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## U.S. Executive Pay Structure and Metrics

### Summary Opinion

Moody's believes the structure of executive pay affects credit quality and therefore comments on it in our Corporate Governance Assessment reports. Executive pay structures sometimes include incentives that increase credit risk, and undisciplined pay patterns may suggest senior management's accountability to the board of directors is weak.

In evaluating pay plans, we tend to comment favorably if they show:

- **A long-term orientation** in pay structure and practice.
- **A clear connection between pay structure and company strategy.**
- **Moderation in potential pay outcomes.** Outsized rewards, particularly to an organization's leader, can invite inordinate risks centered on the vehicle or metric that potentially delivers such value, and may be inappropriate for managers as opposed to founders/entrepreneurs.
- **Restraint in the use of stock options.** If overemphasized, stock options can present opportunities to executives that are too highly geared, in our view, and at times encourage excessive focus on share price. We generally view the use of restricted shares more favorably.
- **Balance in performance metrics,** limiting the extent to which metrics may be gamed, and taking bondholder interests into account. Generally, we are inclined to view favorably plans that make relatively greater use of creditor-friendly metrics such as cash flow and return on assets, and place less emphasis on earnings per share (EPS) and total shareholder return (TSR). That said, the optimal mix of metrics will depend on the industry and the particular circumstances of the company.
- **Discipline in pay practice over time.** Does the board compensation committee appear to have a disciplined approach, or do executives get substantial rewards even when performance is poor?
- **Clarity of pay structure,** although having balance in a pay structure is more important than using a single performance metric just for the sake of clarity.
- **Relative balance in pay between top executives.** A notably sharp differential between CEO pay and disclosed compensation of other top executives may indicate key person risk around the CEO, potential succession challenges, and the possibility of inordinate power and responsibility lodged in the CEO position.
- **Quality in pay structure disclosure and decision-making** and evidence that the compensation committee of the board shows strength and independence.

Many companies have attributes and rules that may offset our concerns, including executive stock ownership requirements and/or patterns, long vesting in equity awards, holding periods for shares gained through equity awards, and stock sale restriction policies. Long-term stock ownership—particularly where such ownership is required while the executive remains employed at the company (or beyond)—can help assure that executives look to the long-term interests of the entity itself, which we believe will tend to protect creditors. Conversely, aggressive executive sale of shares can increase concerns about a potential focus on short-term gains, as can particularly short vesting periods for option awards. Hedging against holdings in company stock would also be of concern to the extent it is allowed, given that such hedging undoes the intended alignment of interests between managers and long-term shareholders.

This special comment discusses how Moody's evaluates executive pay structure and metrics when assessing corporate governance, particularly of U.S. companies. It does not cover certain related topics, including executive retirement plans; severance and change-of-control agreements or payments; and compensation of outside directors.

## WHY EXECUTIVE COMPENSATION IS IMPORTANT TO CREDIT QUALITY

Understanding executive pay is important in corporate credit analysis for three reasons. First and foremost, incentives for the key leaders help to shape company policies and performance pressures. Managers of corporations have broad powers and a wide range of discretion. Boards typically offer managers substantial and elaborate financial incentives (particularly in the United States) in significant measure to encourage certain priorities and types of behavior.

Second, effective compensation policies are important for executive recruitment and retention. Much of the general commentary on executive pay in the U.S. market (outside of human resources and compensation fields) focuses on the perceived high level of pay. Excessive pay raises governance issues, but investor interests also can be harmed by executive remuneration policies that fail to attract and retain effective leadership.

Third, where disclosure on executive compensation is reasonably good (as in the United States, Canada and certain other markets), pay practice can provide some visibility into the relationship between the board of directors and senior management, and on whether management is in fact accountable to the board. Unusually high pay can signal a weak board, particularly if pay levels have limited relationship to performance.

A 2005 Moody's study, *CEO Compensation and Credit Risk*, found an empirical relationship between (1) outliers that pay very high levels of bonus and stock option pay in comparison with peers and (2) subsequent realized credit risk. While the study did not demonstrate causation, we believe that a likely factor in this linkage is the degree to which unusually high executive pay can reflect weak board oversight. Excessive pay can also promote riskier strategies.

It is important to note that shareholders and creditors are likely to have different views on optimal pay structure due to their differing risk appetites and financial requirements. In Corporate Governance Assessments (CGAs), we take a long-term bondholder viewpoint. Therefore, we tend to favor plans that promote a disciplined attitude about leverage and discourage risky, short-term strategies highly focused on share price.

## PARAMETERS OF OUR ANALYSIS

Moody's CGAs typically focus on the impacts of executive pay on executive and, in turn, company behavior, rather than direct effects on cash flow. At most large companies, spending on compensation for the top five-paid executives (those listed in proxy statements) will be a limited portion of overall corporate expense.<sup>1</sup> Instead, the broad discretion and power of corporate managers makes the potential behavioral effects of their compensation the main credit issue.

Thus from our creditor perspective we tend to be critical of pay that relies heavily on stock options, even though the direct cash flow-related consequences of paying an executive in options are positive for the enterprise (since the exercise of options brings in cash, the amount depending on type of exercise).<sup>2</sup> The direct cost is borne entirely by shareholders through share dilution, rendering use of options as good for bondholders in a narrow sense (except that companies typically repurchase shares to counteract the dilution). However, any limited cash flow advantage is trumped by increased managerial risk appetites and other negative behavior that can be associated with excessive reliance on options, and we believe this to outweigh any positive effects on company cash positions.

In CGAs, Moody's analyzes pay on a company-by-company basis. Circumstances set the context for pay. A board challenged to find a turnaround specialist as CEO, for example, is likely to make a more generous offer than if the executive faced calmer circumstances and less risk in accepting an offer. Boards of distressed companies (or those that otherwise are in need of new leadership) also typically offer make-whole payments, particularly to CEOs they recruit. Make-whole payments offered to seasoned executives are often sizable and thus vulnerable to criticism in the press and from some shareholder-oriented groups. We believe such payments may be rational (assuming the board recruited the right individual), particularly in a distressed situation.

We comment relatively infrequently on the actual size of an individual executive's total pay as sheer amount is not a primary concern. (We have commented at times on outliers that pay well above the norm, which we believe may indicate a weak board.) However, the pay differential between the CEO and other executives may be of interest, in that a large differential can indicate that the CEO plays a particularly important role in the enterprise, raising questions on key person risk and whether the CEO has excessive authority. Generally speaking, when CEO pay is more than triple that of any other executive named in the proxy statement, we see a red flag for a potential concern.<sup>3</sup>

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1. Top executive pay of course reflects and may influence pay of the broader management group and even beyond, however, which is more often a large company expense even at bigger companies.

2. The positive effect on cash flow is even greater when compared to the outflow that would be caused by equivalent cash pay.

As a general matter, U.S. executive pay levels have escalated substantially in the last 20 years, and are significantly higher than those of many other markets. This may reflect low levels of political and other constraints on executive pay relative to other markets, and greater latitude for a free market for executive talent. However, the pattern also could indicate weakness in U.S. board oversight of compensation. In either case, where pay—particularly for the CEO—is high, there are bigger stakes in remuneration design, and pay metrics deserve greater scrutiny from investors. High absolute levels of pay create stronger incentives—at best to boost company performance, and at worst to manipulate earnings and capital structure to maximize shorter-term share price and reported earnings.

At times, we have questioned the practice of many U.S. companies to target overall pay or components of pay at the 75<sup>th</sup> percentile, which (given the near-total absence of companies targeting below median) tends to ratchet up pay levels. Correlating compensation to the 75th percentile also may reflect a lack of board discipline by paying out more than is necessary for retention and recruitment. Conversely, as noted above, we are concerned in some cases in which executive pay falls short of what is necessary for effective retention, a pertinent issue for companies under political pressure to minimize executive pay (e.g., at some utilities and at companies under stress such as airlines).<sup>4</sup>

In CGAs Moody's assesses the dynamics of pay for senior executives generally, but we tend to focus more attention on the CEO. A reason for this is that analyzing comparability between companies is more difficult below the CEO level (with organizational structures and responsibilities varying considerably). We also take the view that subordinates can be highly motivated around what they perceive as the financial interests of their managers, with the tone of the organization strongly affected by the pay potential at the very top of the organizational pyramid.

### Improved Disclosure Aids Critical Analysis

The level of detail and discussion about executive pay in company disclosure can speak to a board's culture of openness, or lack thereof. Poor disclosure impedes the ability of investors and analysts to interpret potential implications of pay for shareholders or bondholders. The Securities and Exchange Commission (SEC) has proposed revisions to executive compensation disclosure for U.S.-listed companies. Changes would include a revised compensation table incorporating a dollar-figure estimate of total pay for the five most highly paid senior executives (including value of stock options awarded and incremental value in retirement plans). The proposal also would require a compensation discussion and analysis section designed to explain the purpose and terms of each aspect of executive pay, replacing the compensation committee report.<sup>1</sup> Moody's generally views these changes as useful in promoting understanding and comparability. Nevertheless, companies will retain substantial discretion when describing compensation programs, and we would anticipate the usefulness of reporting on executive pay to continue to vary widely.

Under current rules, some companies offer better explanations than do others of pay rationale, and the terms and conditions for annual bonuses and long-term pay. For example, some companies provide laundry lists of potential factors used in awarding bonuses, without shedding much light on which metrics are being used and how important each is in setting pay. Few companies provide the names of the peers they used as a comparison group when setting executive pay (a group that normally will differ from the performance peer group used for purposes of the proxy statement performance graph). We view providing this information as helpful and are doubtful of claims that the information should remain confidential for competitive reasons.

1. This proposed new report is patterned on the management discussion and analysis. Unlike the existing compensation committee report, which it would replace, the new section would be considered "filed" with the SEC and therefore subject to disclosure and liability provisions of securities laws, including CEO/CFO certification.

## STRUCTURE OF PAY

When considering executive pay, CGAs usually focus more on its long-term components, which typically account for the largest part of senior executive pay in North America, particularly for the CEO. Where short-term pay dominates, we may question whether management is properly focused on the longer term. Despite our general preference for long-term pay, this typically is the component of compensation that most focuses on alignment with shareholders, and at times long-term pay offers the potential for outsized payouts and realized value. From a creditor standpoint, these factors can raise concerns.

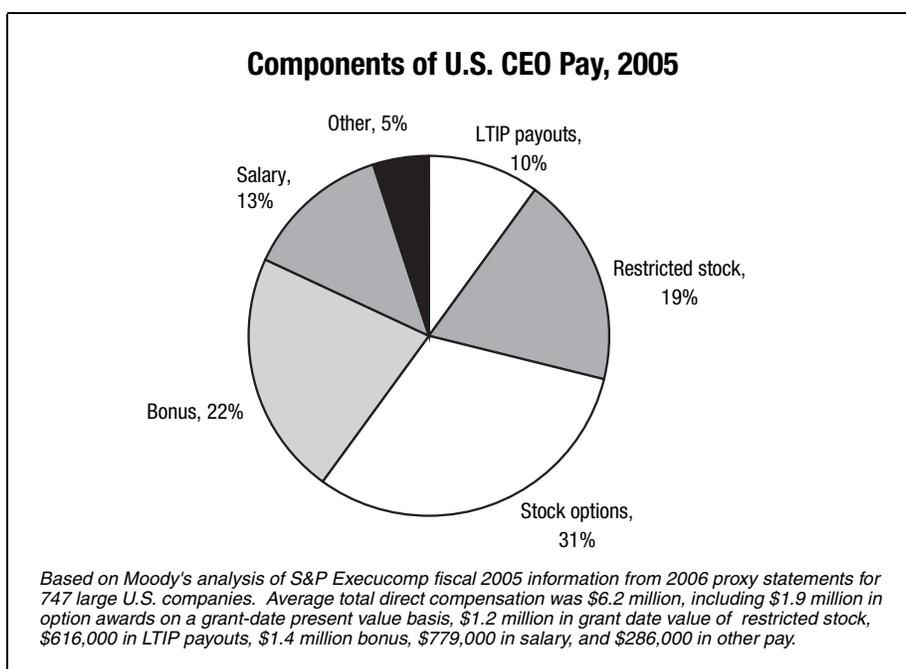
3. On average at the top 50 U.S. companies, the second-most-highly-paid executive named in the proxy statement table earned 49% of the chairman/CEO's pay in 2004, according to Moody's analysis of Equilar data. This excludes four companies at which the CEO earned less than another named executive officer and two companies with distortions due to change of CEO in the year, as well as one company that is parent of another company in that group.

4. Executive pay is complicated in such settings, however, in that the negative effects of alienating regulators and rate-setters, or employees generally in a turnaround situation, can be severe. Pay sacrifice on the part of business leaders relative to otherwise high prevailing remuneration levels may be necessary in these contexts.

In CGAs, we tend to voice a preference for a balanced approach to incentive pay that uses multiple metrics over an approach that seeks clarity through use of a single metric, although we acknowledge that transparency of pay can suffer from the more complex, balanced approach. A pay scheme focused on just one dimension of company success is more likely to be gamed in a manner that is destructive to bond holders in the longer term.

Most North American companies pay salary, annual bonus, and a longer-term element. Together, these three elements should have the scope necessary to provide balanced pay, and we tend to be skeptical of boards adding additional types of pay—e.g., large perquisites, special bonuses for accomplishing one-time goals, and frequent use of retention bonuses for the most senior executives. Bonus payments for executing acquisitions may raise red flags in particular, especially to the extent that they simply reward doing the transaction, and are not predicated on successful integration. Such payments can reward ill-conceived acquisitions that increase leverage, deplete cash flow, and expose a firm to substantial integration risk.

Companies make long-term incentive plan payouts in either cash or shares, or both. Moody's CGA commentary generally has been agnostic on form of payout except to the extent that we do view significant executive stock ownership as positive. Clearly, payouts from long-term plans keyed to achievement of performance goals can be one method to build strong share ownership, depending in part on whether executives in fact hold on to the shares they gain.



### **Stock options**

Most large U.S. companies make substantial awards of standard fixed-price stock options—or in some cases stock appreciation rights (SARs)—in providing long-term compensation to senior executives. We believe the stock option (or SAR) is a useful tool as one element in executive compensation. However, rich option packages that are the main focus of an executive's pay can offer huge upside potential based on share price, which we believe can influence the executive's decision-making in a manner counterproductive to bondholders, for the following reasons.

First, executives who receive large option grants can have much to gain personally if the company boosts share price through repurchase of shares and/or through structuring acquisitions leading it to rely more on debt and less on a dilutive issuance of stock. Such an incentive is greater for a given value of stock options than for the equivalent present value delivered in restricted shares—a function of the more highly levered nature of options. Restrictions on executive stock sales, long vesting, holding periods for stock gained through exercise of options, strong executive stock ownership requirements, or patterns of limited sales of stock by key executives all reduce our concerns somewhat on this point.

Second, options can stimulate a strong appetite for risk since they have no value unless the stock price increases above the strike price. This can be particularly true if an executive has a build-up of past option awards that are underwater (that is, with exercise prices in excess of the current share price). Infrequent mega-grant awards (rather than smaller annual awards) can further accentuate some of the worst aspects of stock options, producing value for the exec-

utive based on the luck involved in the selection of the award date, and creating even greater potential for encouraging big risks, depending on share price developments.

Third, where options are underwater, they can become a destabilizing force in executive retention, which is why some companies make up for weak realized value from options by doubling-up on new option awards, effectively repricing options, or making some other kind of special retention grant in the face of underwater options. We believe that some boards are reluctant to see their executives punished when options fail to deliver value. This negative effect on retention would not be so worrisome if the outcomes were simply a matter of poor performance for shareholders, since presumably a change of management is appropriate in those situations where the executives are to blame. However, option outcomes depend on broad market trends, so management can be punished by poor equity trends, or benefit from positive market movements that have little to do with their performance.

As noted below, there has been a shift at some companies from standard fixed-price stock options to use of restricted shares as well as options with performance requirements. There are other alternatives on the standard fixed-price stock option vesting ratably over three years (the most common vesting schedule), including extended vesting schedules, options granted at a premium price and holding periods for shares gained in option exercise.

- **Longer vesting:** The most common form of vesting is based only on the passage of time, with options vesting in equal installments over three years. Some companies use longer vesting, for example, four years or more, at least for the most senior executives. Others sometimes rely on a “cliff” vesting (e.g., with all options vesting after five years). All things being equal, longer vesting periods for the most senior executives are better suited to encouraging a long-term orientation in their management practices. We are somewhat wary of cliff vesting, however, particularly if there is a pattern of infrequent, large mega-grants rather than roughly equal annual awards. This can create a focus on share prices at particular dates.
- **Holding requirements for shares gained in option exercise:** In recent years, a number of companies have established requirements that executives hold shares gained in option exercises (minus shares used for cost of exercise and for taxes). The holding period varies, but at some companies is one year. These policies help extend the horizon of executive interest in stock options, and we view them as useful.
- **Performance vesting:** Increasingly, performance hurdles are attached to vesting schedules (e.g., making vesting contingent on meeting a target, such as EPS goals, beating an industry group on TSR, or share price hurdles). This can supercharge an options award, which again raises concerns on the potential for huge upside leverage and strong focus on meeting the particular goal, at the expense of maintaining overall strong, long-term performance. Boards also sometimes supercharge options by offering accelerated vesting if certain goals are met.
- **Premium-priced options:** Boards can make options more performance-sensitive by pricing them at a premium to the grant date share price. We have reservations about this approach because it can make the awards more highly levered than standard options. In some cases, the premium is relatively small given the period of time involved, however, limiting the impact for good or ill.
- **Indexed options:** Another rarely-used approach that some shareholders encourage is the indexed stock option, which has value or not depending on company share price performance against either a broad market or industry index. This takes the randomness out of option rewards—a big plus—but at the cost of (1) particularly high leverage in the award and (2) complexity that can make it difficult for the executive, the board compensation committee, and outside stakeholders to understand value and potential payouts. For these reasons, we are skeptical about true indexed options.

### Options Backdating

In recent months, U.S. government agencies have made inquiries of at least 25 companies on the integrity of past stock option grants, including at least eight companies rated by Moody's. The inquiries concern whether the companies “backdated” awards to provide exercise prices lower than those on date of actual grant, providing undisclosed benefit to executives. Moody's believes the controversy raises questions at these companies on:

- Leadership going forward, with the possibility of executive resignations (as has occurred at some non-rated issuers).
- Quality of corporate governance and financial controls, and aggressiveness of corporate culture.
- Potential for reputational damage.

The controversy also poses some financial risk in the potential for fines and shareholder litigation, although we believe the probability of material restatements affecting our view of current financial health of the companies is minimal.

For discussion of this issue, see [Moody's Special Comment, Stock Option “Backdating,” June 2006 \(97760\)](#).

## ***Restricted shares***

We view favorably the recent trend toward greater reliance on restricted shares and less on stock options, a movement taking place in part because compensation alternatives are considered on a more even playing field now that U.S. companies must expense stock options on a fair value basis. Unlike options, restricted shares have downside risk from day one and thus are less apt to encourage excessive risk-taking, since the recipient will want to protect his or her already tangible wealth tied to these. Some 66% of the top 250 U.S. companies used this type of equity pay in 2005, versus 49% in 2003, according to compensation consultant Frederic W. Cook & Co.<sup>5</sup>

As in the case of options, we tend to prefer the longer-term orientation that comes with longer-term vesting of restricted shares (although, again, we could view negatively cliff vesting of a large number of shares).

We see performance shares (shares awarded contingent on achievement of a performance objective) as generally less leveraged than options, although the metrics that are used may raise concerns. We view favorably performance share programs that are capped at a reasonable maximum number of shares and that are linked to metrics that on balance encourage long-term decision-making in the interest of the entity, and that do not encourage undue leverage.

## **PERFORMANCE METRICS**

Performance metrics are used in awarding annual bonus payouts and, in an increasing number of cases, for long-term awards as well. In CGAs, we seek to consider implications of performance metrics for long-term value creation, successful execution of strategy, and likely impacts on bondholder interests. Our view on a given metric depends in part on whether it drives annual or long-term incentive payments (that is, some measures are better suited to longer-term performance rather than performance in one year that may pay out in an annual bonus program).

Our views on metrics include the following:

- **Earnings per share (EPS):** The single most popular metric in annual bonus plans historically has been earnings per share (EPS), which sometimes is used in long-term plans as well. Moody's has reservations about heavy reliance on EPS. First, a per-share metric can encourage share repurchases, a valid use of corporate cash but one in which executive self-interest could distort decision-making in a manner harmful to creditors. Second, we believe EPS is generally more subject to manipulation than cash flow. We fear the temptation to game EPS is particularly strong because of the enormous press and sell-side equity focus on that metric on a quarter-to-quarter basis. Third, aggressive EPS targets are likely to encourage a greater risk appetite than we believe is optimal from a creditor standpoint.
- **Cash flow:** As a general proposition, CGAs have included favorable comment on pay structures that include cash flow measures in the mix. Measures of cash flow (e.g. free cash flow or operating cash flow) are useful because they are more difficult to manage or manipulate than are earnings or EPS (e.g., through the timing of recognition of accounting costs or, in the case of EPS, share buybacks). However, Moody's views EBITDA as a flawed metric and a poor measure of cash flow to the extent it is used for that purpose, particularly for healthy companies in good periods. This is true in part because EBITDA can easily be manipulated through aggressive accounting.
- **Total shareholder return:** In placing a strong focus directly on share price, TSR tends to raise concerns from our perspective. We view TSR as a potentially useful benchmark in combination with other goals in a long-term incentive plan (where it is most often found), but as inappropriate for annual bonuses due to its excessive attention on short-term share price fluctuations. Even in a long-term plan, TSR or TSR growth as the singular basis for an award can reward aggressive share repurchases and focus on share price that we view negatively, and it may help encourage sustenance of dividend levels even when cutbacks on dividend payouts would be prudent from the standpoint of the company. Awards linked to TSR can be too subject to broad industry and market developments beyond the control of the company or its management. In other words, the outcomes can be random, with the linkage to individual performance limited. This latter problem is less true for relative TSR against an industry group.
- **Share price hurdles:** Some rewards (including performance shares and stock options at times, as discussed above) are linked to share price performance thresholds. In our view these tend to put excessive focus on share price, and may lead to short-term efforts to achieve the share price goal for the period required that are counter-productive in the longer term.
- **Return metrics**—such as total shareholder return (TSR), return on equity (ROE), and even return on assets (ROA)—are more appropriate if measured over the longer term. Executive payouts based on return metrics can be subject to short-term fluctuations (particularly a market-based measure like TSR) and/or

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5. Frederic W. Cook & Co., Inc., *The 2005 Top 250: Long-term Incentive Grant Practices for Executives* (August 2005).

sleight of hand in financial reporting. Also, emphasis of return metrics in annual incentive plans can encourage underinvestment as the expansion of the capital base may not produce results within the measurement period, particularly if that period is brief.

While we generally are cautious about ROE even as a longer-term metric, ROA is a particularly useful metric in a long-term incentive plan, rewarding management for thoughtful spending, disciplined investing and maintenance of conservative debt levels. Similarly, we tend to view return on capital employed (ROCE) and return on investment (ROI) favorably.

- **Economic profit or EVA.** Moody's analysts have mixed feelings about economic profit measures that incorporate cost of capital, such as economic value added (EVA), which in that form is trademarked by Stern Stewart & Co. These measures essentially look at net operating profit minus the cost of capital. EVA and similar measures promote sensitivity to disciplined capital allocation, and can be particularly useful in discouraging growth strategies and spending programs that can erode a firm's capital base. That said, EVA-type programs at times may discourage necessary short-term maintenance and investment spending (particularly to the extent EVA is used in shorter-term award programs), and this measure can encourage using debt over equity because debt capital is cheaper. Some critics also say that EVA is complicated and difficult to communicate within an organization, although we believe that difficulty can be overcome in most organizations. We have found that relatively few of the U.S. companies on which we have published CGAs use EVA or other similar benchmarks in executive pay, despite the discussion they have generated in the last 15 years.
- **Revenue:** Revenue as a bonus metric can potentially reward growth for growth's sake, and use of this metric poses a concern to the extent it can encourage imprudent acquisitions or other unwise growth strategies.
- **Debt levels and ratings.** In some situations, reduction of debt is an explicit factor in executive pay, and one that can be an important positive factor in considering company commitment to low debt levels. We also believe certain debt ratios could play a useful role, but have seldom if ever seen a measure such as debt-to-cash-flow used in compensation. On occasion, a company will include the credit rating itself as an element in judging CEO performance, which puts us in an uncomfortable position in commenting on executive pay; if there is game-playing, it would be around criteria and values that Moody's and other rating agencies bring to bear in setting credit ratings. We do not advocate using credit ratings as executive pay criteria, but nevertheless note that such use reflects concern about creditor interests and bond values.
- **Operational goals, including those specific to the industry.** Operational metrics can be useful but also double-edged-swords. It can be prudent, for example, to focus on improving the use of technology, promoting a total quality management approach, maintaining strong asset quality, or improving overall efficiency ratios. On the latter, efficiency gains are clearly of value in reducing costs, but also are potentially negative as they can lead to cutting necessary expenditures. The diagnosis of the value of efficiency measures in paying executives will depend in part on the competitive situation of the company, as well as on the overall balance of factors in the program.

We may be wary of operational metrics that posit absolute, specific hit-or-miss targets, as opposed to those that use performance bands, which permit better gradation (and may prevent the goal from becoming all-consuming at the expense of other business needs).

An example of an industry-specific operational goal is reserves replacement at oil and gas exploration and production companies. The goal is critical to the long-term health and credit quality of these companies. Linkage of compensation to reserves replacement therefore makes sense, but also can raise a question on whether management might be tempted to provide the market with overly optimistic estimates on reserves. If this metric is a major driver of top executive compensation, the demonstrable strength of controls over reserves reporting will become increasingly important. These include reviews by reputable outside engineering firms and creation of a board reserves committee with appropriate engineering expertise. We also would expect to see limited or no overlap between the board's compensation and reserves committees. As is true at all companies, control personnel (including those responsible for integrity of reporting) should not stand to benefit from performance against this type of metric.

- **Qualitative factors.** Many compensation committees embed other factors into their criteria, such as strategic goals. We view integration of specific strategic goals with executive compensation as potentially valuable—particularly if we also perceive the goal to be urgent to the welfare of the company. However, qualitative factors can make it harder for outsiders to evaluate the compensation scheme. Company disclosure rarely is adequate to understand fully how qualitative factors are weighted; a difficult-to-understand program with many factors provides opportunities for undisciplined pay.

## Related Research

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### Special Comment:

[Stock Option "Backdating," June 2006 \(97760\)](#)

[CEO Compensation and Credit Risk, July 2005 \(93592\)](#)

[The Downside of Incentive Pay for Outside Directors, April 2006 \(97174\)](#)

### Rating Methodology:

[U.S. and Canadian Corporate Governance Assessment, July 2003 \(78666\)](#)

*To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.*

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