



Urban League of
Philadelphia

Opportunity at the Top:

Leadership and Diversity of Corporate Boards

A Survey of African American
Participation on Public Corporate Boards
in the Greater Philadelphia Region





Acknowledgments:

The Urban League of Philadelphia wishes to thank all those who have assisted with this publication including: David L. Cohen, Isaiah Harris, Jr., Charisse R. Lillie, Frank K. Ross, The Philadelphia Business Journal, KPMG LLP - Philadelphia (the survey research team): Jerry J. Maginnis, Joe Mbogo, Sophia Smith, and Robert Cuff.

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Table of Contents

December
2010

Message from the Urban League of Philadelphia	1
<i>by Patricia A. Coulter</i>	
Message from KPMG LLP, Philadelphia	3
<i>by Jerry J. Maginnis</i>	
Executive Summary	5
Survey Results	7
Importance of Diversity on the Board of Directors of Public Companies	13
<i>by David L. Cohen</i>	
Diversity Provides Value from Differentiating Perspectives.....	14
<i>by Isaiah Harris, Jr.</i>	
Boardroom Inclusion: A Variety of Voices Can Contribute to Greater Business Results	16
<i>by Charisse R. Lillie</i>	
Getting on Board: Mapping the Course for Your Inclusion on Corporate Boards	18
<i>by Frank K. Ross</i>	
Survey Methodology	21
About the Urban League of Philadelphia	22

Message from the Urban League of Philadelphia

Patricia A. Coulter

*President & CEO,
Urban League of Philadelphia*



Greetings,

In the Greater Philadelphia region, we pride ourselves on diversity that makes our city amongst the best in our nation. In order to fully make the case that Philadelphia and its surrounding communities are desirable places to live and do business, we need to have the companies that call this region home better reflect the communities in which they serve and do business.

This survey was created to bring thought-leaders together for dialogue and to see what can be done to bring more opportunities for parity and power to African American professionals. Special thanks to our board member Joe Mbogo and his colleagues at KPMG LLP for their assistance with the development of this report.

In these tough economic times, corporate boards face many complex challenges. Having diverse perspectives offers greater opportunity for new points of view and fresh innovative solutions to this complexity. A survey conducted in 2006 by the National Association of Corporate Directors shows that companies with a diverse board perform better than those that lack diversity.

In this global knowledge economy, companies operate in diverse environments. Reflecting this diversity is critical to the success and growth of all companies. One way to ensure that this happens is by having diversity throughout all aspects of an organization, from entry-level and mid-career positions to executive-level positions and board of directors. Today, companies have policies in place to prevent discrimination in hiring practices, but it's just as important that the doors to boardrooms throughout our region are open to diverse candidates, providing the businesses in our region a competitive advantage through their diversity.

African Americans make up 44 percent and 20 percent of the population of the city of Philadelphia and the Greater Philadelphia region, respectively, yet they are only known to make up 4 percent of the membership of corporate boards that responded to our survey. There is room to improve this 4 percent given the contributions to the local economy of the African American residents. It is our intention to have this report provide a snapshot of African American participation on the boards of the top companies in our region and assist in developing strategies that leverage diversity as an asset for corporate growth.

We hope that you find this report useful in cultivating a climate within your own organization that allows for honest and open dialogue on diversity and inclusion. We thank you in advance for your interest and look forward to further engaging you in the Urban League empowerment movement.

Sincerely,

A handwritten signature in black ink, appearing to read 'Patricia A. Coulter', written in a cursive style.

Patricia A. Coulter
President & CEO
Urban League of Philadelphia



Message from KPMG LLP, Philadelphia

Jerry J. Maginnis

KPMG LLP, Managing Partner,
Philadelphia



Philadelphia Area Business and Civic Leaders:

Thank you for taking time to review the findings from this important research project commissioned earlier this year by the Urban League of Philadelphia.

This project was important because it had not been done in this region before. While we all had a sense that African Americans were underrepresented on the boards of the Philadelphia region's largest public companies, no statistics were readily available. The results of this survey provide a starting point against which we can measure our progress as a business community.

Let me say something about why my firm, KPMG, decided to get involved. First and foremost, we believe that diversity is critical to our success. We've built a diversity infrastructure that includes a Diversity Advisory Board comprised of senior leadership and the chairs of our six diversity networks, including the African American Network. These networks provide opportunities for career development, broader professional experiences and a chance to build career-enriching relationships, both within and beyond the firm. We are proud of the recognition we've earned in this area, including a spot on Diversity Inc's 2010 "Top 50 Companies for Diversity" and on Diversity Edge's "Best Companies for Diverse Graduates." In addition, one of KPMG's core values is giving back to the communities in which we live and work. So when Pat Coulter approached me about KPMG providing pro-bono support for this project, it was an easy decision to say yes.

While the project methodology is explained in more detail elsewhere in this report, I wanted to comment briefly on the scope of this initiative in order to provide some context—given the focus and mission of the Urban League—around how we approached "diversity." While most business people define diversity broadly to encompass a variety of factors including gender, ethnicity, race, age and so forth, this study was directed solely to measuring African American representation on the boards of the Philadelphia area's largest public companies. Opportunity exists to study diversity more broadly and I encourage that research.

I want to thank my colleagues at KPMG who were most involved with the hundreds of hours of work that went into this project, particularly Sophia Smith as well as Joe Mbogo, who recently became a partner with our firm. Thanks also to Pat and her colleagues at the Urban League of Philadelphia for their leadership and vision in commissioning this project. It was a pleasure to work with all of you on this important initiative. One of the things we learned from this project is that an individual's race is generally not publicly disclosed. For that reason, every effort was made to confirm our findings directly with the companies included in this survey. We are grateful to all the companies that responded to the Urban League's confirmation requests.

I believe the Philadelphia region has a bright future. Embracing diversity at all levels of our organizations, including the board level, will enable us to more quickly achieve our potential as a region!

A handwritten signature in black ink that reads "Jerry J. Maginnis". The signature is written in a cursive, slightly slanted style.

Jerry J. Maginnis
KPMG LLP, Managing Partner, Philadelphia



Executive Summary

Opportunity at the Top: Leadership & Diversity of Corporate Boards

A Survey of African American Participation on Public Corporate Boards in the Greater Philadelphia Region

Purpose of the Survey

In 2007, the Urban League of Philadelphia (ULP) released *The State of Black Philadelphia*, a compelling publication that brought awareness to the racial disparities in economics, health, education, civic engagement and social justice. The report calculated the equality index at .72, meaning that considering these 5 key areas, African Americans were enjoying a quality of life equal to 72% of that enjoyed by their white counterparts. The provocative compilation of key statistics and essays from some of Philadelphia's finest minds offered targeted recommendations to closing equality gaps that remain nearly 50 years following passage of the Civil Rights Act. The goal of the report was to provoke action and commitment to closing equality gaps and improving the lives of people throughout the Greater Philadelphia region.

Although the overall equality index was .72, the area of economics had the lowest index of .66. The causes for this disparity are numerous and multi-faceted, but clearly, a critical component to be addressed if this index is to improve is the income gap. While many paths can lead to professional success and/or economic stability, many still choose to spend at least a portion of their careers in corporate environments. Corporate boards are responsible for their companies' direction, including high-level decision making relating to issues of employment, procurement, community engagement and investment. Ultimately, the boards establish the tone and culture of the organization and play a critical role in ensuring that their companies' practices and policies create an environment that is inclusive. Having diverse perspectives, including those of African Americans, on the board of directors promotes such an environment. For the purposes of this survey, the Urban League of Philadelphia wanted to explore the participation rate of African Americans within the corporate boardrooms of public companies throughout the Greater Philadelphia region.

Survey Scope and Results

- The population of companies surveyed included the top 108 (by revenue) public companies in the Philadelphia region, as published in June 2010 by *The Philadelphia Business Journal*. Over 70% of companies surveyed responded to confirmation requests.
- A total of 108 companies with 888 board members were surveyed and 78 companies with 678 board members responded. Of the respondent companies, there were a total of 30 African American board directors or 4 percent.
- Of all the companies surveyed, 26% responded that the company has one African American board member; less than 2% have more than one African American board member.

Conclusions

By contrast to these survey results, African Americans make up 44% of Philadelphia's population, and 20% of the region's, however their level of participation on Greater Philadelphia's corporate boards is not nearly representative of this. Few will argue against the ideals of diversity, and the business imperative of inclusion as having favorable outcomes to the companies, the community, and the region as a whole. Yet, a lack of diversity on corporate boards, particularly for African Americans, persists.

Continued discussion, engagement and participation among corporate and community leaders is key in addressing the disparities between the participation of African Americans on corporate boards in the Greater Philadelphia region relative to their representation within the underlying population. For that reason, the ULP is very encouraged that over 70% of companies surveyed for this report responded. It was also significant that in December 2009, the Securities and Exchange

Commission made changes to its proxy disclosure rules that require companies to disclose whether, and if so, how a board or nominating committee considers diversity in identifying director nominees. It is our hope that this survey report will serve to spur conversation and movement towards increased African American participation on corporate boards.

The survey's results are complemented by essays that offer insights on how and why the corporate landscape can and should be changed. The goal of this survey is to motivate readers to become engaged in dialogue around diversity and take action that yields effective change. For companies seeking to recruit diverse candidates the hope is that this survey becomes a catalyst for beginning the process. For individuals interested in positioning themselves for board membership, this report should

provide some inspiration and insights into pursuing that path. This survey, "Opportunity at the Top," will serve as a tool in understanding that the success of corporations in the Greater Philadelphia region depends in large part on the leadership and oversight given by the board, and diversity, in this case, African American, is a key element to this success.



Survey Results

Philadelphia Business Journal Ranking	Company Name	Business Segment	Number of African American Directors	% of Directors
1	AmerisourceBergen Corp.	Prescription drug distribution and related services	1	11%
2	Comcast Corp.	Entertainment, information and communications	1	8%
3	Sunoco Inc.	Petroleum, commodities and chemicals	1	13%
4	CIGNA Corp.	Health care insurance	1	8%
5	Lincoln National Corp.	Insurance and retirement products	2	17%
6	Crown Holdings Inc.	Packaging products	1	10%
7	Campbell Soup Co.	Branded convenience food products	1	6%
8	UGI Corp.	Energy products and related services	1	11%
9	Sunoco Logistics Partners LP	Oil & Gas transport and storage	non-reply	non-reply
10	Universal Health Services Inc.	Acute care hospitals and health centers	non-reply	non-reply
11	Unisys Corp.	Information Technology	1	9%
12	Airgas Inc.	Industrial, medical and specialty gases	1	11%
13	FMC Corp.	Chemical supply for consumer and industrial markets	0	0%
14	PHH Corp.	Mortgage and fleet management outsourcing services	0	0%
15	Charming Shoppes Inc.	Specialty apparel retailer	1	10%
16	AmeriGas Partners LP	Propane distribution	1	11%
17	Cephalon Inc.	Biopharmaceutical products for the central nervous system	0	0%
18	Ametek Inc.	Electronic instruments and devices	0	0%
19	Vishay Intertechnology Inc.	Semiconductors and electronic components	0	0%
20	Pep Boys - Manny, Moe & Jack	Automotive repair services and related retail sales	1	10%

Philadelphia Business Journal Ranking	Company Name	Business Segment	Number of African American Directors	% of Directors
21	Teleflex Inc.	Single-use medical devices	0	0%
22	Urban Outfitters Inc.	Specialty apparel retailer	non-reply	non-reply
23	Toll Brothers Inc.	Residential homes	non-reply	non-reply
24	Central European Distribution Corp.	Alcoholic beverages	0	0%
25	Endo Pharmaceuticals Holdings Inc.	Generic pharmaceuticals	0	0%
26	Radian Group Inc.	Credit-related insurance coverage and financial services	1	10%
27	Triumph Group Inc.	Aircraft component design, manufacture, repair and distribution	0	0%
28	SEI Investments Co.	Investment processing and management business outsourcing	non-reply	non-reply
29	West Pharmaceutical Services Inc.	Components and systems for healthcare and pharmaceutical	2	20%
30	GSI Commerce Inc.	e-commerce and interactive marketing services	1	11%
31	Harleysville Group Inc.	Property and casualty insurance	1	13%
32	CDI Corp.	Engineering and information technology outsourcing	0	0%
33	Penn Virginia Corp.	Development, exploration and production of gas and oil	0	0%
34	Knoll Inc.	Workplace furnishings, textiles and leathers	0	0%
35	Checkpoint Systems Inc.	Identification, tracking and security solutions	0	0%
36	Liberty Property Trust	Real estate investment holding trust	0	0%
37	Healthcare Services Group Inc.	Housekeeping, facility management and food services	non-reply	non-reply
38	Aqua America Inc.	Water and water services	1	11%
39	Penn Virginia GP Holdings LP	Management of coal and natural resources properties	non-reply	non-reply
40	J&J Snack Foods Corp.	Snack foods and beverages	non-reply	non-reply

Survey Results

Philadelphia Business Journal Ranking	Company Name	Business Segment	Number of African American Directors	% of Directors
41	Penn Virginia Resource Partners LP	Management of coal and natural resources properties	non-reply	non-reply
42	Constar International Inc.	Plastic containers	1	20%
43	Brandywine Realty Trust	Real estate investment firm	0	0%
44	Destination Maternity Corp.	Design and retail of maternity apparel	0	0%
45	Dollar Financial Corp.	Retail financial services and banking	0	0%
46	NutriSystem Inc.	Weight management products and services	0	0%
47	CSS Industries Inc.	Seasonal and occasion products	0	0%
48	Pennsylvania Real Estate Investment Trust	Real estate investment trust	0	0%
49	A.C. Moore Arts & Crafts Inc.	Specialty retailer of arts, crafts and floral merchandise	non-reply	non-reply
50	Quaker Chemical Corp.	Specialty chemical products	1	10%
51	Technitrol Inc.	Electronic components and modules	0	0%
52	Dorman Products Inc.	Automotive parts, fasteners and products	0	0%
53	Entercom Communications Corp.	Radio broadcasting	0	0%
54	C&D Technologies Inc.	Power storage systems	0	0%
55	Hill International Inc.	Project management and construction claims services	non-reply	non-reply
56	ViroPharma Inc.	Biopharmaceutical products	0	0%
57	MedQuist Inc.	Medical transcription technology and services	non-reply	non-reply
58	InterDigital Inc.	Digital wireless technologies	0	0%
59	Kulicke & Soffa Industries Inc.	Capital equipment and tools	0	0%
60	Nobel Learning Communities Inc.	Nonsectarian private schools	1	11%

Philadelphia Business Journal Ranking	Company Name	Business Segment	Number of African American Directors	% of Directors
61	RAIT Financial Trust	Real estate investment trust	0	0%
62	RCM Technologies Inc.	Business and technology solutions	non-reply	non-reply
63	Stonemor Partners LP	Own and operate cemeteries	0	0%
64	Tasty Baking Co.	Sweet baked goods	1	11%
65	Auxilium Pharmaceuticals Inc.	Biopharmaceutical products	0	0%
66	Kenexa Corp.	Software and services for recruiting/retaining employees	1	13%
67	SL Industries Inc.	Power electronics and related products	non-reply	non-reply
68	Beneficial Mutual Bancorp Inc.	Consumer and commercial banking	1	7%
69	Harleysville National Corp. (2)	Bank and trust company	n/a	n/a
70	Lannett Co. Inc.	Generic pharmaceuticals	0	0%
71	Resource America Inc.	Asset management	1	13%
72	WPCS International Inc.	Engineering company	0	0%
73	Met-Pro Corp.	Product recovery and pollution control equipment	0	0%
74	eResearchTechnology Inc.	Technology and service solutions to the health care industry	0	0%
75	Orthovita Inc.	Orthobiological and biosurgery products	0	0%
76	Internet Capital Group Inc.	Private equity and venture capital investing	non-reply	non-reply
77	InfoLogix Inc.	Enterprise mobility and mobile workforce technology	0	0%
78	Kensey Nash Corp.	Medical device company	0	0%
79	Univest Corp. of Pennsylvania	Retail, commercial, and community banking	0	0%
80	BioClinica Inc.	Integrated clinical research services	1	13%

Survey Results

Philadelphia Business Journal Ranking	Company Name	Business Segment	Number of African American Directors	% of Directors
81	Bryn Mawr Bank Corp.	Consumer and commercial banking	1	11%
82	ING Clarion Global Real Estate Income Fund	Closed-end equity mutual fund	0	0%
83	OmegaFlex Inc.	Flexible metal hoses manufacturing	non-reply	non-reply
84	Adolor Corp.	Biopharmaceutical products	non-reply	non-reply
85	Innovative Solutions & Support Inc.	Flat panel display systems	non-reply	non-reply
86	Universal Health Realty Income Trust	Real estate investment trust	non-reply	non-reply
87	Safeguard Scientifics	Private equity and venture capital investing	0	0%
88	Escalon Medical Corp	Medical devices	non-reply	non-reply
89	Marlin Business Services Corp.	Equipment financing and working capital solutions	non-reply	non-reply
90	PhotoMedex Inc.	Integrated disease management and aesthetic solutions	non-reply	non-reply
91	TF Financial Corp.	Banking and financial services	non-reply	non-reply
92	inTEST Corp.	Mechanical, thermal and electrical products	0	0%
93	Encorium Group Inc	Clinical trials for the healthcare industry	non-reply	non-reply
94	Astea International Inc.	Service management software solutions	non-reply	non-reply
95	ProPhase Labs Inc.	Over-the-counter cold remedy products	non-reply	non-reply
96	Parke Bancorp Inc.	Commercial banking	0	0%
97	Fox Chase Bancorp Inc.	Consumer and commercial financial products and services	0	0%
98	DNB Financial Corp.	Commercial banking	1	13%
99	Harleysville Savings Financial Corp.	Banking services	non-reply	non-reply
100	Republic First Bancorp Inc.	Consumer and commercial banking products and services	0	0%

Philadelphia Business Journal Ranking	Company Name	Business Segment	Number of African American Directors	% of Directors
101	Alliance Bancorp Inc. of Pennsylvania	Community banking solutions	0	0%
102	USA Technologies Inc.	Unattended point of sale market	non-reply	non-reply
103	Abington Bancorp Inc.	Financial products and services	0	0%
104	First Keystone Financial Inc. (1)	Commercial and retail banking	0	0%
105	Prudential Bancorp Inc. of Pennsylvania	Financial services	0	0%
106	Sterling Banks Inc. (3)	Community banking services	0	0%
107	Royal Bancshares of Pennsylvania Inc.	Banking services	non-reply	non-reply
108	Hemispherx Biopharma Inc.	Specialty pharmaceuticals	non-reply	non-reply
Total Directors			888	
Total Directors from Respondents			678	
Total known African Americans			30	
Percentage of known African Americans Directors			4%	

(1) Acquired by Bryn Mawr Bank Corporation in July 2010, after survey cut-off date of June 7, 2010.

(2) Acquired by First Niagara Financial Group Inc in April 2010, before survey cut-off date of June 7, 2010.

(3) Acquired by Roma Banks in July 2010, after survey cut-off date of June 7, 2010.

non-reply: The number of African American directors was not determined as a response to confirmation requests (described in the methodology section) was not received.

The Importance of Diversity on the Board of Directors of Public Companies

David L. Cohen*

*Executive Vice President,
Comcast Corporation*



The importance of diversity on public company boards of directors should no longer be a matter of debate. This is the case both because diversity is the “right” thing to do and because it is a business imperative to have one’s entire company—from the board through the workforce—reflect the diversity of our country and region.

According to projections based on recent census data, sometime in the 21st Century, the United States will become a “majority minority” country. The City of Philadelphia and our surrounding region already enjoy the benefits of this diversity, with people of color and women occupying important leadership positions in the political, business, civic, and charitable sectors.

As our population becomes more diverse, it is unclear that there are any arguments against our private sector workforces, supplier bases, community partners, and board directors reflecting the diversity that enriches our communities. While some lag in diversity performance is understandable, over time, it is indefensible to sustain the absence of diversity. As a simple matter of what is “right,” increasing the diversity of our corporate boards should be a priority.

More importantly, however, it is beyond question that diversity is a business imperative. As our customer bases become more diverse, the different perspectives provided by diverse directors enhance a company’s competitive standing and enable a company to grow its business more effectively. Companies can only benefit from the better policy guidance they receive from diverse boards of directors. And the symbolic value—internally and externally—of diverse directors of high profile companies also cannot be overstated.

The business imperative of diversity applies to regional economies as well, whose performance, after all, simply reflects the collective competitive standing of the business community as a whole. So board diversity should be a priority for all of us—because it’s the right thing to do, because it’s good for our individual businesses, and because it will help enhance our entire region’s competitiveness.

**Mr. Cohen served as chair of the Greater Philadelphia Chamber of Commerce from October 2008 – October 2010*

Diversity Provides Value from Differentiating Perspectives

Isaiah Harris, Jr.

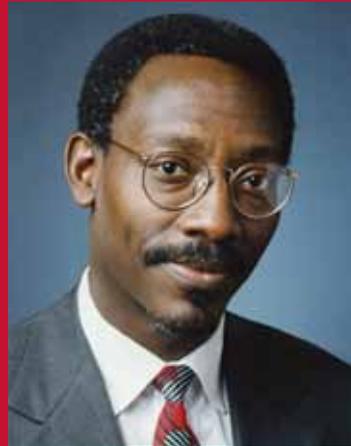
Chairman, Board of Directors, CIGNA Corporation

CIGNA's approach to diversity is simple: Including, engaging, and leveraging varied perspectives will enable us to meet the needs of our customers and win in a marketplace that is increasingly competitive.

Our success requires diversity, not as a program, but as a competence that enables trust and collaboration to serve the different cultures, experiences, and backgrounds represented in our customers, employees, communities and partners.

In 2005, I joined CIGNA's board of directors. It was already evident that CIGNA sought to reflect the diverse perspectives of employer-clients, individual customers and healthcare partners in its board composition. Among the twelve board members then, there were eleven non-employee directors, which was a remarkable demonstration of the independence of the board. With two African Americans, four women, and one Latino, seven of our twelve board members were women or people of color. Although we have had some natural change and evolution over the past few years, our Board today remains very diverse – five of our eleven current board members are women or people of color.

CIGNA's initial success in creating board diversity resulted from attracting varied business and professional backgrounds to complement the challenges and opportunities the company faced. The board's diversity provided value through the breadth of our experiences with finance, investments, operations, medicine, retail, and leadership development. The enhanced value of our different perspectives supported CIGNA's commitment to evolve from a holding company to a global health service organization with a focus on the customer, providing products and services that help people improve their health, well-being and sense of security.



Isaiah Harris, Jr. has served as Chairman of CIGNA Corporation since December 2009 and has been a Director since 2005. Mr. Harris served as the President and Chief Executive Officer of AT&T Advertising & Publishing - East (formerly BellSouth Advertising and Publishing Group, a communications services company) until his retirement in 2007. His current term as a Director of CIGNA expires in 2013.

Our board continues to evolve, seeking skills and experiences that align to CIGNA's business and people challenges. We continuously evaluate what it takes to be the industry's leading global health service company, and advise the company's leaders accordingly. We are in the business of innovative products and services that deliver a customer experience resulting in keeping people healthy and providing value to our diverse customer base. It's not possible to succeed at this without diversity.

“In my own experience as an executive, I know that unless the CEO and executive leadership team are actively involved and demonstrate actions consistent with supporting diversity, inclusion and engagement, it won’t be a sustainable value-creating competence for the enterprise.”

Isaiah Harris, Jr., Chairman, Board of Directors, CIGNA Corporation

Diversity is part of our culture, and our business. We monitor and measure diversity in various ways... beginning with the commitment of our executive leadership team. In my own experience as an executive, I know that unless the CEO and executive leadership team are actively involved and demonstrate actions consistent with supporting diversity, inclusion and engagement, it won’t be a sustainable value-creating competence for the enterprise.

So, first off, diversity begins at the top. David Cordani, our CEO and President, is a committed and bold leader whose actions affirm that diversity and inclusion starts with the CEO and executive leadership team at CIGNA. Since assuming the CEO position, Mr. Cordani has added two direct reports, both representing cultural and racial diversity.

Second, the board measures and evaluates business performance through an Enterprise Scorecard. This Scorecard measures key indicators of organizational and business performance, one of which is diversity. Employees set annual performance objectives based on the Scorecard and all managers have a responsibility to ensure diversity is present in their respective organization.

Third, we monitor the diversity of our talent—new hires, employee retention and leader development—as a measure of our commitment to creating a workforce that reflects our diverse customer base.

Fourth, the customer experience is critical to our business. That is why we are increasingly taking steps to better understand our customers and what they need. That way, we can more effectively target clinical programs, prevention and wellness strategies that regard and respect the cultural diversity of the people we serve.

Fifth, we provide training for our employees and business partners to build diversity awareness and cultural competence.

And—most recently—CIGNA has hired a Chief Diversity Officer to lead the development of a comprehensive company-wide strategy that integrates diversity into every aspect of our business, including the workforce, customers, service providers, and our products and services.

CIGNA is committed to maximizing our employee value proposition, corporate reputation and customer experience, and diversity is essential to these objectives. It is an exciting time to be associated with this company, as we take the next steps to advance diversity at CIGNA.

Any company that seeks to be relevant and competitive will see the importance of diversity in delivering sustainable business performance. Today’s boards of directors play an important and active role in supporting leadership teams to meet complex business challenges. Board diversity brings the skills, experience and market perspective to facilitate success across diverse global markets.

I encourage companies to be willing to consider talent from other sectors and backgrounds. Diversity of industry and diversity of thinking can provide valuable and differentiating perspectives to industry-specialized leaders.

I would also recommend companies ensure diverse candidate slates when seeking additions to your board of directors. High quality, experienced diversity professionals are available. Identification is a matter of priority.

And finally, I suggest companies engage search firms that have demonstrated a commitment to diversity inside their companies, and are willing, able and connected to communities of diverse professionals who possess valuable skill sets and experiences.

Boardroom Inclusion: A Variety of Voices Can Contribute to Greater Business Results

Charisse R. Lillie

Vice President of Community Investment – Comcast Corporation

Executive Vice President – Comcast Foundation

Why should we in the African American community care? We all should be concerned about the health, wealth and vitality of our business community.

Catalyst, a nonprofit organization that has heavily researched the impact of gender diversity on corporations, found that companies with higher percentages of women directors outperform, on average, companies with the lowest percentages of women board directors on a variety of financial measures. This sort of research does not exist for African American board directors, but the Catalyst study makes a point well taken. A diversity of voices in the boardroom can contribute to greater business results for companies, provide fresh strategic job ideas, and assist management in enhancing innovation and relating to the diverse customers it serves.

A number of important national organizations are on record regarding the importance of adding diverse voices to corporate boardrooms. National Urban League CEO Marc Morial announced the creation of a Director Inclusion Initiative, in partnership with Advance America. The goal is to give training to African American executives to prepare them for service on corporate boards. Marc Morial, in his announcement of the Director Inclusion Initiative, was very focused on the fact that if African Americans do not have a voice in the strategic direction of corporations, they will have no say in how corporations meet their responsibilities to the urban communities where they are conducting business.

Corporations have long recognized the importance of involvement in the local communities where they do business and where their employees live and work. The presence of diverse directors on corporate boards also provides companies with broader and deeper definitions of the needs of local communities and could help to open doors to community leaders who are making a difference.



Charisse R. Lillie currently serves on the boards of the Penn Mutual Life Insurance Company and PECO, an Exelon Company. She serves on the Advisory Board of the PNC Financial Services Group, Philadelphia/Southern New Jersey, and is a former chair of the board of the Federal Reserve Bank of Philadelphia.

The Alliance for Board Diversity is a coalition of three outstanding leadership organizations – The Executive Leadership Council (ELC), Catalyst, and the Hispanic Association on Corporate Responsibility. Although each organization independently conducts research to assess the progress of board diversity initiatives, they also collaborate to reinforce the business case for increasing and maintaining diversity on corporate boards. In 2008, they

“The presence of diverse directors on corporate boards also provides companies with broader and deeper definitions of the needs of local communities and could help to open doors to community leaders who are making a difference.”

Charisse R. Lillie, Vice President of Community Investment – Comcast Corporation

released a joint study, and the words of their leaders in the press at that time continue to ring true today.

“With many qualified women and minority candidates available, we hope that more companies will realize what research shows: that diverse teams, well managed, deliver better results – including better financial performance,” Catalyst President Ilene H. Lang said. “Diverse board directors bring independent, creative thought and fresh perspectives to the boardroom. Clearly, many shareholders recognize that strategic and competitive value, especially in a complex global marketplace.”

“While the findings are not all positive, we are taking the long-term approach, which includes keeping the issue before corporations. We are in full agreement that corporate board diversity is not just the right thing to do, it is the profitable thing to do!” said Executive Leadership Council President and CEO Carl Brooks.

“The change in demographics of our country is influencing the types of products and services being developed for the nation’s diverse marketplace,” stated HACR President and CEO Carlos F. Orta. “Just as products and services change to reflect these demographic changes, representation from these diverse consumer groups also must be reflected in corporate America’s boards of directors in order to ensure economic sustainability.”

The business case for diversity on corporate boards has been made compellingly by business leaders and business researchers, without any persuasive counterarguments being advanced. Hopefully, this report will provide the data and the encouragement to local business leaders to bring greater diversity to their boards. Congratulations to Patricia Coulter and the Urban League of Philadelphia and Jerry Maginnis and KPMG for taking the initiative

to explore the composition of Philadelphia’s corporate boards. Similar research has been done by the Forum of Executive Women here regarding the paucity of women and women of color on Boards in the Delaware Valley. The findings of this report will increase the dialogue around the importance of diversity in the board room, and at all levels within Philadelphia’s corporations. Local organizations like The Urban League of Philadelphia and the African American Chamber of Commerce can open networks of serious African American business leaders who are qualified and eager to serve on boards. There are additionally a number of national and local recruitment firms who have added diverse candidates to their slates of proposed Directors now available to companies. The talent is here and is available. No question about that. The Urban League stands ready to lead the charge.

Getting on Board: Mapping the Course for Your Inclusion on Corporate Boards

Frank K. Ross

Professor of accounting at Howard University's School of Business

For African American professionals, the process of gaining a seat in a corporate boardroom is no different than the process of earning a key to a C-suite office. In both instances, developing a reputation as a strong performer capable of developing results, staying abreast of industry issues, cultivating your network and being willing to speak up when necessary are key factors in demonstrating your value and making the case for your inclusion.

Having been fortunate to receive invitations to for-profit boards, I understand the significance of having a seat at the table. After nearly 40 years in corporate America, I retired as a partner from KPMG in 2003. My experience in public accounting afforded me an opportunity to become one of the senior partners with the firm and enabled me to develop a reputation as someone capable of delivering results and having a strong financial background. Upon my retirement, I quickly was able to join three public company boards. The first opportunity developed when a former client familiar with my work recommended me for one board. The Executive Director of a nonprofit organization that I was working with referred me to a lawyer doing a search for a financial expert to serve on the board of one of his clients. Through my professional and personal networks, I was given an opportunity to put my name forward for consideration on a board in the Greater Washington, D.C. area. On two of these boards, achieving diversity is an ongoing process. On one, there are two African Americans and one female out of 11 members. On the other, there are two white females, one African American female and I am the lone African American male out of 12 members. On the third board, I was the only African American on their board. This company ultimately was sold and I am still on the two other boards.



Frank K. Ross is a visiting professor of accounting at Howard University School of Business and he is also director of the Center for Accounting Education. He is a member of the board of the following corporations: Pepco Holdings, Inc., and Cohen & Steers Mutual Funds Group. Mr. Ross retired from KPMG LLP in 2003.

One must always be aware of the time commitment involved with board service and should never get involved with more boards than they have time to make sure that they are devoting the time required to be fully up to speed on meeting their obligation as a board member. Because of my other commitments I am comfortable with serving on these two boards only.

“Sometimes, it’s up to us to take the lead in pushing the issue and, if you’re lucky enough to be one of the minorities on a board, you’ll see how your commitment plays a role in the success of the company and the development of other minority professionals.”

Frank K. Ross, Professor of accounting at Howard University’s School of Business

I wholeheartedly believe that the companies whose boards I now sit on see the value diversity brings. And more and more companies see the correlation between quality board members and diverse candidates. For in today’s environment, you need to make sure you have candidates with good qualifications who will ultimately strengthen the board. To do so, companies are looking for potential members who are in senior positions within their company and are regarded as experts in their industry or area of expertise. If someone’s background is in finance, a key qualifier for board service is that they are a CFO, partner, CPA or at a comparable level in a major company or accounting firm. To that point, it is vital that African Americans continue to seek opportunities to enhance their professional and leadership development, so they are ready when the call comes from a company looking not to just add diversity to the board, but to bring on talented professionals who will give oversight that will make the company stronger and ultimately more profitable.

When your name has been thrown into consideration for a board appointment, African American professionals need to play up their strengths just as they do when seeking a new job or promotion within their current company. In most cases, the board screening process will have potential candidates meet with members of the Governance or Nominations committee and go through a round of interviews with board members and the company’s CEO. In each interaction, interviewers are looking to see if your personality will mesh with the other personalities on the board because just

like with any work environment, the chemistry has to be there. Board members also want to see if your knowledge of your industry’s subject matter will be transferable to the board. Many questions may center on your describing how your qualifications and experience will positively impact the board. At first glance, it may look like you are being forced to jump through many hoops, but if you have reached the level in which most people are when they are being considered for corporate boards, it is not that difficult. The bottom line is that you have to be yourself and let your background, experience and reputation speak for itself. You are not selling yourself as a minority candidate, but rather as an expert. If you try any other way, it will backfire.

In some instances, no matter how successful you are within your given industry, you still may find yourself unable to get onto a board. I am clear that the reason why I am on the boards I am on is because of my financial background and reputation. I have chaired the audit committee for both companies and realize that in most cases, I will be asked to serve in the capacity of chairing an audit or finance committee. When another board was seeking new members and I entered talks to see if I would be a good fit, it was ultimately determined that I was not what they were looking for. I was told that the board was impressed with my background, but I did not “grow up” in the industry in which they were seeking to add expertise. I appreciated their not selecting me just because I was African American.

Once a person has successfully passed the screening process, the hard work really begins. It is a great honor to be on the board of a public company, but once you are at the table, you need to understand that you are assuming a lot of risk and personal liability. You are also a viable voice in speaking up for greater inclusion efforts. I am not on the governance committees of any boards that

I sit on, but at a meeting, I would definitely open up and speak my mind if no minority candidates are presented. And that goes for the diversity of the company's human capital as well. I have the pleasure of sitting on the human resources committee of one board and we regularly get a report on the succession planning of the company. This gives me an opportunity to look at the racial and gender make-up of the individuals who are in the pipeline for leadership. Striving for equity does not end because you now have a seat with the decision makers. Nor should you feel as though you have arrived and there is no room for anyone else who looks like you. It is our responsibility to speak up at every opportunity, let the company's leadership know our concerns and make sure the companies we are affiliated with are doing the right thing from a diversity perspective. In turn, I have also been outspoken in my professional organizations like

the National Association of Black Accountants. It is expected that I be there to encourage other senior members of the organization to look for board opportunities and, when needed, pass on a reference so others can join a board.

Overall, I have found my board service to be a very positive experience. When you are given the opportunity to serve, you really get a lot of satisfaction from seeing the company achieve the goals in the strategic plan you have been a part of helping to develop. Responsible board members make sure their companies are addressing diversity issues and the minorities on the board cannot ignore that fact. Sometimes, it is up to us to take the lead in pushing the issue and, if you are lucky enough to be one of the minorities on a board, you will see how your commitment plays a role in the success of the company and the development of other minority professionals.



Survey Methodology

This survey was conducted using a consistent methodology based on SEC filings. The population of companies surveyed included the top 108 (by revenue) public companies listed in The Philadelphia Business Journal's listing of public companies which was published in June 2010. The list included all major exchange-traded companies in Bucks, Chester, Delaware, Montgomery and Philadelphia counties, as well as Burlington, Camden, and Gloucester counties in New Jersey and rankings were made by Capital IQ, a Standard & Poor business, based on 2009 fiscal year revenue as of April 2010. Names of board members were gathered using Board Member Inc./Corporate Board Member magazine's Directors Database. The database maintains records of directors serving on boards of publicly traded companies. A point-in-time snapshot approach was used, and June 7, 2010, was the as-of date.

The Urban League of Philadelphia (ULP), through its research team, gathered data on the race of board members from publicly-available sources including, annual reports, corporate web pages, biographical databases, and networking sites.

Following a review of this data, and in order to verify the information obtained, ULP mailed letters to each company included in the survey asking for either: 1) positive confirmation of the accuracy of ULP's determination that there were no African American members of the company's board of directors; or 2) information to correct the determination made by ULP as to the number and names of African American members of the company's board of directors, if such correction was warranted. Identical letters were mailed simultaneously to the Investor Relations department and the General Counsel or Corporate Secretary. The letters were physically mailed by KPMG and responses were returned directly to KPMG for compilation of results.

The responses to these mailings were used to corroborate the findings from ULP's research or to provide information regarding the number and names of African American board members not otherwise determinable from ULP's research. In addition to the initial mailing, we made a special effort to validate the data for those companies identified as having no African Americans serving on their boards of directors. Three additional mailings were sent to non-responding companies, requesting verification of data – the final mailing was sent via certified mail. The ULP research team also contacted each of these companies by phone and/or email to encourage them to respond to the mailing.

Thirty (30) companies did not respond to requests for confirmation, and no entry is made in the column reporting the number of African American board members. The results of the survey were therefore based on the confirmed number of African American board members.

The Urban League of Philadelphia strove to achieve a high degree of accuracy in this survey. Because the race of board members is not always publicly available, the ULP has made numerous attempts to verify the information. All attempts were made to collect accurate information, and any errors in the data are unintentional.

About the Urban League of Philadelphia

WHO WE ARE

The Urban League of Philadelphia is a non-profit, non-partisan, civil rights and community-based movement that provides direct services, research and policy advocacy to help individuals and communities reach their fullest potential. Primarily working with African Americans and other emerging ethnic communities, we are an affiliate of the National Urban League, which was founded in 1910 and is the nation's oldest and largest community-based movement devoted to empowering African Americans to enter the economic and social mainstream. Today, the National Urban League spearheads the non-partisan efforts of nearly 100 local affiliates that provide services to more than 2 million people nationwide.

Since 1917, the Urban League of Philadelphia, as part of this national network, has become a leader in the Greater Philadelphia region when it comes to impacting the African American community. Our vision is to be known as the leading source for empowering all people in Philadelphia and throughout the region through economic empowerment, advancement and achievement.

This vision is supported by our Connect 360 strategy that leverages the connections between individuals, corporations, community-based groups, civic organizations, small and emerging businesses and policy makers. With our Connect 360 strategy we are focusing on the ABC's – Advocacy & Policy, Business & Talent Diversity and Community & Economic Development.

WHAT WE DO

Advocacy & Policy

With the respect and connections the Urban League of Philadelphia has developed over the years, we play an important convening role for public, private sector and community leaders to recognize the role of African Americans in the Philadelphia region's economy and address barriers to entry.

We maintain a high profile in advocacy and public policy issues both nationally and locally by providing

research and recommendations to issues impacting communities of color. To build a common knowledge base among key public and private decision makers, we do the following:

Update and release the *State of Black Philadelphia* as a companion to the *State of Black America* published by the National Urban League.

Present *ProVocations*, a quarterly series of public discussions with engaging experts and speakers on threaded topics raised in the *State of Black Philadelphia*.

Mobilize members of our *Affinity Groups* - the Urban League Guild of Philadelphia and NExT Philadelphia: Network of Extraordinary Talent (formerly the Young Professionals) to inspire and advance positive change in public policy and private sector practices affecting African Americans.

Business & Talent Diversity

While the Greater Philadelphia region is diverse, its corporate management is not. In a global marketplace, businesses capable of understanding different cultures, beliefs and backgrounds from an insider's perspective will have a competitive advantage over those with a more unilateral world view and perspective. Moreover, the lack of diversity throughout companies denies local African Americans the opportunity to achieve economic success that leads to community advancement and a stronger local economy. The Urban League addresses this by leveraging our strong connections to area employers, long association with employment training and development within the African American community and core competencies. We promote workplace success through such programs as:

Urban Professional Connection, a fee for service program where mid-career professionals can receive quality career coaching and professional development.

Urban Leadership Forum, a program that has offered unparalleled leadership development to men and women of color in the Greater Philadelphia area since 1988. Alumni include Philadelphia Mayor

Michael A. Nutter, Pennsylvania State Sen.
Vincent Hughes, Comcast Corporation Director
of Diversity Andrea Agnew and advertising executive
David Brown.

Urban League Career Center, an array of services are available for jobseekers, whether they are unemployed and looking for work or currently have a job, but are seeking to advance their career. We hold recruitment sessions for some of the area's leading companies as well as various training programs and career consultations.

Urban League Employment Network provides an opportunity for jobseekers to post their resumes online and view job postings throughout the country. We also provide customized diversity recruiting for corporations looking to find quality talent.

Community & Economic Development

Engagement is the action through which the Urban League fulfills its mission. Through a broad range of programs and activities, we empower people with the tools to be successful financially and academically while working to improve communities and change lives. The Urban League nurtures leadership skills, promotes networking at all levels, and fosters understanding of civic issues. We seek economic equality through the following community and economic development programs:

CCIS (Child Care Information Services), a program that helps with what is often a roadblock for working parents—finding quality and affordable childcare. This program provides subsidy payments and services for more than 13,280 children.

Urban League Entrepreneurship Center (ULEC), since our opening in November 2008, we have worked with more than 100 minority business owners, helping them gain the skills and resources needed to grow their business.

Housing Counseling offers homeowners guidance to protect their homes from foreclosure. We also provide people interested in becoming homeowners with information, resources and services to help them become responsible homeowners.

Youth Leadership Society, understanding that the future depends on the success of our youth, we work to provide youth with opportunities to pursue higher education and professional and leadership development through college scholarships, internships and financial literacy programs.



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