

STRATEGIC RESEARCH

2008 FIRST QUARTER POISON PILL REVIEW

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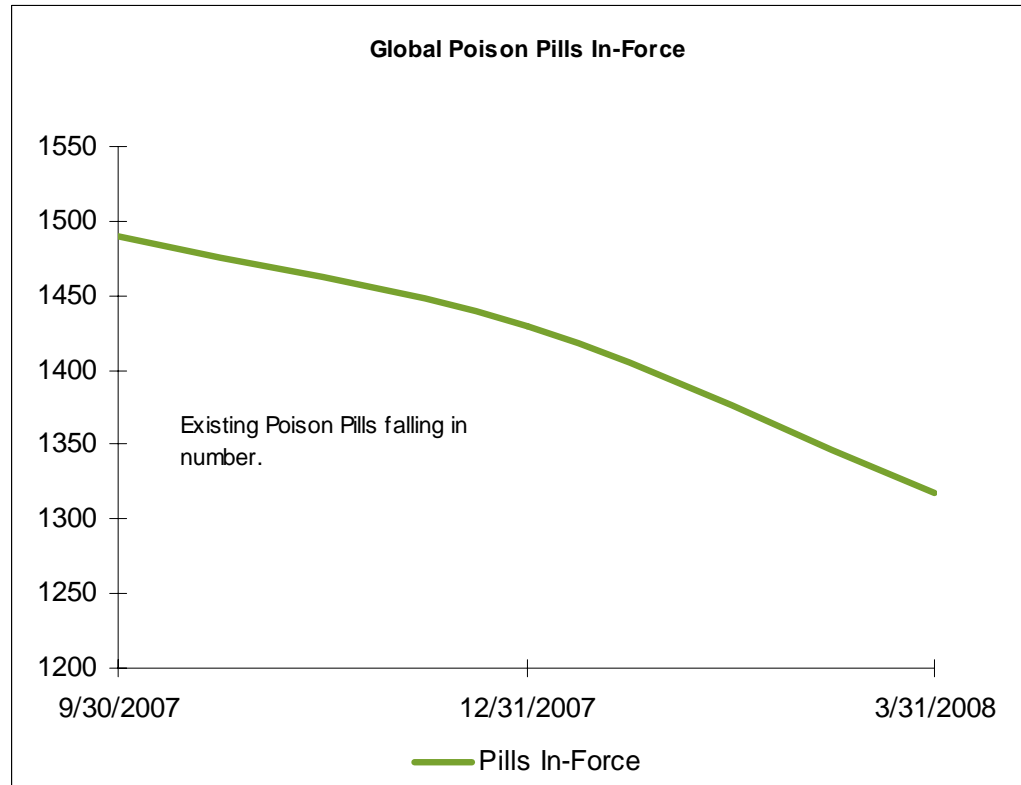
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EXECUTIVE SUMMARY

- Poison pills (aka Shareholder Rights Plans) are a controversial anti-takeover defense that often draws the ire of shareholders. The Strategic Research Team at Thomson Reuters is continuing to monitor the trends in poison pills. This report contains an update through March 31, 2008.

Global poison pills in-force on the decline

Global poison pills that are in-force have steadily declined over the past six months. Thomson Reuters estimated 1,490 pills were in-force as of September 30, 2007. That figure has declined nearly 12% as the March 31, 2008 figures show nearly 1,320 pills in-force. Companies are letting their plans expire at a faster pace than those who are adopting and renewing plans. This could be in response to an unfavorable deal-making environment sparked by the credit crunch and companies may not be concerned that they are a target at the present. Nearly 87% of the pills currently in-force are U.S. based companies. In the first quarter 2008, only five companies renewed their pill and eighteen have adopted new plans currently in-force.



Source: SDC Platinum

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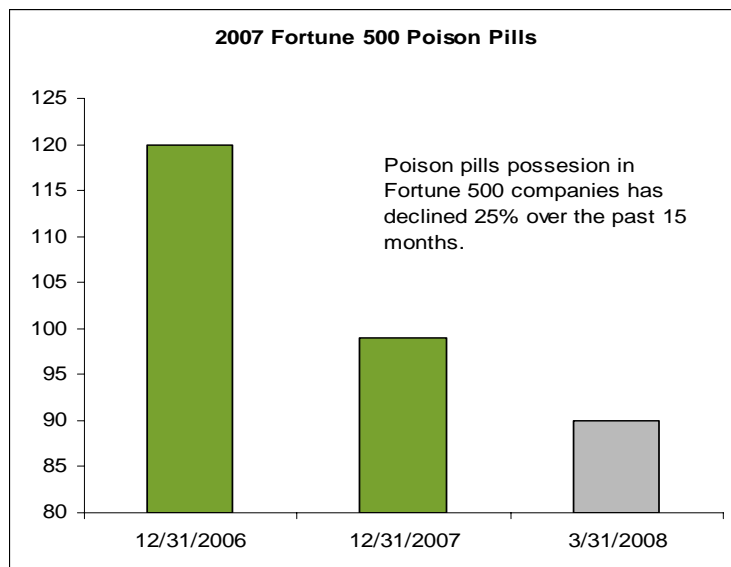
2007 Fortune 500 Companies holding poison pills on the decline

Eighteen percent of the 2007 roster of Fortune 500 companies had a poison pill in-force as of March 31, 2008. This is slightly lower from the September 30, 2007 figure of nearly twenty percent.

There has been no pill adoptions this quarter from the 2007 Fortune 500 roster.

- No first-time pills have been adopted.
- No pills have been renewed.
- Eight pills quietly expired during the first quarter 2008.

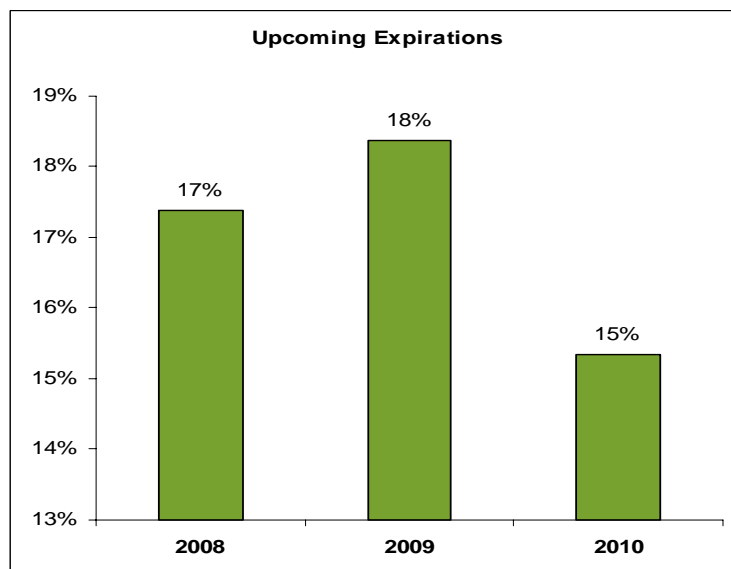
Pressure from shareholders and a focus on corporate governance were behind the decline in pill adoptions.



Over half of the existing poison pills are up for expiration over the next three years

Nearly 51% of the existing poison pills in-force worldwide are up for expiration over the next three years. There was a wave of new plans that flooded the market in the late 1990s and most plans have an expiration of ten years from the time of adoption. Over one third of the outstanding pills in-force are up for expiration for the remainder of 2008 and all of 2009.

Corporations who decide to renew the plans are almost certain to face scrutiny from shareholders. If corporations choose to let the pill expire, they are exposed to a potential unwelcome bidder. The age of electronic trading through dark pools and the Third Market allows potential acquirers to quickly and quietly accumulate large positions. The first quarter of 2008 was a sluggish start for renewals and first time adoptions. The overall level pills currently in-force is dropping, as more plans are expiring versus plan adoption.



Final Thoughts

Larger U.S. corporations continue to steer clear of the poison pill as a means to protect the company from unwelcome shareholders and are willing to take the risk that an unwelcome bidder could take a meaningful position. This year there has been no pill activity in Fortune 500 names except allowing the expiration of existing plans. Pressure from shareholders, concerns of corporate governance image, and a subdued M&A market likely played a role in company's decision to abstain from renewal and adoption. Companies considering the adoption, renewal, or expiration of a poison pills should consider these steps:

- How your shareholder base will react if a change to a poison pill policy is made.
- Find out the voting guidelines used by investment advisors regarding poison pills.
- Carefully weigh the pros and cons of poison pill adoptions.

For more on this topic, please visit the Corporate Services Resource Center or an [Executive Summary](http://media.corporate-ir.net/media_files/CorporateResources/upload/PoisonPills_Block_December_Update.pdf) or http://media.corporate-ir.net/media_files/CorporateResources/upload/PoisonPills_Block_December_Update.pdf.

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