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TITLE FOR INITIAL SURVEY PAGE: Views of Corporate Governance

Field Period: August 29 – September 2, 2003

SUBJECTS FOR QUESTIONNAIRE

SECTION 300: SAMPLE PRELOAD AND SCREENING QUESTIONS
SECTION 500: INDIVIDUAL STOCKHOLDERS
SECTION 600: ELECTING NEW DIRECTORS TO A COMPANIES BOARD OF DIRECTORS
SECTION 700: INVESTMENTS/SOFT EXIT QUESTIONS
SECTION 900: PROPENSITY QUESTIONS
SECTION 1000: INVESTOR DEMOGRAPHICS
SECTION 100: DEMOGRAPHICS

Notes on reading the results

Interviews were conducted online between August 29, 2003 and September 2, 2003 among 1,030 U.S. investors. The percentage of respondents has been included for each item. An asterisk (*) signifies a value of less than one-half percent. A dash represents a value of zero. Percentages may not always add up to 100% because of computer rounding or the acceptance of multiple answers from respondents answering that question.

SECTION 500: INDIVIDUAL STOCKHOLDERS**BASE: ALL RESPONDENTS**

Q501 Thank you for agreeing to take this survey. We would like to ask you a series of questions about individual stocks and investing.

Q501 [1] Do you have any funds invested in the stock market?

100	Yes
-	No

BASE: ALL RESPONDENTS WHO HAVE FUNDS INVESTED IN THE STOCK MARKET (Q501/1)

Q505 [2] Do you own individual stocks in public corporations, invest only through mutual funds, or do you own both individual stocks and mutual funds?

[SINGLE RESPONSE]

24	Own individual stocks
-	Invest only through mutual funds
76	Own individual stocks and mutual funds

BASE: ALL QUALIFIED RESPONDENTS (Q77/2)

Q510 [3] As you may know, companies that sell stocks to the public are required to hold annual meetings in which all shareholders are allowed to vote on certain corporate management issues, including voting in elections for members of the corporate board of directors or on any changes in the corporation's by-laws. Corporations are required to send out information packets, called "proxy materials," in advance of the meeting to all shareholders.

Do you recall receiving any proxy materials in the past two years?

92	Yes
8	No

[PROGRAMMER NOTE: IF Q510/1 ASK Q511; ELSE JUMP TO Q610]

BASE: RECALL RECEIVING PROXY MATERIALS (Q510/1)

Q511 Approximately, how many different information packets or proxy materials did you receive in the past two years? <I>If you are unsure, please give us your best estimate.</I>

23	1-2
26	3-5
24	6-10
7	11-15
7	16-20
12	21 or more

MEAN 11.07

MEDIAN 6

BASE: RECALL RECEIVING PROXY MATERIALS (Q510/1)

Q512 These proxy materials contain information prepared by the corporation on any issues that will be put to a vote at the annual meeting, and ballots for candidates nominated for election to the corporation's board of directors.

Public corporations are required to include in the proxy materials a ballot so that shareholders can vote on issues or participate in the election of board members, even if you are unable to attend the shareholder meeting in person.

Do you recall receiving proxy materials that included a ballot for you to vote on issues or board member candidates?

94	Yes
6	No

BASE: RECALL RECEIVING PROXY MATERIALS (Q510/1) AND RECALL RECEIVING BALLOTS (Q512/1)

Q513 Of the {PROGRAMMER INSERT NUMBER OF PROXY MATERIALS THEY RECEIVED FROM Q511} information packets you received in the past two years, how many included ballots for you to vote on?

30	1-2
28	3-5
18	6-10
7	11-15
8	16-20
9	21 or more
MEAN	9.64
MEDIAN	5

BASE: RECEIVED INFORMATION WHICH INCLUDED BALLOTS TO VOTE ON (Q513/GE1)

Q514 And of the {PROGRAMMER NUMBER OF BALLOTS RECEIVED FROM Q513} how many did you vote for?

28	0
23	1-2
20	3-5
11	6-10
5	11-15
6	16-20
6	21 or more
MEAN	6.89
MEDIAN	4

BASE: EVER VOTE IN SHAREHOLDER ELECTIONS (Q514/GE1)

Q515 [4] In the proxy materials, corporate management states their position on issues coming before shareholders for a vote. Please indicate if you have ever voted for or against the proposals made by corporate management.

Q516	<u>Yes</u>	<u>No</u>
1 Have ever voted for the proposals made by corporate management	93	7
2 Have ever voted against the proposals made by corporate management	74	26
3 Have ever voted for and against proposals made by corporate management on the same proxy ballot	67	33

[PROGRAMMER: ASK Q517 IF HAVE EVER VOTED FOR COMPANY RECOMMENDATIONS (Q515/1 OR 3 AND Q516/1). ASK Q520 IF HAVE EVER VOTED AGAINST COMPANY RECOMMENDATIONS (Q515/2 OR 3 AND Q516/1). IF BOTH Q515/1 AND 2 AND Q516/1) OR Q515/3 AND Q516/1 ASK BOTH Q517 AND Q520; OTHERS (Q515/1 AND 2 AND 3 AND Q516/2) JUMP TO Q605

BASE: VOTED FOR COMPANY RECOMMENDATIONS (Q515/1 OR 3 AND Q516/1)

Q517 On what kinds of issues have you voted for proposals made by corporate management? <l>Please check all that apply.</l>

[RANDOMIZE]
[MULTIPLE RESPONSE]

- 86 Individuals nominated to board of directors
- 62 General corporate governance issues
- 61 Changes to by-laws
- 45 Mergers or acquisitions
- 38 Salary and compensation packages for board members
- 38 Salary and compensation packages for top executives
- 17 Other

BASE: VOTED AGAINST CORPORATION'S RECOMMENDATIONS (Q515/2 OR 3 AND Q516/1).

Q520 [5] On what kinds of issues have you voted against proposals made by corporate management? <l>Please check all that apply.</l>

[MULTIPLE RESPONSES]

[RANDOMIZE]

- 62 Salary and compensation packages for top executives
- 59 Salary and compensation for board members
- 52 Individuals nominated to board of directors
- 41 Changes to by-laws
- 36 General corporate governance issues
- 30 Mergers or acquisition
- 8 Other

SECTION 600: ELECTING NEW DIRECTORS TO A CORPORATION'S BOARD OF DIRECTORS

BASE: EVER VOTE IN SHAREHOLDER ELECTIONS (Q514/GE1)

Q605 [6] Please indicate which actions you have ever taken with regard to voting for a director candidate who was nominated by corporate management?

	Yes	No
1 I have voted for director candidates nominated by corporate management	92	8
2 I have withheld or not supported director candidates nominated by corporate management	59	41
3 On the same proxy ballot I have voted for some candidates nominated by corporate management and withheld or not supported some candidates nominated by corporate management	55	45

BASE: ALL QUALIFIED RESPONDENTS

Q610 [7] Included in proxy materials is information about candidates for the board of directors supported by corporate management. Currently, shareholders do not nominate board of director candidates in non-takeover situations because they do not have access to the corporations proxy materials.<P>

Which of the following statements best describes your opinion?

- 84 Corporations should be required to include in the proxy materials all qualified candidates for election to the board of directors
- 16 Corporations should be allowed to continue list only the qualified candidates that corporate management is supporting.

BASE: ALL QUALIFIED RESPONDENTS

Q615 [8] Currently, corporate management nominates candidates for the board of directors who are listed in proxy materials. In a non-takeover situation, should there also be a process in which shareholders or groups of shareholders can nominate one or more candidates for election to the board of directors and place those names in the proxy materials that are mailed to all shareholders?

- 80 Yes, there should be a process to allow shareholders to nominate candidates for boards of directors.
- 20 No, corporate management should be able to continue to control all nominations to the board of directors.

BASE: ALL QUALIFIED RESPONDENTS

Q620 [9] In a non-takeover situation, how important is it to you to be able to have a choice among different candidates for election to boards of directors whether nominated by corporate management or shareholders?

- 11 Not important at all
- 27 Somewhat important
- 29 Important
- 21 Very important
- 12 Extremely important

BASE: ALL QUALIFIED RESPONDENTS

Q625 [10] For each of the following statements, please indicate how much you agree or disagree.

[RANDOMIZE]

Q626	<u>Strongly Disagree</u>	<u>Somewhat Disagree</u>	<u>Somewhat Agree</u>	<u>Strongly Agree</u>
1 Shareholders are the owners of public corporations in which they own stock, so shareholders should be able to use the proxy materials to nominate candidates for election to the boards of directors.	4	12	47	38
2 Corporate misconduct in the United States has weakened investor confidence in the stock market.	3	7	30	60
3 Open elections, in which shareholders can use the proxy materials to nominate qualified candidates to serve on corporate boards would increase investor confidence in how those companies are managed.	4	16	56	24
4 Corporations should be required to disclose more information about the process for nominating directors to serve on the boards.	2	8	40	50
5 Corporate management is in the best position to decide who should be nominated to the corporation's board of directors.	15	37	44	5
6 Individual shareholders do not vote because they have faith in corporate management to make the best decision for the company	22	34	38	6
7 Individual shareholders do not vote because corporate management has the exclusive right to use proxy materials to nominate board of director candidates	14	31	45	10

BASE: ALL QUALIFIED RESPONDENTS

Q630 Please indicate how much you would favor or oppose a proposal the Securities and Exchange Commission is considering that would make it easier for major, long-term shareholders or groups of shareholders, in non-takeover situations, to nominate candidates for corporate boards of directors.

[SINGLE RESPONSE]

- 1 Strongly oppose
- 5 Oppose
- 29 Neither oppose nor favor
- 45 Favor
- 19 Strongly favor

BASE: ALL QUALIFIED RESPONDENTS

Q635 Please indicate how often you think shareholders should be able to nominate board of director candidates using the corporation's proxy materials?

[SINGLE RESPONSE]

- 5 Never
- 52 In some situations
- 44 All the time

BASE: ALL QUALIFIED RESPONDENTS

Q640 Please indicate how much you favor or oppose the following proposals which would allow shareholders to be able to nominate board of director candidates using the corporation's proxy materials.

Q641

	<u>Strongly</u> <u>Oppose</u>	<u>Oppose</u>	<u>Neither</u> <u>Oppose or Favor</u>	<u>Favor</u>	<u>Strongly</u> <u>Favor</u>
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Shareholders should be able to nominate board of director candidates using corporate proxy materials:

[RANDOMIZE]

1	If the corporation fails to act on a shareholder proposal that received a majority vote	1	2	17	39	41
2	Following a corporate board election, where a corporate nominated candidate does not receive significant shareholder support	1	5	27	45	22
3	At the request of a majority of shareholders	*	3	16	46	35
4	If the corporation's financial performance declines significantly compared to other corporations in the same industry	1	6	21	42	30
5	If there has been a major corporate scandal	2	3	14	28	54
6	If the Securities and Exchange Commission has required the corporation to revise its financial statements	1	4	24	39	32

BASE: ALL QUALIFIED RESPONDENTS

Q645 If one of these events occurs, how soon should shareholders have access to the proxy ballot to nominate candidates to the board of directors?

- 87 At the next annual meeting
- 13 Beyond the next annual meeting

SECTION 1000: INVESTOR DEMOGRAPHICS

[PROGRAMMER: ASK Q1000 OF QUALIFIED RESPONDENTS ONLY (Q77/2). OTHERS (Q77/1) JUMP TO Q101
 [PROGRAMMER: PLEASE DISPLAY Q1000 AND Q1005 ON THE SAME SCREEN]

BASE: ALL QUALIFIED RESPONDENTS

Q1000 For how many years have you been investing in the stocks of one or more individual companies? *</i>If less than 1 year, please enter "0"</i>.*

2	0
7	1-2
18	3-5
21	6-10
14	11-15
13	16-20
15	21-30
10	31 or more
MEAN	15.04
MEDIAN	12

BASE: ALL QUALIFIED RESPONDENTS

Q1005 In how many companies do you own individual stock?
 [RANGE: 1-999]

19	1
13	2
24	3-5
21	6-10
9	11-15
5	16-20
8	21 or more
MEAN	9.01
MEDIAN	5

BASE: ALL QUALIFIED RESPONDENTS

Q1010 Please estimate the total amount of money you currently have invested in individual stocks.

20	Less than \$10,000
9	\$10,000 - \$24,999
12	\$25,000 - \$49,999
14	\$50,000 - \$99,999
16	\$100,000 - \$249,999
7	\$250,000 - \$499,999
3	\$500,000 - \$749,999
1	\$750,000 - \$999,999
2	\$1,000,000 - \$2,499,999
*	\$2,500,000 - \$ 4,999,999
*	\$5,000,000 or more
4	Not sure
11	Decline to answer
MEAN	\$197,000
MEDIAN	\$40,000

BASE: ALL QUALIFIED RESPONDENTS**Q1015** Which of the following ranges best describes your household's total net worth?

Net worth refers to considering your total assets and subtracting any debts or liabilities you have. Assets include any cash you have in checking or savings accounts, stocks, bonds, mutual funds; and any money you have in IRAs, employer savings, or retirement plans (including 401(k)); the value of any residences you have; or other possessions. Debts include credit card debt, mortgages and other personal loans.

[PROGRAMMER NOTE: INSERT LINK TO "Why do we ask this question?"] [PROGRAMMER: PLEASE USE LINK FOR INCOME AND SUBSTITUTE "NET WORTH" FOR "INCOME"]

[PROGRAMMER NOTE: DISPLAY IN TWO COLUMNS, GOING DOWN]

- 2 Less than \$10,000
 - 3 \$10,000 - \$24,999
 - 6 \$25,000 - \$49,999
 - 10 \$50,000 - \$99,999
 - 15 \$100,000 - \$249,999
 - 14 \$250,000 - \$499,999
 - 12 \$500,000 - \$749,999
 - 8 \$750,000 - \$999,999
 - 10 \$1,000,000 - \$2,499,999
 - 1 \$2,500,000 - \$4,999,999
 - 1 \$5,000,000 or more
 - 4 Not sure
 - 15 Decline to answer
- MEAN \$657,000**
MEDIAN \$248,000