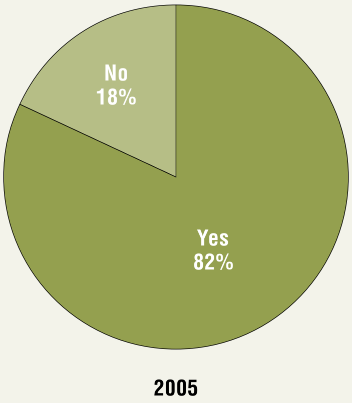
Board Independence

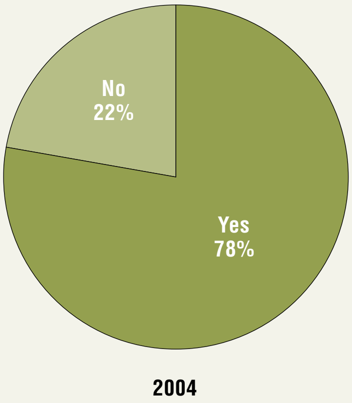
If your chairman is also the CEO, do you have an elected or appointed lead director among the outside directors who will preside at executive sessions and evaluate the CEO?



After quickly embracing the concept of a lead director following enactment of Sarbanes-Oxley, the adoption of a formalised lead director role by boards seems to have plateaued. Both this year and last, 80 percent of directors state their boards have an elected or appointed lead director.

Should a board that has an inside director as a chairman elect or appoint an outside director as the lead director?

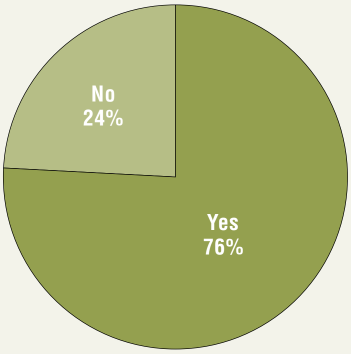




32nd

Support for the lead director role does correlate with the presence of an established role. This year, 82 percent of respondents believe a lead director should be elected or appointed if the chairman is an insider, as compared with the 78 percent who held this view in 2004.

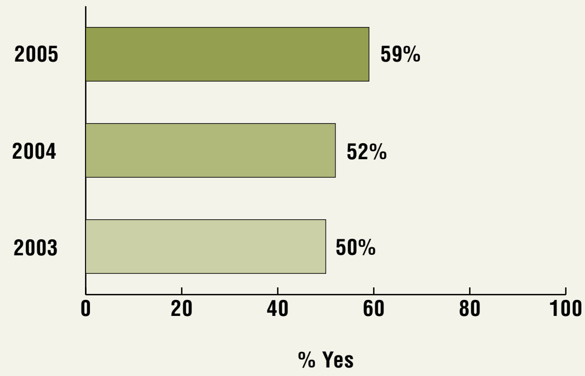
Do you feel your board is working more independently this year?



32nd

Director Risk

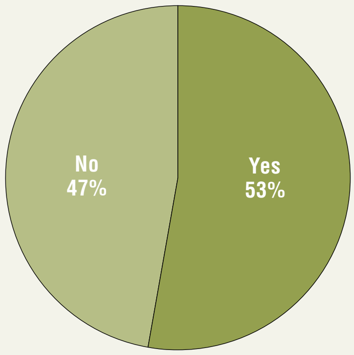
Have you ever turned down a board position because you felt your risk was too great?



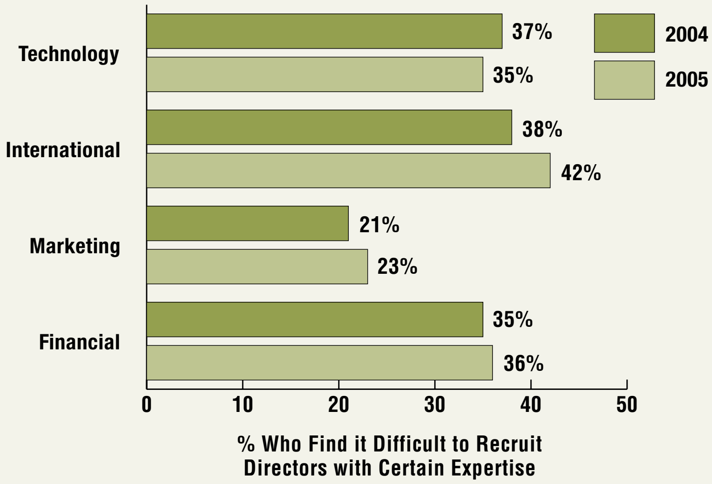
The percentage of directors declining invitations for board service continues to grow post Sarbanes-Oxley. Fifty-nine percent of directors in the Americas indicate they have refused a directorship due to perceived risk, a steady increase from 2003 when 50 percent reportedly did so. Risk is a universal criterion in evaluating opportunities for board service. Eighty-three percent of responding directors in Australasia, 63 percent in Non-Japan Asia, and 60 percent in Europe cite risk as the reason for not accepting a board seat.

Director Recruitment

Are you finding it more difficult to recruit high-quality directors?



How difficult has it been for your board to add directors with the following skill sets?

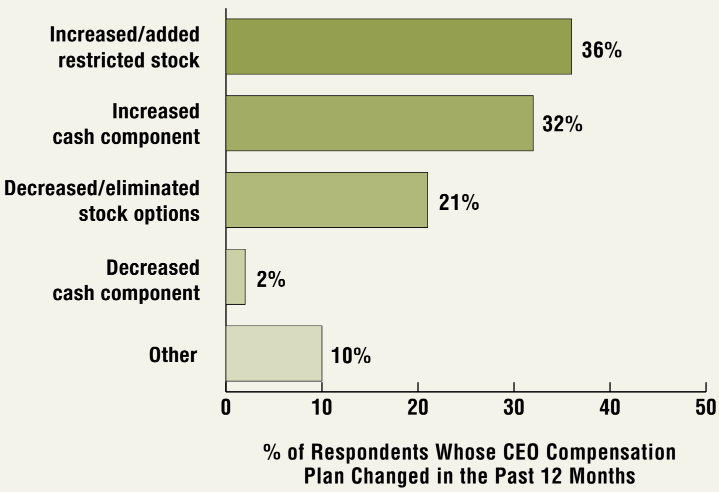


A majority (53 percent) of directors in the Americas report that their boards are finding qualified board members more difficult to recruit. This number is virtually unchanged from last year, when 52 percent indicated recruitment had become more challenging.

Like 68 percent of their peers in Germany and 51 percent in Switzerland, 42 percent of responding directors in the Americas indicate difficulties in finding individuals with international experience. Augmenting their board's existing financial expertise with individuals meeting regulatory criteria also continues to be a significant challenge for 36 percent of respondents. Marketing expertise is cited by 23 percent of directors surveyed.

CEO Compensation

If your CEO compensation plan has changed in the past 12 months, please indicate the nature of that change below:



32nd

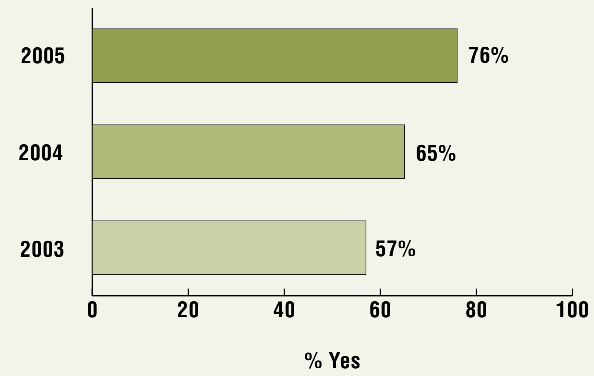
32nd

Structuring a CEO compensation package that provides appropriate rewards for superior performance continues to be a challenge. Once considered the answer to improving executive performance, stock options have fallen out of favour. Of the responding directors in the Americas indicating that their board had revisited the CEO compensation plan in the past 12 months, 21 percent state that stock options were eliminated or decreased as part of the package. Adding or increasing the amount of restricted stock was reportedly the most popular method of change, with 36 percent of directors stating this had been approved by their boards.

Similar to the responses from 41 percent of their peers in Asia Pacific and the 31 percent in Europe, one-third (32 percent) of the directors in the Americas indicated that they had increased the CEO's cash award

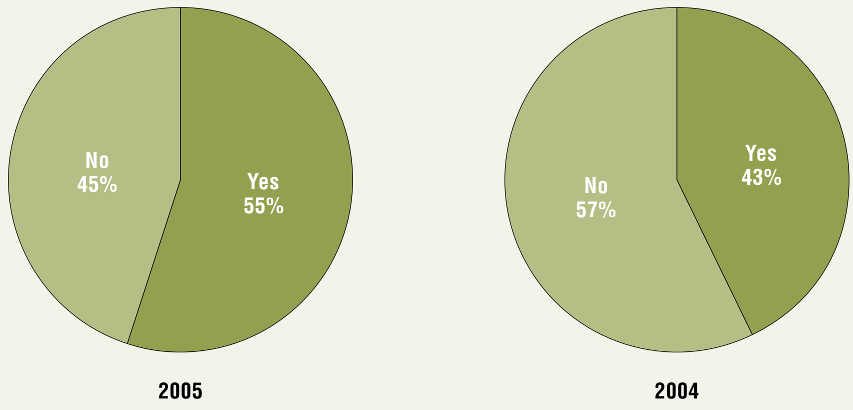
Director Compensation

Is there a requirement that directors own shares of company stock?



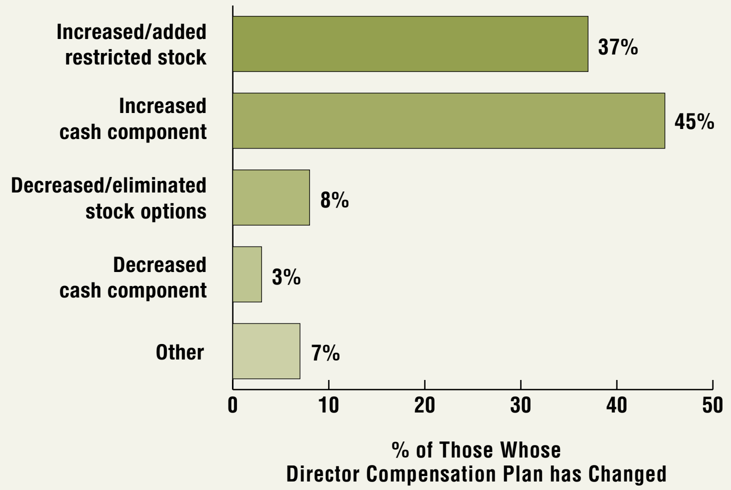
Since the enactment of Sarbanes-Oxley, the percentage of directors indicating that they are required to own company stock has increased dramatically. In 2002, 51 percent of those surveyed reported they had to hold an equity position in the company. This year, 76 percent must be shareholders to meet established board service criteria.

Do you think the majority of a director's compensation should be in stock?



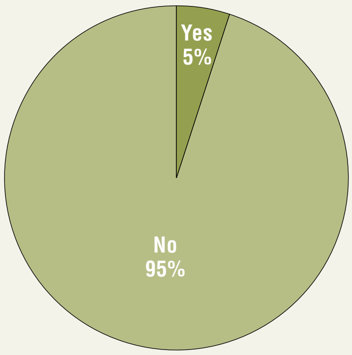
While experts believe directors should own stock to align them more closely with shareholder interests, the debate continues over whether this should be part of the director compensation package. More than half (55 percent) of directors serving on boards in the Americas endorse the concept of stock as the majority of a director's total compensation. This is a significant increase from the 43 percent who felt this way last year. Their peers in Europe and Asia Pacific disagree, however, with 83 percent of responding board members in Europe and 80 percent in Asia Pacific stating they do not believe this idea should be put into practice.

If your director compensation plan has changed in the past 12 months, please indicate the nature of that change below:



Regulation has had a profound effect on director compensation. Burgeoning demands of service and increased risk seem to have been significant factors in determining the type and amount of compensation awarded to directors. An increased cash component was received in the last 12 months by 45 percent of those directors surveyed in the Americas. Sixty-five percent of their peers in Asia Pacific and 50 percent of their counterparts in Europe also received an increase in cash. More than one-third (37 percent) of responding directors in the Americas stated that they had either received restricted stock for the first time or have been given an increased amount this year. Only 14 percent of directors in Asia Pacific report this change.

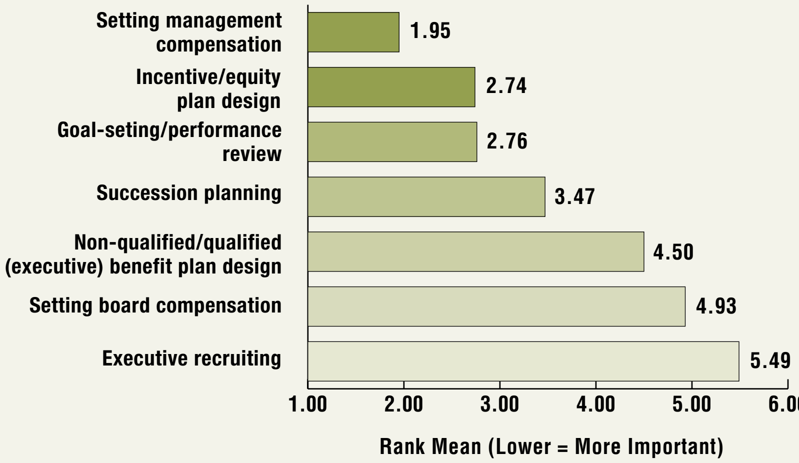
Does your company have a director pension or retirement plan?



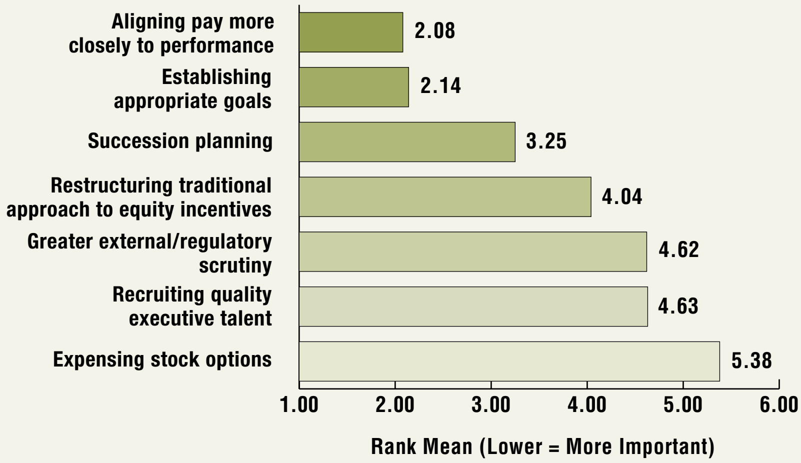
Pension and retirement plans for directors in the Americas remain on the verge of extinction. Only five percent of respondents report that their boards provided such a benefit this year, which is close to the six percent of respondents who stated their boards did so in both 2003 and 2004.

Compensation Committee

In the list provided below, please rank order the focus of your compensation committee, in terms of importance (1 is most important and 7 is least important)



From the list below, please rank order the main concerns of your compensation committee (1 is most important and 7 is least important)



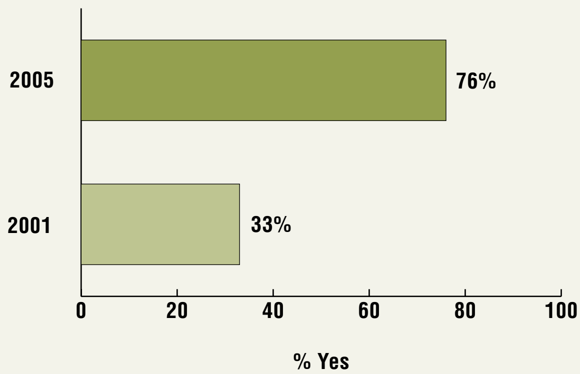
32nd

Increased scrutiny and stricter regulations have not deterred Compensation Committees from executing their fiduciary responsibilities. Directors indicate that their boards' Compensation Committees are focused on their core duties: setting management compensation, incentive/equity plan design, and management performance review and goal setting. They also report that their main concerns are aligning pay more closely to performance and establishing appropriate goals.

These directors believe these committees are unswerving in their dedication to improve compensation relative to executive performance.

Management Succession

Does the board have a management succession committee or process?

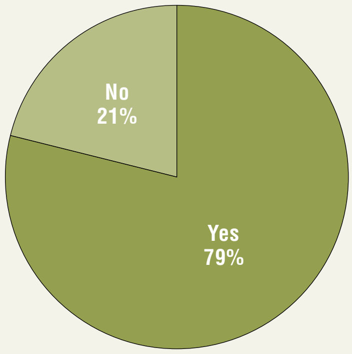


While still short of unanimous adoption, formal preparation for management succession is embraced by 76 percent of the responding directors in the Americas. The percentage of boards with a management succession committee or process in place has more than doubled since 2001, when only 33 percent reported having instituted this.

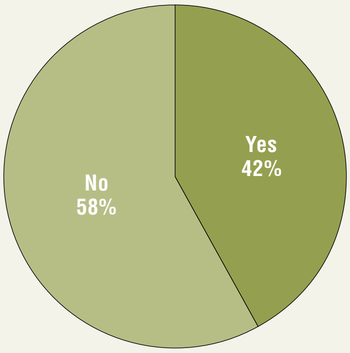
32nd

Evaluations

Should individual directors be evaluated regularly as to their performance?



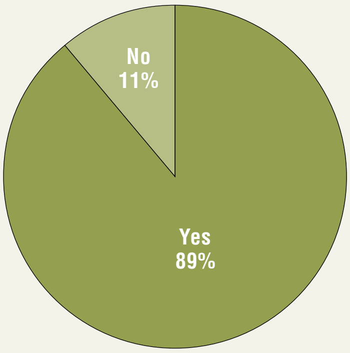
Does your board evaluate individual directors on a regular basis?



Seventy-nine percent of responding directors in the Americas remain stalwart in their belief that they, and their peers, should be evaluated regularly. This number has remained unchanged since 2004. Support for such formal reviews is consistent worldwide, with 80 percent of responding directors in Europe and 78 percent in Asia Pacific endorsing this method of improving governance.

This year, 42 percent of responding directors in the Americas report that their board regularly conducts performance reviews of individual members, as compared to last year when 37 percent were subject to evaluation and 29 percent in 2003. A majority (51 percent) of boards in Europe have instituted this practice.

Does the board have a formal process for evaluating CEO performance?

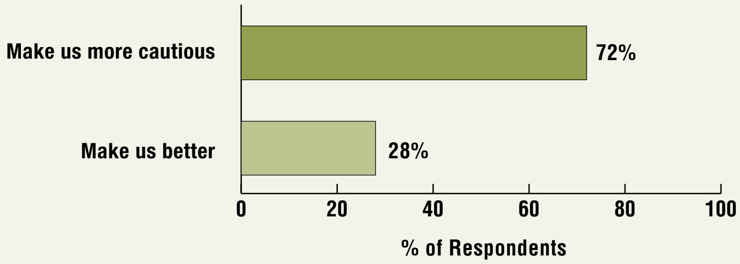


32nd

Eighty-nine percent of respondents state that their boards have developed a formal process to evaluate the performance of the CEO. In contrast, more than two-thirds of directors in Germany (68 percent), Japan (71 percent), and Non-Japan Asia (67 percent) report that their boards have not created a formal process for reviewing the CEO.

Sarbanes-Oxley (SOX)

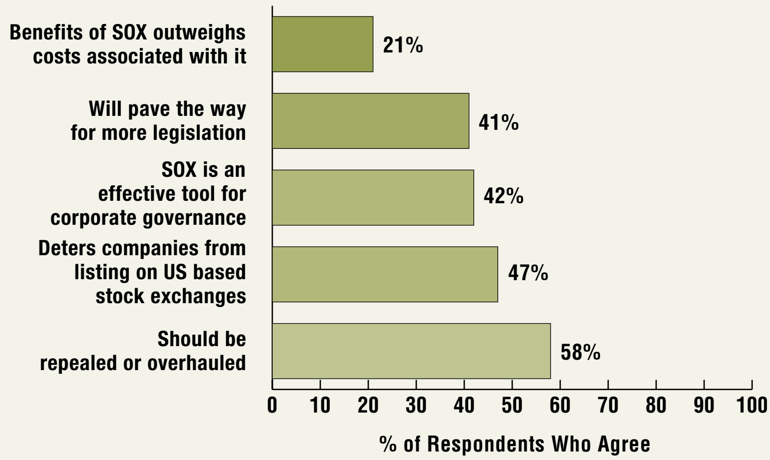
Do Sarbanes-Oxley requirements make your board better or more cautious?



One criticism of SOX is that it would inhibit the calculated risk-taking that is essential for corporate growth. While 28 percent of directors in the Americas believe that SOX compliance has improved their board, 72 percent state that it has made the board more cautious. Almost two-thirds (65 percent) of their peers serving on Japanese boards share this view.

32nd

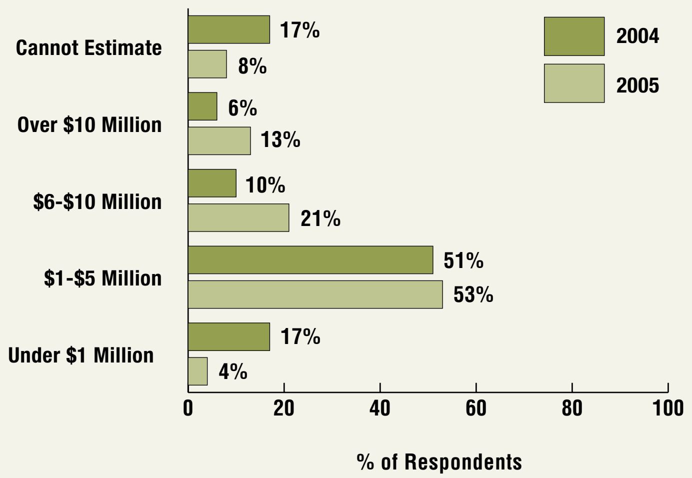
Please rate the level of your agreement with the following statements



Many view SOX as an impediment to capitalising on opportunities presented by a global economy. Almost half (47 percent) of directors surveyed in the Americas strongly believe that this regulation deters companies from listing on U.S.-based stock exchanges. One-third (37 percent) of member of Japanese boards agree that SOX has this negative effect.

Considering the continuing controversy surrounding SOX, it is perhaps not surprising that 58 percent of responding directors in the Americas believe SOX should be repealed or overhauled.

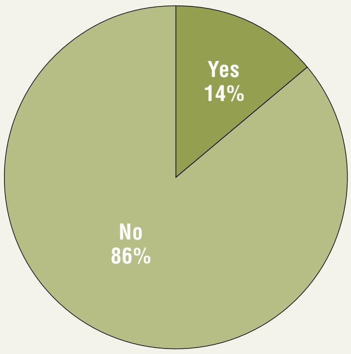
What is the annual cost to your company of ongoing compliance with the requirements mandated by Sarbanes-Oxley? (e.g., accounting, consulting, legal, new hires, other)



Having had yet another year to assess the costs associated with SOX compliance, those directors surveyed state that meeting the requirements is commanding a greater monetary outlay. The majority (53 percent) of respondents estimate that their company spends between $1 million and $5 million annually, while 21 percent believe their organisation channels between $6 million and $10 million into activities related to SOX compliance.

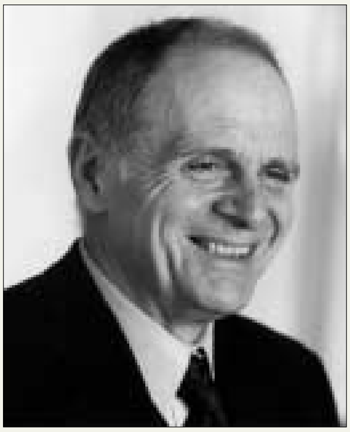
Few directors are unaware of the monetary investment demanded by this regulation. Only eight percent say they cannot assign a dollar figure to SOX compliance, compared to 14 percent who could not do so in 2004.

Does the media accurately reflect what is going on in boardrooms?



Public debate concerning what constitutes balanced journalism has not escaped the boardroom. Eighty-six percent of surveyed directors in the Americas do not believe the media present an accurate representation of governance. This is an opinion shared by 83 percent of their peers in Non-Japan Asia.

32nd



Sir Ian Gibson

Transparency is not something boards of directors should fear. Our companies are public, and there is nothing that should be hidden. But, it's true that the boardroom is not the same since the spotlight now shines on corporate governance as a result of corporate misbehaviour and the resulting legislative or quasi-legislative initiatives to curtail it.

Recruiting high-quality directors has always been challenging, but it has become even more so, particularly for non-executive, or outside, directors. There is the perception among potential candidates that there is personal risk in taking on such a post. This is due, in part, to heightened public awareness of board responsibilities, as well as lawsuits that have been filed against boards in various countries.

There also is the issue of the amount of time that must now be spent preparing for board and committee meetings. This is particularly true for individuals who are being recruited from abroad. Travel must be considered, as well as the amount of time needed to keep up with emerging and ongoing governance and corporate issues in the company's home country.

But, I think the issues affecting director recruitment are deeper. It seems as though today's business environment is changing the job description of a board director, and not necessarily in a way that makes the assignment more attractive. The phenomenal amount of liquidity available through private equity, venture capital and other sources is affecting the ability of public companies to expand, as they have to compete against cheaper debt-financed offers for those companies they want to acquire. And, where 10 years ago a board would only have to face a possible buy-out or break-up scenario once in a while, directors today are in an almost constant defensive position with regard to their own companies. This makes it harder to run their business and plan for the long term.

Shareholders, particularly large institutional ones, have an important role to play in easing the director recruitment crunch. Directors are seasoned, experienced business executives whose expertise lies in developing strategies for growing an enterprise. Any one of us will tell you that we believe it important to ensure that a company is being run properly. But, we do not want to be seen as a police force.

Shareholders and public companies need to enter into fruitful debate in order to strike a balance between governance and business strategy responsibilities of a board. Allowing directors to spend more time doing what they do best - helping to create profit for a company - will make the job more attractive. And, shareholders need to accept that there is risk involved in business. No matter how expert, directors do not always make the right choices. We have no crystal balls to let us know if a new product line will sell or an acquired company will fulfil its promise. We can only work with what we know and predict – imperfectly.

Public companies are an integral part of society, and, as such, their boards should reflect a diversity of opinion and experiences. But, that is easier said than done because a chairman must ensure that candidates not only fulfil diversity requirements, but also have the necessary business qualifications. It would be helpful if a mechanism could be created whereby individuals could begin serving on the boards of smaller organisations and learn in a less vulnerable environment. Over time, this would create a pool of qualified corporate director candidates from diverse backgrounds.

I have served on boards of companies in Spain, Germany, France, the Netherlands and the UK. My preference is for the UK unitary board system. U.S. companies also have the unitary model, but there are far fewer executive, or inside, directors. A sensible relationship between the number of executive and non-executive directors is preferable because it makes it easier to get a flavour for the business. You get a much better sense of how the CEO is interacting with the leadership team, and this is important since boards supervise the CEO. Having more inside directors also improves accountability because more company executives know what the board is being told.

In the final analysis, improving the way public companies operate comes down to identifying and recruiting the right people for the job of director. It is easy to think that creating a “book” on guidance will make people good performers. If this were true, we’d have no troubled companies. No amount of governance substitutes for choosing the right people.

Sir Ian Gibson
Senior Independent Director,
GKN, plc
United Kingdom

Board Practices in Europe – Survey Responses

32nd

Few anticipated that the regular conduct of global business would lead to domestic governance reform. Directors of Europe's premier enterprises now confront the aftermath of what many believed was a uniquely, and contained, American phenomenon. Independent boards, increased shareholder participation, transparency, and regulatory compliance are now part of the vernacular of every European board member.

However, many of Europe's directors find the complexities of this environment to be an intellectually stimulating and rewarding leadership challenge. Today's meeting agendas reflect the expanded responsibilities of boards and expectations of shareholders.

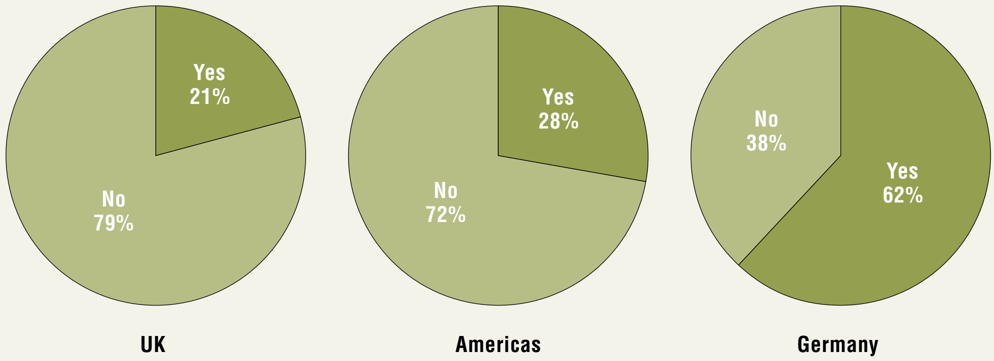
Transparency not only applies to reporting but to ideas. According to their responses, directors of companies headquartered in Europe are open to new governance concepts and evaluate them according to specific business and cultural practices. New ideas and principles are being fully embraced by boards across the continent and directors are committed to improving the state of governance throughout Europe.

While comparing practices, it is important to note board structures. German public companies utilise a two-tiered board structure. This is comprised of a management or executive board called the Vorstand, and a supervisory board, or the Aufsichtsrat. Membership includes elected outside directors and labour representatives. The vast majority of French public companies, Societies Anonymes, have adopted a unitary structure for the board whose composition includes members of management and outside directors. In the UK, Public Limited Companies use a unitary structure consisting of company executives and outside, or non-executive, directors.

The survey population includes directors of companies in the UK listed on the FTSE 350 and major private companies, those from CAC 40 listed companies, as well as other significant French companies. Members of the supervisory boards of major German organisations were also among those invited to participate, as were directors of major Swiss and South African public companies.

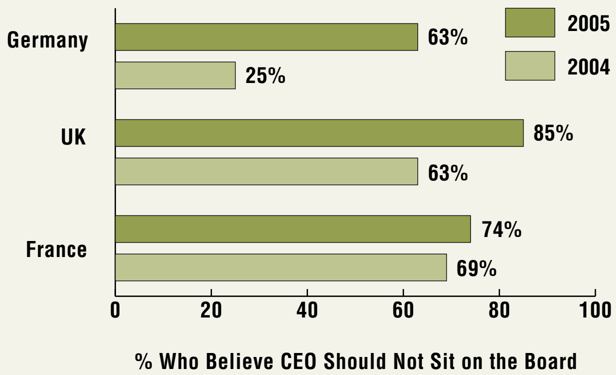
Board Composition

Does the former CEO sit on the board?



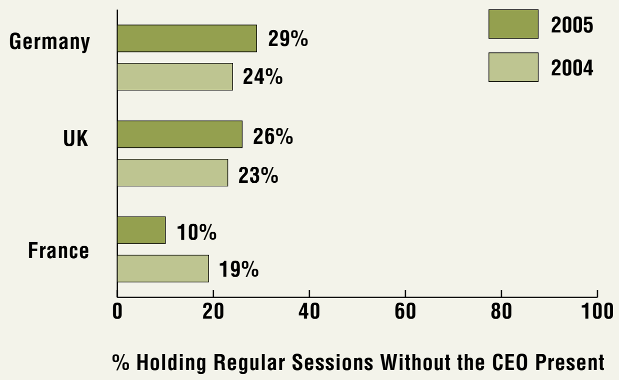
Like their peers in the in Americas, the majority (70 percent) of surveyed directors of Europe's premier organisations report that the former CEO is not a member of the board. The exception is Germany, where 62 percent state that their board includes the former chief executive.

Should the former CEO sit on the board?



Calls for greater transparency, board independence, and global business demands may be influencing support for excluding the former CEO from the board. The percentage of responding German directors believing that the former CEO should not be a member of the board more than doubled from 25 percent in 2004 to 63 percent in 2005. The concept has broad support from those surveyed in the UK. This year, 85 percent did not want the former chief executive in the boardroom compared to 63 percent last year. The percentage of French company directors reporting that they hold this opinion also increased over the past year, from 69 percent to 74 percent.

Does the board typically hold regular executive sessions without the CEO present?

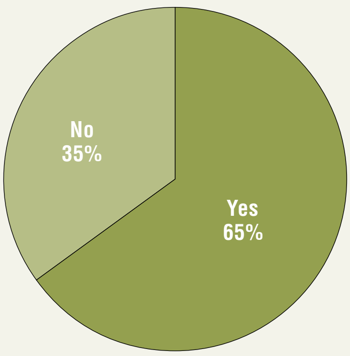


32nd

Unlike the majority of their counterparts in Switzerland, the Americas and Australasia, fewer than 30 percent of responding directors of German, UK and French companies indicate their boards hold regular executive sessions without the CEO. However, the practice seems to slowly be gaining acceptance in Germany, where 29 percent of those surveyed report holding such sessions, compared to 24 percent who did so in 2004. According to respondents in France, 19 percent met without the chief executive last year, while only 10 percent did so this year.

Board Service

Is there a limit to the number of other boards on which the CEO may serve as a board member?

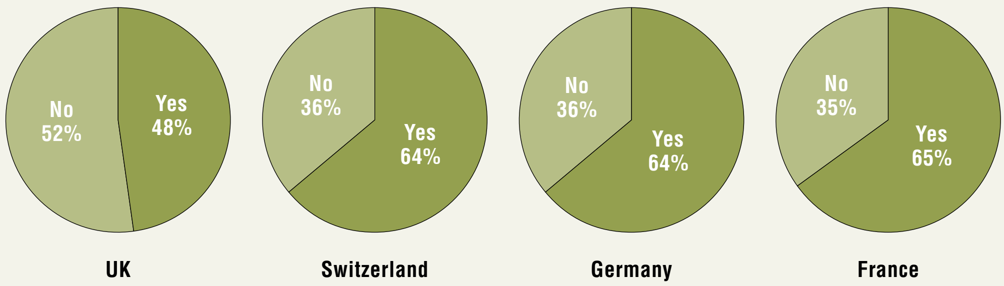


Europe

Boards of Europe's pre-eminent corporations take a stricter stance concerning the CEO's external board memberships than those in the Americas. This year, 65 percent of surveyed directors report that their board has restricted the CEO's participation on other boards, compared with 59 percent of those in the Americas. Almost three-quarters (73 percent) of their peers on boards in the UK report having set limitations.

32nd

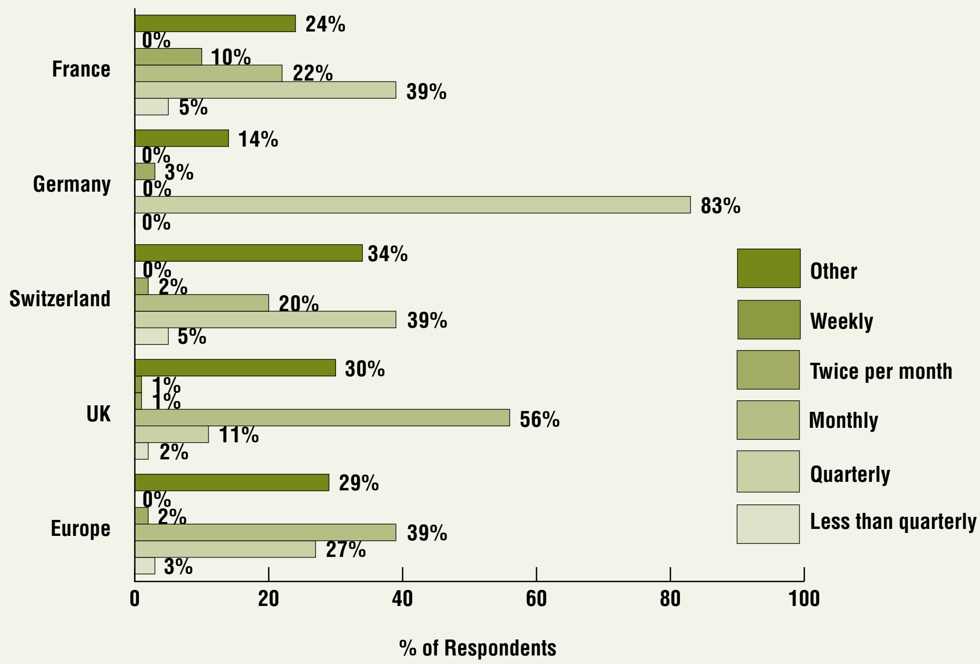
Does your board have a mandatory retirement age?



An increasing number of boards are addressing the sensitive issue of director retirement. The majority (55 percent) of responding directors in Europe now have a mandatory retirement age for members. The practice is most prevalent among boards in France, where 65 percent state they require that directors leave the board at a specific age. The mandatory retirement age for the majority of respondents' boards falls between 66 and 70.

Board Meeting and Preparation

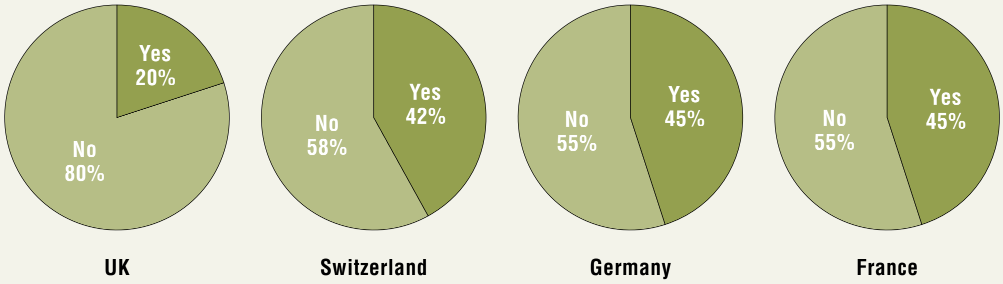
On average, how often does your full board meet?



Full board meetings each month seem to be the preference of most directors surveyed in Europe (39 percent) and Asia Pacific (48 percent). Ten percent of surveyed French directors report meeting twice a month. However, 83 percent of responding directors in Germany indicate meeting quarterly, as do 39 percent of French and Swiss board members surveyed.

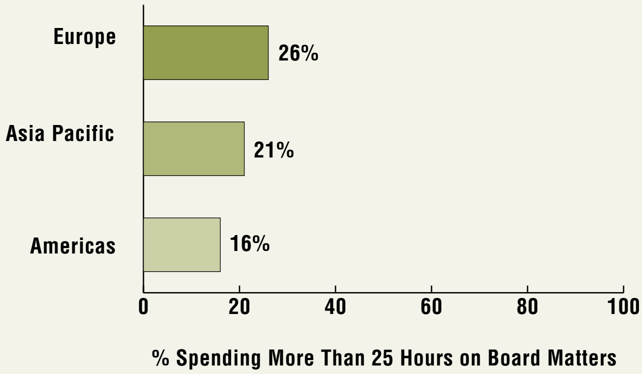
32nd

Has the frequency of your board meetings increased in the last year?



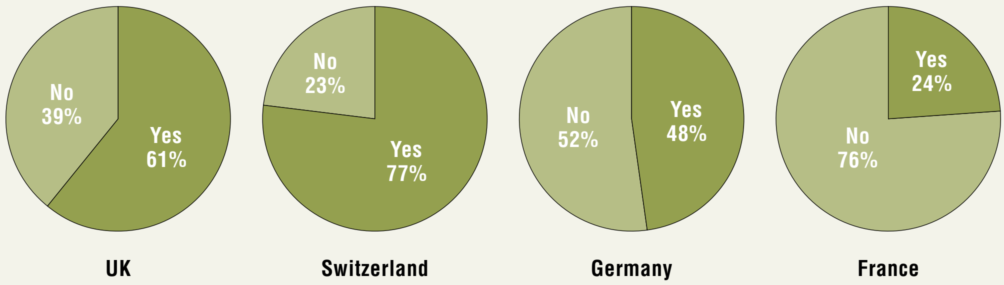
Evolving governance practices and oversight demands of global business dictate greater communication and more rapid response. Not surprisingly, directors are reporting that they are meeting more often this year. Almost half (45 percent) of surveyed directors in France and Germany indicate doing so, as do 42 percent of their peers sitting on Swiss boards.

How many hours per month do you estimate you spend on board matters for this company?



Board service also commands a significant time commitment, as attested to by respondents around the world. About a quarter (26 percent) of European directors devote more than 25 hours a month to board matters. Twenty-one percent of their surveyed counterparts in Asia Pacific and 16 percent in the Americas stated they devote this much time to executing fiduciary responsibilities.

Have you ever turned down a board position because you felt your risk was too great?

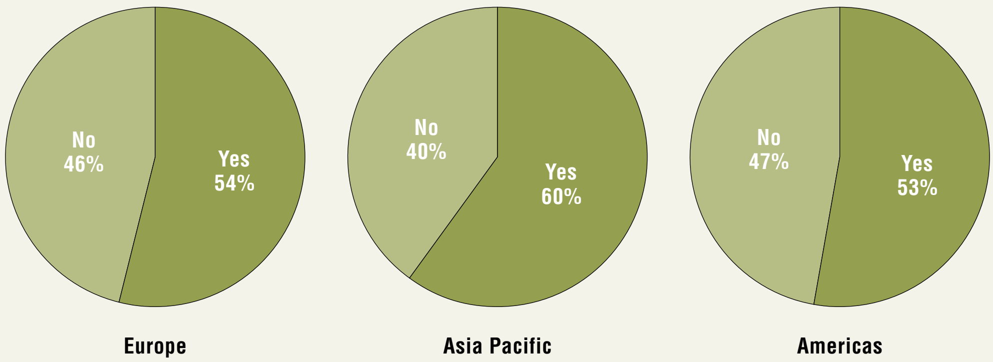


The increasing incidence of corporate scandals, growing shareholder activism, and regulation complexities have all contributed to an elevation in risk to directors. Expectedly, this has caused directors to weigh invitations for board service with greater caution. This year, 60 percent of directors who responded in Europe said they have declined a directorship due to perceived risk. Almost the same percentage (59 percent) of their peers in the Americas reported having turned down offers.

The percentage of directors stating they have turned down a board seat increased significantly in the UK, with 61 percent doing so compared to 51 percent in 2004. Similarly, 48 percent of surveyed directors in Germany indicate having declined a board seat this year, as compared to 38 percent who did last year. More than three-quarters (77 percent) of surveyed board members in Switzerland have refused to join a board because of risk.

Director Recruitment

Are you finding it more difficult to recruit high-quality directors?

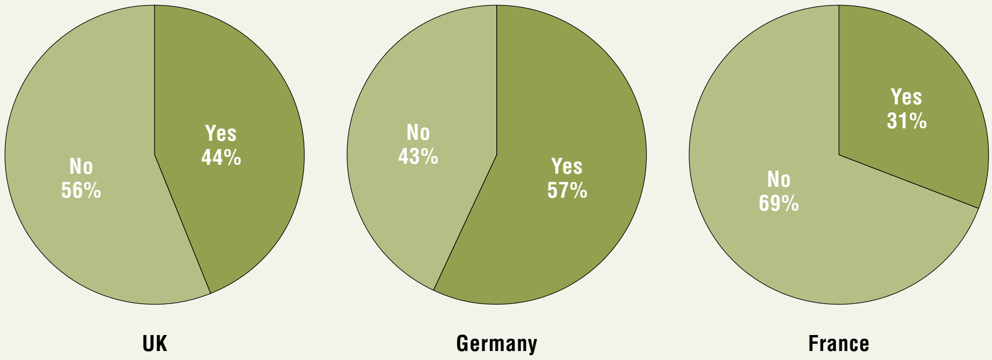


Increasing board service demands and mandatory board retirement policies have made an impact on the availability of qualified directors. Sixty percent of respondents in Asia Pacific and more than half in Europe and the Americas (54 percent and 53 percent, respectively) feel recruiting high calibre directors has become more difficult.

Seventy-nine percent of German directors report recruiting is increasingly challenging, citing that it is either "difficult" or "very difficult" to bring in individuals with international expertise. Almost two-thirds (63 percent) of Swiss board members state that finding directors with technology expertise is most difficult and 51 percent describe individuals with international experience as either "difficult" or "very difficult" to attract.

32nd

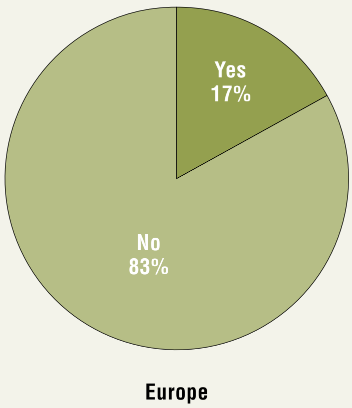
Has your board added a director with no prior board experience in the past three years?



The quest for improved governance, coupled with a dwindling pool of experienced candidates, has led boards to be more open to "first time" directors. Forty percent of European director report that their board has added a member possessing no prior board experience in the last three years. Fifty-seven percent of respondents in Germany and 44 percent in the UK state their membership roster includes a director with no previous board experience.

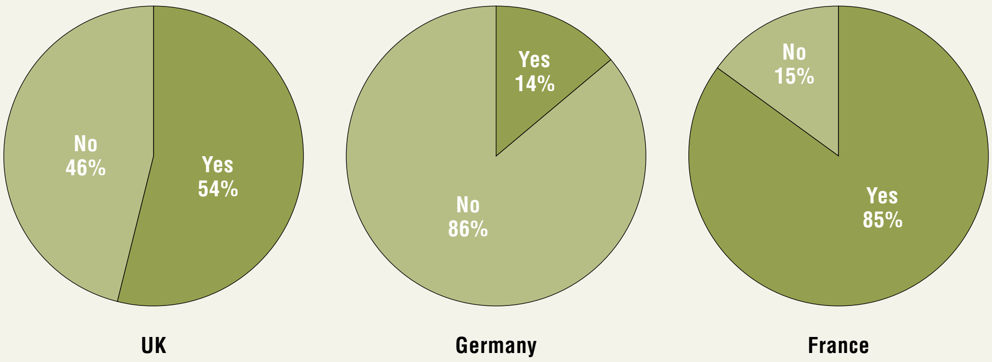
Director Compensation

Do you think the majority of a director's compensation should be in stock?



Having stock as the majority component of director compensation is a concept soundly rejected by the vast majority (83 percent) of surveyed directors in Europe. This is also true of their peers on boards in Asia Pacific, where 86 percent of those surveyed believe that stock should not be the main component.

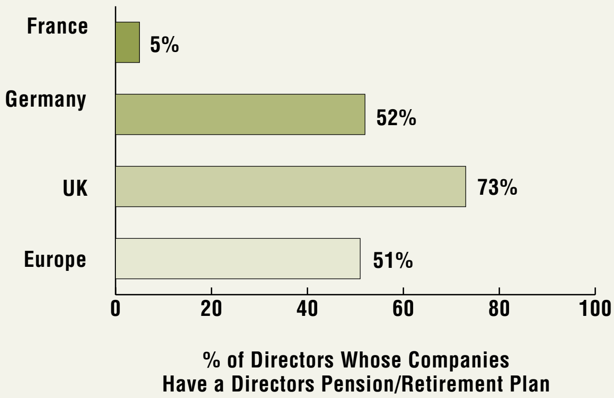
Is there a requirement that directors own shares of company stock?



Mandated stock ownership is far from being embraced universally. A slim majority (52 percent) of members of European company boards report they are required to own company stock, while only 24 percent of surveyed directors in Asia Pacific state they must do so. Three-quarters (76 percent) of responding directors in the Americas state that having an equity position is a requirement of director service. Support for this is strongest among those surveyed in France, where 85 percent said they must own stock.

More boards appear to be adopting this requirement, however. The percentage of those surveyed in the UK who reported that they are required to own stock increased from 41 percent in 2004 to 54 percent this year. Their peers in Germany report a similar change, with 14 percent now required to own stock. Last year, none of the respondents were required to do so.

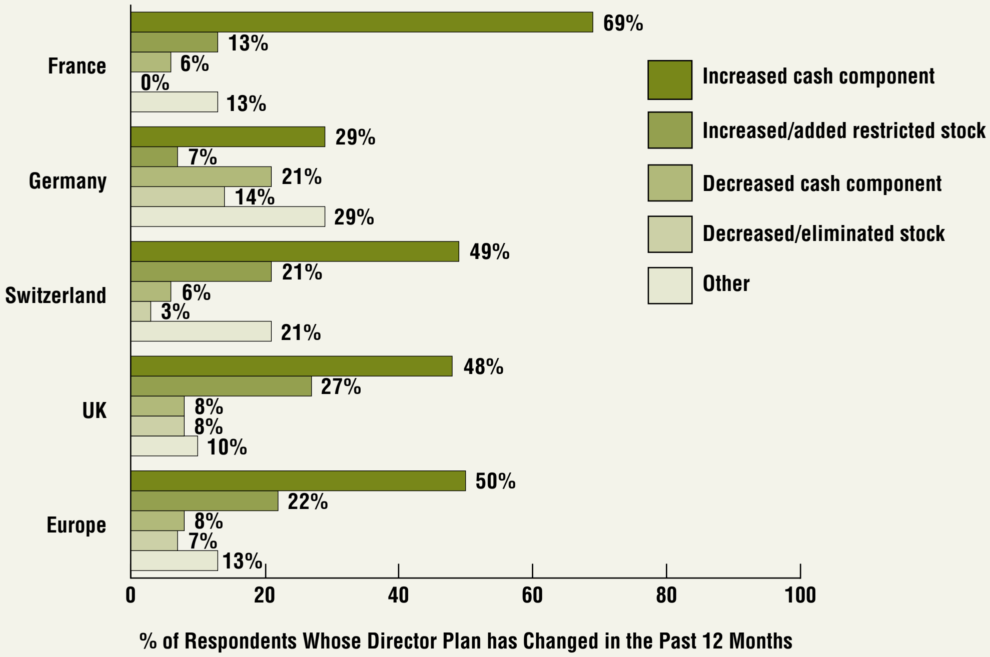
Does your company have a directors' pension or retirement plan?



While the overwhelming majority (95 percent) of those surveyed in the Americas report their companies do not provide a pension or retirement plan for directors, 51 percent of those responding from Europe do. Almost three-quarters (73 percent) of directors in the UK stated that they have a pension or retirement plan, as do 52 percent of responding directors from Germany's largest enterprises.

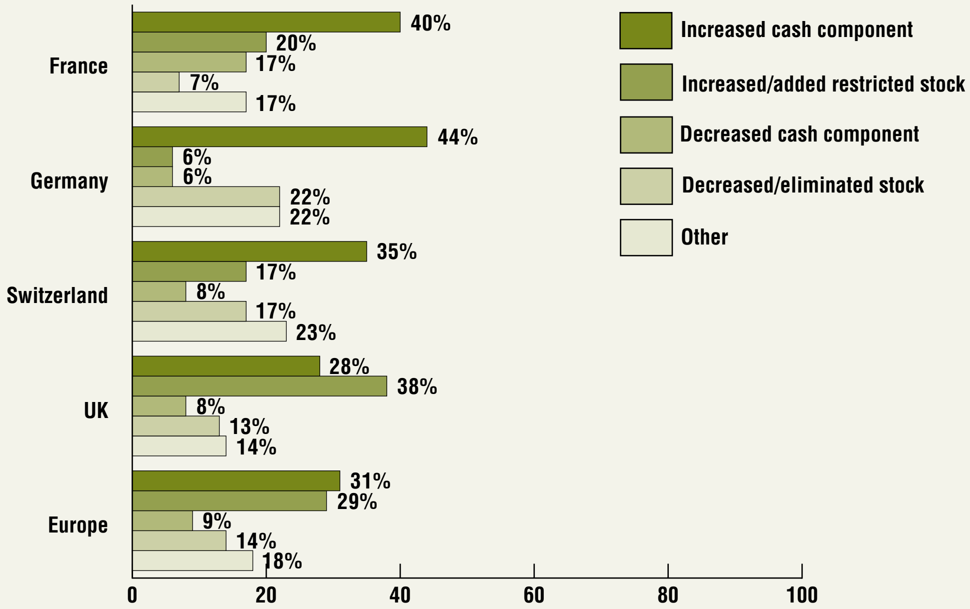
32nd

If your director compensation plan has changed in the past 12 months, please indicate the nature of that change below:



An increase in cash was most common with responding directors who reported a change in their compensation package in the past year. About half of the directors surveyed in Switzerland (49 percent) and in the UK (48 percent) report this modification as well. Sixty-nine percent of responding French directors indicate cash comprised a larger portion of the overall package.

If your CEO compensation plan has changed in the
past 12 months, please indicate the nature of that change below:



% of Respondents Whose CEO Compensation
Plan has Changed in the Past 12 Months

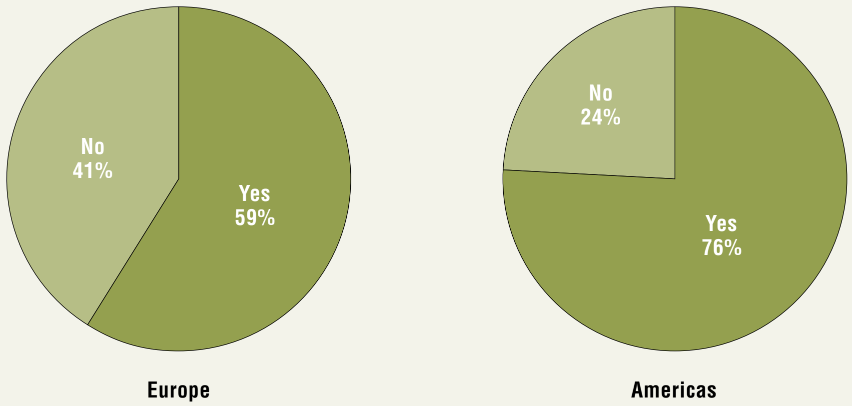
Like their peers worldwide, European directors report that they continue to refine the CEO compensation package to develop the best incentives and rewards for outstanding performance. According to 44 percent of surveyed German directors and 40 percent of surveyed French directors, an increased cash component was added to the CEO compensation package in the past 12 months. More than one-third (38 percent)of directors surveyed in the UK report that they introduced restricted stock as a component of CEO remuneration.

Twenty-one percent of German directors report a decrease in the amount of cash awarded, while 29 percent state that compensation package changes other than cash or stock were made.

32nd

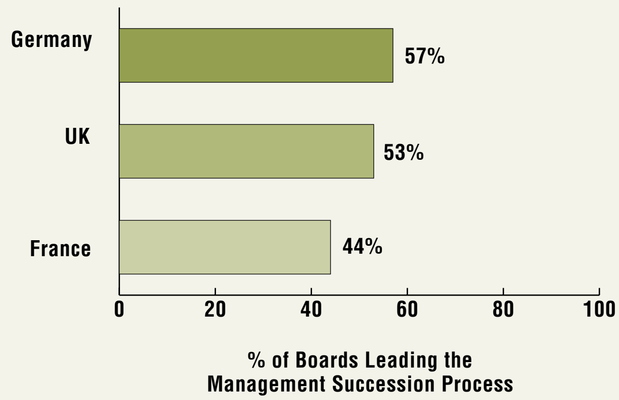
Management Succession

Does the board have a management succession committee or process?



Continuity of leadership is a responsibility taken seriously by directors. A majority (59 percent) of the surveyed directors from Europe's premier organisations report having a management succession committee or process in place, as do three-quarters (76 percent) of their counterparts in the Americas. More directors in France report taking action to formalise succession procedures, with 39 percent indicating the presence of a committee or process as compared to the 30 percent who stated they did so last year.

Who leads this process?

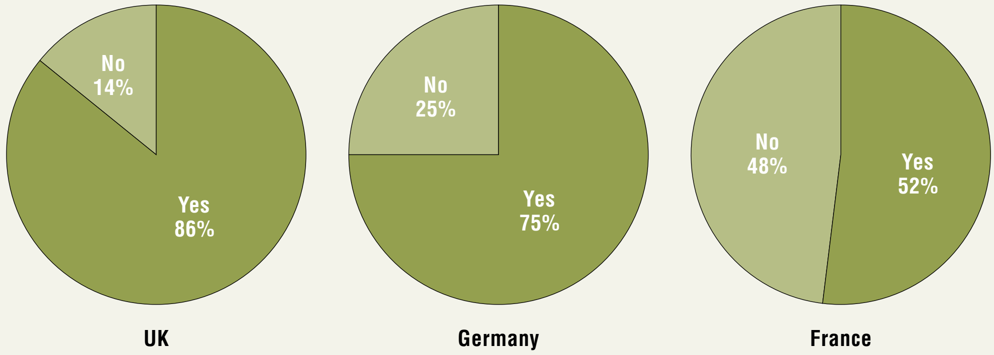


The growing independence of European boards is evident with a majority of surveyed directors in Germany and the UK (57 percent and 53 percent, respectively) reporting that the board leads the management succession process. The exception is in France where 56 percent of surveyed directors report that the CEO is usually in charge of identifying a successor.

32nd

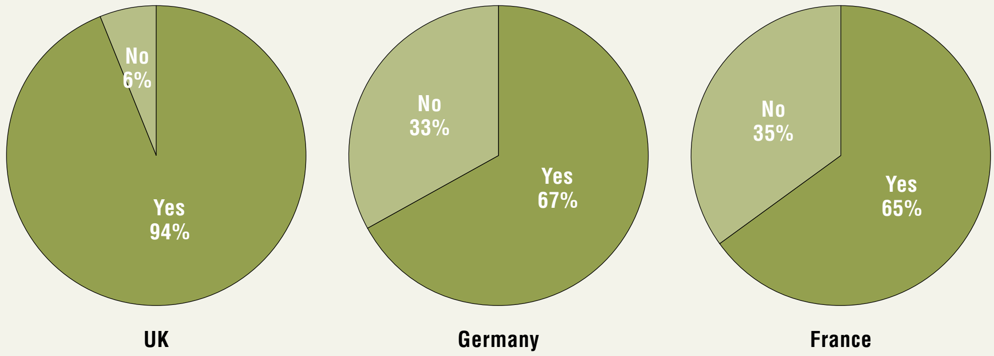
Board Evaluations

Is the entire board's performance formally evaluated on a regular basis?

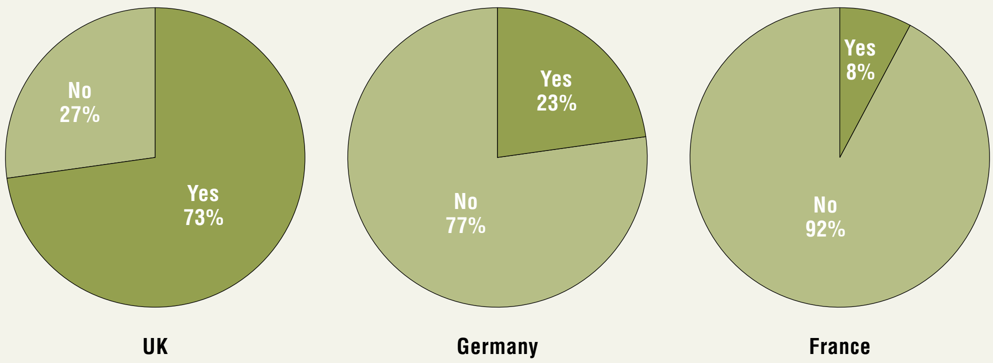


According to the survey, more European boards are instituting formal full board performance evaluations. The vast majority (86 percent) of those surveyed in the UK have embraced this practice, as have 75 percent of responding German directors. Half (52 percent) of those respondents who sit on the boards of French companies state they undergo a formal review.

Should individual directors be evaluated regularly as to their performance?

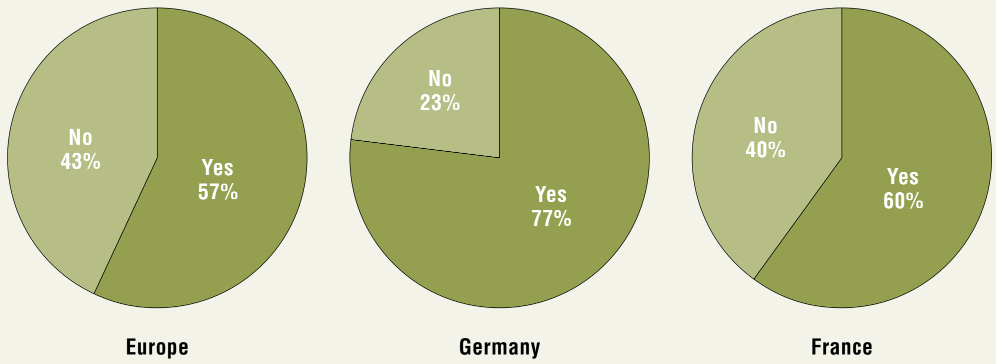


Does your board evaluate individual directors on a regular basis?



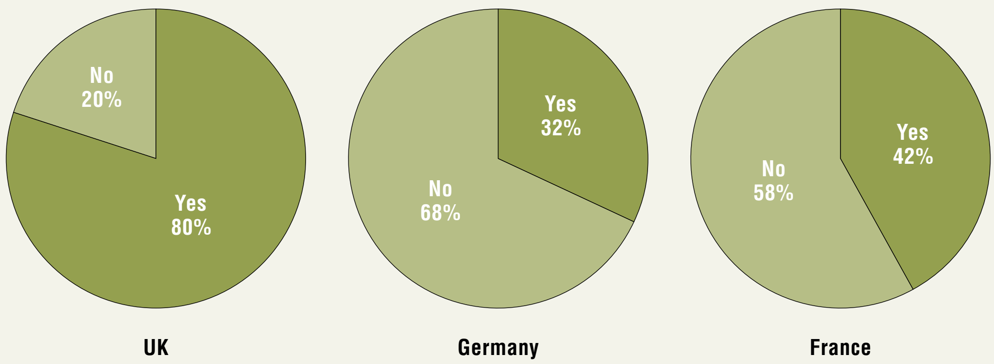
With regard to the delicate process of evaluating individual members, 82 percent of responding directors in Europe say they endorse the exercise. In the UK, 94 percent of surveyed directors state their support and 73 percent report receiving regular performance reviews. Almost two-thirds (65 percent) of responding directors of French companies endorse the concept, while currently only eight percent indicate individual members are reviewed. A similar amount of directors surveyed in Germany (67 percent) believe individual performance reviews have merit, yet few (23 percent) say their boards have taken action to institute such a process.

Has your company ever asked a director to resign or not stand for re-election?



Recent changes in regulations have paved the way for greater shareholder involvement in the election of directors. This, combined with the desire to achieve greater independence from management, eliminates potential conflicts of interest, and comply with regulations, may explain the significant percentages of boards requesting that a member leave. More than three-quarters (77 percent) of directors of German boards surveyed report their board has had to issue such a request, as have 60 percent of respondents serving on French company boards.

Does the board have a formal process for evaluating CEO performance?



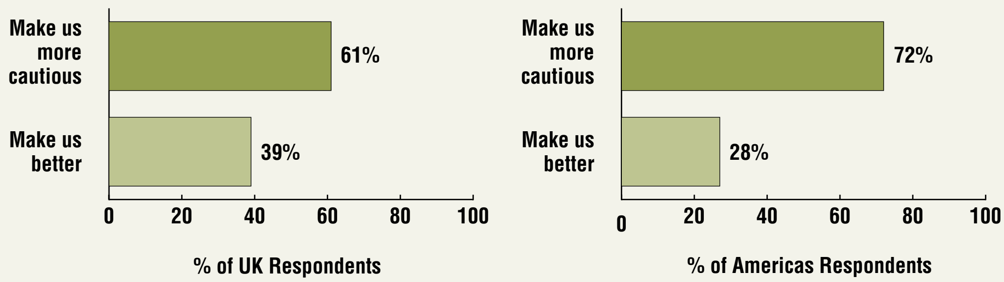
This year, more boards report formal performance reviews as integral to providing constructive counsel to the CEO. Eighty percent of respondents in the UK state that they have formalised a process for evaluating the chief executive, as have 42 percent of their peers serving on French boards. Only one-third (32 percent) of respondents serving on German boards have incorporated CEO performance reviews as part of their governance practices.

32nd

Issues Specific to the UK

Although compliance issues and corporate scandals make sensational headlines, a board's real work does not. This year, surveyed directors in the UK continued to quietly, but effectively, execute their fiduciary responsibilities by providing guidance to top management and acting in the best interests of shareholders to steer the growth of the company while providing increased oversight. These directors are dedicated to maintaining independence of thought and action, while evolving governance to best meet the demands of a global economy.

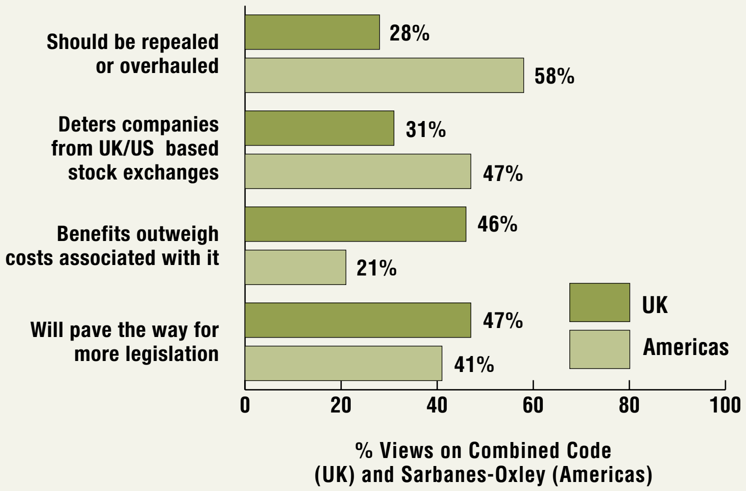
Do Combined Code requirements make your board better or just more cautious?



While a goal of recent regulation is to protect shareholder interests, the majority of those surveyed in the UK and in the Americas believe the actual outcome counterproductive to business as it inhibits calculated risk-taking. Sixty-one percent of board members surveyed in the UK think the Combined Code serves to make the board more cautious rather than promote better governance. Almost three-quarters (72 percent) of their peers surveyed in the Americas have the same opinion of Sarbanes-Oxley.

32nd

Please rate the level of your agreement with
the following statements regarding the Combined Code:



Responding directors of boards in the UK are divided in their opinions of the Combined Code. Although 46 percent indicate lukewarm acceptance saying costs are commensurate with benefits, opposition seems to be brewing. Almost half (47 percent) of those who responded view the Combined Code as a gateway for additional legislation. One third (31 percent) believe the regulation inhibits companies from listing on UK stock exchanges. Twenty-eight percent believe it should be repealed or overhauled.

Their responding counterparts in the Americas are more vocal about SOX. Fifty-eight percent think SOX should be repealed or overhauled and almost half (47 percent) believe it is counterproductive to global business, saying the regulation keeps organisations from listing on U.S. stock exchanges. Only 21 percent surveyed endorse SOX from a cost/benefit standpoint.

Although the majority of responding directors in the UK indicate that compliance commands a significant monetary investment, about one-quarter (24 percent) state they are unable to estimate the annual costs associated with meeting the mandates of the Combined Code. Two-thirds (66 percent) report that their companies spend up to approximately £2.8 million ($5 million) on activities needed to comply with the Combined Code, which is in line with what the majority (57 percent) of their peers in the Americas estimate their companies spend annually for SOX compliance. Last year, directors surveyed in the UK predicted the ongoing costs of Higgs and Smith would be approximately £795,000 ($1.4 million).

32nd

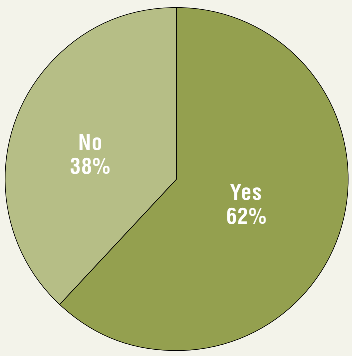
Issues Specific to Germany

In order to determine if they are capable of meeting the needs of companies in a fiercely competitive recruiting environment, directors of major German companies are being pressured to examine the very foundations of Germany's model of governance. Boards have weathered a difficult year that revealed global competitiveness as a major issue for their companies. A culture known for a studied approach to change, both directors and the German public have begun to seriously question if a two-tier structure provides the quick, independent, thought-provoking analysis and decision making needed to compete in a world that is primarily free of many long-standing German practices.

For more than 50 years, co-determination has been both a principle of corporate governance and the reason for labour's strong presence in the boardroom. Representation of workers can account for almost half of the supervisory board's membership. Competitiveness is casting a shadow on a practice that may have seen its day or may simply need refinement. Activists also express concern regarding the independence of these boards.

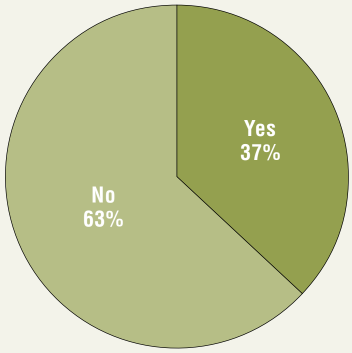
Boards are being urged to implement recommendations of the Cromme Commission. One suggested change is to report individual executives' compensation. More than two-thirds of the companies listed on the DAX plan to comply with, or have already complied with, the call for transparency regarding executive pay. Progressive directors will champion quick assimilation of policies and procedures that will enhance good governance and secure a global leadership position for the companies they oversee.

Does the former CEO sit on the board?



32nd

Should the former CEO sit on the board?



The Cromme Commission also recommended that the number of former company executives on the board be limited to two. Typically, when the CEO resigns from executive duties, he/she often becomes the chair of the supervisory board. And, according to responding directors, 62 percent serve on boards that include the former CEO. However, 63 percent of directors concur with constituencies who do not support this action, saying the former CEO should not sit on the board. A draft of an EU corporate governance code suggests that an executive board member should wait five years before joining the supervisory board of his/her company.

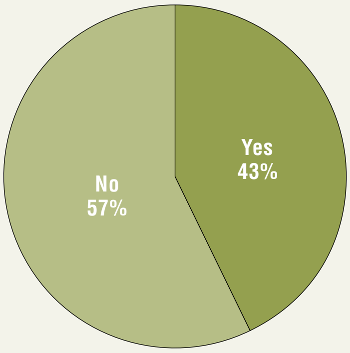
The Aufsichtsrat's composition is 90 percent German. While only ten percent of directors serving on German boards are not German citizens, respondents indicate that diversity is a criterion for meeting the governance needs of their boards. Seventy-nine percent of surveyed German directors attest to the fact that their board is finding the recruitment of qualified directors more difficult, citing international experience as the most challenging skill set to attract.

Issues Specific to France

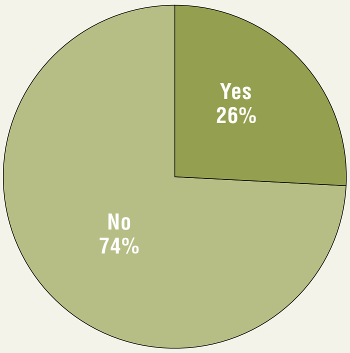
Independence of thought is a trait shared by boards in France and their constituencies. Influenced by changes in boardrooms around the world, shareholders, politicians, watchdogs and directors strive to create a refined system of governance that enables companies to best compete on a global playing field. Instituting recommendations and complying with regulation are helping to evolve governance.

The transformation resulting in the most meaningful, long-term change is in the directors themselves. This year, respondents serving on the boards of France's most powerful companies believe their boards are stronger and more independent. They are becoming trusted counsellors of the chief executive, while establishing boundaries for a balanced board/CEO relationship. Directors are discarding traditions once thought applicable or considered the norm, realising they no longer meet the needs of companies in a highly competitive global environment nor do they meet the expectations of activist shareholders at home and abroad. New approaches to governance are replacing the old, and directors are evolving in order to better execute new, expansive responsibilities. Many enjoy the challenges inherent in such radical change, believing such experiences improve their own leadership skills while better serving the company.

Does the former CEO sit on the board?



Should the former CEO sit on the board?

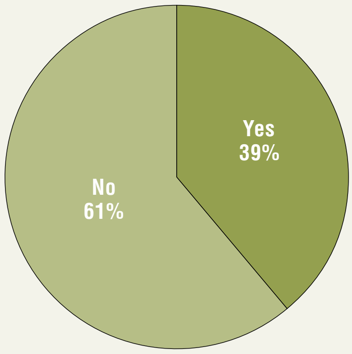


32nd

The Nouvelle Regulation Economique endorsed the separation of the chief executive and chairman roles with the intent of having a non-executive chair. Recent media reports reveal that although a significant number of major companies have split the role, in many cases the former CEO has assumed the position of chairman of the board. Fifty-seven percent of French directors surveyed state that the CEO does not sit on their board. Three-quarters (74 percent) feel strongly that the CEO should not maintain a board seat.

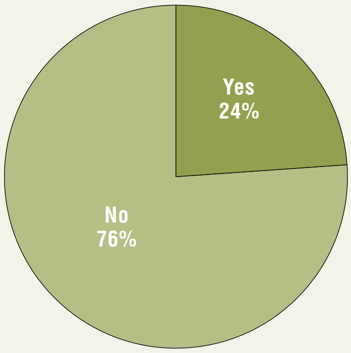
32nd

Does the board have a management succession committee or process?



Concern for management succession, propriety and the question of independence brings the value of allowing the former CEO to retain a seat into question. Thirty-nine percent of directors report that their board has formalised a management succession committee or process, with 44 percent indicating that the board is in charge of selecting the company's next CEO.

Have you ever turned down a board position because you felt your risk was too great?



The Autorite des Marches Financiers was the catalyst for major governance changes, including issues of shareholder transparency and statutory auditors. However, it did not address director liability in relation to third parties. Since exposure to such risk has not increased for directors of French companies, it is perhaps not surprising that 76 percent of those who responded have never declined a board invitation because of risk.

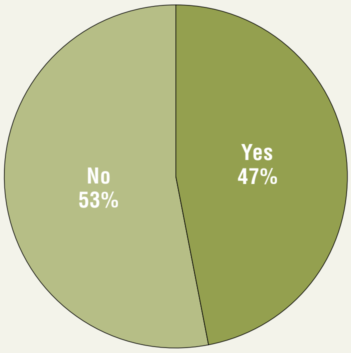
However, significant investment in France by U.S. and UK concerns, as well as the listing of French companies on U.S. and UK exchanges, may have increased some directors' awareness of the potential threat of litigation. This could be a possible explanation for the 24 percent of respondents who state that risk has prevented them from accepting a board seat.

32nd

Issues Specific to Switzerland

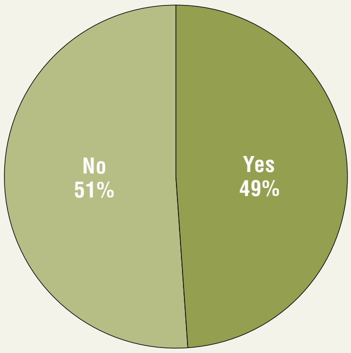
In addition to providing counsel to the CEO and guiding their companies to greater success, surveyed directors in Switzerland report they are exercising greater independence and using lead directors and committees to improve governance.

Do you think a director has less impact on the board of a large (i.e. $10 billion +) company?



Many of the surveyed directors cite the opportunity to take a company to the next level of growth as their reason for accepting directorship invitations from companies both small and medium in size. Most agree this is excellent preparation for undertaking the challenges that come with being a director of a large company. A slim majority (53 percent) of the Swiss directors surveyed do not believe that the size of a company has an effect on their ability to make an impact.

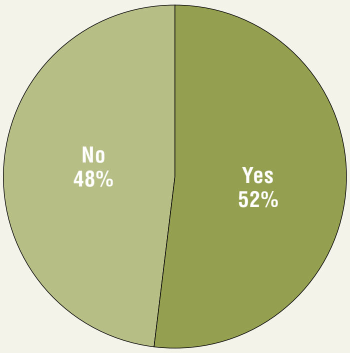
Do you feel your board is working more independently this year, as compared with past years?



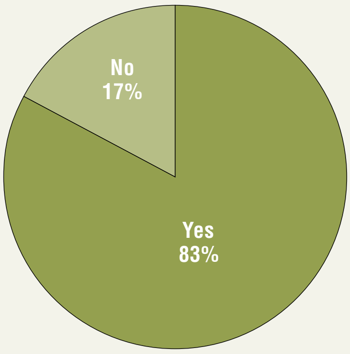
Faced now with increased shareholder activism, compliance issues mandated by the Directive on Information, as well as the guidelines suggested by the Code of Best Practice for Corporate Governance, directors are almost equally divided as to whether their boards are working more independently than in the past.

32nd

If your chairman is also the CEO, do you have an elected or appointed lead director among the outside directors who will preside at executive sessions and evaluate the CEO?



Should a board that has an inside director as a chairman elect or appoint an outside directors as the lead director?



Directors are embracing a key recommendation of the Code of Best Practice, which is the appointment of an outsider as lead director when the same individual holds both the chairman and CEO positions. Eighty-three percent of respondents believe that a board should appoint an outside director to fill the lead director role in such a situation.

Opinion is clearly is the catalyst for action. A majority (52 percent) of directors report that their board has a lead director and that the outside member undertaking this responsibility presides at executive sessions and evaluates the CEO.

Dr. Rolf E. Breuer

32nd

While many perceive the German governance model as dramatically different from its British and American counterparts, the differences in practice are not as considerable as they once were and actually continue to converge. Probably the most significant difference is that the chairman and CEO role is combined in the U.S., which would be unthinkable under German corporate governance. Furthermore, in German corporations there are by legal definition no executive positions on the supervisory board and the supervisory board is not involved in the day-to-day-management of the company. This, of course, is quite different to the American and British model where a board is comprised of non-executive and executive directors.

Another significant feature of German boards is the concept of co-determination, where the staff of the company is represented. Personally, I have had good experiences with employee representatives on the board of Deutsche Bank and feel quite comfortable handling a large board. Revisions are being discussed to the German model, but I do not expect any significant reform or changes to be made in the near future. Although not popular everywhere, many CEOs do subsequently become the chairman of the supervisory board as their company knowledge can enhance their ability to handle the board.

Whether alike or dissimilar, it is the obligation of every board to strive for one thing, which is to establish trust. This is critical given the rise in corporate scandals around the world. I admire the way things are handled in the U.S., where they are ready to take immediate action to tackle an issue. The Sarbanes-Oxley Act is a perfect example because it has helped to restore public confidence as the authorities have been seen to act quickly and decisively.

Yet, although the Sarbanes-Oxley Act was directionally correct, it has resulted in an overly burdensome bureaucracy, which is not helpful. Therefore, it is important to continually assess the nature and impact of the legislator's or regulator's response. We must also consider how effective the response has been in changing the market perception and the mindset and behaviours of corporate leaders. I believe that the SEC's (and FSA and similar authorities) response to the latest corporate scandals has enhanced their position as highly professional, credible and trustworthy organisations who are effectively addressing these issues. Of course it is much more difficult to change the mindset and behaviours of those in charge of making key corporate decisions and those observing and assessing those decisions.

Today, boards are held far more accountable by their shareholders. Personally, I am in favour of active shareholders. Shareholder activism began recently in Germany and I expect more in the coming years. Although it makes board work much more challenging and onerous at times, it does enforce better cooperation between the management of the group including the management board (Vorstand) and the supervisory board (Aufsichtsrat) and shareholders.

What is important to realise, and what many shareholders do not always appreciate, is that communications differ from one country to the next. In Germany for example, the AGM is the main opportunity for shareholders to communicate with the board. It is not common practice for the chairman, or any other company director, to converse directly with investors at other times. Yet, this can be misinterpreted by non-German investors as arrogance. Of course, I am always willing to meet institutional investors, significant individual shareholders or journalists for one-on-one meetings – without violating insider laws and the principle of fair disclosure. These meetings can be valuable conversations as both sides can learn from the other.

I feel strongly that in order to succeed as a chairman or director, you must be willing to learn from others – from your peers, your shareholders, and even your competitors. It is an evolving role.

Success, however, is also contingent on certain skills a director brings to the boardroom. A chairman must have sound knowledge of the business both nationally and internationally, a clear sense of the relevant issues and be able to articulate the company's position carefully and concisely, always being mindful of national and international implications. Of course, the ability to identify and retain high calibre people for the board and management is also a necessity.

Finally, I would say, a steady and stable approach, long-term focus and resolve are most critical to the success of a chairman or a director. It is an exceptionally rewarding experience, but certainly not one without its challenges.

Dr. Rolf E. Breuer
Chairman of the Supervisory Board,
Deutsche Bank AG
Frankfurt/Main, German

Conclusion

We need not worry about the integrity of the vast majority of directors currently serving. As board members, they look at issues in the context of their company's specific business environment, and make strategic recommendations based solely upon the facts presented and known.

Shareholders and the public at large might greet these statements with cynicism, as many see the evolution of governance as a response to unchecked greed. They credit political "white knights" and protective legislation with their newfound strength and safety, complacently believing that such acts can never again occur.

Complacency, like caution, inhibits good governance. With the right to participate in and monitor boards comes the responsibility to understand governance. Shareholders themselves are one of the greatest influences on governance. In many countries, the dominance of the traditional shareholder base, which is focused on the long term, has diminished. In its place are shareholders focused only on short-term profits.

Competition is another major catalyst in the evolution of governance. Global business, fostered by open financial markets, growing economic prosperity and technological advances, has necessitated the examination of laws and boards operating in other nations. It is incumbent upon directors to provide guidance that meets the challenges of the marketplace. To do so, they must embrace practices and policies that broaden the perspectives and expertise in the boardroom.

This study shows that although surveyed directors believe regulations have made their boards more cautious, they will not be bound by convention or let caution impede their actions and ideas. Results of a 2005 survey done by McKinsey & Company came to the same conclusion. That survey reported that the primary focus of board members was the long-term health of the company, its overall strategy and leadership in addition to short-term profits.

Directors provide the expertise, leadership, and guidance to executive management needed to position a company competitively. While regulation may have raised awareness of boardroom practices and issues, the only true source of permanent, positive changes in governance are the directors themselves.

Data Integrity

Korn/Ferry International retained PeopleMetrics, Inc., a leading marketing research firm based in Philadelphia, for survey preparation and data analysis, providing continuity of methodology for this global study. The firm uses state-of-the-art techniques in data collection, statistical analysis, and data visualisation.

PeopleMetrics assures the integrity and validity of the data in this study. Survey results are presented with a +/- 3.5 percent margin of error at a 95 percent confidence level. The firm considers the directors surveyed and their responses to be sufficiently representative of the entire population in order to draw conclusions about this group. Korn/Ferry remains grateful to PeopleMetrics for their continued participation in this important study.

32nd

About Korn/Ferry International

Korn/Ferry International (NYSE:KFY), with 70 offices in 35 countries, is the premier provider of executive search, outsourced recruiting and leadership development solutions. Based in Los Angeles, the firm partners with clients worldwide to deliver unparalleled senior-level search, management assessment, coaching and development, and middle management recruitment services through its Futurestep subsidiary.

For more information, visit the Korn/Ferry International Web site at www.kornferry.com or the Futurestep Web site at www.futurestep.com.

About Korn/Ferry International's Global Board Services Practice

Since 1972, Korn/Ferry International has been a premier provider of director recruiting and corporate governance consulting. We understand the difficulties of assembling an effective, knowledgeable and cohesive board of directors prepared to meet growing demands for greater accountability and more effective board performance. The shortage of experienced directors, the tightening of governance policies and the desire on the part of corporations to diversify their boards have made the identification and recruiting of top-flight talent more challenging than ever.

We have a dedicated team of global professionals whose sole focus is recruiting for boards of directors for clients worldwide and whose depth and expertise on matters of corporate governance are unparalleled.

To purchase additional copies of this Study, please e-mail the Global Marketing Department at global.marketing@kornferry.com

Korn/Ferry International Global Board Services Practice

Representatives by Region/Country

The Americas

Charles H. King
New York
212-687-1834

Canada
Jean-Claude Lauzon
Montreal
514-397-9655

Kevin McBurney
Vancouver
604-684-1834

Jeffrey Rosin
Toronto
416-365-1841

Bob Sutton
Calgary
403-269-3277

Mexico
Horacio McCoy
Mexico City
52-55-5201-5400

South America
Sergio Averbach
Sao Paulo
5511-3708-2222

United States
Madeleine Condit
Chicago
312-466-1834

Bonnie Crabtree
Miami
305-377-4121

Joe Griesedieck
San Francisco
415-956-1834

Nancy Hahn
New York
212-687-1834

Caroline Nahas
Los Angeles
310-552-1834

Asia Pacific

Australasia
Gary Reidy
Sydney
612-9006-3400

Suzanne Williams
Sydney
612-9006-3400

Annika Streefland
Wellington
64-4-460-4909

Non-Japan Asia
Andrew Tsui
Hong Kong
852-2971-2700

Japan
Sakie Fukushima
Tokyo
81-3-3560-1420

Europe

Jocelyn Dehnert
London
44-207-312-3100

France
Didier Vuchot
Paris
33-1-45-61-8686

Germany
Friedrich-Wilhelm
Graf von Pfeil
Frankfurt/Koenigstein
49-6174-2905-0

The Netherlands
Jan Vet
Amsterdam
31-20-799-9000

Scandinavia
Torbjørn Gjelstad
Oslo
47-22-82-39-00

United Kingdom
Mina Gouran
London
44-207-312-3100

Korn/Ferry International Worldwide Offices

The Americas

Atlanta
404-577-7542

Bogota
57-1-629-2301

Boston
617-345-0200

Buenos Aires
54-11-4114-0000

Calgary
403-269-3277

Caracas
58-212-285-0067

Chicago
312-466-1834

Dallas
214-954-1834

Houston
713-651-1834

Irvine
949-851-1834

Lima
51-1-221-4202

Los Angeles
310-552-1834

Mexico City*
52-55-5201-5400

Miami
305-377-4121

Minneapolis
612-333-1834

Monterrey*
52-81-8220-5959

Montreal
514-397-9655

New York
212-687-1834

Northern Virginia
703-761-7020

Philadelphia
215-496-6666

Princeton
609-452-8848

Quito*
5932-2986-562

Rio de Janeiro
55-21-2518-1380

San Francisco
415-956-1834

Santiago
562-233-4155

São Paulo
5511-3708-2222

Seattle
206-447-1834

Silicon Valley
650-632-1834

Stamford
203-359-3350

Toronto
416-365-1841

Vancouver
604-684-1834

Washington, D.C.
202-822-9444

Asia Pacific

Auckland*
64-9-309-4900

Bangkok
662-636-1466

Beijing
8610-6505-2989

Hong Kong
852-2971-2700

Jakarta
62-21-573-9933

Kuala Lumpur
603-2078-1655

Melbourne
613-9654-4588

Mumbai
91-22-5651-5959

New Delhi
91-124-235-8866

Seoul
82-2-399-7475

Shanghai
86-21-6256-7333

Singapore
65-6224-3111

Sydney
612-9006-3400

Tokyo
81-3-3560-1400

Wellington
64-4-460-4900

Europe

Amsterdam
31-20-799-9000

Athens
30-210-722-8000

Brussels
32-2-640-3240

Bucharest*
40-21-230-4567

Budapest
36-1-346-0600

Frankfurt/Koenigstein
49-6174-2905-0

Geneva
41-22-310-2071

Helsinki
358-9-61-22-560

Istanbul*
90-212-231-3949

London
44-20-7312-3100

Luxembourg
35-2-46-43-421

Madrid
34-91-701-4380

Milan
39-02-80600-1

Moscow*
7095-956-4387

Oslo
47-22-82-39-00

Paris
33-1-45-61-8686

Prague
420-222-191-465

Rome
39-06-80687-090

Stockholm
46-8-611-5015

Vienna
43-1-531-03-0

Warsaw
48-22-622-28-29

Zurich
41-43-366-77-88

Middle East & Africa

Dubai
971-4-299-6002

Johannesburg*
27-11-722-1600

*Denotes satellite or affiliate office