

Meridian Client Update

June 17, 2010

Clarification from RiskMetrics Group Regarding Change-in-Control Benefits Subject to Proxy Voting Policies

THIS UPDATE REVISES MERIDIAN CLIENT UPDATE ISSUE 6 DATED JUNE 14, 2010.

In our Client Update dated June 14, 2010, we stated that RiskMetrics Group (RMG) considers any benefits paid or provided solely upon a change in control (i.e., single trigger benefit) to be a problematic pay practice. That Client Update further stated that the presence of a problematic pay practice may directly impact RMG's a vote recommendation on management say on pay proposals, compensation committee members and equity-based incentive plan proposals under certain limited circumstances. A company may avoid a negative vote recommendation if it commits to eliminate single trigger benefits or to make such benefits contingent upon a termination of employment following a change in control. Generally, RMG has accepted a company's commitment to make such change within 24 months. However, RMG has informally revised this policy and now requires a company to commit to make the necessary change within 6 months.

Based on information we received from RMG, our June 14, 2010 Client Update indicated that single trigger benefits included the acceleration of vesting of equity awards or the waiving of incentive plan awards' performance conditions upon a CIC. However, since that Client Update, RMG advised us that single trigger benefits solely relate to cash severance benefits payable upon a CIC (which is a rare practice). This means that the acceleration of vesting or waiving of performance conditions upon a CIC are not considered problematic pay practices under RMG's voting policies. Since the acceleration of vesting of outstanding equity awards and long-term incentive awards is a very common and dominant market practice, this is an important clarification. Therefore, companies do not need to consider revising single trigger vesting of equity and long-term incentive awards solely for purposes of complying with RMG's voting policies.

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