CORNERSTONE
INTERNATIONAL GROUP

Management Opinion Survey Results 2008

www.cornerstone-group.com

PART ONE – BACKGROUND:

Welcome to Cornerstone's 2008 survey of management expectations on a worldwide basis.

As one of the largest HR consulting organizations of its type, Cornerstone International Group is a source of information and services on a wide range of issues relating to resource and strategic planning.

With over 100 offices worldwide, we are able to survey small, medium and large employers – corporations and institutions, profit and non-profit – throughout Asia, the Americas, the United Kingdom and Europe.

PROFILE OF RESPONDENTS

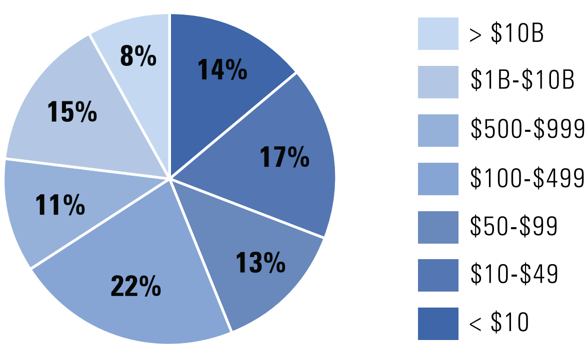
The survey responses were collected over a 90-day period and compiled in June, 2008.

Size by Revenues

The sample includes companies with sales ranging from under $10 million (14%) to over $10 billion (8%). Some 30% of respondents fall into the range between $10-99 million, 22% between $100-$499 million, and 34% over $500 million, including Global 1000 firms.

ANNUAL REVENUE OF PARTICIPATING COMPANIES

(millions)



Size by Workforce

The companies are evenly split between those having more than or fewer than 1,000 employees worldwide.

Job Position

The majority of respondents, (67%) are classified as Senior General Management Executives. This includes Chairman, CEO, COO, Managing Director, Regional General Manager, etc. The balance is made up of senior executives specifically in Finance, Marketing, HR and Other.

OUR LAST SURVEY

The last survey of this group was conducted almost three years ago and responses focused on the second half of calendar 2005. Relevant comparisons with this survey are noted. The survey will now be held on an annual basis.

PART TWO – THE SURVEY:

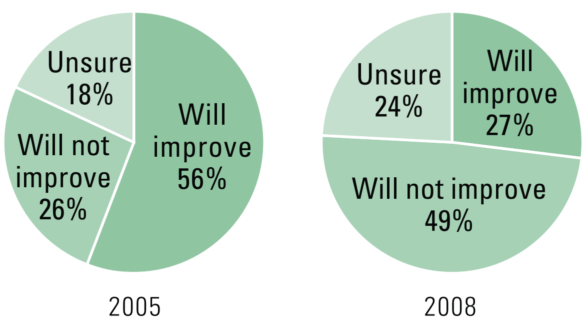
OPTIMISM VS. PESSIMISM

The world is a much gloomier place than it was three years ago.

This time, only 27% of respondents think the global economy will experience a significant improvement in the second half of 2008, down from 56.2% who expected improvement in 2005. The pessimists have grown from 26% to 49% with 24% unsure.

Expectations of local economies showed similar adjustment. Those mildly to strongly in agreement that the local economy would improve significantly over the following six months slipped from 55% to 40%. The pessimists again grew as a percentage from 25% to 45%.

RATING THE GLOBAL ECONOMY THIS YEAR



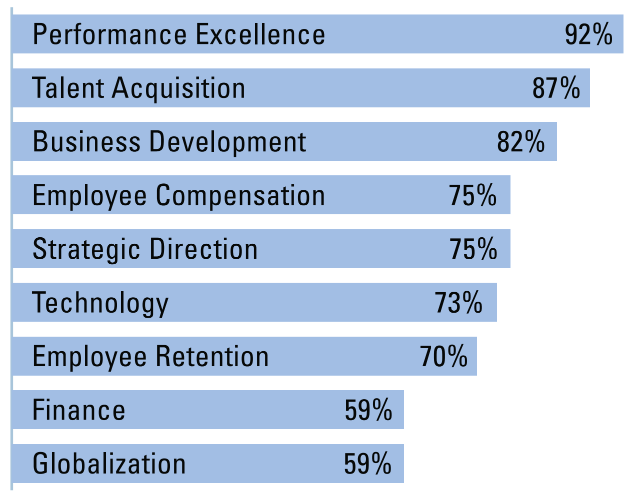
From Where Will Growth Come?

The majority of companies expect the importance of business activities to remain unchanged in eight out of 10 categories listed. The exceptions are Sales and Marketing, which is seen as growing in importance by 73% of respondents, plus R&D/Innovation/IP which will become more important to 49% during 2008.

Where Do the Challenges Lie?

The challenges anticipated by respondents are overwhelmingly associated with talent. Performance Excellence is rated as the organization's most significant challenge by 92%, Talent Acquisition by 87% and Employee Compensation by 75% – three out of the leading four issues.

AREAS OF SIGNIFICANT CHALLENGE IN 2008

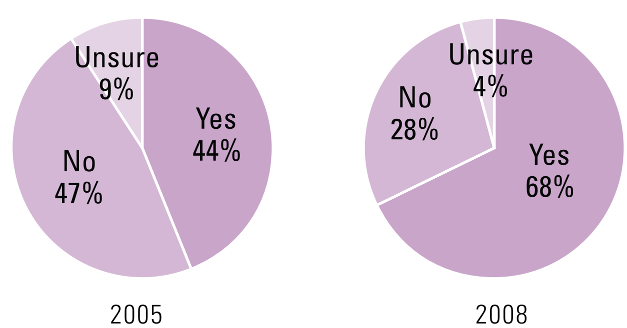


Hiring Plans

Given the challenges stated above, it is not surprising that 68% of those responding expect to hire additional employees this year, a considerably more aggressive number than the 44% in 2005.

Fewer companies plan to reduce overall headcount: 80% have no plans to do so, compared with 75% in the first survey.

HIRING ADDITIONAL EMPLOYEES?



One conclusion that might be drawn is that, whereas companies expect markets to remain constrained with limited organic growth opportunities, they are seeing the quality and performance of employees as increasingly the predominant source of competitive advantage and market share growth.

PART TWO – THE SURVEY (cont'd):

BOARD GAMES

The Board is a strong strategic partner in the great majority (83%) of companies responding. Not surprisingly, given the usual longevity of Boards, most companies see no change in structure. Of the total, 6% expect to downsize their board and 15% anticipate more members.

Composition

A bit surprisingly (at least for North America), 24% of the companies have no independent directors.

One or more women are represented on 38% of Boards and 17% of Boards have independent directors belonging to an ethnic minority.

The majority (74%) of Boards separate the roles of CEO and Chairman of the Board. Similarly, 82% have no defined term limit for the position of Chairman, although the largest single group (30%) considers five years as the optimal term.

Sourcing Independent Directors

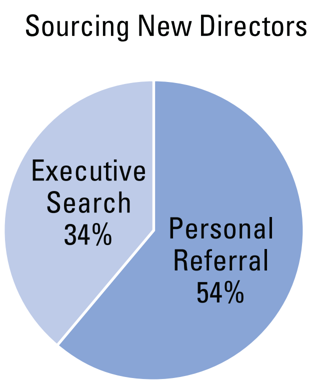
Referral by the CEO or a Director is how 54% of the companies find independent Directors. However, 34% of the respondents turn to consultancies and employ Executive Search to fill such vacancies.

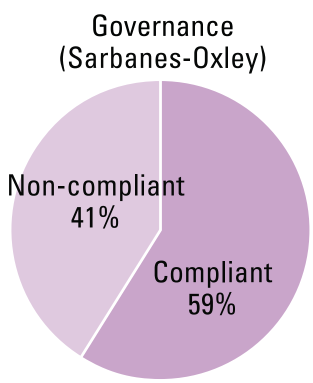
Competence

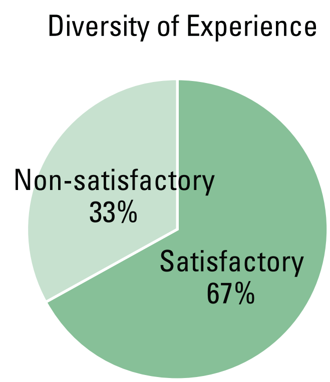
Requirements of Directors reflect the global nature of the survey. For example, only 59% of respondents satisfy the governance standards of Sarbanes-Oxley, but this is applicable just in the U.S. (though accepted as a voluntary standard elsewhere).

More disturbing might be the response that only 67% of companies feel their Board is sufficiently diverse in experience.

WHEN IT COMES TO THE BOARD…







One conclusion from these findings is that companies would benefit from sourcing more independent Directors meeting specific knowledge and experience requirements. The growing emphasis upon higher corporate governance standards, now prevalent in the U.S., can be expected to continue.

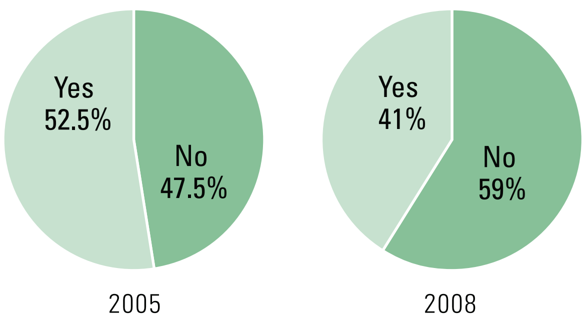
SUCCESSION PLANNING

Chief Financial Officers may be sleeping marginally better this year. In 2005, they were seen as the senior category most likely to be replaced, a dubious leadership now assumed by the Chief Marketing Executive.

However, fewer changes overall are anticipated: 59% of companies expect no C-level replacements in 2008, compared to 47.5% three years ago.

UPPER MANAGEMENT MORE STABLE

C-level replacements

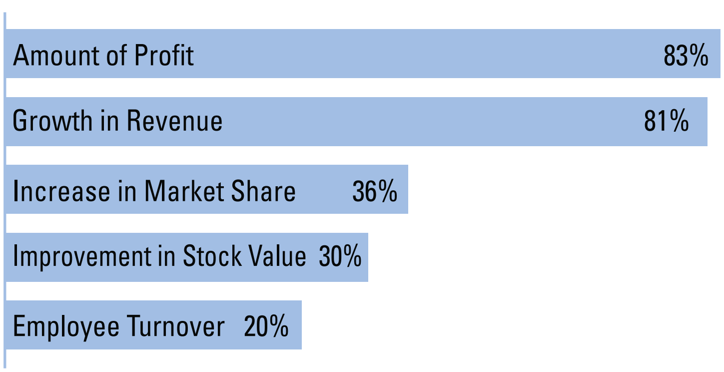


Evaluating Performance

Senior level performance is overwhelmingly tied to the success of the company. Profit and revenue growth are the two most widely applied measures, followed some distance back by growth in market share and share value.

Approximately one-third of respondents are likely to use outside consultants to evaluate performance in 2008.

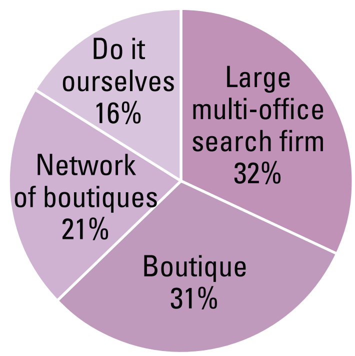
PERFORMANCE EVALUATION CRITERIA



Acquiring Talent

Four-fifths of the companies turn to retained search firms to attract new or replacement senior-level talent. Large, multi-office search firms are engaged by 32% of respondents, closely followed by boutique firms, favored by 31%.

PREFERENCE FOR SEARCH FIRMS



Most survey participants (64%) are satisfied with their current choice of search firm, but 25% are not.

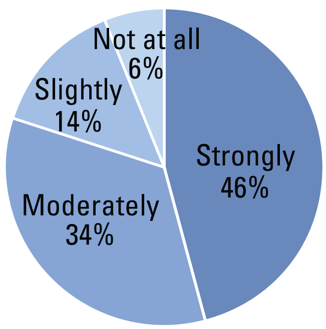
We look at two numbers in this response. The fact that 19% conduct their own talent search probably reflects small company size, but we still expect that figure to fall as the hiring market continues to become more complex. We are also seeing an increase in global sourcing, which will logically favor multi-office search firms and networks of boutiques.

GLOBAL SUSTAINABILITY

The concept of sustainable and responsible growth appears to have been widely accepted and adopted. Sustainability is incorporated in strategy and operations either "strongly" (46%) or "moderately" (34%) by 80% of respondents.

Sustainability is a factor in the selection of suppliers for 79% of the companies.

SUSTAINABILITY INFLUENCES OUR CORPORATE STRATEGY



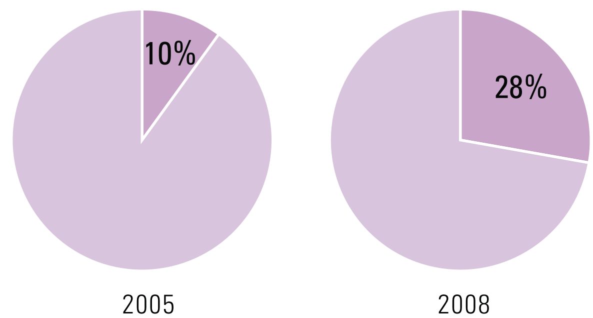
Profiting from Electronics

Respondents' use of conference calling and video conferencing is still growing strongly with 56% saying they will increase usage – down slightly from 59% in 2005. Only one percent intends to cut back on electronic meetings.

In contrast, the number of companies expecting to increase tele-commuting is escalating rapidly. This year, 28% of companies expect more employees to work from home compared with 10% in 2005.

LIVING WITHOUT THE WATER COOLER

Home-based employees



> *Corporate travel was decimated by 911 and since then, remote communications have developed into a viable method of meeting. The extension of this is tele-commuting. With media convergence and an ever faster Internet, we expect the "portable office" concept to continue to grow rapidly.*

PART THREE – OUR CREDENTIALS:

CORNERSTONE INTERNATIONAL GROUP

Cornerstone has quietly grown into one of the largest HR consulting organizations of its type in the world.

Senior decision makers depend on us to seek creative yet practical solutions to difficult challenges and to exploit special opportunities. Cornerstone represents organizations in virtually every industry, every function, and every geographical region.

We work, or have worked for, some 50% of the 1,000 largest global firms. Drilling down further, our client list includes over two-thirds of the global 500, over three-fourths of the global 100, and 9 of the 10 largest multi-national firms in the world.

The vast majority of our member offices command the #1 position in their local market for repeat & referral business, be it executive search, HR consulting, or general management consulting.

Here are two more big first positions:

- Cornerstone was the first major consulting organization to provide clients with an unconditional written warranty, and
- Cornerstone was the first to substantially improve the thoroughness of the reference checking process on executive searches.

Not the Biggest, But the Best

Instead of trying to be the biggest, our goal is to be the undisputed world leader and standard-bearer for retained search and consulting.

We have done our due diligence beforehand – selecting the highest quality member firms and consultants globally. Thus, we are prepared in primary and secondary cities with quality support whenever and wherever our clients need it.

We believe “best” says more than “biggest” – the best service, the best value, and the best results – so our clients can attract and develop the very best senior management and the very best Boards in the world.

CORNERSTONE
INTERNATIONAL GROUP

CORNERSTONE PRACTICE GROUPS

Consumer Products/Services Practice Group

Technology & Communications Practice Group

Apparel/Textile Practice Group

Natural Resources/Energy Practice Group

Healthcare/Pharmaceuticals/Biotech Practice Group

Retail/Hospitality Practice Group

Franchising Industry Practice Group

Entertainment/Sports/Leisure Practice Group

Paper & Publishing Practice Group

Financial Services/R.E./Construction Practice Group

Not-for-Profit & Public Sector Practice Group

Manufacturing & Transportation Practice Group

Aerospace & Defense Practice Group

Professional Service Firms Practice Group

Utility Industries Practice Group

Diversity Practice Group

Board-Level Practice Group

CFO/Chief Administrative Officer Practice Group

CIO/CTO Practice Group

Human Resources Practice Group

Leadership Assessment Practice Group

Mergers and Acquisitions Practice Group

Turnaround Management Practice Group

Wealth Management Practice Group

Cornerstone Tenets Patterned after AESC Standards

For more information, please see
www.cornerstone-group.com