

AGENDA

A Financial Times Service

July's Moves: Financial Expertise Still at a Premium in Director Recruitment

By Katie Wagner

The financial crisis has underscored for boards the importance of recruiting directors with financial expertise. "With all the bank failures, the need for governance of the books has to increase," says Dora Vell, CEO of Vell Executive Search. Indeed, at least seven directors appointed to fill board seats at large companies in July have financial or accounting backgrounds, including current and former CFOs and CEOs of public, private or subsidiary companies. Such appointments could indicate that boards are feeling pressure to improve the composition of their audit committees.

"The requests coming from boards is that they like to have people with financial backgrounds to go on their audit committee, even if they're not going to join that committee immediately," says Betsy Bruening a board recruiter, who heads The Prout Group's board practice. In all, July saw roughly 32 director appointments and 26 departures at companies with \$3 billion or more, according to Agenda research using Audit Analytics' database of director moves. The premium placed on financial expertise for audit committees goes back to Sarbanes-Oxley, which handed audit committees new responsibilities and rules focused on committee composition. Specifically, audit committees without a designated financial expert have to explain why they don't have one.

Some of the new directors appointed in July will join audit committees immediately. On July 9, Host Hotels & Resorts expanded the size of its board and audit committee by one person and appointed two new directors, Willard Brittain and Gordon H. Smith, both of whom will sit on the audit committee. The appointments followed the May 26 departure of Judith McHale, who served on the audit committee. (McHale resigned to serve as undersecretary for public diplomacy and public affairs at the State Department, according to a Form 8-K filed on May 28.)

Brittain, a former partner of Pricewaterhouse Coopers, and Smith, a former U.S. senator, were recruited to the board and the audit committee because of their financial experience, says John Morse, chairman of Host Hotels' audit committee and a member of its nominating and corporate governance committee. The new directors' financial experience includes Brittain's stint at PWC and

Smith's leadership roles at Smith Frozen Foods, a private company, according to Morse. Brittain also chairs Tutor Perini's audit committee, is chairman and CEO of private company Preod and is a director of other public boards. Other similar moves in July include PartnerRe's appointment of David Zwiener to its board and audit committee on July 7. Zwiener most recently was CFO of Wachovia.

Citigroup, meanwhile, continues to seek out financial experience for its board. The company appointed Timothy Collins, CEO of Ripplewood Holdings; Diana Taylor, managing director of fund manager Wolfensohn Capital Partners and former superintendent of banks for the New York State Banking Department; and Robert Joss, a dean and professor at Stanford University's Graduate School of Business and former CEO of Westpac Banking, to its board, according to a Form 8-K filed on July 30. Collins will also serve on the board's audit and risk management committee.

"Companies consider it usually best to have someone [on an audit committee] who served as a CFO or spent their whole career in finance, or had served on an audit committee or had a heavy accounting background," Vell says. CEOs are also good candidates to serve on an audit committee because the finance function of their companies reports to them, making them technically a financial expert, Vell adds.

Director Moves From July

Company	Director	Action	Filing Date
Bank of America	John T Collins	resigned	31-Jul
Bank of America	William Barnett	resigned	31-Jul
Bank of America	Gary L Countryman	resigned	31-Jul
Raytheon	Stephen J Hadley	appointed	31-Jul
Boston Scientific	Katharine T Bartlett	appointed	31-Jul
Boston Scientific	Bruce L Byrnes	appointed	31-Jul
Fifth Third Bancorp	John F Barrett	resigned	31-Jul
Citigroup	Diana L Taylor	appointed	30-Jul
Citigroup	Timothy C Collins	appointed	30-Jul
Citigroup	Robert L Joss	appointed	30-Jul
Scana	Joshua W Martin	appointed	30-Jul
Burlington Northern Santa Fe	Vilma S Martinez	resigned	29-Jul
Marathon Oil	Charles F Bolden	resigned	29-Jul
Accenture	Dennis F Hightower	resigned	29-Jul
Fluor	Vilma S Martinez	resigned	29-Jul
Brightpoint	Jorn P Jensen	resigned	29-Jul
Brightpoint	Jan Gesmar-Larsen	resigned	29-Jul
Dana Holding	Stephen J Girsky	resigned	27-Jul
Dana Holding	David Trucano	appointed	27-Jul
Reinsurance	Rachel Lomax	appointed	27-Jul

Wells Fargo & CO/MN	Robert L Joss	resigned	24-Jul
Alliant Energy	James A Leach	resigned	24-Jul
Federal National Mortgage Association	Diana L Taylor	resigned	24-Jul
Western Union	Wulf von Schimmelmann	appointed	23-Jul
NetApp	Edward Kozel	resigned	23-Jul
Peabody Energy	Robert A Malone	appointed	23-Jul
Brown Forman	Donald G Calder	retired	23-Jul
V F	Richard T Carucci	appointed	22-Jul
Halliburton	Nance K Dicciani	appointed	22-Jul
Jabil Circuit	Laurence S Grafstein	resigned	22-Jul
Jabil Circuit	David M Stout	appointed	22-Jul
Northern Trust	William A Osborn	retired	21-Jul
Nalco Holding	Mary M VanDeWeghe	appointed	20-Jul
New Jersey Resources	Robert B Evans	appointed	20-Jul
Occidental Petroleum	Carlos M Gutierrez	appointed	20-Jul
Continental Airlines Inc/De	Lawrence W Kellner	resigned	17-Jul
Graphic Packaging Holding	Kevin L Davis	resigned	17-Jul
Graphic Packaging Holding	Kevin R Burns	appointed	17-Jul
Biogen Idec	Phillip A Sharp	retired	16-Jul
Sherwin Williams	John M Stropki	appointed	16-Jul
Estee Lauder	Ronald S Lauder	retired	16-Jul
Estee Lauder	Jane Lauder	appointed	16-Jul
L 3 Communications Holdings	Lewis Kramer	appointed	15-Jul
Oshkosh	Timothy J Roemer	resigned	15-Jul
Amgen	Rebecca M Henderson	appointed	10-Jul
Host Hotels & Resorts	Willard W Brittain	appointed	10-Jul
Host Hotels & Resorts	Gordon H Smith	appointed	10-Jul
PartnerRe	David Zwiener	appointed	10-Jul
Universal Health Services	Daniel B Silvers	appointed	09-Jul
Insight Enterprises	Robert F Woods	appointed	09-Jul
Cardinal Health	John B McCoy	retired	07-Jul
Cardinal Health	Bruce Downey	appointed	07-Jul
Exterran Holdings	Stephen Snider	resigned	07-Jul
Hewitt Associates	Judson Green	appointed	02-Jul
Polo Ralph Lauren	Hubert Joly	appointed	02-Jul
CMS Energy	Stephen E Ewing	appointed	01-Jul
Nabors Industries	Hans W Schmidt	retired	01-Jul
Assurant	Lawrence V Jackson	appointed	01-Jul

Dora Vell is the CEO of Vell Executive Search, a premier retained technology executive search firm in Boston. Ms. Vell is an internationally recognized expert in recruiting technology executives including: CEOs, COOs, CTOs, CMOs, CROs, board members and others. She works with VC-backed, PE-backed private companies and public companies. She can be reached at dora@vell.com.

Note: Includes companies with revenues of at least \$3 billion; Source: Audit Analytics database