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Quantitative Report on ACME Co. Giving Initiatives & Programs

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Agenda

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Objective: Provide a high-level overview of Acme's charitable giving strategy, as well as a breakdown of giving along several relevant industry metrics.

Overview of Data

- > Key Statistics
- > Giving Focus Areas
- > Regional / Employee Engagement
- > Costs of Giving



CEO Quotes

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Quotes from the 2007 CECF "Board of Boards" CEO Conference:

"I believe that customers are warming up to the fact that they'd like to do business with companies that care."

Anne Mulcahy, Chairman and CEO, Xerox Corporation

"If you can effectively administrate programs that capture what your company stands for and also have a touchstone with the consumer, it circulates itself in a very positive way."

William Lauder, President and CEO, The Estée Lauder Companies Inc.



Strategic Approach

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By allocating funds to national programs as well as issues important in local communities, we are able to create results on the following goals:

NATIONAL PROGRAMS

65% of Total Giving

- Brand association with prominent social issues.
- Long-term strategic relationships with non-profit partners.
- Employee awareness of philanthropy strategy.

LOCAL PROGRAMS

35% of Total Giving

- Relationships with local civic leaders and government officials.
- Demonstrated responsiveness to local employee and customer concerns.



Overview of Key Statistics

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Total giving increased by 18% from 2005 to 2006, as a result of:

- Greater participation in the matching gifts program post-merger (+ \$1.6 million)
- A new financial literacy initiative (+ \$1 million)
- Expanded giving budgets in India and China (+ \$2 million)

2005		2006	
Direct Cash	\$10,640,000	Direct Cash	\$20,850,000
Foundation Cash	\$12,700,000	Foundation Cash	\$8,875,000
Non-Cash	<u>\$2,150,000</u>	Non-Cash	<u>\$450,000</u>
GRAND TOTAL	\$25,490,000	GRAND TOTAL	\$30,175,000

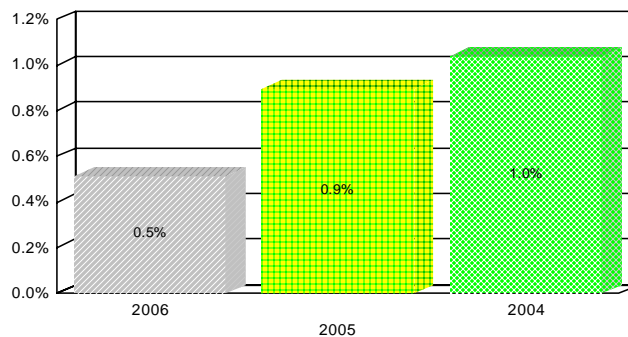


Overview of Key Statistics

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Giving at Acme has remained between \$25mm and \$30mm in the 2004 through 2006 timeframe. The significant increase in profits resulting from the 2005 merger has caused the fall in the giving/profit ratio.

Giving as a % of Pre-Tax Profit

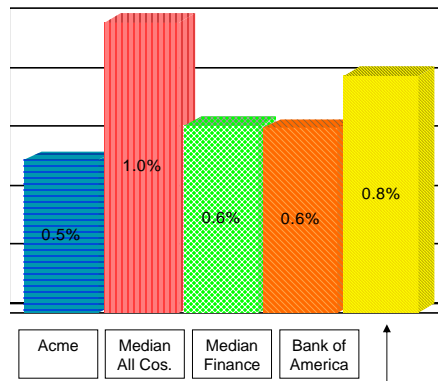


Overview of Key Statistics

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Acme's giving as a percentage of pre-tax profit is lower than our selected peers, and slightly lower than the ratio across all finance companies.

Giving as a % of Pre-Tax Profit



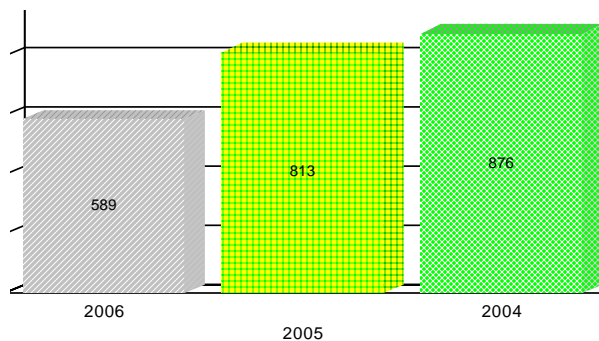
Median from Peer Group Companies:
Bank of America, Wells Fargo, Wachovia, Washington Mutual, and HSBC.

Overview of Key Statistics

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Despite a \$4.6 million increase in giving, the 9,000-person increase in the total number of employees at Acme post-merger has caused a sharp decrease in this figure from 2004 to 2006:

Giving per Employee

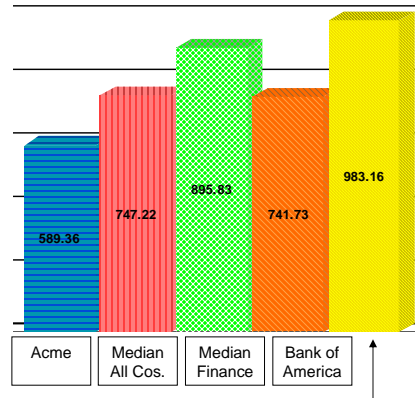


Overview of Key Statistics

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With the increase in Acme's workforce worldwide, our giving has slipped below the per employee rate at other finance companies and among our peers.

Giving per Employee



Median from Peer Group Companies:
Bank of America, Wells Fargo, Wachovia, Washington Mutual, and HSBC.

Giving Focus Areas

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Acme's giving is primarily directed toward nonprofit organizations with the following focus areas:

NATIONAL PROGRAMS 65% of Total Giving

- Financial Literacy
- Affordable Housing
- Workforce Development

LOCAL PROGRAMS 35% of Total Giving

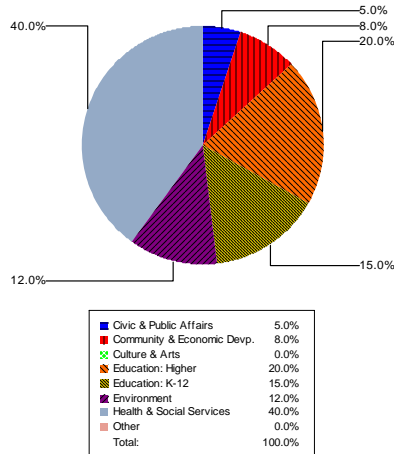
- Issues surfaced by middle managers in local branches.
- Common issues include: scholarships, tutoring programs, holiday food drives.



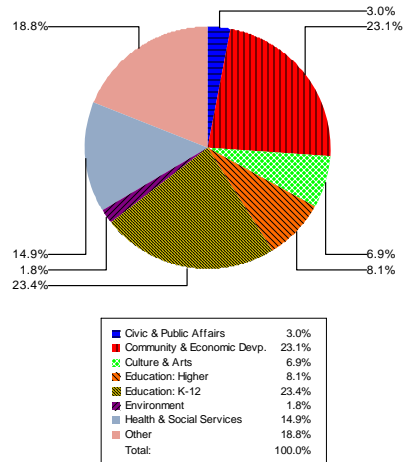
Giving Focus Areas

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2006 - Acme



2006 - Peer Group

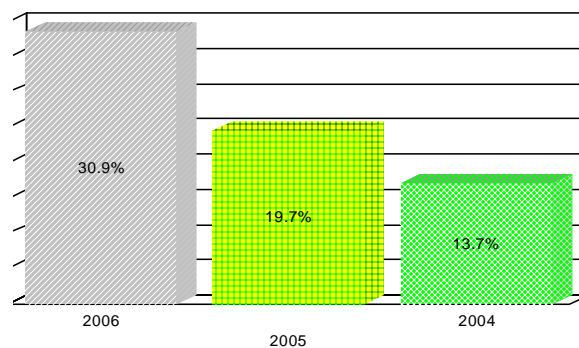


Regional / Employee Engagement

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The Acme employee matching program was started in 1999. The minimum contribution is \$25, the maximum is \$5,000. Following the merger, participation has increased substantially and therefore it has become a larger portion of Acme's philanthropy budget.

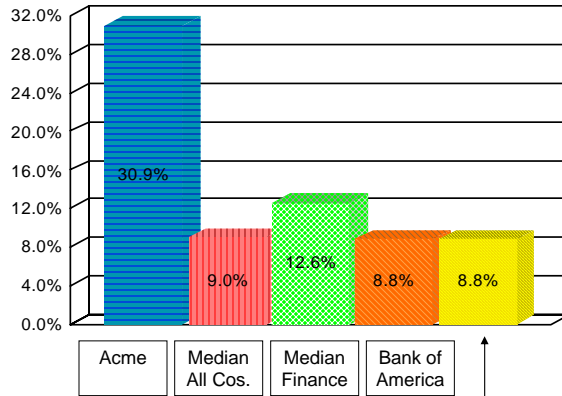
Matching Gifts as a % of Total Giving



Regional / Employee Engagement

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Matching Gifts as a % of Total Giving

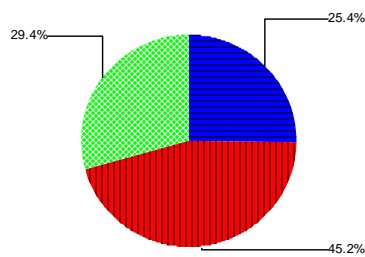


Median from Peer Group Companies:
Bank of America, Wells Fargo, Wachovia, Washington Mutual, and HSBC.

Regional / Employee Engagement

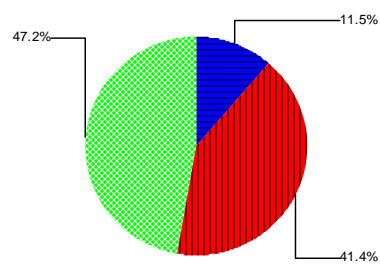
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2006 – Budget Source Acme



All Other Groups	25.4%
Corporate Community Affairs	45.2%
Corporate Foundation	29.4%
Total:	100.0%

2006 – Budget Source Peer Group

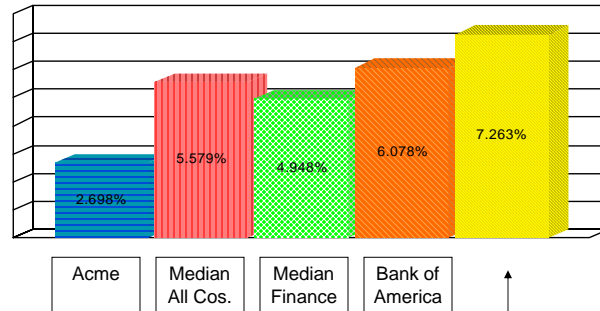


All Other Groups	11.5%
Corporate Community Affairs	41.4%
Corporate Foundation	47.2%
Total:	100.0%

Costs of Giving

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Management Costs as a % of Total Giving

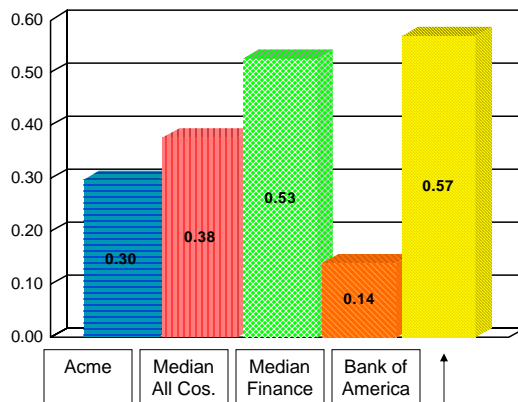


Median from Peer Group Companies:
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Costs of Giving

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Corporate Affairs & Corporate Foundation FTEs - per \$1million given



Median from Peer Group Companies:
Bank of America, Wells Fargo, Wachovia, Washington Mutual, and HSBC.

Conclusion

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Acme's corporate philanthropy program reaches a national audience while remaining responsive to the communities in which we operate.

Employee involvement, reflected in the participation in our new matching gifts initiative and engagement of managers from branch offices in determining grant recipients, is a key component of our strategy.

However, our philanthropy has not grown to accommodate the company's larger revenue and employee size following the 2005 merger.



Conclusion

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Recommendations:

Increases in corporate community affairs staff and in the philanthropy budget can help restore us to our prior presence in the communities in which we do business around the globe.

- Bolster the corporate foundation budget to allow for restored grant-making. Currently it is being dominated by increased matching of employee donations (at a rate well above that of peer companies).
- Hire two international grant-making staff in the next 6-12 months to accommodate the community needs surrounding the new offices acquired through the merger in India and China.

