



*Inter*Organization
Network

ION (n): (1) An atom or group of atoms containing an electrical charge.
(2) Executive women's networks combining their energies to increase the presence of women in corporate boardrooms and executive suites.

TIME FOR A CHARGE

A
Status Report
on Women Directors
and Executive Officers
of Public Companies
in Seven Regions
of the United
States

February 2006

InterOrganization Network (ION)

The InterOrganization Network (ION) consists of seven regional organizations in the United States that advocate the advancement of women to positions of power in the business world, especially to boards of directors and executive suites of public companies. ION's current members are: Board of Directors Network in Atlanta, The Boston Club, The Chicago Network, The Forum of Executive Women in Philadelphia, Inforum in Detroit, Milwaukee Women inc, and Women Executive Leadership in Fort Lauderdale.¹ By combining their energies, the members of ION seek to leverage their strengths, expand their influence and substantially increase the number and percentage of women who comprise the leadership of corporate America.

Each member of ION publishes a census on women directors and executive officers of public companies in its respective geographic area. This report summarizes and compares some of the key findings of the research that each member has undertaken this year in connection with its own census.²

Methodology

The data reflected in this report were collected during 2005 by researchers for the ION member organizations from the proxy statements (DEF 14A), annual reports (Form 10-K) and current reports (Form 8-K) that public companies with headquarters in their respective areas filed with the Securities and Exchange Commission. All ION members adopted a common definition of "executive officer" (those individuals formally identified as such in company SEC filings) and most highly compensated officers (those identified as such in company proxy statements). The individual reports differ in terms of the number of companies they include and the extent of the geographic area they encompass. Two studies cover metropolitan areas – Chicago and Philadelphia; the other reports are state-wide. The Chicago and Wisconsin reports include their 50 largest companies; the Massachusetts, Philadelphia and Michigan reports focus on their 100 largest companies; and Georgia and Florida include all public companies in their states, 187 and 147 respectively. Each report contains more detailed information, analysis and discussion.



¹Women Executive Leadership joined the six original members of ION in 2005.

²This is ION's second annual summary. The first can be obtained by contacting one of ION's members (see back cover for contact information).

Business Climate and ION Figures Demonstrate Need to Accelerate the Process of Change

The business case for diversifying corporate leadership continues to grow stronger. Adding to the literature that links gender diversity with positive financial performance³ is a recent report published by Citizens Advisers, Inc. of Portsmouth, New Hampshire. That report focuses on the 298 companies in the Citizens Index, each of which meets Citizens' investment criteria by having at least one woman or minority on its board of directors or in the upper two levels of its management and satisfies Citizens' standards for "industry representation, financial soundness and corporate responsibility." Citizens' researchers found that the total and average annual return on the stock of those companies with the highest gender diversity on the board and in the upper two levels of management was several percentage points higher than that of the companies with the lowest gender diversity. In addition, the stock of the companies with more women had less volatility or risk than those with fewer women.⁴

Furthermore, the Business Roundtable's new Principles of Corporate Governance 2005 (www.businessroundtable.org) reinforce the conclusion that if public companies are serious about identifying and recruiting directors and committee members who meet the securities market listing standards of independence and the quality standards articulated by organizations such as the National Association of Corporate Directors, they must reach out beyond the networks that traditionally have been the source of most board candidates.

Though good business and good governance seem to mandate drawing from the largely untapped pool of talented women candidates for board and executive positions, the picture painted in the following pages (based on the individual reports released by ION's members) is discouraging. The numbers and percentages of women directors and executive officers in the geographic areas represented by ION's members are very low, and they have not significantly improved over the past year (or several years, in the regions where they have been tracked over a longer period). Indeed in a few instances, the situation has gone from bad to worse. One promising note, however, may be heard in the findings about the women who serve on corporate board nominating committees. Because of the critical role that these committees play in the identification and recruitment of new directors, the presence of women on them has the potential to accelerate the process of change.

The impact a woman can have is captured by Shirley Tilghman in a remark reported by *The New York Times* when she became the first woman president of Princeton University in 2001. "The world works on lists," she said, and "if a woman is involved in constructing those lists, the likelihood of selecting really terrific women goes way up." ION hopes to see the results of a similar process as women join more nominating committees.

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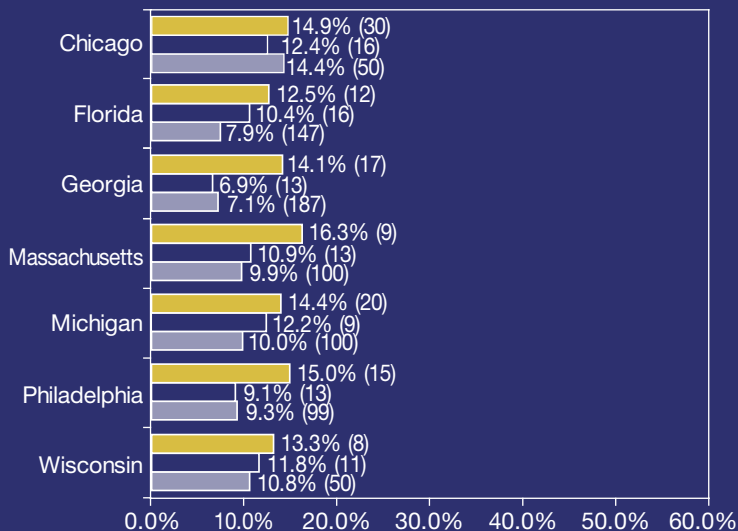
³See, e.g., "Senior Management Teams: Profiles and Performance" (1998), www.amanet.org/research/archive; "Women in the Executive Suite Correlate to High Profits," *Harvard Business Review* (Nov. 2001); "The Bottom Line: Connecting Corporate Performance and Gender Diversity" (2004), www.catalystwomen.org.

⁴"Gender Diversity and Financial Performance" (2005), www.citizensfunds.com. The Citizens Index consists of what Citizens Advisers believe to be the best large-cap companies across a broad range of industries in terms of business fundamentals and corporate citizenship. See www.citizensfunds.com for information about the Index and Citizens' criteria for selection.

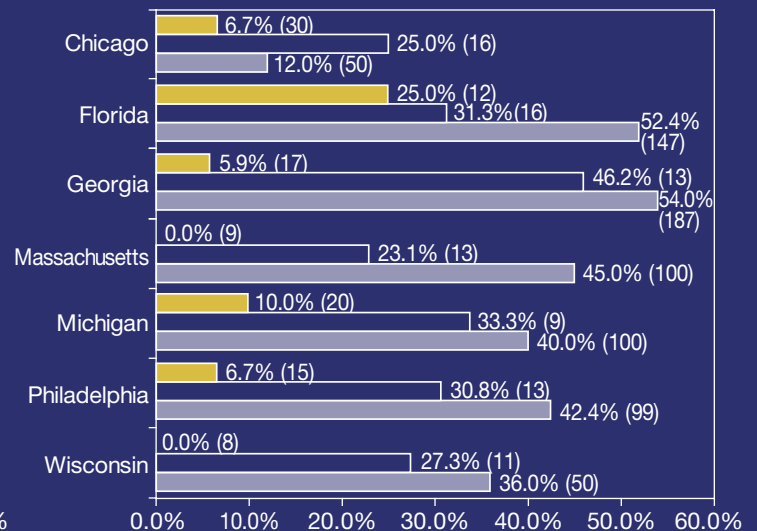
Women on Corporate Boards

- Fortune 500
- Fortune 501-1000
- All Companies

Percent of Board Seats Held by Women
(number of companies in sample in parentheses)



Percent of Companies with NO Women Directors
(number of companies in sample in parentheses)



Compared to last year's figures, ION's results for 2005 show movement in the right direction in a number of areas. Nevertheless, women's representation on corporate boards continues to be much too low and in some respects this year's news reflects some major backsliding.

Some Positives:

- In Chicago, the percent of women directors increased from 13% to 14.4% between 2004 and 2005.
- In Wisconsin, the percent of women directors increased from 9.3% to 10.8%.
- Smaller increases in the percent of women directors were reported in Massachusetts and Michigan.

Some Negatives:

- Women still hold only 14.4% of the board seats in Chicago, the area where the sample includes the highest number and proportion of large companies (92% of the 50 companies included in the Chicago sample are listed in the Fortune 1000).
- Women hold fewer than 8% of the board seats in Florida and Georgia, the two states that include all public companies in their surveys. This finding reflects the significance of company size, as the percentages of women directors in the largest companies in those states exceed 12% in Florida and 14% in Georgia.
- The percentage of companies with no women directors has increased, even in the Fortune 500 and Fortune 501-1000 categories, where women generally hold more board seats than in smaller companies. In Chicago, this percentage doubled from 6% to 12%; in Georgia the percentage has gone from 51.4% to 54%; and in Philadelphia, from 35.6% to 42.4%.

Women Directors of Color

Five of the seven ION members collected information about women directors of color. These five organizations report that women of color continue to hold very few board seats, ranging from a low of 0.1% to a high of only 1.9% of the total board seats in the companies included in their studies.

Companies with 25% or more women directors

Chicago

Office Max (31.0%)
Sara Lee Corporation (31.0%)
Solo Cup (29.0%)
Equity Office Properties Trust (27.0%)
Kraft Foods (27.0%)
Hewitt Associates (25.0%)
Hospira, Inc. (25.0%)

Florida

Mayors Jewelers, Inc. (44.4%)
Claire's Stores, Inc. (42.9%)
Chico's FAS, Inc. (37.5%)
First National Bancshares, Inc. (30.0%)
Ryder System, Inc. (30.0%)
Parlux Fragrances, Inc. (28.6%)
Office Depot, Inc. (27.3%)
Tupperware Corp. (27.3%)

Georgia

JPC Capital Partners, Inc. (33.3%)
NDCHealth Corporation (33.3%)
Verso Technologies, Inc. (33.3%)
Russell Corporation (30.0%)
United Parcel Service, Inc. (30.0%)
Beazer Homes USA, Inc. (28.6%)
Symbiat, Inc. (25.0%)

Massachusetts

Avid Technology, Inc. (42.9%)
Bright Horizons Family Solutions, Inc. (41.7%)
American Tower Corp. (33.3%)
Yankee Candle Co. (30.0%)
Stride Rite Corp. (25.0%)

Michigan

Borders Group (43.0%)
Aastrom Biosciences (33.0%)
Energy Conversion Devices, Inc. (29.0%)
Kelly Services, Inc. (29.0%)
Spartan Stores, Inc. (29.0%)
FNBH Bancorp (27.0%)
Handleman Company (25.0%)

Philadelphia

Charming Shoppes (44.4%)
CIGNA Corp. (30.0%)
RAIT Investment Trust (28.6%)
Harleysville National Corp. (27.3%)
C&D Technologies (25.0%)
Lincoln National Corp. (25.0%)

Wisconsin

Alliant Energy Corp. (40.0%)
Oshkosh B'Gosh, Inc. (37.5%)
Banta Corp. (25.0%)
Madison Gas & Electric Co. (25.0%)
Renaissance Learning (25.0%)

Some Positives:

- In Chicago, the number of companies with boards of 25% or more women increased from two to seven between 2004 and 2005.
- In Wisconsin, five companies have 25% or more women directors, up from three last year.
- Five of the seven ION members report at least one company in their regions with 40% or more women directors; Florida and Massachusetts each have two such companies.

A Negative:

- The number of companies in Georgia with 25% or more women on their boards decreased from nine in 2004 to seven this year.

Women directors on nominating committees

Region*	Total Number of Women on Nominating Committees (Number of Companies)	Percent of Companies with Women on Nominating Committee	Number of Women Who Chair Nominating Committees (Percent of Companies)
Georgia	50 (187)	24.1%	11 (5.9%)
Massachusetts	37 (100)	32.0%	7 (7.0%)
Michigan	36 (100)	28.0%	3 (3.0%)
Philadelphia	30 (99)	26.3%	4 (4.0%)
Wisconsin	19 (50)	34.0%	3 (6.0%)

*Neither The Chicago Network nor Women Executive Leadership of Florida collected this information in connection with its 2005 report.

Women serve on the nominating committees of a notable number of companies included in the research conducted by five ION members, ranging from nearly a quarter to about a third of those companies. Further, women chair 28 nominating committees. Though many companies with women on their boards still have no female representation on their nominating committees, their presence on a significant number is a hopeful sign at a time when these committees are assuming much greater importance. As the Business Roundtable has expressly recognized, the process of recommending director nominees to the full board and shareholders of a corporation is “the core function” of the governance and

nominating committee. It is this committee that, among other things, establishes criteria for board membership and identifies and evaluates board candidates. In carrying out this function, the Business Roundtable suggests that nominating committees “take a proactive approach by soliciting ideas for potential candidates from a variety of sources.” (Principles of Corporate Governance 2005, p. 21.)⁵

The presence of women on nominating committees can play a critical role in increasing the number and percentage of women directors.

⁵Members of ION stand ready to assist companies to identify qualified women who meet whatever criteria their nominating committees develop in connection with their searches for new directors. Member organizations have provided candidates for directors and advisory board members to many companies, both public and private. Working together, ION members can provide access to a greater talent pool than most companies have yet tapped.

Women in Executive Suites

Women executive officers

Region	Percent of Total Executive Officers Who Are Women	Number of Companies with NO Women Executive Officers	Percent of Companies with NO Women Executive Officers	Percent of Companies with Women among Their Top Compensated Executive Officers
Chicago	15.4%	15	30.0%	30.0%
Florida	7.6%	96	65.3%	NA
Georgia	8.2%	117	62.6%	28.3%
Massachusetts	10.1%	48	48.0%	28.0%
Michigan	7.7%	79	79.0%	21.0%
Philadelphia	10.2%	55	55.6%	28.3%
Wisconsin	11.0%	18	36.0%	22.0%

Compared to last year's figures, ION's 2005 results for women executive officers reflect a pattern that is similar to that reported for women directors: some positive movement, relatively low percentages, and a few significant steps backward.

Some Positives:

- In Chicago, Georgia and Massachusetts, the percent of women executive officers rose slightly this year.
- Five ION members (Chicago, Georgia, Massachusetts, Philadelphia and Wisconsin) report that the percent of women executive officers in their areas exceeds the percent of women directors; Chicago is the leader with 15.4%.
- In terms of relative financial success, nearly one third of the companies in Chicago include women among their most highly compensated executives; all of the ION members that collected such data report women among the most highly compensated at more than 20% of the companies in their areas.

Some Negatives:

- In Chicago, Philadelphia and Wisconsin, the percent of companies with no women executive officers increased from 2004 to 2005.
- In four areas (Florida, Georgia, Michigan and Philadelphia), more than 50% of the companies have no women executives, and in Michigan, that figure is 79%.

Selected executive officer positions held by women

Region*	Percent of Companies with Women as Chairperson	Percent of Companies with Women as CEO	Percent of Companies with Women as COO	Percent of Companies with Women as CFO
Chicago	0.0%	0.0%	2.0%	14.0%
Florida	0.0%	1.4%	2.7%	4.1%
Georgia	0.5%	2.7%	2.1%	8.6%
Massachusetts	3.0%	1.0%	2.0%	4.0%
Philadelphia	4.0%	4.0%	2.0%	4.0%
Wisconsin	8.0%	6.0%	4.0%	6.0%

* Michigan's Inforum did not collect this information in connection with its 2005 report.

Every area except Chicago reports at least one woman CEO, and all but Chicago and Florida have a woman Chairperson. So, although Chicago has the greatest number and proportion of Fortune 500 companies in its area and also has the highest percentage of both women directors and women executive officers, not one woman has been able to advance to the highest positions of leadership.

On the other hand, Chicago is the only region to report a female presence in a C-level position that rises above a single digit; 14% of the CFOs in Chicago are women.

Time for a Charge

Sarbanes-Oxley requirements, stock market listing standards, white papers from corporate governance organizations and calls from socially responsible investment groups – all have been directing public (and private) companies and their boards to engage in self-evaluation and to improve the ways in which they select new independent directors. For several years now, powerful and respected voices have been heard to sound these themes. Although there has been some progress, its pace has been glacial. In the case of gender diversity in corporate leadership positions, one has to look very hard to find evidence of improvement. Indeed, as some of the statistics in this summary indicate, for every small step forward, there has too often been a big step backward. It is time for a charge – for public company leadership to expend significant energy to create forward momentum.

It should not take increased scrutiny by regulators and the press or yet more dramatic failures of leadership in order to accelerate the process of change. Nominating committees (and those upon whom they rely to provide them with board candidates) should realize by now that if

they truly want what their companies and shareholders deserve – the strongest possible candidates for board openings – they need to broaden their searches for talented independent directors and consider the many qualified women corporate executives and business leaders who have not yet been tapped for board service.

The clout of women in the nation's economy, as investors, consumers, business owners and financial experts, as well as corporate executives, professionals and consultants, makes this the only sensible course of action.

Similarly, renewed energy and commitment are required to recognize and retain the talented women who are currently in the “pipeline” for the most senior executive positions. Corporate boards and chief executives should realize that they can increase the number of able women in the pool for board positions by advancing the women executives in their own companies.

And CEOs should think of their women C-level officers and other high-level executives when they have the opportunity to recommend candidates for board seats.

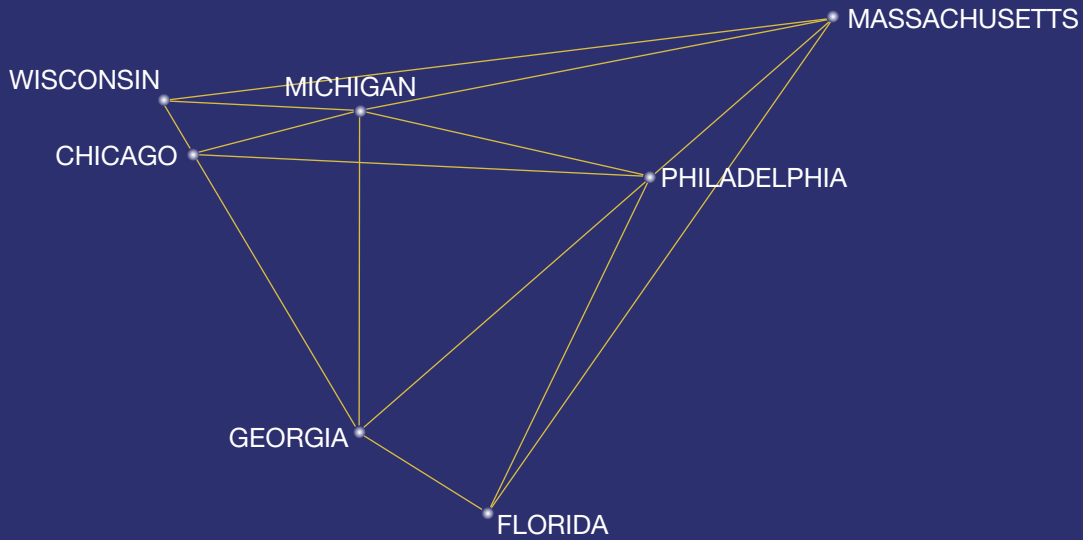
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Acknowledgements

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C O N N E C T I N G
THE DOTS AND
C O M P A R I N G
THE DATA



Board of Directors Network

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The Board of Directors Network, founded in 1993 in Atlanta, Georgia, is a research and advisory organization with the mission "to increase the number of women on corporate boards of directors". BDN is comprised of women and men representing boards of directors, corporations, government agencies, academia, the legal and financial professions, not-for-profit organizations, and the media.

The Boston Club

www.TheBostonClub.com
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The Boston Club is an organization of more than 600 senior executive and professional women that, for 30 years, has promoted the advancement of women in business and the professions. It provides personal and professional development programs, conducts research on issues affecting women in business, and works to increase the participation of women on corporate and nonprofit boards.

The Chicago Network

www.thechicagonetwork.org
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The Chicago Network, now in its 26th year, is an organization of metropolitan Chicago's most distinguished professional women leaders, committed to the success and advancement of women. The Chicago Network's more than 300 members have leading roles in academia, the arts, corporations, entrepreneurial enterprises, government, law, health, science and medicine, not-for-profit, politics and professional service firms.

The Forum of Executive Women

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The Forum of Executive Women is a membership organization of 300 women of influence in Greater Philadelphia. Founded in 1977, The Forum fulfills its mission - to advance women leaders in Greater Philadelphia - by supporting women in leadership roles, promoting parity in the corporate world, mentoring young women, and providing a forum for the exchange of views, contacts, and information.

Inforum Center for Leadership

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Inforum's Center for Leadership accelerates careers through unique leadership development programs that allow women to challenge themselves, take risks, and reach the next level. The Center also conducts and publishes research on women's leadership influence in Michigan, and facilitates the placement of women on corporate boards.

Inforum (formerly the Women's Economic Club) is one of the largest and most prestigious statewide business forums in the nation, with over 2,000 members from a broad cross-section of Michigan's business community.

Milwaukee Women inc

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Milwaukee Women inc, founded in 2002, is the collaborative effort of Milwaukee area executive and professional women seeking to accelerate the advancement of women in key leadership roles and in doing so change the face and quality of leadership. Steering committee participants include representatives from Milwaukee's leading women's professional organizations, as well as corporate, nonprofit and academic leaders.

Women Executive Leadership

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Women Executive Leadership (WEL) is a not-for-profit organization whose purpose is to increase the number of women serving on corporate boards by recognizing and connecting accomplished women and further expanding their influence within their respective business communities. WEL's membership is reflective of executive women of diverse businesses in Florida.

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