

QUICKSCORE 2.0 FACTORS FOR U.S. COMPANIES

(NEW FACTORS FOR 2014 IN BOLD)

Adapted from *ISS Governance QuickScore 2.0 Overview and Updates*, published January 2014
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1. Non-Audit fees represent what percentage of total fees?
2. Did the auditor issue an adverse opinion in the past year?
3. Has the company restated financials for any period within the past two years?
4. Has the company made non-timely financial disclosure filings in the past two years?
5. Has a securities regulator taken enforcement action against the company in the past two years?
6. Has a securities regulator taken enforcement action against a director or officer of the company in the past two years?
7. Is the company, or any of its directors and officers, currently under investigation by a regulatory body?
8. Has the company disclosed any material weaknesses in its internal controls in the past two years?
9. **How many financial experts serve on the audit committee?***
10. **How many directors serve on the board?***
11. **What is the number/proportion of women on the board?***
12. What is the independent director composition of the board?
13. **What proportion of directors sit on the board for an excessive length of time?**
14. What is the classification of the chairman of the board?
15. Has the company an identified senior independent director?
16. What percentage of the board consists of immediate family members of majority shareholders, executives, and former executives (within the past five years)?*
17. What percentage of the board are former or current employees of the company?*
18. What percentage of nominating committee members are independent based on ISS standards?
19. What is the independent status of the compensation committee members?
20. What is the independent status of the audit committee members?
21. Does the CEO serve on an excessive number of outside boards? / How many boards does the CEO sit on? (U.S. only)?
22. How many non-executives serve on an excessive number of outside boards?
23. Did any directors attend less than 75% of the aggregate board and committee meetings without a valid excuse?
24. How many directors received withhold/ against votes of 50% or greater at the last annual meeting?
25. **What percentage of directors received shareholder approval rates below the industry-index level?**
26. Has the board failed to implement a shareholder resolution supported by a majority vote?
27. **What is the average size of outside directors' compensation as a multiple of the median of company peers?**
28. What is the aggregate level of stock ownership of the officers and directors, as a percentage of shares outstanding?
29. Are directors subject to stock ownership guidelines?
30. Do all directors with more than one year of service own stock?
31. Did any executive or director pledge company shares?
32. Does the company have a robust policy prohibiting hedging of company shares by employees?
33. Does the company disclose board/governance guidelines?
34. What percent of the directors were involved in material RPTs?
35. Do the directors with RPTs sit on key board committees?
36. Are there material related-party transactions involving the CEO?
37. Does the company have classes of stock with different voting rights?
38. Are there any directors on the board who are not up for election by all classes of common shareholders?
39. Are all directors elected annually?
40. Is the board authorized to issue blank check preferred stock?

41. Does the company have a poison pill (shareholder rights plan) in effect?
42. What is the trigger threshold for the poison pill?
43. Does the poison pill have a sunset provision?
44. Does the poison pill have a TIDE provision?
45. Does the poison pill have a qualified offer clause?
46. What is the expiration date of the poison pill?
47. Is the poison pill designed to preserve tax assets (NOL pill)?
48. When was the poison pill implemented or renewed?
49. Does the company's poison pill include a modified slow-hand or dead-hand provision?
50. If the company has a majority voting standard, is there a plurality carve-out in the case of contested elections?
51. Does the company require a super-majority vote to approve amendments to the charter and bylaws?
52. Does the company require a super-majority vote to approve mergers/business combinations?
53. What is the percentage of share capital needed to convene a special meeting?
54. Can shareholders act by written consent?
55. Does the company have a majority vote standard in uncontested elections?
56. Are there material restrictions as to timing or topics to be discussed, or ownership levels required to call the meeting?
57. What is the degree of alignment between the company's cumulative 3-year pay percentile rank, relative to peers, and its 3-year cumulative TSR rank, relative to peers?*
58. What is the degree of alignment between the company's cumulative 1-year pay percentile rank, relative to peers, and its 1-year cumulative TSR rank, relative to peers?*
59. What is the size of the CEO's 1-year cumulative pay, as a multiple of the median pay for company peers?
60. What is the degree of alignment between the company's TSR and change in CEO pay over the past five years?
61. What is the ratio of the CEO's total compensation to the next highest paid executive?
- 62. What is the degree of alignment between the company's annualized 3-year pay percentile rank, relative to peers, and its 3-year annualized TSR rank, relative to peers?**
63. Are any of the NEOs eligible for multiyear guaranteed bonuses?
64. What is the ratio of the CEO's non-performance-based compensation (All Other Compensation) to Base Salary?
65. Do the company's active equity plans prohibit share recycling for options/SARS?
66. Do the company's active equity plans prohibit option/ SAR repricing?
67. Does the company's active equity plans prohibit option/ SAR cash buyouts?
68. Do the company's active equity plans have an evergreen provision?
69. Do the company's active equity plans have a liberal CIC definition?
70. Has the company repriced options or exchanged them for shares, options or cash without shareholder approval in the last three years?
71. Does the company grant equity awards at an excessive rate, according to ISS policy?
72. Did the company disclose a claw back or malus provision?
73. What are the minimum vesting periods mandated in the plan documents for executives' stock options or SARS in the equity plans adopted/amended in the last 3 years?
74. What are the minimum vesting periods mandated in the plan documents, adopted/amended in the last three years, for executives' restricted stock / stock awards?
75. What is the holding/retention period for stock options (for executives)?
76. What is the holding/retention period for restricted shares / stock awards (for executives)?
77. What proportion of the salary is subject to stock ownership requirements/guidelines for the CEO?
78. Does the company disclose a performance measure for the short-term incentive plan (for executives)?
79. What is the level of disclosure on performance measures for the latest active or proposed long-term incentive plan?
- 80. Did the most recent say-on-pay proposal receive shareholders' support below the industry-index level?**
81. What's the trigger under the change-in-control agreements?
82. Do equity based plans or other long-term plans vest completely upon a change-in-control?
83. What is the multiple of the change-in-control/severance payment for the CEO (upon a change-in-control)?
84. What is the basis for the change-in-control or severance payment for the CEO?
85. Does the company provide excise tax gross-ups for change-in-control payments?
86. What is the length of employment agreement with the CEO?*
87. Has ISS' qualitative review identified a pay-for-performance misalignment?
88. Has ISS identified a problematic pay practice or policy that raises concerns?

* This factor has a zero-weight impact on the scoring model and is included for informational purposes only.