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.

It’s Time to Take Charge

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

March 2008
The InterOrganization Network (ION) is a national organization dedicated to the advancement of women to positions of power in the business world, primarily to boards of directors and executive suites of public companies. ION’s members are regionally based organizations of senior business and professional women that, among other things, track women directors and executive officers of public companies in their respective geographic areas. ION provides a national focus and greater visibility for the wide range of activities undertaken by its members and enables them to leverage their resources in order to increase the number and percentage of women who comprise the leadership of corporate America.

In early 2008, ION was delighted to welcome two new member organizations: Financial Women’s Association of New York, Inc. and The Central Exchange of Kansas City, Missouri.1 The research focus of FWA is the New York Metropolitan Area, including parts of New Jersey and Connecticut. The Central Exchange tracks all Fortune 1000 companies based in the states of Kansas and Missouri. With a total of ten members, ION has significantly increased its strength as an important voice for women business and professional leaders across the country.

For the fourth year, this summary report provides a comparison of some key findings made by ION’s individual members in their own annual research. In addition to highlighting trends and variances in these data, this year’s ION report also suggests one set of strategies that we think can accelerate the pace at which American companies add women to their boardrooms. We hope that every reader will join in this effort.

Methodology

Researchers for all ION member organizations collected the data reflected in this report 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 (SEC). With the exception of the data relating to the New York Metropolitan Area, which FWA collected during 2006, all of the data in this report come from 2007 SEC filings. The individual reports of ION’s members differ in terms of the number of companies they include and the extent of the geographic area they encompass. Three studies (Chicago, New York, Philadelphia) cover metropolitan areas; the other seven reports are statewide. The number of companies included range from 36 (Kansas/Missouri) to 400 (California). By using the same definitions and methodology, however, ION’s members have produced comparable results.2

Acknowledgement

ION and its members gratefully acknowledge the support of KPMG, our founding sponsor.

KPMG

1 The other eight members of ION are: Board of Directors Network in Atlanta; The Boston Club; The Chicago Network; The Forum of Executive Women in Philadelphia; the Forum for Women Entrepreneurs and Executives and The Graduate School of Management at the University of California Davis; Inforum in Detroit; Milwaukee Women inc (inclusive); and Women Executive Leadership in Fort Lauderdale.

2 The reports of all ten ION members contain more detailed information, analysis and discussion. They can be found on the websites of the individual members and can be accessed through ION’s website as well. See back cover for more information.
A State of Inertia

The data collected by the ten members of ION paint a disheartening picture of the extent to which America’s corporations have been welcoming women into their boardrooms and executive suites. As a snapshot of the current state of affairs, ION’s research shows that too many public companies continue to operate with homogeneous groups of directors and top management and that too few have included among their leaders enough women and minority individuals to fully realize the benefits that true diversity offers.

As a picture of movement over time, the ION data suggest that we are in a state of inertia in which there is little disposition to change or move ahead. Although ION’s four annual reports show modest overall progress, the changes from year to year have been minor. Further, this high level picture masks some worrisome trends. For every gain, there appears to be a loss. Some of these variances appear within the same region (e.g., more women directors, but also more companies with no women directors; more women executive officers, but fewer women directors). Others appear among regions (e.g., improvement in one city or state, a step back in another). Further, some ION members are finding that the largest companies in their regions – those that traditionally have had the highest percentage of women directors – are losing ground. Finally, in some regions, a growing number of public companies appear to be satisfied with the presence of a single woman director or executive officer, while only those companies that already have a critical mass of women leaders continue to add more women to their ranks. These data raise warning signals and suggest that concerted action is necessary in order to set a more positive course for the future.

There is a clear disconnect between ION’s research results and the growing chorus of those who recognize the benefits of diversified leadership. During the past year, articles in the business press, corporate governance periodicals and academic journals have pointed out the advantages of adding women to corporate boardrooms and executive suites. Catalyst’s recent report found that on three different measures of financial performance (return on equity, return on sales and return on invested capital), those Fortune 500 companies with the highest percentage of women directors outperformed those with the lowest percentage by 53%, 42% and 66% respectively. Pepperdine University researchers found 51% of the investors they interviewed think having women directors is relatively important in their decision about whether to invest in a company. In Norway, where by statute all listed companies are required to elect women to 40% of their directorships, 37% of all board seats at companies listed on the Oslo stock exchange were filled by women as of December 2007. According to Gerhard Heiberg, former President of a major Norwegian company who led the effort to identify talented women to join the board of that company and its several publicly traded portfolio companies even before the law passed, the addition of several women directors improved corporate governance.

In light of the increasing challenges posed by a downturn in the national economy, coupled with explosive growth in other areas of the world, American companies simply cannot afford to continue to do “business as usual” when it comes to recruiting new directors and planning for management succession. The need for corporate leaders to pay more attention to critical stakeholders – for example, those who comprise key markets – has, if anything, become even more compelling. Enlightened leaders should be thinking about the combination of skills, experience, quality of mind, values and character that will help companies meet these challenges and emerge with the kind of strategic vision and mindset that are keys to success in the 21st century. They should also be tapping into the pool of talented women who meet this description and bringing into the boardroom the fresh perspectives that are so sorely needed. That is a sure fire way to end this state of inertia.
Women on Corporate Boards

Percent of Board Seats Held by Women

<table>
<thead>
<tr>
<th>Region</th>
<th>Women (as % of total)</th>
<th>Women (as % of total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>California (500)</td>
<td>9.4%</td>
<td>14.5%</td>
</tr>
<tr>
<td>Chicago (50)</td>
<td>8.0%</td>
<td>14.3%</td>
</tr>
<tr>
<td>Florida (150)</td>
<td>7.4%</td>
<td>11.9%</td>
</tr>
<tr>
<td>Georgia (175)</td>
<td>11.5%</td>
<td>11.0%</td>
</tr>
<tr>
<td>Kansas/Missouri (36)</td>
<td>9.8%</td>
<td>16.6%</td>
</tr>
<tr>
<td>Massachusetts (100)</td>
<td>10.4%</td>
<td>12.3%</td>
</tr>
<tr>
<td>Michigan (100)</td>
<td>12.0%</td>
<td>12.0%</td>
</tr>
<tr>
<td>New York (100)</td>
<td>10.4%</td>
<td>12.0%</td>
</tr>
<tr>
<td>Philadelphia (100)</td>
<td>12.3%</td>
<td>12.0%</td>
</tr>
<tr>
<td>Wisconsin (50)</td>
<td>14.8%</td>
<td>15.3%</td>
</tr>
</tbody>
</table>

(number of companies in parentheses)

Percent of Companies with NO Women Directors

<table>
<thead>
<tr>
<th>Region</th>
<th>Women (as % of total)</th>
<th>Women (as % of total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>California (100)</td>
<td>47.0%</td>
<td>11.8%</td>
</tr>
<tr>
<td>Chicago (50)</td>
<td>8.0%</td>
<td>14.3%</td>
</tr>
<tr>
<td>Florida (150)</td>
<td>51.0%</td>
<td>14.3%</td>
</tr>
<tr>
<td>Georgia (175)</td>
<td>51.4%</td>
<td>14.3%</td>
</tr>
<tr>
<td>Kansas/Missouri (36)</td>
<td>37.0%</td>
<td>13.9%</td>
</tr>
<tr>
<td>Massachusetts (100)</td>
<td>41.0%</td>
<td>37.0%</td>
</tr>
<tr>
<td>Michigan (100)</td>
<td>41.0%</td>
<td>37.0%</td>
</tr>
<tr>
<td>New York (100)</td>
<td>40.0%</td>
<td>12.0%</td>
</tr>
<tr>
<td>Philadelphia (100)</td>
<td>32.0%</td>
<td>14.3%</td>
</tr>
<tr>
<td>Wisconsin (50)</td>
<td>11.8%</td>
<td>14.3%</td>
</tr>
</tbody>
</table>

(number of companies in parentheses)

- Six of the eight ION members that provided data for both 2006 and 2007 showed improvement in terms of the percentage of women on the boards of the companies in their areas. However, four of the eight (Chicago, Florida, Michigan and Wisconsin) also reported an increase in the percentage of companies in their regions with no women directors.

- The 100 largest public companies in the New York Metropolitan Area had the greatest percentage of women directors (16.6%) of all ION members, and only 12.0% of those companies lacked any women on their boards, second to Chicago (8.0%) and slightly better than Kansas/Missouri (13.9%). Those three regions also boasted the highest proportion of Fortune 1000 companies.

- Only two regions (Chicago and Florida) reported an increase in the percentage of women on the boards of their F500 companies from 2006 to 2007. However, the percentage of F500 companies with no women directors increased in five regions over the past year, remained level in two and only decreased in Chicago which reported that all F500 companies had at least one woman on the board. In 2006, Massachusetts and Wisconsin held that distinction. This year, however, both states reported F500 companies with no women on their boards.

- Kansas/Missouri, new to ION this year, also reports all F500 companies with at least one woman director in 2007.

- Data from Catalyst’s Fortune 500 census is included for comparison of regional figures to the nationwide F500.

7 New York’s figures are for 2006, whereas the others are for 2007. When viewed in comparison to the 2006 figures reported by the other eight ION members for 2006, however, the relative standing of New York is unchanged.

Women Directors of Color

- All eight ION members that collected information about women directors of color in 2006 did so again this year. Although there were slight variations in the data reported by most ION regions, women of color continue to hold very few board seats.
- Women of color constitute between 6.5% and 24.7% of all women directors in these eight regions, compared to a range of 8.0% to 27.0% last year. Massachusetts and Wisconsin are the only ION regions in which women directors of color held greater percentages of both total board seats and all seats filled by women in 2007, compared to 2006.

Companies with 25% or More Women Directors

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Women Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>California</td>
<td></td>
</tr>
<tr>
<td>Bebe Stores Inc.</td>
<td>(42.9%)</td>
</tr>
<tr>
<td>Hot Topic Inc.</td>
<td>(42.9%)</td>
</tr>
<tr>
<td>Guess Inc.</td>
<td>(37.5%)</td>
</tr>
<tr>
<td>Jack In The Box Inc.</td>
<td>(37.5%)</td>
</tr>
<tr>
<td>McKesson Corp.</td>
<td>(37.5%)</td>
</tr>
<tr>
<td>California (400)</td>
<td>3.4%</td>
</tr>
<tr>
<td>Chicago (50)</td>
<td>0.7%</td>
</tr>
<tr>
<td>Florida (150)</td>
<td>1.1%</td>
</tr>
<tr>
<td>Georgia (175)</td>
<td>0.9%</td>
</tr>
<tr>
<td>Kansas/Missouri (36)</td>
<td>1.1%</td>
</tr>
<tr>
<td>Massachusetts (100)</td>
<td>1.2%</td>
</tr>
<tr>
<td>Michigan (100)</td>
<td>1.0%</td>
</tr>
<tr>
<td>Philadelphia (100)</td>
<td>1.0%</td>
</tr>
<tr>
<td>Wisconsin (50)</td>
<td>2.0%</td>
</tr>
<tr>
<td>Nationwide (500)</td>
<td>3.0%</td>
</tr>
</tbody>
</table>

- Four of the eight ION members that provided data for both 2006 and 2007 (California, Chicago, Georgia and Wisconsin) reported increases in the number of companies in their regions that had boards of 25% or more women. There was no change in Massachusetts or Philadelphia and slight decreases in Florida and Michigan.
- Again this year, only two of these eight ION members report a company with a board on which women comprise a majority of all directors and five report at least one company in their regions with 40% or more women directors, compared to six last year. Adding New York to those who reported last year brings the total to six regions reporting at least one company with 40% or more women directors.

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9 FWA did not collect this information; as a new member of ION, The Central Exchange only reported data for 2007.
10 FWA as a new member of ION only had 2006 data for companies with 25% or more women.
The companies included in the California, Georgia, and Michigan studies had higher percentages of women executives than women directors. Chicago, Kansas/Missouri, Massachusetts, New York and Philadelphia reported higher percentages of women directors than women executives. The figures were identical for Wisconsin’s women directors and executive officers.

Four ION members (California, Chicago, Georgia and Michigan) report percentages that exceed the percentage of women among the most highly compensated executive officers of all Fortune 500 companies.12

Three ION regions, Chicago, Michigan and Wisconsin, report that at least 30% of their companies include women among their most highly compensated executives; last year California, Massachusetts and Wisconsin held that distinction. In every region, the percentage of companies without women among their top compensated executives greatly exceeds the percentage of companies with no women executive officers, suggesting a significant pay gap between male and female executives.

Among the eight ION members that provided this data for both 2006 and 2007, five (Chicago, Florida, Georgia, Michigan, and Philadelphia) reported an increase in the number of women among the top compensated executive officers in their regions, while three (California, Massachusetts and Wisconsin) reported a decrease. Although Chicago, Florida, Georgia, Michigan and Philadelphia reported lower percentages of companies with no women among the most highly compensated executives, the comparable numbers in California, Massachusetts and Wisconsin were higher.

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Women Executives and Women
Top Compensated Executive Officers11

<table>
<thead>
<tr>
<th>Region (number of companies in sample)</th>
<th>Percent of Executive Officers Who Are Women</th>
<th>Percent of Companies with NO Women Executive Officers</th>
<th>Percent of CEOs Who Are Women</th>
<th>Number of Women/Men</th>
<th>Percent of Women</th>
<th>Number of Companies with NO Women</th>
<th>Percent of Companies with NO Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>California (400)</td>
<td>11.6%</td>
<td>49.8%</td>
<td>3.3%</td>
<td>147/1747</td>
<td>7.8%</td>
<td>283</td>
<td>70.7%</td>
</tr>
<tr>
<td>Chicago (50)</td>
<td>13.8%</td>
<td>24.0%</td>
<td>4.0%</td>
<td>21/220</td>
<td>8.7%</td>
<td>31</td>
<td>62.0%</td>
</tr>
<tr>
<td>Florida (150)</td>
<td>NA</td>
<td>NA</td>
<td>2.0%</td>
<td>42/714</td>
<td>5.6%</td>
<td>113</td>
<td>75.3%</td>
</tr>
<tr>
<td>Georgia (175)</td>
<td>9.2%</td>
<td>61.1%</td>
<td>1.7%</td>
<td>52/715</td>
<td>6.8%</td>
<td>130</td>
<td>74.3%</td>
</tr>
<tr>
<td>Kansas/Missouri (36)</td>
<td>9.3%</td>
<td>44.4%</td>
<td>0.0%</td>
<td>7/180</td>
<td>3.7%</td>
<td>30</td>
<td>83.3%</td>
</tr>
<tr>
<td>Massachusetts (100)</td>
<td>10.9%</td>
<td>47.0%</td>
<td>2.0%</td>
<td>32/473</td>
<td>6.3%</td>
<td>71</td>
<td>73.2%</td>
</tr>
<tr>
<td>Michigan (100)</td>
<td>11.6%</td>
<td>45.0%</td>
<td>0.0%</td>
<td>35/455</td>
<td>7.1%</td>
<td>69</td>
<td>69.0%</td>
</tr>
<tr>
<td>New York (100)</td>
<td>9.7%</td>
<td>65.0%</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Philadelphia (100)</td>
<td>8.7%</td>
<td>61.0%</td>
<td>3.0%</td>
<td>33/476</td>
<td>6.5%</td>
<td>72</td>
<td>72.0%</td>
</tr>
<tr>
<td>Wisconsin (50)</td>
<td>12.3%</td>
<td>38.0%</td>
<td>6.0%</td>
<td>16/234</td>
<td>6.4%</td>
<td>35</td>
<td>70.0%</td>
</tr>
</tbody>
</table>

11 Florida did not identify the percent of executive officers who are women or the percent of companies with no women executive officers; New York provided only the percent of executive officers who are women.

It’s Time to Take Charge
by asking “Where are the Women?”

Over the past several years, shareholder activists have shown that concerted action gets results. Led by the building trades unions, institutional investors have succeeded in campaigns to replace plurality voting for directors with majority voting and to declassify boards of directors so that all directors are elected annually.13 While these changes have created more opportunities for new independent directors to join corporate boards, the data in this report demonstrate that it is not enough to simply create opportunities. Shareholders must demand greater board diversity from CEOs, board chairs, lead directors, nominating committee chairs and other board members.

ION believes that it is high time for women and their allies to become more assertive in pursuit of gender diversity on America’s boards of directors. One way to do so is by exercising the power of their proxies. The time is clearly ripe for such action. Individual shareholder campaigns that target directors who do not meet shareholder standards of good governance may be facilitated by the electronic shareholder forums contemplated by the SEC’s new Rule 14a-18.14 Already, shareholder pressure on mutual funds to exercise their proxies more independently in shareholder elections has led even the largest mutual funds that historically voted with management to withhold their votes for directors who approve excessive compensation packages or who do not attend 75% of all board meetings.15 The proposed elimination of brokers’ ability to vote uninstructed shares in favor of management’s nominees in uncontested elections is likely to further increase the power of shareholders to affect board composition.16

There is mounting evidence that corporate leaders are starting to listen to their shareholders on governance issues, including board composition. Some companies have formed advisory committees as a vehicle for large shareholders to provide input; other’s boards meet periodically with shareholder representatives.17 And while many of these practices are geared to institutional investors, there are signs indicating that the voices of small shareholders also are getting through to corporate board members.18

It is a simple matter to make one’s voice heard, regardless of the size of one’s investment and regardless whether one owns shares in a public company directly or through mutual funds. In order to encourage shareholders to exercise their proxies and otherwise express their view that women belong on corporate boards and in executive suites, ION has developed and has posted to its website (www.IONWomen.org), a detailed “how to” guide – WHERE ARE THE WOMEN? - that also includes suggested ways to communicate with companies and mutual funds on issues of concern.

It is easy to become part of the solution to the problem of inertia……and now is the time to do so.

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16 The SEC has not yet acted on an amendment of NYSE Rule 452 proposed by the New York Stock Exchange and supported by the Council of Institutional Investors and other proponents of good corporate governance practices.


18 See comments of Bonnie Hill at the 2007 NACD Corporate Governance Conference (“Small shareholders write to us all the time – and we have an obligation to respond no matter how large or small…small shareholders getting together on Yahoo and Motley Fool add up to big shareholders”). NACD - Directors Monthly (Dec. 2007) p. 17.
BOARD OF DIRECTORS NETWORK
www.boarddirectorsnetwork.org  info@boarddirectorsnetwork.org
PO Box 550427 • Atlanta, GA 30355 • 770-489-6689
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 in
executive leadership and 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  info@thebostonclub.com
PO Box 1126 • Marblehead, MA 01945 • 781-639-8002
The Boston Club, founded in 1976, is an organization of more than 600 senior
executive and professional women that promotes 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 CENTRAL EXCHANGE
www.centralexchange.org  ellen@centralexchange.org
1020 Central Street • Kansas City, MO 64105 • 816-471-7560
The Central Exchange was formed in 1980 to promote the personal and professional
development of women with emphasis on leadership training. It has more than
1,000 members from throughout the Kansas City metropolitan area. The Central
Exchange presents personal and professional development programs almost daily
at two locations in the area, as well as an annual one-day women’s leadership
conference and an intensive, one-year development program for emerging women
leaders.

THE CHICAGO NETWORK
www.thechicagonetwork.org  a.osler@thechicagonetwork.org
211 East Ontario, 17th Floor • Chicago, IL 60611 • 312-787-1979
The Chicago Network, now in its 29th 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.

FINANCIAL WOMEN’S ASSOCIATION of NEW YORK
www.FWA.org  Fwaoffice@FWA.org
215 Park Avenue South, Suite 1713 • New York, New York 10003 • 212-533-2141
Founded in 1956, the Financial Women’s Association (FWA) is a leading executive
organization of over 1,000 women and men committed to shaping leaders in business
and in boardrooms. The FWA serves its members through educational programs and
networking opportunities, and serves the community through its nationally acclaimed
scholarship, mentoring and training programs.

FORUM for WOMEN ENTREPRENEURS and EXECUTIVES/UNIVERSITY of CALIFORNIA DAVIS
www.fweande.org  info@fweande.org
2475 Hanover Street • Palo Alto, CA 94304 • 650-388-8189
The Forum for Women Entrepreneurs and Executives and the Center for Women
and Leadership at the Graduate School of Management, University of California Davis
formed an alliance in 2006 to promote research on women business leaders in
California. Founded in 1993, FWE&E is the premier women’s leadership organization
in the San Francisco Bay Area accelerating the success of women entrepreneurs and
executives in business by providing networking and collaboration opportunities.

THE FORUM of EXECUTIVE WOMEN
www.foew.com  info@foew.com
1231 Highland Avenue • Fort Washington, PA 19034 • 215-628-9944
The Forum of Executive Women is a membership organization of 300 women
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
www.inforummichigan.org  tbarclay@inforummichigan.org
Orchestra Place • 3663 Woodward Ave, Suite 4-1610 • Detroit, MI 48201-2403 • 313-578-3230
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 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
www.milwaukeewomeninc.org  info@milwaukeewomeninc.org
4840 South Waterview Court • Greenfield, WI 53220 • 414-305-7042
Milwaukee Women inc, founded in 2002, is the collaborative effort of Milwaukee’s
leading women’s professional organizations, as well as corporate, nonprofit and
academic leaders.

WOMEN EXECUTIVE LEADERSHIP
www.womenexecutiveleadership.com  info@womenexecutiveleadership.com
450 E. Las Olas Boulevard • Suite 750 • Fort Lauderdale, FL 33301 • 954-462-4730
Women Executive Leadership (WEL) advocates, educates and connects accomplished
women. WEL is a not-for-profit organization whose primary purpose is to increase the
number of women 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.