



Journey to Board Diversification:
A Texas Perspective 2011



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Diversification of Boards – A Journey

A Message from the President

My belief system places value on a diversified team that considers different points of view in decision making. The results are usually stronger than those made by a less diverse team, whether it is gender, skill-set, or other factors. Business and academic studies indicate that companies with significant diversity on their boards, as well as in the executive suite, perform financially superior to those companies that do not.

Recent findings from the diversity organization Catalyst indicate:

- Companies with the most women board directors outperform those with the least—return on sales by 16 percent.
- Companies with the most women serving on the board of directors outperform those with the least—return on invested capital by 26 percent.
- Companies with three or more women serving on the board of directors in at least four of five years—significantly outperformed those with sustained low representation by 84 percent on return on sales, by 60 percent on return on investment capital, and by 46 percent on return on equity.

Board diversification can be compared to an ongoing journey, which is our theme for this third annual report of The Board Connection (TBC), a not-for-profit founded in 2009 that advocates, educates, and connects female business leaders to serve on corporate boards.

Our results in 2011 are encouraging, but not dramatic. Texas experienced shifts in the companies that compose the FORTUNE 1000. The most notable gain involves executive pay:

- In 2011, our survey indicates that among highly compensated women executives in Texas, highly paid women executives grew to 8.3 percent from 7.6 percent in 2010.
- Nationwide results mirror Texas, where highly compensated women increased from 5.8 percent to 6.4 percent.

In previous census reports, TBC captured results for FORTUNE 1000 companies in DFW in 2009 and for the state of Texas in 2010. This year's third annual TBC census report also offers a statewide comparison of FORTUNE 1000 companies, providing a snapshot about the participation of Texas women serving on corporate boards by region and by industry.

We hope that the published census study provides you with insight for women to begin their personal journey of self-assessment to enhance their aspirations for board service. We also challenge business leaders to influence recruiting and retaining diverse corporate talent. Join us to expand and strengthen the pipeline of qualified, capable women to take their place at the table.



Melisa Denis, President
The Board Connection

The Board Connection's Origins

The Board Connection is a Texas-based nonprofit organization established in 2009 to identify, educate, and connect qualified executive professional women in Texas to opportunities for corporate board positions.

TBC offers an ongoing assessment to empower women to acquire the needed skill sets and to develop a personal, professional brand. To build a pipeline of board candidates who are within three to five years of readiness, TBC offers training for candidates for board service, providing them with a clear understanding of corporate governance, board structure, and expectations for board responsibility.

TBC leverages existing local resources with national women's organizations, such as the InterOrganization Network, Women Corporate Directors, and the National Association for Corporate Directors. Executive coaches, mentors, and professional certificate programs also strengthen skills and the résumé of a prospective board candidate.

TBC provides valuable peer networking and exposure to decision makers. Members gain knowledge and suggestions from executives who have blazed trails. In addition, TBC offers connections to companies that are looking for talent.

With a mission to increase the number of women serving on corporate boards and the executive suite in Texas, TBC offers this report based on the proxy statements of the 94 public FORTUNE 1000 companies headquartered in Texas.

The Board Connection

The Board Connection: A Value Proposition

TBC provides the opportunity for qualified women interested in serving on corporate boards and advancing their careers in the executive suite. The organization will dedicate resources to identify, educate, and develop women who aspire to serve on corporate boards. TBC's program consists of:

- Assessment
- Training/preparation
- Networking/exposure
- Focus on public policy



The Board Connection Directors/Officers



Melisa Denis, Founder and President
Partner in charge, International Executive Services practice, KPMG LLP



Kelly McDonald, Treasurer
Senior Vice President and Controller, Rave Cinemas



Kit Addleman
Partner, Haynes and Boone, LLP



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Alan Stein, Director
Career Relationship Services Manager, PricewaterhouseCoopers



Sharon Stufflebeme, Director
Senior Vice President and Chief Information Officer, RadioShack

The Board Connection – Committee Structure

Board Committee	Leader
Assessment	Sharon Stufflebeme
Census	Eliane Hall
Member Relations	Carla Howard, Lisanne Glew
Membership	Paula Calise, Susan Garcia
Program	Tamara Bebb
Sponsorship	Melisa Denis
Technology	Kelly McDonald

2011 in Review

Dedicating Resources to Help Prepare Women for Board Service

TBC holds to its mission to identify, educate, and connect qualified executive-level women in Texas. The three-year-old organization operates using four specific pillars to help women achieve a firm foundation: assessment, training/preparation, focus on public policy, and networking/exposure.

Throughout 2011, TBC provided ongoing education, programming and networking opportunities for its members to gain board readiness and benefit from expanding their professional contacts.

Assessment

TBC achieved significant progress to help candidates conduct a "Board Readiness Assessment" which is based on research and tools from a variety of leading companies who have participated in benchmarking, including Invensys Corporation that shared its tools directly with TBC. The assessment was founded in academic research about professional development and offers more than 20 self-guided tools.

TBC's assessment tool is geared for four different audiences: those women who are ready to serve now, those on a developmental path towards becoming a board member in three years, those getting started on their developmental journey, and women currently serving in a director role.

Feedback on the tool has been extremely positive, including comments from other similar organizations around the country. The tool identifies four steps in the process: looking ahead, assessing yourself, exploring options, and taking action. For each of the steps, TBC has specific activities for the candidates that vary from taking a board member competency assessment to developing an extensive network and support system for their board placement goals.

Training/Preparation

In a continuing focus on training and knowledge sharing, TBC held several events to broaden members' skills and awareness. A technology update panel of three women chief information officers, consisting of Sharon Stufflebeme, RadioShack; Linda Jojo,



Energy Future Holdings; and Jo-ann Olsovsky, BNSF, shared candid perspectives on critical technology issues for today and the future.

Company directors Rhys Best and Bob Pearson participated in a “mock interview” with Kim Padilla, TBC member, to simulate the breadth and depth of questions that may occur during a formal interview for a public company board of director position. A third training program highlighted “How to Look at Deals” from the vantage point of a private equity investment firm.

Public Policy

TBC members gained perspective to broaden their understanding about public policy with a presentation about SEC rulemaking and the impact of Dodd-Frank legislation at an October TBC meeting. Panelists included Kit Addleman, a partner at Haynes and Boone; Bella Goren, CFO of American Airlines and AMR; and Francesca Spinelli, principal at Precidia Partners and former senior vice president of People at RadioShack.

Networking/Exposure

Quarterly CEO breakfasts provided education about corporate governance and broadened TBC members’ knowledge as well as firsthand observations of local corporate leaders. TBC’s ongoing breakfast networking series featured Burl Osborne, a board member of JCPenney; Jeff Morris, vice chair of the board of Alon; Greg Shortell, CEO of NEI; and George Jones, CEO of Texas Capital Bank.

TBC also received some local media attention. After release of the 2010 Census report, a feature story about TBC appeared in the *Dallas Business Journal*. In addition, *Texas CEO* magazine published an article by Melisa Denis, TBC president, entitled “One Boardroom at a Time.”

Congratulations, Anna Minto

A member of The Board Connection and a member of the Board of Directors, InsightsNow, Inc., based in Corvallis, Oregon

Census Study

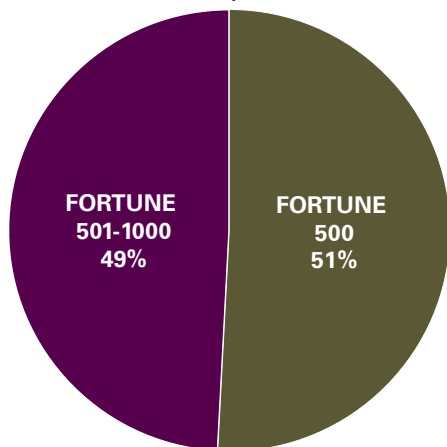
Census Data

Study Methodology

The 2011 TBC Study of Women Directors and Executive Officers for Texas was based on the 94 companies in the state identified as FORTUNE 1000. The KPMG Market Research team compiled the data for the study from the most recent Securities and Exchange Commission filings, including annual reports (form 10-Ks) and Proxy statements (DEF 14A's). The most recent filings for nearly all of the companies were as of fiscal year ending December 31, 2010.

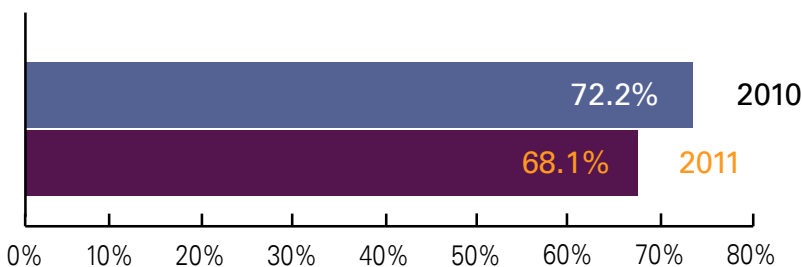
All FORTUNE 1000 in Texas

94 Companies

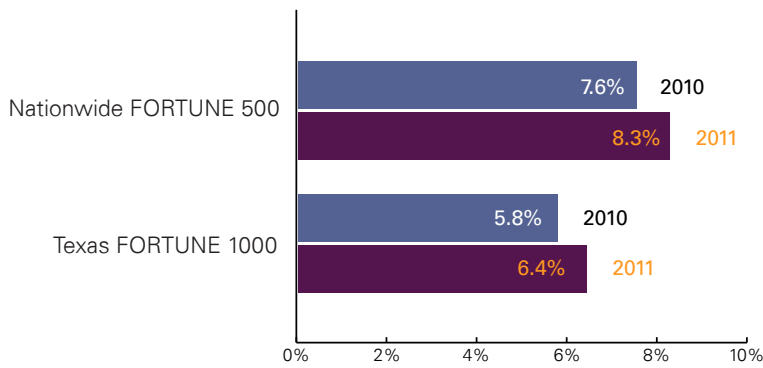


Texas made progress within the executive ranks. Among the FORTUNE 1000 companies in Texas, the percentage of companies with no women among their highest compensated executives decreased meaningfully year over year.

Percentage of Texas Companies with No Women among Highest Compensated Executives

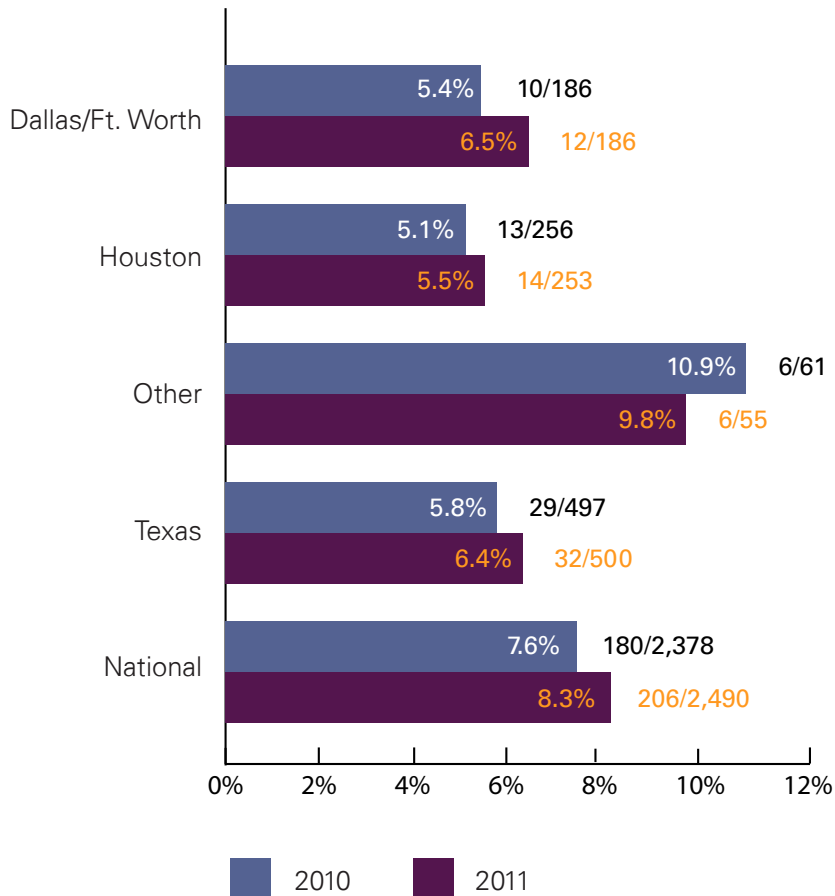


Women among Highest Compensated Executives



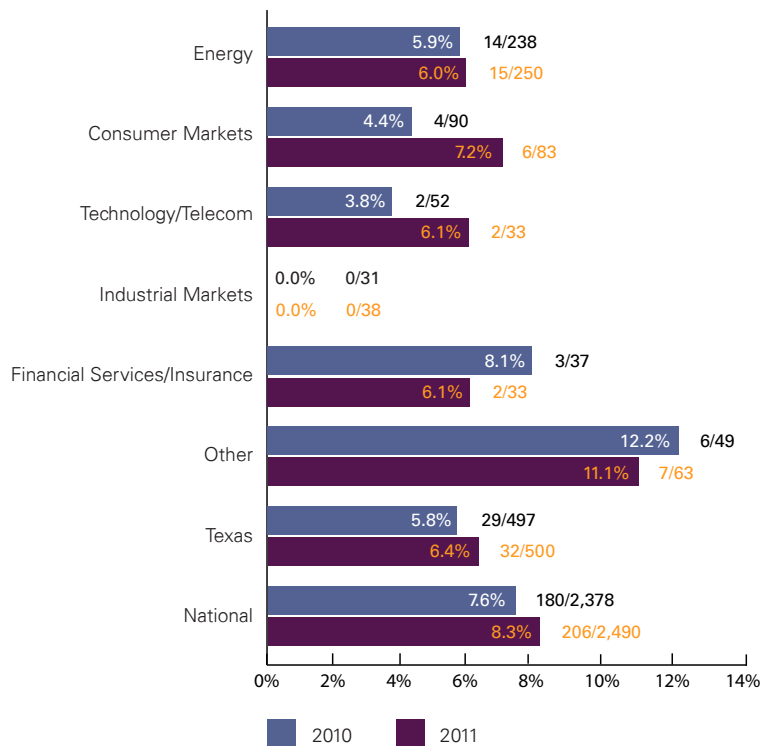
Texas made good progress in 2011 among highly compensated women executives. This mirrored nearly identical increases nationwide.

Percentage of Women among Highest Compensated Executives by Region



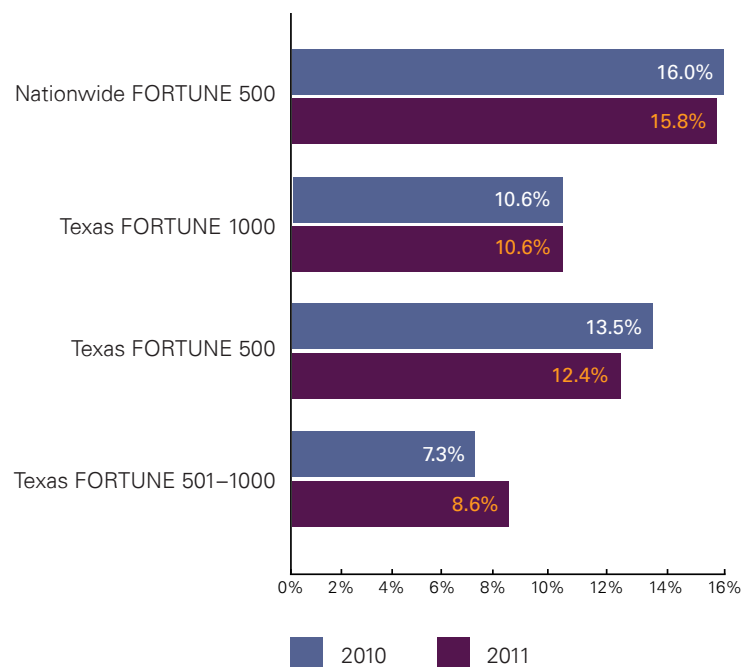
The large metropolitan areas of Dallas/Ft. Worth and Houston are responsible for the increase in the percentage of women among highest compensated executives.

Women among Highest Compensated Executives by Industry



The consumer markets and technology/telecom industries made the largest gains in the percentage of women among highest compensated executives. While the gains in the technology industry were largely the result of a lower number of companies in that category in 2011 (actual number of female execs remained unchanged), the consumer markets area experienced very real improvement, led by Men's Wearhouse, GameStop and Radio Shack. The industrial markets industry continues to stubbornly remain at zero.

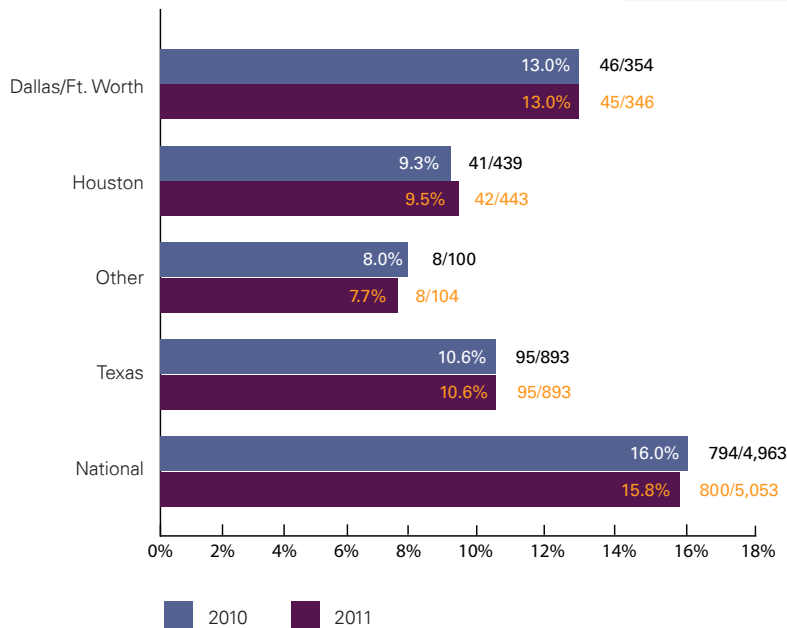
Percentage of Director Seats Held by Women



Texas' FORTUNE 1000 showed neither improvement nor decline in the percentage of director seats held by women. Interestingly, noticeable declines occurred within the FORTUNE 500, but the smaller companies rounding out the top 1000 made significant strides, offsetting the larger firms' backslide.

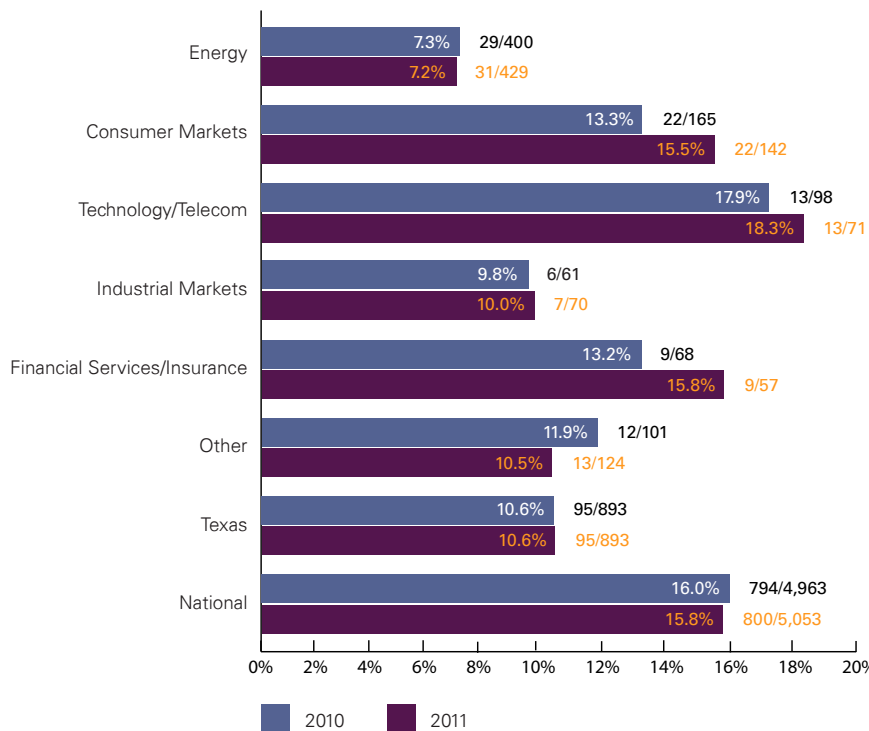
Note: Continental Airlines dropped out of the FORTUNE 500 due to acquisition by United. They had a stellar percentage with over 22 percent of their board seats filled by women. This, in addition to four new entrants with no women on their boards, caused the percentage to decline year over year.

Percentage of Board Seats Held by Women by Region



Note: National is FORTUNE 500 only

Percentage of Board Seats Held by Women by Industry

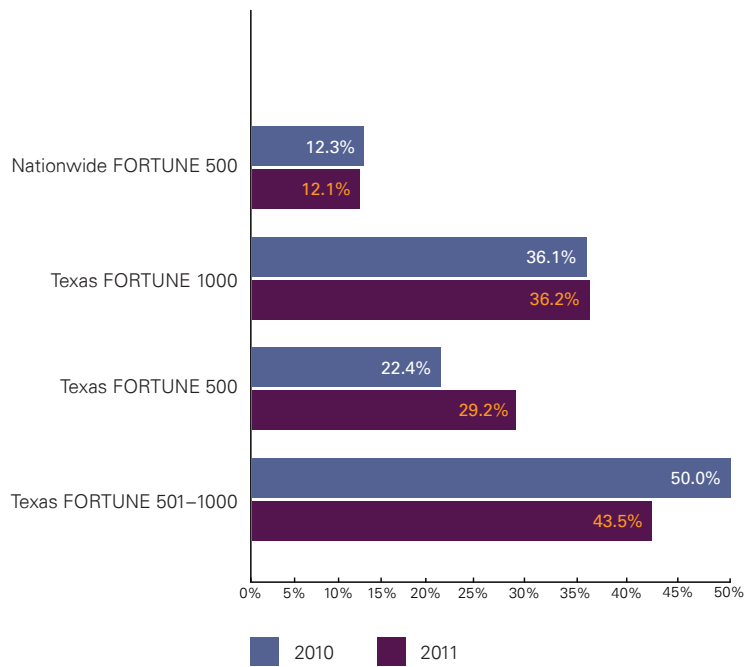


Note: National is FORTUNE 500 only

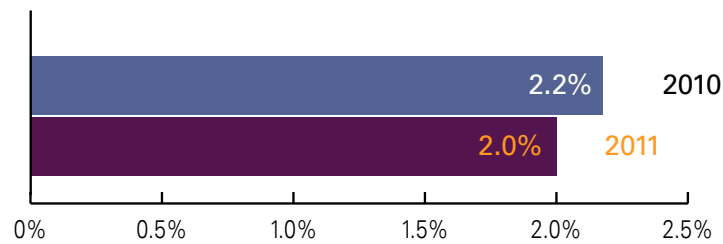
There has been almost no movement in the percentage of board seats held by women. Houston made a small gain offset by companies within smaller metropolitan areas.

Those industries making gains in percentage of board seats held by women, largely did so because of fewer board seats this year, not due to a meaningful addition of women to their boards. The industrial markets are an enigma, since every single company in the category has exactly one female board member and zero female executives. Consumer markets, technology/telecom and financial services/ insurance continue to beat the average for Texas, while the energy industry lags far behind.

Percentage of Companies with No Women Directors



Percentage of Board Seats Held by Women of Color



Unfortunately, this Texas trend is not headed in the right direction. Women of color lost ground during 2011 with regard to board seats.



A Roll Call of Texas FORTUNE 1000 Companies

Women Board Directors 2011 (as of October 12, 2011)

Company	2011 FORTUNE Rank	Total Number of Top Executives	Number of Top Female Executives	Total Number of Directors	Total Number of Female Directors
Exxon Mobil	2	5	0	11	1 Marilyn Carlson Nelson
ConocoPhillips	4	6	0	14	3 Ruth Harkin, Kathryn Turner, Victoria Tschinkel
AT&T	12	5	0	13	4 Joyce Roche, Lynn Martin, Dr. Laura D. Tyson, Patricia Upton
Valero Energy	24	6	1	10	1 Dr. Susan Kaufman
Marathon Oil	29	5	1	12	1 Dr. Shirley Jackson
Dell	41	5	0	12	1 Judy Lewent
Sysco	67	6	0	12	4 Phyllis Sewell, Jacquelyn Ward, Nancy Newcomb, Dr. Judith Craven
Enterprise Products Partners	80	5	0	5	0
Plains All American Pipeline	99	6	0	8	0
AMR	118	6	1	13	2 Ann Korologos, Dr. Judith Rodin
Fluor	124	5	0	12	3 Dr. Suzanne Woolsey, Rosemary Berkery, Paulett Eberhart
Tesoro	128	6	1	8	0
Kimberly-Clark	130	5	0	13	3 Dr. Mae Jemison, Linda Rice, Nancy Karch
Halliburton	144	5	0	11	2 Dr. Nance Dicciani, Debra Reed
JCPenney	146	6	1	11	3 Mary Beth West, Geraldine Laybourne, Colleen Barrett
Baker Hughes	170	5	0	13	1 Claire Gargalli
Texas Instruments	175	5	0	11	4 Dr. Ruth Simmons, Pamela Patsley, Carrie Cox, Christine Whitman
Waste Management	196	6	0	8	1 Dr. Pastora Cafferty
National Oilwell Varco	202	5	0	8	0
Dean Foods	203	8	0	10	2 Janet Hill, Doreen Wright
Southwest Airlines	205	5	1	11	1 Nancy Loeffler
Apache	206	6	0	11	1 Patricia Graham
Anadarko Petroleum	223	5	0	9	2 Paula Reynolds, Paulett Eberhardt
KBR	242	5	1	7	0
GameStop	262	6	1	11	1 Stephanie Shern
Tenet Healthcare	266	5	1	10	2 Karen Garrison, Brenda Gaines
Whole Foods Market	273	5	1	11	2 Gabrielle Green, Stephanie Kugelman
CenterPoint Energy	279	5	0	13	2 Janiece Longoria, Susan Rheney
Holly	289	5	1	7	0
Kinder Morgan	294	5	1	11	0
Western Refining	298	6	0	8	1 Carin Barth
Enbridge Energy Partners	309	6	0	7	1 Martha Hesse
Calpine	349	5	0	8	1 Denise O'Leary
Energy Transfer Equity	351	6	0	9	0
Commercial Metals	361	5	0	10	1 Dorothy Owen
Cameron International	375	5	0	9	0
EOG Resources	377	6	1	7	0
Celanese	388	5	1	9	1 Farah Walters
CC Media Holdings	391	6	0	12	0
Dr Pepper Snapple Group	404	6	0	9	2 Pamela Patsley, Anne Szostak
Group 1 Automotive	413	5	0	7	1 Beryl Rath
Targa Resources	416	6	0	7	0
Spectra Energy	441	5	1	11	1 Pamela Carter
Atmos Energy	473	5	0	13	1 Nancy Quinn
El Paso	481	5	0	12	1 Ferrell McClean
RadioShack	492	5	1	7	1 Edwina Woodbury
NuStar Energy	497	5	1	6	0

Company	2011 FORTUNE Rank	Total Number of Top Executives	Number of Top Female Executives	Total Number of Directors	Total Number of Female Directors
D.R. Horton	499	4	1	7	0
FMC Technologies	518	5	0	11	2 Caroline Devine, Claire Farley
CVR Energy	529	5	0	9	0
MetroPCS Communications	530	5	0	7	0
Flowserve	535	5	0	11	1 Gayla Delly
Quanta Services	542	5	0	11	0
Temple-Inland	557	5	0	10	1 Cassandra Carr
Susser Holdings	577	5	0	7	0
Torchmark	596	5	0	10	1 Jane Buchan
Brinker International	631	6	0	9	2 Harriet Edelman, Cece Smith
Westlake Chemical	635	5	0	7	1 Dorothy Jenkins
Lennox International	651	6	0	11	1 Janet Cooper
American National Insurance	654	6	0	9	1 Frances Moody-Dahlberg
Noble Energy	665	5	1	9	0
Sally Beauty Holdings	681	5	0	11	2 Kathleen Affeldt, Martha de Lombera
Alliance Data Systems	693	5	0	8	0
Rent A Center	702	5	0	8	1 Paula Stern
Pioneer Natural Resources	716	5	0	10	0
Comerica	721	5	2	10	2 Jacqueline Kane, Nina Vaca
Southwestern Energy	729	6	0	9	0
Southern Union	750	5	1	9	0
Exterran Holdings	755	5	0	9	1 Janet Clark
Oil States International	767	5	1	9	1 Cindy Taylor
Benchmark Electronics	769	3	1	7	2 Laura Lang, Bernee Strom
DYNEGY	791	5	1	6	1 Patricia Hamrick
HCC Insurance Holdings	797	6	0	11	3 Judy Bozeman, Leslie Heisz, Deborah Midanek
Genon Energy	807	9	0	10	1 Laree Perez
Adams Resources & Energy	822	4	1	5	0
Service Corp. International	826	5	0	11	0
Trinity Industries	827	6	0	12	1 Dr. Diana Natalicio
Cinemark Holdings	832	5	0	10	0
Men's Wearhouse	843	5	1	8	0
Genesis Energy	845	5	1	11	1 Sharilyn Gasaway
Fossil	865	6	1	9	2 Elaine Agather, Elysia Rausa
Kinetic Concepts	867	6	2	11	1 Catherine Burzik
Dresser-Rand Group	889	5	0	8	1 Rita Foley
Denbury Resources	895	5	0	9	0
Oceaneering International	896	5	0	6	0
BMC Software	899	5	1	10	1 Kathleen O'Neil
Newfield Exploration	913	5	0	11	2 Pamela Gardner, Juanita Romans
Crown Castle International	914	5	0	11	1 Cindy Christy
Rowan	935	6	0	11	0
Crosstex Energy	944	5	0	7	0
Insperity	966	5	0	8	0
TPC Group	977	5	0	7	0
Stewart Information Services	985	6	0	9	2 Catherine Allen, Laurie Moore
Valhi	992	5	0	7	0



InterOrganization Network Advances the Cause

TBC is a member of a national organization, InterOrganization Network (ION), which is moving the initiative to advance women to the board room on a national basis. Formed in 2004, the ION consists of 14 regional organizations in the United States representing more than 10,000 women in business across a wide range of industries. Through ION, these women combine their energies in advocating the advancement of women to positions of power in the business world, especially to boards of directors and executive suites.

One of ION's strengths is characterized by the many accomplished women represented across its 14 member organizations. TBC joined in 2010.

ION and its members annually conduct benchmarking and periodic tracking of women directors and executive officers of public companies based in their respective regions, publishing key research findings and encouraging comparisons across regions. The research data that ION's members publish provide both breadth and depth of information that is not available anywhere else.

www.ionwomen.org



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Texas

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Wisconsin

Milwaukee Women inc
www.milwaukeewomeninc.org

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