



# Delivering Value

## Q: WHAT ARE THE KEYS TO SHAREHOLDER VALUE CREATION?



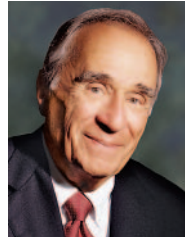
ALEXANDER M. CUTLER,  
CHAIRMAN AND CEO, EATON  
CORP. (ETN)



RICHARD E. DAUCH,  
CO-FOUNDER, CHAIRMAN AND  
CEO, AMERICAN AXLE AND  
MANUFACTURING HOLDINGS  
INC. (AXL)



MATTHEW J. ESPE,  
PRESIDENT AND CEO,  
IKON OFFICE SOLUTIONS  
INC. (IKN)



DR. SIDNEY HARMAN,  
EXECUTIVE CHAIRMAN,  
HARMAN INTERNATIONAL  
INDUSTRIES INC. (HAR)



NORIMICHI KANARI,  
PRESIDENT AND  
CEO, UNIONBANCAL  
CORP. (UB)



JIM SKINNER, CEO,  
MCDONALD'S CORP. (MCD)



DAVID B. SNOW JR.,  
CHAIRMAN, PRESIDENT  
AND CEO, MEDCO HEALTH  
SOLUTIONS INC. (MHS)

» **ALEXANDER M. CUTLER** One enormous source of consistency for Eaton stems from our values-based culture — a culture that reinforces our employees making the right decisions while striving for superlative performance. The keys to delivering value are a persistent pursuit of strategic goals and outstanding execution by an aligned, engaged team of outstanding individuals. Delivering consistent earnings improvements is the cornerstone of a higher market valuation.

» **RICHARD E. DAUCH** Important keys to value creation are a disciplined and profitable growth strategy, as well as a business strategy focused on invested capital and positive cash flow. A successful business must emphasize long-term strategic growth based on consistent annual profitable performance rather than quarterly results. We provide shareholder value through stock performance, stock buybacks and dividends.

» **MATTHEW J. ESPE** The key to creating and maximizing shareholder value is to enhance growth platforms, drive efficiencies throughout the organization and improve financial flexibility. Shareholder value creation is based on a sound, profitable business model with strong corporate governance and an appreciation for the needs of all stakeholders. To ensure consistent results, a good management team will lay out a thoughtful long-term strategy along with an action plan that will measure progress against stated goals and make improvements along the way.

» **DR. SIDNEY HARMAN** Shareholder value is resident in the nurturing of a company's brands, in its ability to respond to a dynamic technology and marketing universe and in its commitment to the devel-

opment of its employees. If one thinks of shareholder value in the long term, it is essential that the company express its long-term strategy intelligibly and then execute it with imagination, control of costs and ROI.

» **NORIMICHI KANARI** Knowing your shareholder base and being attentive to their priorities is one key to creating value. It is important to consistently generate above-average financial performance and identify and effectively manage material business risks. We focus on the customer, defend our existing competitive advantages, and work hard to develop new ones. Furthermore, I believe in being committed to strong corporate governance. Above all, remember that you work for the shareholders.

» **JIM SKINNER** Focusing on the customer and on the increasing relevance of today's consumers is the best way we can consistently create shareholder value. Better, not bigger — it's our strategic imperative, and it continues to deliver results. We are backing a customer-focused plan with tight fiscal discipline, including investing based on expected returns; controlling selling, general and administrative expenses; and paying down debt.

» **DAVID B. SNOW JR.** Shareholder value is predicated on customer value. Every day we leverage our scalability in the health-care space, invest in proprietary technology and pursue operational excellence to deliver customer value and improve upon a health-care system that provides millions of Americans with access to high-quality pharmaceutical health care. By delivering that value to our customers with the integrity of a trusted advisor, we build enduring value for our shareholders.

THE NEXT CEO FORUM TOPIC IS: WHAT ARE THE MOST IMPORTANT ELEMENTS OF PREMERGER PLANNING AND POSTMERGER SUCCESS?  
TO PARTICIPATE, PLEASE CONTACT US AT NYSE@TIMEINC.COM. READ MORE ABOUT SHAREHOLDER VALUE CREATION IN THE FOLLOWING PAGES.