

ABBA – Alignment of interests (Are insiders in the same boat as you?)

- *Purpose is to understand the key factors impacting the Board and Management as they make capital and shareowner decisions.*

<p><i>Who are the largest shareholders and any history on how they have treated other owners</i></p>	
<p><i>How many directors and how many independent? (ideally <9 total)</i></p> <p><i>How many directors have been on the board for more than 5 years</i></p> <p><i>Comments on individuals and any history</i></p>	

<p><i>How are directors compensated?</i></p> <p><i>How much stock do independent board members own (more than 3x fees)?</i></p> <p><i>Is it significant to them?</i></p> <p><i>Have they been granted options/shares rights or have they paid for the stock they own?</i></p>	
<p><i>Any thoughts on the Chair or lead director?</i></p> <p><i>Any evidence of other directors/other party leading the agenda?</i></p>	



Have any insiders purchased shares over the last year (incl details)

Have any insiders sold shares over the last year (incl details)



<p><i>How is management paid and incentivized.</i></p> <p><i>What are the key drivers in their bonus plan? How do these payments vest?</i></p> <p><i>What are perks?</i></p> <p><i>Does senior mgmt live in same city?</i></p> <p><i>How many shares do they own? (more than 5x salary)</i></p>	
<p><i>Are there termination benefits/change of control (incl details) Any retirement plan?</i></p> <p><i>How does these impact motivation of mgmt?</i></p>	



<p><i>Are options used? What percentage of outstanding shares is represented by options? Have they been repriced? Is it an evergreen plan?</i></p>	
<p><i>Is there more than one class of shares? Is there a coattail? (consider also any other instruments that may impact board elections, capital transactions)</i></p>	
<p><i>Is there a poison pill in place and details</i></p>	



<p><i>Has the company done any significant acquisitions in last 3 years? Was stock issued?</i></p>	
<p><i>How have outstanding shares changed over time? Any significant issue? Any significant repurchase? Comments on pricing</i></p>	
<p><i>Any related party transactions and the details</i></p>	



<p><i>Comments on management reporting (clearly lays out objectives and candid about results? Does benchmark or reporting metrics change?)</i></p>	
<p><i>Is accounting conservative?</i></p> <ul style="list-style-type: none"> • <i>When is revenue recognized and does this make sense</i> • <i>Does fixed asset depn schedule make sense</i> • <i>Capitalization of significant costs (interest, pre-opening, development, does this make sense and when recognized/amortized incl period (less than 2 years))</i> • <i>Pension and post retirement (discount rates, expected rate of return, significance of expense)</i> • <i>Compensation/option cost reporting</i> • <i>Significant assets subject to mgmt estimation/valuation</i> • <i>Significant liabilities subject to mgmt estimation/valuation</i> • <i>More than 3 significant acquisitions in last 3 years and acctg</i> • <i>Below line charges</i> • <i>Recent change in auditor</i> 	

