

# Meridian Client Update

January 19, 2011

## Boards by a Slight Majority Recommending Triennial Say on Pay

What may come as a mild surprise, so far a slight majority of boards are recommending to shareholders **triennial** say on pay vote frequency. We have been tracking proxy filings of Russell 3000 companies with at least \$100 million in revenues and have found just over 50% of these companies have recommended that shareholders approve triennial say on pay vote frequency. While we do not expect biennial frequency recommendations to become common, we do expect more companies to recommend **annual** say on pay. The following is a breakdown of current board recommendations:

Board Recommendation	Prevalence (n - 72)
▪ Triennial	53%
▪ Biennial	7%
▪ Annual	29%
▪ No recommendation	11%

However, as in elections for public office, these are very “early returns,” and may not reflect the final outcomes, especially as these early filers may not have had the benefit of knowing ISS’ position (recommending **annual** say on pay votes) when they made their recommendation on vote frequency.

Also, a strong correlation exists between the size of the company and the likely board recommendation. As the chart below shows, large revenue companies are nearly twice as likely to recommend triennial say on pay than small revenue companies.

Board Recommendation	Under \$1B	\$1B to \$10B	Over \$10B
<i>n</i>	24	34	14
▪ Triennial	38%	56%	72%
▪ Biennial	12%	6%	0%
▪ Annual	38%	26%	21%
▪ No recommendation	12%	12%	7%

The following is a complete list of companies’ vote recommendations.

Russell 3000 Company	Ticker	FYE 2010 Annual Revenue (\$Mn)	12/31/2010 Market Cap (\$Mn)	GICS Sector	Say on Pay Vote Frequency Recommendation
Apple Inc.	AAPL	\$65,225	\$295,455	Information Technology	Annual
Deere & Co.	DE	\$25,550	\$35,062	Industrials	Annual
Navistar International Corporation	NAV	\$12,145	\$4,158	Industrials	Annual
Oshkosh Corporation	OSK	\$9,842	\$3,195	Industrials	Annual
Visa Inc.	V	\$8,065	\$51,094	Information Technology	Annual
ATMOS Energy Corporation	ATO	\$4,790	\$2,813	Utilities	Annual
New Jersey Resources	NJR	\$2,639	\$1,775	Utilities	Annual
Ameritrade Holding Corp.	AMTD	\$2,567	\$10,941	Financials	Annual
Tetra Tech Inc.	TTEK	\$1,460	\$1,548	Industrials	Annual
Mueller Water Products	MWA	\$1,338	\$645	Industrials	Annual
Cubic Corp	CUB	\$1,194	\$1,261	Industrials	Annual
Beazer Homes USA	BZH	\$1,010	\$408	Consumer Discretionary	Annual
Imperial Sugar Company	IPSU	\$908	\$162	Consumer Staples	Annual
Kulicke & Soffa Industries, Inc.	KLIC	\$763	\$507	Information Technology	Annual
Hillenbrand, Inc.	HI	\$749	\$1,296	Consumer Discretionary	Annual
Atwood Oceanics Inc.	ATW	\$651	\$2,408	Energy	Annual
Lindsay Corporation	LNN	\$358	\$745	Industrials	Annual
Provident New York Bancorp	PBNY	\$147	\$401	Financials	Annual
Oyo Geospace Corp.	OYOG	\$129	\$606	Energy	Annual
Multimedia Games Inc.	MGAM	\$118	\$154	Consumer Discretionary	Annual
Patriot Transportation Holdings	PATR	\$111	\$288	Industrials	Annual
Hormel Foods	HRL	\$7,221	\$6,817	Consumer Staples	Biennial
Griffon Corporation	GFF	\$1,294	\$763	Industrials	Biennial
Dolby Laboratories, Inc.	DLB	\$923	\$7,476	Information Technology	Biennial
Fair Isaac Corporation	FICO	\$606	\$932	Information Technology	Biennial
MTS Systems Corporation	MTSC	\$374	\$572	Information Technology	Biennial
AmerisourceBergen	ABC	\$77,954	\$9,469	Health Care	Triennial
Costco	COST	\$77,946	\$31,508	Consumer Staples	Triennial
International Assets Holding Corp.	INTL	\$46,940	\$415	Financials	Triennial
Johnson Controls, Inc.	JCI	\$34,305	\$25,736	Consumer Discretionary	Triennial
Tyson Foods, Inc.	TSN	\$28,430	\$6,492	Consumer Staples	Triennial
Accenture plc	ACN	\$23,094	\$30,996	Information Technology	Triennial
Emerson Electric Co.	EMR	\$21,039	\$43,031	Industrials	Triennial
Tyco International Ltd.	TYC	\$17,016	\$20,240	Industrials	Triennial
Monsanto Co.	MON	\$10,502	\$37,359	Materials	Triennial
Covidien PLC	COV	\$10,429	\$22,605	Health Care	Triennial
Jacobs Engineering Group Inc.	JEC	\$9,941	\$5,773	Industrials	Triennial
Air Products and Chemicals, Inc.	APD	\$9,026	\$19,445	Materials	Triennial
Ashland Corp.	ASH	\$9,012	\$4,018	Materials	Triennial
Aecom Technology Inc.	ACM	\$6,546	\$3,225	Industrials	Triennial
Rockwell Automation, Inc.	ROK	\$4,857	\$10,161	Industrials	Triennial
Rockwell Collins, Inc.	COL	\$4,673	\$9,135	Industrials	Triennial
Ruddick Corporation	RDK	\$4,400	\$1,802	Consumer Staples	Triennial
Ingles Markets, Incorporated	IMKTA	\$3,399	\$470	Consumer Staples	Triennial
Valspar Corp.	VAL	\$3,227	\$3,380	Materials	Triennial
Sally Beauty Holdings, Inc.	SBH	\$2,916	\$2,648	Consumer Discretionary	Triennial
Varian Medical Systems, Inc.	VAR	\$2,357	\$8,176	Health Care	Triennial
Plexus Corp.	PLXS	\$2,013	\$1,250	Information Technology	Triennial
Sanderson Farms Inc.	SAFM	\$1,925	\$864	Consumer Staples	Triennial
The Laclede Group, Inc.	LG	\$1,735	\$815	Utilities	Triennial
Beacon Roofing Supply Inc.	BECN	\$1,610	\$816	Industrials	Triennial
Piedmont Natural Gas Co. Inc.	PNY	\$1,552	\$2,021	Utilities	Triennial
Central Garden & Pet Co.	CENTA	\$1,524	\$609	Consumer Staples	Triennial
Woodward Governor Company	WGOV	\$1,457	\$2,568	Industrials	Triennial
MWI Veterinary Supply, Inc.	MWIV	\$1,229	\$787	Health Care	Triennial
NCI Building Systems Inc.	NCS	\$871	\$274	Industrials	Triennial
Lee Enterprises, Inc.	LEE	\$781	\$111	Consumer Discretionary	Triennial
Esco Technologies Inc.	ESE	\$607	\$1,003	Industrials	Triennial
Powell Industries Inc.	POWL	\$551	\$384	Industrials	Triennial
TFS Financial Corporation	TFSL	\$497	\$2,782	Financials	Triennial
Zoll Medical Corporation	ZOLL	\$444	\$801	Health Care	Triennial
Synutra International, Inc.	SYUT	\$304	\$771	Consumer Staples	Triennial
Insteel Industries, Inc.	IIN	\$212	\$220	Industrials	Triennial
Landauer, Inc.	LDR	\$114	\$567	Health Care	Triennial

Russell 3000 Company	Ticker	FYE 2010 Annual Revenue (\$Mn)	12/31/2010 Market Cap (\$Mn)	GICS Sector	Say on Pay Vote Frequency Recommendation
Tyco Electronics	TEL	\$12,070	\$15,695	Information Technology	No Recommendation
Becton, Dickinson and Company	BDX	\$7,372	\$19,424	Health Care	No Recommendation
Greif Inc.	GEF	\$3,462	\$2,918	Materials	No Recommendation
Rock-Tenn Company	RKT	\$3,001	\$2,099	Materials	No Recommendation
Jack In The Box Inc.	JACK	\$2,298	\$1,116	Consumer Discretionary	No Recommendation
J & J Snack Foods Corp.	JJSF	\$697	\$892	Consumer Staples	No Recommendation
Headwaters Incorporated	HW	\$655	\$277	Materials	No Recommendation
Integrated Silicon Solution Inc.	ISSI	\$252	\$211	Information Technology	No Recommendation

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The **Client Update** is prepared by Meridian Compensation Partners' Technical Team led by Donald Kalfen. Questions regarding this Client Update or executive compensation technical issues may be directed to Donald Kalfen at 847-235-3605 or [dkalfen@meridiancp.com](mailto:dkalfen@meridiancp.com).

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