

Proxy Voting Issues: A Summary of SBA Voting Guidelines

ISSUE	SBA POLICY	TYPICAL VOTE	SUMMARY OF ISSUE - COMMENTS
<u>Compensation:</u>			
Employee Stock Option Plans	Case-by-Case	For	Favor employee stock incentives, low dilution and broad eligibility.
Long-Term Incentive Plans	Case-by-Case	For	Evaluate dilution levels, grant pricing, performance objectives, etc.
Director Stock Option Plans	Case-by-Case	For	Directors should earn a portion of their retainer in equity payments.
Cap (Limit) Executive Pay	Case-by-Case	Against	Absolute or arbitrary limits are generally disfavored.
Golden Parachutes	Case-by-Case	Against	Evaluate payout amount, structure, change-in-control features.
Director's Fees Paid in Cash/Stock	For	For	Prefer both cash and stock (or stock options).
<u>Anti-takeover Tools:</u>			
Opt out of Takeover Law	For	For	Favor removal of coercive takeover statutes.
Supermajority Requirements	Case-by-Case	Against	Favor simple majority of outstanding shares.
Poison Pills	Against	Against	Favor shareowner approval of pill, with sunset provisions.
<u>General Corporate Governance:</u>			
Limit Right to Call Special Meeting	Against	Against	Disfavor any limits on shareowners rights.
Limit Right to Acy by Written Consent	Against	Against	Disfavor any limits on shareowners rights.
Limit Voting Rights	Against	Against	Disfavor any limits on shareowners rights.
Other Business	Against	Against	Generally disfavor because of catch-all mechanism.
<u>Board of Directors:</u>			
Director Elections	Case-by-Case	For	Evaluate overboarding, committee service, and firm performance.
Classified Board	Against	Against	Favor annual elections for all directors.
Majority of Independent Directors	For	For	Favor majority of independent directors.
Majority on Independent Committees	For	For	Wholly independent committee structures are favored.
Minimum Stock Ownership	For	For	Strongly encourage stock ownership and retention policies.
<u>Capital Structure:</u>			
Restructure/Recapitalize	Case-by-Case	For	Evaluate terms of recapitalization, rationale, etc.
Auditor Approval	For	For	Generally in favor.
Eliminate Preemptive Rights	Against	Against	Favor allowing current shareowners to buy new issues.
Mergers & Acquisitions	Case-by-Case	For	Evaluate purchase premium, synergies, bidding process, etc.
Share Repurchase	Case-by-Case	For	Generally in favor.
Dual Class Stock Authorization	Case-by-Case	Against	Favor one share-one vote principle.
<u>Non-Financial Issues:</u>			
Ceres Principles	For	For	Favor adoption of sound environmental practices.
Energy & Environmental	For	For	Favor basic environmental reporting and efficiency goals.
Equal Employment (EEOC)	For	For	Generally support equal application of employment policies.
N. Ireland (MacBride Principles)	For	For	Favor MacBride Principles, in accordance with Florida Statutes.