

SpencerStuart

2018 United States  
Spencer Stuart  
Board Index



## ABOUT SPENCER STUART BOARD SERVICES

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At Spencer Stuart, we know how much leadership matters. We are trusted by organizations around the world to help them make the senior-level leadership decisions that have a lasting impact on their enterprises. Through our executive search, board and leadership advisory services, we help build and enhance high-performing teams for select clients ranging from major multinationals to emerging companies to nonprofit institutions.

Privately held since 1956, we focus on delivering knowledge, insight and results through the collaborative efforts of a team of experts — now spanning 57 offices, 30 countries and more than 50 practice specialties. Boards and leaders consistently turn to Spencer Stuart to help address their evolving leadership needs in areas such as senior-level executive search, board recruitment, board effectiveness, succession planning, in-depth senior management assessment and many other facets of organizational effectiveness.

For more than 30 years, our Board Practice has helped boards around the world identify and recruit independent directors and provided advice to board chairs, CEOs and nominating committees on important governance issues. We serve a range of organizations across geographies and scale, from leading multinationals to smaller organizations. In the past year alone, we conducted more than 600 director searches worldwide, and in North America one-third of those assignments were for companies with revenues under \$1 billion.

Our global team of board experts works together to ensure that our clients have unrivaled access to the best existing and potential director talent, and regularly assists boards in increasing the diversity of their composition. We have helped place women in more than 1,800 board director roles and recruited more than 600 diversity executives around the world.

In addition to our work with clients, Spencer Stuart has long played an active role in corporate governance by exploring — both on our own and with other prestigious institutions — key concerns of boards and innovative solutions to the challenges facing them. Publishing the *U.S. Spencer Stuart Board Index (SSBI)*, now in its 33<sup>rd</sup> edition, is just one of our many ongoing efforts.

Each year, we sponsor and participate in several acclaimed director education programs, including:

- » Next-Gen Board Leaders (NGBL), an initiative designed to foster a community of current and aspiring directors to spark discussion around the challenges, opportunities and contributions of a younger generation in today's boardrooms
- » The Global Institutes, sponsored by the WomenCorporateDirectors (WCD) Foundation
- » The Corporate Governance Conference at Northwestern University's Kellogg School of Management
- » The New Directors Program, a unique two-year development program designed to provide first-time, non-executive directors with an exclusive forum for peer dialogue on key issues and "unwritten rules" of corporate boards, produced in partnership with the Boston Consulting Group, Frederick W. Cook & Co., Davis Polk, Lazard and PricewaterhouseCoopers

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# Spencer Stuart Perspective for 2018

*New faces are increasingly joining U.S. boardrooms. But the chronic low rate of director turnover is bringing about only gradual shifts in the overall complexion of U.S. boards. And the modest pace of change is likely to persist, yielding a continued incremental evolution of corporate boardrooms.*

Faced with a variety of forces — including an increasingly complex business environment with an unprecedented pace of change and disruption; a growing number and variety of business risks; and intensifying investor focus on the composition, diversity and quality of the boardroom — S&P 500 boards are gradually reshaping.

Recognizing the strategic imperative for new perspectives and experience in the boardroom, boards are increasingly adding directors with backgrounds in tech, digital, consumer marketing and other areas of emerging importance. They are casting a wider and deeper net to identify director talent who are available and interested in taking on board roles.

Experience as a CEO or on a public company board is no longer a must-have credential. One-third of the incoming class are serving on their first public company board, and only 35.5% of the new S&P 500 directors are active or retired CEOs and other CEO-level leaders, down significantly from a decade ago.

Financial talent remains a priority. Boards continue to be more focused on recruiting financial experts with experience as CFOs/finance executives or investment professionals, and less interested in accounting and banking backgrounds. Tech savvy, “digital” directors are also in high demand, and boards are increasingly tapping younger, “next-gen” candidates with these skills.

For the second consecutive year, women and minorities composed half of the incoming class of S&P 500 directors. But progress on the diversity front was mixed. Female directors made real strides, while male minorities saw their advancement in the boardroom slow. Ongoing low turnover in U.S. boardrooms continues to slow down the advancement of women and minorities on boards.

Though the boardroom evolution is modest at an aggregate level, the 2018 *U.S. Spencer Stuart Board Index* finds progress on many fronts. Here are highlights from our analysis.



428

New independent directors

## BOARDS ARE BRINGING IN FRESH SKILLS, QUALIFICATIONS AND PERSPECTIVES

Responding to rapidly changing business challenges, emerging risks and increasing attention to board composition and director relevance and quality by institutional and activist investors and other stakeholders, S&P 500 boards are adding directors with new skills, qualifications and perspectives.

**S&P 500 boards appointed 428 new directors during the 2018 proxy year**, the most since 2004 and an increase of 8% from 2017. A majority (57%) added at least one new director; 22% appointed two or more directors. However, overall turnover remains modest; S&P 500 boards added 0.88 directors on average.

**New types of talent are joining S&P 500 boards.** Nearly two-thirds (65%) of the incoming class come from outside the most senior board and company leadership roles. Only 35.5% of the new directors are CEO-level — active or retired CEOs, chairs, vice chairs, presidents or COOs — down from 47% a decade ago. Reflecting this shift, only 45% of CEOs of S&P 500 companies are serving on one or more outside boards, a drop from 51% in 2008 but an increase from 37% last year.

### Public company boardroom experience is no longer a requirement.

First-time directors represent 33% of the incoming class of S&P 500 directors. Consistent with last year, these first-time directors are younger than their experienced peers and more likely to be actively employed (64% versus 53%). They are less likely to be at the CEO level, and more likely to have other executive experiences such as line or functional leadership. They are also more likely to be minorities.

**Financial skills are in high demand.** More than a quarter (25.5%) of the incoming directors are financial experts, up from 18% in 2008. Eleven percent (11%) — nearly half of the financial professionals — are experienced CFOs/financial executives. In addition, directors with investing/investment management skills are increasingly joining S&P 500 boards. Ten percent (10%) of new directors bring an investor lens to the boardroom, up from 4% a decade ago.

40%

New female directors

**Younger, tech savvy executives are also valued directors.** Seventeen percent (17%) of the incoming class are age 50 and younger, up slightly from 16% last year. More than one-third of these next-gen directors have backgrounds in the tech/telecommunications sector. The challenge here is finding experts who have a broad business perspective as well as technical expertise. Nearly two-thirds of the next-gen directors are serving on their first public company board. More than half (53%) are women.

**Boards appear to be again prioritizing active over retired executives.**

Reversing a decade-long decline, 56% of the incoming class are actively employed. Ten years ago 68% of directors were employed.

As they evolve their board composition, a growing number of companies are voluntarily enhancing their disclosures to highlight the diversity of their boards and showcase how director skills and qualifications align with company strategies and risks. But only 30% of the surveyed S&P 500 companies published a board matrix spotlighting the skills and qualifications of each director.

**PROGRESS IN BOARDROOM DIVERSITY IS MIXED**

For the second consecutive year, women and minorities represent half of the class of new S&P 500 directors. But progress is mixed. Women advanced, representing a record-breaking 40% of the incoming class (up from 36% last year). Minority women represent 9% of the new directors, up from 6% last year. Meanwhile, minority men (defined as African-American, Hispanic/Latino or Asian) experienced a slowdown (representing 10% of the incoming class, down from 14% last year).

More than half of the new women directors were added to boards that expanded in size over the past year, an indication that boards are heeding investor calls for enhanced gender diversity in the boardroom. Only three S&P 500 companies have no women directors. Today 87% of S&P 500 boards have two or more women directors, up from 80% last year and 56% a decade ago. Ten S&P 500 companies have 50% or more women on their boards.

The new women directors have markedly different backgrounds from their male peers. Women are more frequently line and functional leaders and financial executives and less frequently at the CEO level. Their industry experiences differ as well, with women more likely to have backgrounds in the tech/telecommunications and consumer sectors and less likely to have private equity/investment backgrounds.

Not only are more women joining S&P 500 boards, but they are also assuming somewhat more committee leadership roles. Women now chair 20% of audit committees, 19% of compensation committees, and 24% of nominating/governance committees, compared to 20%, 17% and 22% last year. However, women represent only 7% of independent board chairs, unchanged from last year, and 10% of lead/presiding directors, versus 9% last year.

With only 8% of all S&P 500 directors joining a board in the past year, moving the needle on boardroom diversity is difficult. As a result, in

17%

Next-gen directors  
(50 years old and younger)

33%

New directors serving on  
first corporate board

35.5%

of new directors  
are CEO-level

spite of the record number of new female directors, representation of women on S&P 500 boards increased incrementally to 24% of all directors, up from 22% in 2017 and 18% in 2013.

Meanwhile, progress has stalled when it comes to minority representation at the top 200 S&P 500 companies. Today, 17% of the independent directors of the top 200 companies are male or female minorities, unchanged from last year and up only slightly from 14% in 2008.

### **BOARD ASSESSMENTS ARE STANDARD PRACTICE, BUT INDIVIDUAL ASSESSMENTS APPEAR TO BE FAR LESS PREVALENT**

Annual assessments have become the norm for boards around the globe, and 98% of the S&P 500 companies in our index reported conducting a board assessment over the past year. Companies are increasingly turning to external parties to assist with board evaluations. This year 9% of S&P 500 companies disclosed retaining an independent expert to facilitate the evaluation progress, compared to only 2% last year.

Individual assessments continue to appear to be far less prevalent. Only 38% of S&P 500 companies — largely unchanged from 37% last year and 33% five years ago — report some form of individual director evaluations.

The persistent reluctance to incorporate individual/peer assessments in the evaluation process runs counter to widespread investor views. Today, investors consider meaningful board and peer/self-assessments as “best practice” for evaluating and enhancing board and director performance and promoting boardroom refreshment.

45%

CEOs sitting on one or more  
outside boards

### **MANDATORY RETIREMENT POLICIES ARE AN IMPORTANT TURNOVER MECHANISM**

Meanwhile, S&P 500 boards continue to rely on mandatory retirement policies to facilitate board turnover. Today 71% of S&P 500 boards disclose a mandatory retirement age for directors, largely unchanged over the past five years. Retirement ages continue to climb. Of the universe of S&P 500 companies with retirement age policies, 43.5% set the age at 75 or older, compared with 42% last year and just 11% in 2008. Three boards have a retirement age of 80. More than half mandate retirement at age at 73 or higher.

Over the past year, 406 independent directors left S&P 500 boards.



They departed at an average age of 68.4 and with an average tenure of 12.7 years. More than half (56%) left at 70 or older, and 36% served on the board for 15 or more years. Twenty-one (5%) were 80 or older with an average tenure of 20.6 years, and 28 were 55 or younger with an average tenure of five years. A total of 69 women directors (average tenure 13 years) retired during the past year, replaced by 33 women.

Three-quarters of the independent directors who left S&P 500 boards in the past year served on boards with mandatory retirement ages. The age limits influenced a majority of these departures, with 37% either exceeding or reaching the age limit at retirement, and another 16% exiting the board within three years of the retirement age.

Tenure limitations are rare. Only 25 S&P 500 boards (5%) set explicit term limits for non-executive directors, with terms ranging from nine to 20 years. A majority of the policies are set at 15 years or more. Meanwhile, the average tenure of S&P 500 independent directors is 8.1 years, a slight decrease from 8.6 years in 2013.

Absent changes in boardroom trends and refreshment practices, future turnover rates of S&P 500 boards will remain low. Only 16% of independent directors on boards with age caps are within three years of mandatory retirement. And with independent directors averaging 63 years of age (two years older than a decade ago) and mandatory retirement ages rising, many have a long runway until they reach the age cap. Interestingly, demographics may force turnover on boards without mandatory retirement ages; 28% of directors on boards with no age caps are 70 or older.

## INDEPENDENT BOARD CHAIRS ARE ON THE RISE

Independent board chairs, a common governance practice outside of the U.S., are slowly gaining ground at S&P 500 companies. Today half of S&P 500 boards split the chair and CEO roles, up from 39% a decade ago. Slightly more than 30% of S&P 500 boards are now chaired by an independent director — a director who meets the applicable NYSE or NASDAQ rules for independence — an increase from 28% last year and 16% in 2008.

With more boards appointing independent chairs, the number of lead and presiding directors has steadily declined. Today 80% of S&P 500 boards report having an independent lead or presiding director, compared with 95% a decade ago.

50%

of boards have a separate chair and CEO

26%

of new directors have finance backgrounds

71%

of boards report having mandatory retirement age

Although the roles and responsibilities of an independent chair of the board and a lead director are frequently similar, their compensation is vastly different. Independent chairs receive, on average, an additional \$165,000 in annual compensation, with the premium ranging from \$20,000 to \$625,000. In contrast lead directors are paid an average supplement of nearly \$40,000, with a range from \$10,000 to \$200,000.

## GROWTH IN DIRECTOR COMPENSATION CONTINUES TO OUTPACE INFLATION

The average total compensation for S&P 500 non-employee directors, excluding independent chairs, is around \$295,000, a 3% year-over-year increase. The breakdown of director pay is unchanged, with 56% paid in stock awards, 38% in cash and 4% in stock options.

The use of meeting attendance fees continues to decline. Today only 10% of S&P 500 companies pay non-employee directors for attending board meetings, down from 45% a decade ago. Thirteen percent (13%) pay fees for attending committee meetings, compared to 47% in 2008.

Four industry sectors posted average total compensation of more than \$300,000. Consistent with last year, the highest-paying sectors are: healthcare (\$363,328); information technology (\$337,492); energy (\$324,801); and telecommunications services (\$330,909).

43.5%

Boards with retirement age setting it at 75 or higher

The composition of non-employee director pay varies by industry. Telecommunications services and utilities pay more in cash, 48% and 47%, respectively, compared to 31% in the healthcare sector and 33% in the information technology sector. Stock awards account for 63% of director pay among information technology companies and 57% in consumer discretionary, consumer staples and energy companies, but just 50% of director compensation for companies in the telecommunications services sector.

### Editor's Note

The U.S. *Spencer Stuart Board Index* (SSBI) is based on our analysis of the most recent proxy reports from the S&P 500, plus an extensive supplemental survey. This edition of the SSBI draws on the latest proxy statements from 485 companies filed between May 23, 2017, and May 17, 2018, and responses to our governance survey from 177 nominating/governance committee members conducted in the second quarter of 2018. Revenue data were taken from Capital IQ.

Data in tables and charts may not total 100% due to rounding.

## S&P 500 Boards: Trends over One, Five and 10 Years

# S&P 500 Boards: Trends over One, Five and 10 Years

	2018 <sup>a</sup>	2017 <sup>b</sup>	2013 <sup>c</sup>	2008 <sup>d</sup>	5-year % change	10-year % change
<b>Board composition</b>						
Average board size	10.8	10.8	10.7	10.8	1%	0%
Independent directors	85%	85%	85%	82%	0%	4%
Average age of independent directors	63.0	63.1	62.9	61.2	2%	3%
<b>New independent directors</b>						
Total number	428	397	339	380	26%	13%
Women	40%	36%	24%	18%	67%	122%
Minorities	19%	20%	18%	12%	6%	58%
Average age	57.2	57.3	57.5	57.0	-1%	0%
Active CEO/chair/president/COO/vice chair	19%	18%	23%	31%	-17%	-39%
Retired CEO/chair/president/COO/vice chair	17%	18%	23%	16%	-26%	6%
Financial backgrounds	25.5%	29%	18%	18%	44%	44%
All other corporate executives	21%	24%	21%	19%	0%	11%
<b>First-time directors</b>						
% of all new directors	33%	45%	38%	24%	-13%	38%
Average age	54.7	55.2	n/a	n/a	n/a	n/a
# of first-time directors	140	179*	130	91	8%	54%
<b>Women directors</b>						
Women as a % of all directors	24%	22%	18%	16%	33%	50%
Boards with at least one woman director	99%	99%	93%	89%	6%	11%
<b>CEO profile</b>						
% of CEOs serving on one or more outside boards	45%	37%	47%	51%	-4%	-12%
# of women CEOs	27	31	22	14	23%	93%
Boards where CEO is the only non-independent	59%	60%	60%	44%	-2%	34%
Average age	57.6	57.4	56.7	55.4	2%	4%
Average tenure with company	19.3	19.8	17.8	14.4	8%	34%
<b>Chair independence</b>						
CEO is also chair	50%	49%	55%	61%	-9%	-18%
Independent chair	30.5%	28%	25%	16%	24%	94%
Boards with lead or presiding director	80%	84%	90%	95%	-11%	-16%
<b>Board meetings</b>						
Average number of board meetings	8.0	8.2	8.0	8.7	0%	-8%
Median number of board meetings	7	7	7	8	0%	-13%

	2018 <sup>a</sup>	2017 <sup>b</sup>	2013 <sup>c</sup>	2008 <sup>d</sup>	5-year % change	10-year % change
<b>Retirement age</b>						
Boards with mandatory retirement age	71%	73%	72%	74%	-1%	-4%
<i>Boards with mandatory retirement age of 75+</i>	44%	42%	24%	11%	83%	300%
<i>Boards with mandatory retirement age of 72+</i>	96%	96%	88%	72%	9%	33%
<b>Committee meetings (average number)</b>						
Audit committees	8.4	8.6	8.7	9.1	-3%	-8%
Compensation committees	6.2	6.0	6.3	6.6	-2%	-6%
Nominating committees	4.6	4.7	4.7	4.5	-2%	2%
<b>Audit committee chair</b>						
Active CEO/chair/president/COO	6%	7%	10%	15%	-40%	-60%
Financial exec/CFO/treas/public acct exec	55%	43%	35%	24%	57%	129%
<b>Non-employee director compensation</b>						
Total average compensation <sup>e</sup>	\$298,981	\$288,909	\$249,168	n/a	20%	n/a
Average annual retainer <sup>f</sup>	\$124,306	\$120,409	\$102,507	\$74,872	21%	66%
Median annual retainer <sup>f</sup>	\$100,000	\$100,000	\$80,000	\$60,000	25%	67%
Boards paying retainer of at least \$100,000	56%	52%	38%	18%	47%	211%
Boards paying board meeting fee	10%	14%	27%	45%	-63%	-78%
Average board meeting fee	\$2,190	\$2,197	\$2,159	\$2,036	1%	8%
Boards offering stock option program	12%	13%	20%	40%	-40%	-70%
Boards paying equity in addition to retainer	77%	77%	76%	74%	1%	4%
<b>Committee compensation</b>						
Boards paying committee chair retainer	97%	96%	94%	89%	3%	9%
Average committee chair retainer	\$21,036	\$20,443	\$17,248	\$13,896	22%	51%
Boards paying committee member retainer	45%	45%	39%	31%	15%	45%
Average committee member retainer	\$12,027	\$11,560	\$10,443	\$9,070	15%	33%
Boards paying committee meeting fees	13%	19%	30%	47%	-57%	-72%
Average committee meeting fees	\$1,688	\$1,653	\$1,708	\$1,568	-1%	8%

<sup>a</sup>Data based on proxy year May 20, 2017, through May 17, 2018.

<sup>b</sup>Data based on proxy year May 16, 2016, through May 19, 2017.

<sup>c</sup>Data based on proxy year May 15, 2012, through May 15, 2013.

<sup>d</sup>Data based on proxy year June 1, 2007, through May 31, 2008.

<sup>e</sup>Based on non-employee director compensation tables included in 484 (2018), 491 (2017), 488 (2013), and 469 (2008) proxies.

<sup>f</sup>Not including equity beyond retainer.

n/a = not available.

<sup>g</sup>Applying this year's methodology to 2017, there would have been 121 first-time directors.

# Board Composition

## 2018 SNAPSHOT

428

new independent directors, the most since 2004

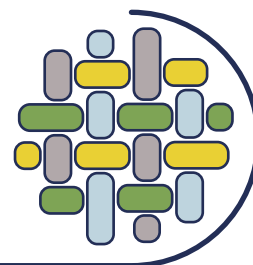


33%

of new directors appointed are serving on their first public company board

50%

of new independent directors are women and/or minorities



For the first time, more than

30%

of S&P 500 boards (30.5%) have a truly independent chair

## MOST NEW DIRECTORS ELECTED SINCE 2004

- » The 485 S&P 500 boards included in our index appointed 428 new independent directors. This is 8% more than last year and the most since 2004.
- » 57% of boards appointed at least one new independent director, and 22% appointed two or more board members.
- » Of the nine boards that added four or more independent directors, most did so in response to activists or business transformation.
- » The average age of new directors is 57.2, consistent with the past 10 years. New directors range in age from 32 to 75.



## HALF OF NEW INDEPENDENT DIRECTORS ARE WOMEN AND/OR MINORITIES

- » 40% of new directors are women and 19% are minority executives, including 39 minority women (9%).
- » Female representation among new directors reached a new high since we began tracking this data in 1998 and increased notably from last year, when women accounted for 36% of new directors.
- » Progress slowed for minority men, who represented 10% of the incoming class, down from 14% last year.
- » New female independent directors are more likely than their male peers to be line and functional leaders (20.5% versus 7%) and financial executives (13.5% versus 10%), but half as likely to be at the CEO level (active and retired CEOs, chairs, vice chairs, presidents and COOs) — 21% versus 45%.
- » Women also are more likely than men to have a background in technology and telecommunications (20% versus 16%) and in the consumer sector (12% versus 10.5%), but half as likely to have a private equity/investment management background (6% versus 14%).
- » New minority directors are more likely than non-minority directors to be line and functional leaders — 19.5% versus 11% — and slightly less likely to be an active or retired CEO-level leader, 32% versus 36%.

### New Director Snapshot

	New directors	
	2018	2017
New directors elected	428	397
% female	40%	36%
% minority	19%	20%
<i>% directors who are female and minority</i>	9%	6%
Percentage of newly elected female or minority directors	50%	50%

### New Director Backgrounds: First-Time Versus Experienced Directors

	First-time directors			Non-first-time directors		
	Active #	Retired #	Total %	Active #	Retired #	Total %
CEO/chair/president/COO/VC	9	11	14%	71	60	45.5%
Line and functional leaders	22	6	20%	7	19	9%
Financial executives/CFOs/treasurers	12	2	10%	11	23	12%
Division/subsidiary presidents	13	2	11%	4	16	7%
Investment management/investors	9	4	9%	25	3	10%
Academics/nonprofit	9	1	7%	9	1	3.5%
Consultants	4	2	4%	8	1	3%
Lawyers	3	4	5%	4	3	2%
Bankers/investment bankers	3	6	6%	3	3	2%
Public accounting executives	0	1	1%	1	4	2%
Others*	5	12	12%	9	3	4%
<b>Total</b>	<b>89</b>	<b>51</b>	<b>100%</b>	<b>152</b>	<b>136</b>	<b>100%</b>

\*Includes government and military.

## A THIRD OF NEW DIRECTORS ARE SERVING ON THEIR FIRST BOARD

- » 33% of the S&P 500 directors appointed in the 2018 proxy year are serving on their first public company board. This compares with 45% reported in 2017. The decline is due to a change in methodology. In prior years, CEOs who served on their own boards but were serving on their first independent or outside board role were counted as first-time directors. Applying this year's methodology to 2017, 30% of new directors last year were first-time directors.
- » Nearly two-thirds (64%) of these first-time directors are actively employed, compared with 53% of new directors with previous board experience.
- » First-time directors are more than two years younger on average than new directors overall, 54.7 versus 57.2 for all new directors.
- » More than half (60%) of first-time directors are women or minorities: 46% are women and 24% are minorities, including 13% minority men and 11% minority women.

### First-Time Director Snapshot

	First-time directors	
	2018	2017*
<b>New directors elected</b>	<b>140</b>	<b>179</b>
% female	46%	42%
% minority	24%	21%
<i>% directors who are female and minority</i>	11%	8%
<b>Percentage of newly elected female or minority directors</b>	<b>60%</b>	<b>55%</b>

\*Includes directors who had served or were serving as an executive director on a public company board.

## BOARDS ARE ADDING MORE DIRECTORS 50 AND YOUNGER

- » 17% of the incoming class of S&P 500 directors are age 50 and younger, up slightly from 16% last year. Nearly two-thirds of these next-gen directors are serving on their first public company board, and more than half (53%) are women.
- » Three-quarters have backgrounds in five industry sectors: tech/telecommunications (34%); consumer goods (16%); private equity/investments (14%); financial services (5.5%); and government (5.5%).
- » Looking at younger directors' roles, one out of five (20.5%) are EVPs or SVPs. 14% are investors or investment managers.

## INCREASE IN DIRECTORS WITH GLOBAL PERSPECTIVE

- » 13% of new independent directors were born outside the U.S., an increase from 8% in 2017.
- » 32% of directors have global professional experience, defined as having worked at an international location.

## FEWER ACTIVE AND RETIRED CEOS AND OTHER TOP EXECUTIVES JOINING BOARDS

- » 35.5% of new directors are active or retired CEOs, chairs, vice chairs, presidents and COOs, which represents a slight decline from 36% last year. Ten years ago, 47% of new directors were active or retired executives in these roles.
- » More than a quarter (25.5%) of new directors have financial backgrounds, including banking, finance, investment or accounting credentials, compared with 29% last year and 18% in 2008. The most notable difference over the 10-year period is the increase in directors coming from investing and investment management, who now account for 10% of new directors, up from 4% a decade ago.
- » 60% of new directors are actively employed, an increase from 53% last year. Over the past decade, the number of employed directors has declined from 68% in 2008, reaching a low of 52% in 2013 before increasing again, primarily due to an increase in the number of active financial executives.

### New Independent Director Functional Backgrounds

	Year			2018	
	2018	2013	2008	Men	Women
<b>CEO/chair/president/COO</b>	<b>35%</b>	<b>46%</b>	<b>47%</b>	<b>45%</b>	<b>21%</b>
<i>Active</i>	19%	23%	31%	25%	9%
<i>Retired</i>	1.7%	23%	16%	20%	12%
<b>Other corporate executives</b>	<b>21%</b>	<b>21%</b>	<b>19%</b>	<b>16%</b>	<b>28%</b>
<b>Financial backgrounds</b>	<b>26%</b>	<b>18%</b>	<b>18%</b>	<b>27%</b>	<b>24.5%</b>
<i>Financial executives/CFO/treasurers</i>	11%	6%	9%	10%	13.5%
<i>Bankers/investment bankers</i>	3.5%	2%	4%	3%	4%
<i>Investment managers/investors</i>	10%	8%	4%	12%	6%
<i>Public accounting executives*</i>	1%	2%	1%	2%	1%
<b>Academics/nonprofit</b>	<b>5%</b>	<b>4%</b>	<b>6%</b>	<b>3%</b>	<b>7%</b>
<b>Consultants</b>	<b>3.5%</b>	<b>3%</b>	<b>3%</b>	<b>2%</b>	<b>5%</b>
<b>Lawyers</b>	<b>3%</b>	<b>2%</b>	<b>3%</b>	<b>3%</b>	<b>4%</b>
<b>Others**</b>	<b>7%</b>	<b>6%</b>	<b>4%</b>	<b>5%</b>	<b>10%</b>

\*All former partners or executives of public accounting firms.

\*\*Includes former government employees, physicians, scientists and private company owners.

N = 257 men and 171 women in 2018.

- » The largest industry source of new directors is the technology and telecommunications sector, which accounts for 19% of new independent directors. Other top industry backgrounds for new independent directors are consumer goods and services, financial services and healthcare, representing 11%, 10% and 10% of new director backgrounds, respectively. We saw a modest decline from last year in the number of new directors with backgrounds in the private equity/investment management sector, from 12% to 10%.

- » Of the 81 new directors coming from technology/telecommunications, 25% joined boards within the IT sector and another 24% joined industrial company boards. 62% are actively employed, and 30% are serving on their first public company board.
- » 30% of S&P 500 boards included in the index published a board matrix summarizing the qualifications and skills of each director.

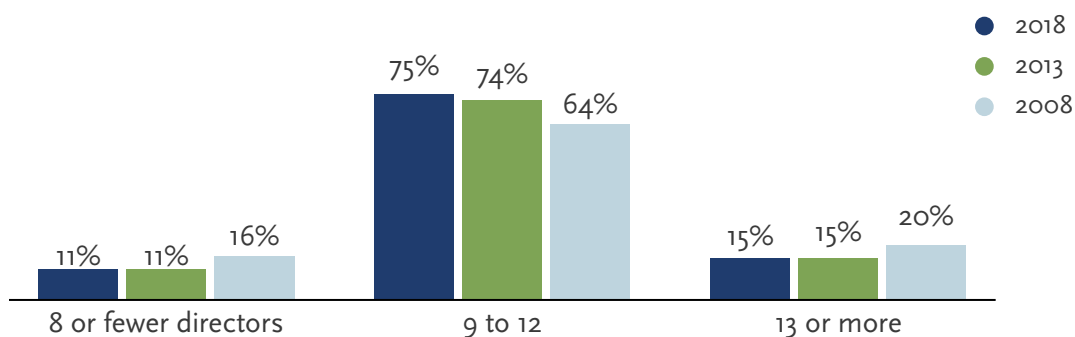
### New Independent Director Top Industry Backgrounds

	Year		
	2018	2013	2008
Technology/telecom	19%	15%	11%
Consumer goods & services	11%	16%	17%
Financial services	10%	12%	13%
Healthcare/pharmaceuticals	10%	6%	6%
Private equity/investment management	10%	6%	4%
Industrial/manufacturing	6.5%	8%	10%
Academics/nonprofit	5%	4%	7%
Energy/utilities/oil & gas	5%	13%	8%

### BOARDS RANGE IN SIZE FROM FIVE TO 18 MEMBERS, AVERAGE 10.8 DIRECTORS

- » The average S&P 500 board has 10.8 directors. The two smallest boards have five members each and the largest has 18. The long-term trend has been toward boards in the 9-12 member range; 75% of boards have nine to 12 directors, compared with 64% a decade ago.

#### Board Size

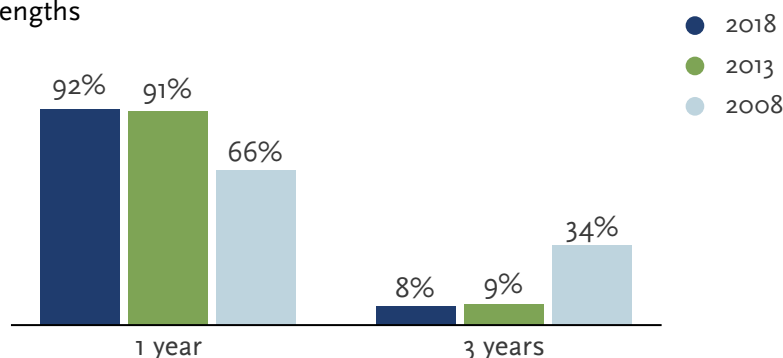


- » 85% of all S&P 500 board directors are independent, consistent with the past several years. Boards average 9.2 independent directors and 1.6 non-independent directors.
- » In 2008, 82% of directors were independent.
- » The CEO is the only non-independent director on 59% of S&P 500 boards, compared with 44% a decade ago.

## MOST BOARDS ELECT DIRECTORS ANNUALLY

- » 92% of S&P 500 boards have a declassified board structure, where directors stand for election by shareholders annually. The remaining boards have three-year terms.
- » A decade ago, three-year terms were much more common, with 34% electing directors to three-year terms, versus just 8% today.

Director Term Lengths

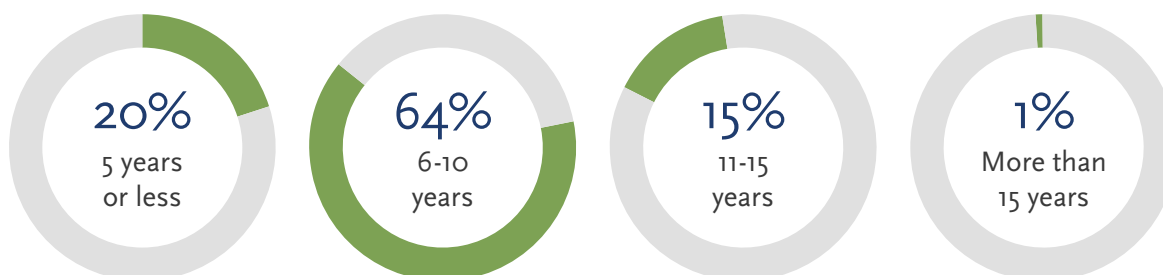


- » Also in the past decade, more boards have established policies requiring directors to offer their resignation if they fail to receive a majority vote from shareholders; 89% of boards have such policies today, up from 56% in 2008. Boards retain the discretion to accept or decline a director's resignation.

## SMALL DECLINE IN AVERAGE BOARD TENURE

- » The average tenure of independent directors on S&P 500 boards is 8.1 years, a decrease from 8.6 in 2013. The median tenure has declined as well in that time, from 8.4 to 8.0 years. When non-independent directors (such as the CEO) are included, the average tenure is 8.4.
- » On almost two-thirds (64%) of S&P 500 boards, the average tenure of independent directors is between six and 10 years. The longest average board tenure is 20 years.

Board Average Tenure for Independent Directors



- » When looking at the tenure of individual directors, 41% of independent directors have served on their boards for five years or less, 24% have served for 6-10 years, and 18.5% for 11-15 years. 16% of independent directors have served on their boards for 16 years or more.

## RESIGNATION POLICIES FOR CHANGING DIRECTOR STATUS ARE WIDELY ADOPTED

- » 87% of S&P 500 boards require directors who experience a change in employment status or significant change in job responsibilities to notify the chair and/or the nominating committee and offer their resignation from the board. Typically, the chair or nominating committee has the discretion to accept or decline the resignation.
- » 36.5% of boards report having a policy requiring the CEO to submit his or her resignation from the board when the CEO's employment with the company ends. In all cases, however, boards retain the discretion to accept or decline the resignation.

## MOST BOARDS PLACE SOME RESTRICTIONS ON DIRECTORS' ADDITIONAL BOARD ACTIVITY

- » More than three-quarters of S&P 500 boards (77%) have established some limit on their directors' ability to accept other corporate directorships, an increase from 56% in 2008. Of the 111 boards that do not report specific limits on joining other boards, 90% require directors to notify the board chair prior to accepting an invitation to join another company board and/or encourage directors to "reasonably limit" their other board service.
- » 64% of boards have established a numerical limit for other board service that applies to all directors. Most of these boards limit members to three or four additional directorships.
- » 42% of S&P 500 boards restrict the number of other audit committees on which their audit committee members may serve, nearly all limiting audit committee members to no more than two other audit committees.
- » 27% of boards specifically restrict the additional board activity of directors who are public company CEOs or are otherwise fully employed. Most limit these directors to no more than two other outside public company boards.
- » 22% of S&P 500 boards set a specific limit in their corporate governance guidelines on the CEO's outside board service. Among those that do, nearly all limit CEOs to one or two outside boards. Two boards allow their CEOs to serve on three outside corporate boards.

### Boards with Limits on Additional Corporate Directorships

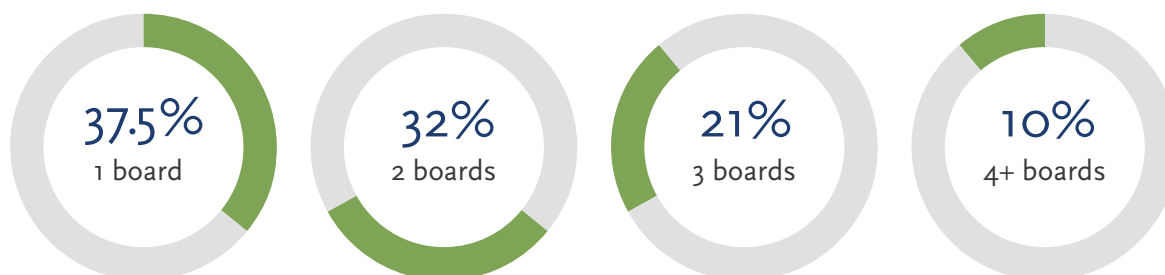
Numerical limit	All directors	Audit committee members	Fully employed directors	CEOs
1	0%	0%	6%	8%
2	3%	41%	19%	14%
3	24%	1%	2%	0%
4	32%	0%	0%	0%
5	4%	0%	0%	0%
6	0%	0%	0%	0%
No reported limit	36%	58%	73%	78%



## MOST DIRECTORS HAVE TWO OR MORE PUBLIC COMPANY BOARD AFFILIATIONS

- » 62.5% of independent S&P 500 directors have two or more public board affiliations; 10% have four or more. Six directors (less than 1%) serve on six boards.
- » On average, independent directors have 2.1 public corporate board affiliations, which has been consistent for more than five years.

### Number of Corporate Board Affiliations for Independent Directors



## FEW BOARDS HAVE DIRECTOR TERM LIMITS PROMOTING TURNOVER

- » 25 S&P 500 boards, 5%, specify a term limit for non-executive directors, unchanged from last year, while 65% of boards explicitly state in their corporate governance guidelines that they do not have term limits. 30% do not mention term limits.
- » Term limits range from nine to 20 years, with 14 of the 25 boards (53%) establishing a term limit of 15 years.
- » Hybrid tenure policies are emerging. For example, Microsoft adopted a policy that targets an average tenure of 10 years or less for the board's independent directors.

### Boards with Term Limits

Company	Term limits	Company	Term limits
Navient Corporation	20 years	Qorvo	15 years
Target Corporation	20 years	Sysco Corporation	15 years
Vertex Pharmaceuticals	20 years	Varian Medical Systems	15 years
The Procter & Gamble Company	18 years	The Walt Disney Company	15 years
The AES Corporation	15 years	Xcel Energy	15 years
Air Products & Chemicals	15 years	AvalonBay Communities	12 years
Alaska Air Group	15 years	CBRE Group	12 years
Baker Hughes	15 years	International Flavors & Fragrances	12 years
General Electric Company	15 years	Raymond James Financial	12 years
The Hartford Financial Services Group	15 years	Wal-Mart Stores	12 years
Huntington Ingalls Industries	15 years	Allegion Public Limited Company	10 years
MasterCard	15 years	Illumina	10 years
Mondelez International	15 years	IHS Markit	9 years

## 71% OF BOARDS REPORT A MANDATORY RETIREMENT AGE, IN A SMALL DECLINE

- » 71% of S&P 500 boards report having a mandatory retirement age for directors, versus 73% last year. 12% report that they do not have a mandatory retirement age, and 17% do not discuss mandatory retirement in their corporate governance guidelines.
- » Mandatory retirement ages continue to rise. 43.5% of boards with a retirement age set it at 75 or older, compared with 42% last year and only 11% in 2008. Three boards have a retirement age of 80.
- » The most common mandatory retirement age is 72, set by 43% of S&P 500 boards with a retirement age.

### Mandatory Retirement Age

	2018	2013	2008
70 and younger	3%	11%	27%
71	1%	1%	1%
72	43%	55%	55%
73	4%	4%	4%
74	6%	5%	2%
75 and older	43.5%	24%	11%

N = Boards that have set a mandatory retirement age: 345 for 2018, 356 for 2013 and 359 for 2008.

## MAJORITY OF DIRECTORS RETIRE AT OR NEAR THE MANDATORY RETIREMENT AGE

- » 75% of the 406 independent directors who left S&P 500 boards in the past year served on boards with mandatory retirement ages. 37% of the departing directors reached or exceeded the board's age limit at retirement. Another 16% left the board within three years of the retirement age.
- » Directors retired at an average age of 68.4, with an average tenure of 12.7 years. More than half (56%) retired at 70 or older, and 36% served on the board for 15 or more years.
- » 21 of the directors who left their boards were 80 or older with an average tenure of 20.6 years, and 28 were 55 or younger with an average tenure of five years.
- » A total of 69 women directors retired during the past year, and 33 women were added to these boards.

## INDEPENDENT DIRECTORS ARE 63 YEARS OLD ON AVERAGE

- » Independent directors of S&P 500 companies range in age from 29 to 93 years old. The average age is 63, two years older than the 2008 average of 61.2. In that same period, the median age increased from 62 to 63.
- » Most independent directors (74%) are 50-69 years old; 17 directors (0.4%) are younger than 40, and 43 (1%) are 80 or older. 21% are 70 or older.
- » The majority of boards have an average age in the 60s: 47% of boards have an average age of 60 to 63, and 35% have an average age of 64 to 69. 13 (3%) boards have an average age of 70 or older.

## Average Age of Independent Directors

	2018	2013	2008
Average age of all independent directors	63.0	62.9	61.2
Youngest average board age	47	47	43
Oldest average board age	74.5	74	74

## Percentage of All S&P 500 Boards with Average Age

	2018	2013	2008
59 and younger	16%	14%	28%
60 to 63	47%	42%	46%
64 and older	38%	44%	26%

## WOMEN NOW REPRESENT 24% OF ALL DIRECTORS, A NEW RECORD

- » 24% of S&P 500 directors are women, an increase from 22% last year and 16% in 2008. This is the highest percentage of women directors we have seen since we began tracking this data in 1998.
- » On average, boards have 2.6 female directors, compared with 1.7 a decade ago.
- » 87% of boards include two or more women directors, a 7 percentage point increase over last year. We saw a notable increase in the percentage of boards with three women directors (33% versus 27% in 2017) and a decrease in the number of boards with only one woman director (13% versus 19% in 2017). In 2008, 56% of boards had two or more female directors.
- » Women are 50% or more of the total number of directors on 10 boards (2%) and 30% or more of all directors on 120 boards (25%).
- » Three boards have no female directors, one in the internet sector, one in pharmaceuticals and one in aerospace/defense.
- » Women are assuming more board leadership roles. Women now chair 20% of audit committees, 19% of compensation committees, and 24% of nominating/governance committees, compared to 20%, 17% and 22% last year. However, women represent only 7% of independent board chairs, unchanged from last year, and 10% of lead/presiding directors, versus 9% last year.
- » As of our May 17, 2018, cut-off date, 27 S&P 500 companies have a woman serving as CEO, compared with 31 in 2017. Female CEOs now represent 5.4% of S&P 500 chief executives.
- » Companies led by women tend to have more female board directors than those led by men: 33% of directors on boards of companies with a female CEO are women, versus 23.5% for companies with a male CEO. When the female CEO is excluded from the average, however, the gap narrows: 26% of the remaining directors are women.

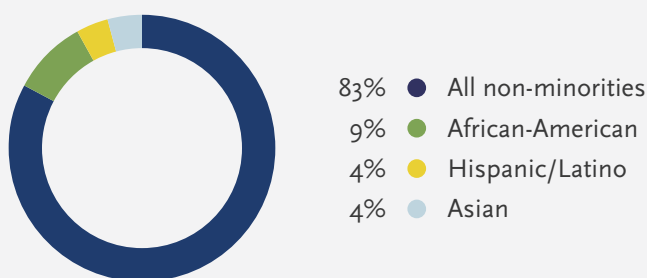
### Percentage of Women on Boards

Female representation	Boards in this range
0%	0.5%
1 to 9%	2.5%
10 to 19%	26%
20 to 29%	46%
30 to 39%	19%
40 to 49%	4%
50 to 60%	2%

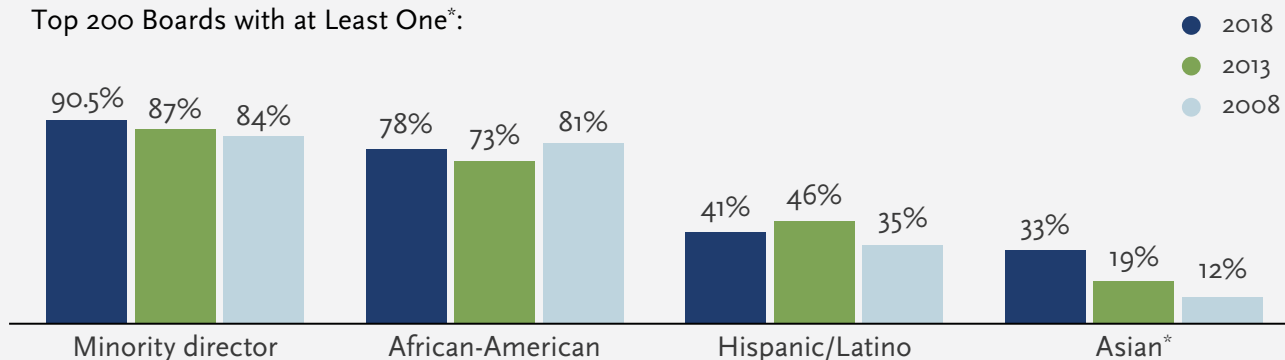
## MOST OF THE TOP 200 COMPANY BOARDS HAVE AT LEAST ONE MINORITY DIRECTOR

- » 17% of directors in the top 200 S&P 500 companies (by annual revenue) are minority executives, defined as African-American, Hispanic/Latino and Asian directors, the same as in 2017. In 2008, minority representation was 14% of all directors in the top 200 companies.
- » As of May 17, 2018, 90.5% of the top 200 companies had at least one minority director, compared with 87% in 2013 and 84% in 2008.
- » 16 (8%) of the top 200 S&P companies are led by African-American, Hispanic/Latino or Asian CEOs, two less than in 2017. In 2013, only eight of the top 200 companies were led by minority CEOs.

Minorities as % of Directors at Top 200 Boards\*



Top 200 Boards with at Least One\*:



\*Beginning 2017, Asian category includes individuals of Indian descent, consistent with U.S. Census Bureau methodology.

## MAJORITY OF TOP 200 COMPANIES HAVE DIRECTORS FROM OUTSIDE THE U.S.

- » Just over half of the top 200 S&P 500 companies, 52%, have at least one non-U.S. director, compared with 47% a decade ago.
- » A total of 188 directors of non-U.S. origin serve on the boards of the top 200 S&P 500 companies, accounting for 8.2% of all directors.
- » International directors represent more than 30 different countries, but roughly half of non-U.S. directors come from the following four countries: the U.K. (24%), Canada (11%), Germany (6%) and France (8.5%).

## UPTICK IN THE NUMBER OF CEOs SERVING ON AN OUTSIDE PUBLIC COMPANY BOARD

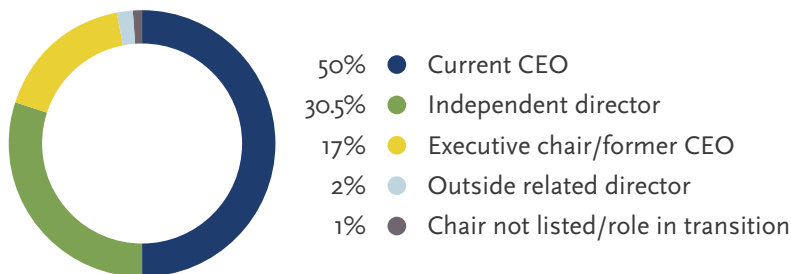
- » 45% of S&P 500 CEOs serve on at least one public corporate board in addition to their own board, compared with 37% in 2017. Still, we've seen a 12% decline in the number of CEOs serving on outside public boards since 2008, when 51% of CEOs served on one or more outside public company boards.
- » Most CEOs limit their external board service: 38% of CEOs serve on one outside public company board, and just 6% serve on two. Three CEOs serve on three outside public boards.

## MORE THAN 30% OF BOARDS HAVE AN INDEPENDENT CHAIR

- » For the first time, more than 30% of S&P 500 boards (30.5%) have a truly independent chair — a director who meets applicable NYSE or NASDAQ rules for independence. This represents an increase from last year, when 28% of boards had an independent chair, and a 91% increase in the past decade (16% in 2008).
- » Half (50%) of boards split the chair and CEO roles between two individuals, compared with 51% last year. The trend toward separating the roles has been growing steadily for more than a decade. In 2008, 39% of boards divided the roles.
- » 11% of board chairs hold the title “executive chair,” and 6% are the former company CEO.
- » Among the 92 boards where the chair is separate but not independent, nearly all (93.5%) have identified a lead or presiding independent director.
- » Seven boards do not report having any form of independent board leadership, neither an independent chair nor a lead/presiding director.

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### Chair's Relationship with the Company



## MORE FINANCIAL EXECUTIVES AND INVESTORS ARE SERVING AS INDEPENDENT CHAIRS

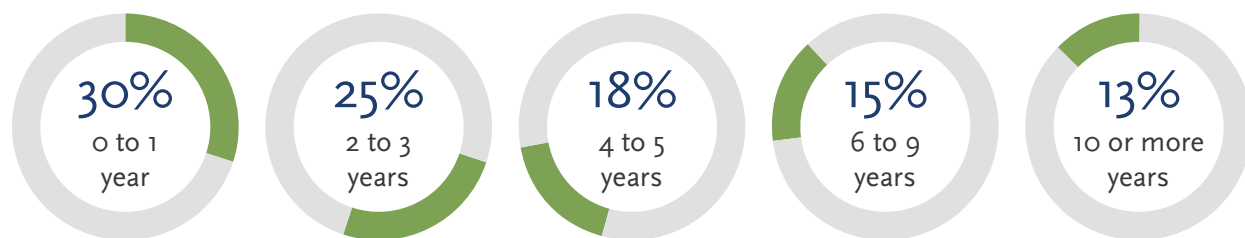
- » Half (50%) of the 148 independent chairs of S&P 500 companies are retired CEOs, chairs, vice chairs, presidents or COOs, compared with 56% last year. Only five independent chairs, or 3%, are active top executives, including three public company CEOs and two private company CEOs, down from 12% a decade ago.
- » Together, investors, financial executives and bankers/investment bankers represent one-third (34%) of independent chairs, compared with 15% in 2008.

### Independent Chair Backgrounds

	2018	2008
Retired chair/president/CEO	50%	56%
Investor/investment manager	16%	12%
Bankers/financial executives/CFOs/public accounting	18%	3%
Active/retired other corporate executive	7%	11%
Active chair/president/CEO	3%	12%
Academics/nonprofit executives	2%	3%
Others	3%	3%

- » Independent chairs are older on average than their fellow directors: 65.7 versus 63.0.
- » Independent chairs have served in the role 4.3 years on average. 55% have been in the role for three years or less, including 30% who are in their first year in the role. On the other end of the spectrum, 13% of independent chairs have served in their roles for 10 or more years.
- » 86.5% of the independent chairs served as directors on the board prior to becoming chair, serving 8.1 years on average before assuming the role.

### Independent Chairman Tenure



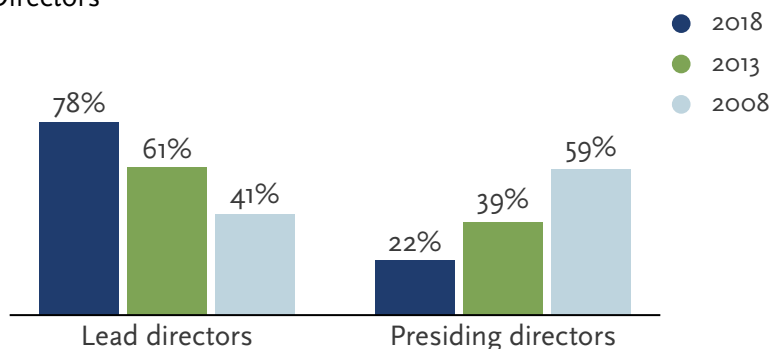
Average: 4.3 years  
N=148 independent chairmen



## FEWER BOARDS HAVE A LEAD OR PRESIDING DIRECTOR, AS NUMBER OF INDEPENDENT CHAIRS GROWS

- » 80% of S&P 500 boards report having an independent lead or presiding director, compared with 95% a decade ago.
- » Over that same period, lead directors have become preferred over presiding directors. 78% of the 388 boards with one of these roles have lead directors and 22% have presiding directors, including those identified as “chair” of executive sessions; this compares with 41% and 59%, respectively, in 2008.

### Lead Versus Presiding Directors



- » 81% of boards with a lead/presiding director disclosed how long their lead/presiding director has been serving in the role, compared with 80% last year. On average, lead/presiding directors have served in the role for 4.2 years. Among boards disclosing tenure, 39% of lead/presiding directors have served in the role for two years or less.
- » 47% of lead/presiding directors are retired CEOs, chairs, vice chairs, presidents or COOs. 13% are investors or investment managers, and another 12% are active or retired other corporate executives. Consistent with other areas of board service, fewer active CEOs/chairs/vice chairs/president/COOs are serving as lead or presiding director, 8% versus 19% a decade ago.

### Lead and Presiding Director Backgrounds\*



\*N = 380 lead or presiding directors identified by name

# Board Organization and Process

## 2018 SNAPSHOT

Boards have  
**4.2**  
committees on average



Average number  
of board meetings  
declined to **8**

**55%** of audit committees  
are chaired by  
active and retired  
executives with  
financial  
backgrounds



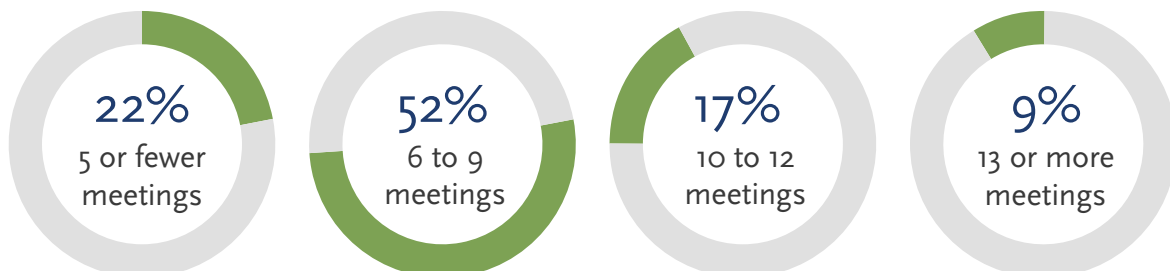
**38%** of boards include an  
evaluation of  
individual directors  
in their annual  
assessment



### AVERAGE NUMBER OF BOARD MEETINGS DECLINES TO 8

- » S&P 500 boards met in person or telephonically an average of 8.0 times, a decline from 8.4 last year. The annual meeting average includes regularly scheduled meetings and special meetings.
- » The majority of boards, 52%, met six to nine times. On the extremes, 43 boards met four or fewer times, and 10 boards met 19 times or more.

#### Distribution of Board Meetings\*

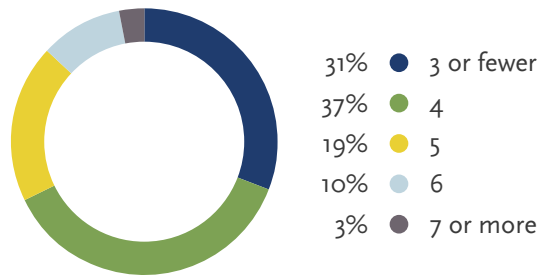


\*Includes in-person and telephonic regular and special meetings.

## BOARDS HAVE 4.2 COMMITTEES ON AVERAGE

- » For the past decade, S&P 500 boards have averaged just over four standing committees.
- » This year, 69.5% have more than the three NYSE-mandated committees (compensation, audit and nominating/governance), a decline from 74% in 2017.
- » 12% of boards have risk committees, compared with 8% in 2013. Post-financial crisis regulations require many financial institutions to have a risk committee.
- » Additional committees cover a range of topics, from environment, health and safety to science and technology. The most common committees beyond the compensation, audit and nominating committees are the executive committee and finance committee.

### Number of Standing Committees



### Prevalence and Independence of Standing Committees

	% with this committee		% composed entirely of independent directors	
	2018	2013	2018	2013
Audit	100%	100%	100%	100%
Compensation	99.8%*	100%	99.6%	99.6%
Nominating/governance	99.4%**	99.4%	99.6%	100%
Executive	30%	36%	2%	2%
Finance***	31%	31%	76%	78%
Risk	12%	8%	77%	72%
Public policy/social & corporate responsibility	9%	10.5%	93%	88.5%
Science & technology	9%	8%	87%	74%
Environment, health & safety	9%	8%	84%	90%
Legal/compliance	4.5%	5.5%	86%	90%
Strategy & planning	2%	4%	50%	72%
Investment/pension	3.5%	3%	59%	77%
Acquisitions/corporate development	1%	2%	80%	40%

\*12 boards have a combined compensation and nominating committee. They are counted as separate committees for the purpose of this analysis.

\*\*Includes two boards with a standing corporate governance committee in addition to the nominating committee. Controlled companies are not required to have nominating committees.

\*\*\*13 boards have a combined finance and risk management committee. They are counted as separate committees for the purpose of this analysis.

## AUDIT COMMITTEES MEET EIGHT TIMES ON AVERAGE

- » S&P 500 audit committees averaged 8.4 meetings, versus 8.6 last year. The median number of audit committee meetings dropped from nine to eight.
- » The majority of S&P 500 audit committees, 60%, had eight to 13 meetings.
- » Compensation and nominating committees met less often than audit committees, averaging 6.2 and 4.6 annual meetings, respectively.
- » 64% of compensation committees and 90% of nominating/governance committees had six or fewer meetings.

### Distribution of Committee Meetings\*

	Audit Committee	Compensation committee	Nominating/governance committee
3 or fewer meetings	0%	6%	20%
4	5%	14%	33%
5	11%	21%	23%
6	9%	23%	14%
7	11%	16%	5%
8 to 10	44%	15%	4%
11 to 13	16%	3.5%	1%
14 or more	4%	1%	0%
<b>Average</b>	<b>8.4</b>	<b>6.2</b>	<b>4.6</b>
<b>Median</b>	<b>8.0</b>	<b>6.0</b>	<b>4.0</b>
<b>Maximum</b>	<b>28</b>	<b>20</b>	<b>15</b>

\*Includes in-person and telephonic regular and special meetings.

## RETIRED CEOS AND DIRECTORS WITH FINANCIAL BACKGROUNDS MOST LIKELY TO CHAIR BOARD COMMITTEES

- » S&P 500 committee chairs are most likely to be retired CEOs, chairs, vice chairs, presidents and COOs and active and retired executives with financial backgrounds. Retired CEO-level executives chair 26% of audit committees, 37% of compensation committees and 34% of nominating/governance committees.
- » Active and retired executives with financial backgrounds — including corporate finance executives, investors, bankers/investment bankers and retired public accounting executives — chair 55% of audit committees, 24% of compensation committees and 23% of nominating/governance committees.
- » Active CEOs, chairs, presidents and COOs serve as chair of just 6% of audit committees, 12% of compensation committees and 8.5% of nominating/governance committees.

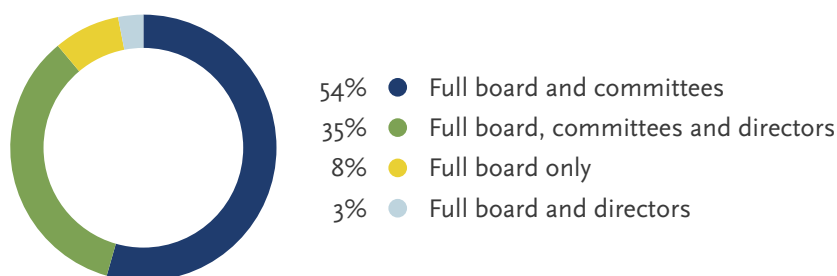
## Committee Chair Backgrounds

	% of chairs		
	Audit committee	Compensation committee	Nominating/governance committee
<b>CEO/chair/vice chair/president/COO</b>	<b>31%</b>	<b>49%</b>	<b>42.5%</b>
<i>Active</i>	6%	12%	8.5%
<i>Retired</i>	26%	37%	34%
<b>Other corporate executives</b>	<b>8%</b>	<b>17%</b>	<b>14.5%</b>
<b>Financial backgrounds</b>	<b>55%</b>	<b>24%</b>	<b>23%</b>
<i>Financial executives/CFO/treasurers</i>	32%	3%	3%
<i>Bankers/investment bankers</i>	6.5%	5%	4%
<i>Investment managers/investors</i>	6.5%	15%	15%
<i>Public accounting executives (retired)</i>	10%	1.5%	1%
<b>Academics/nonprofit</b>	<b>3%</b>	<b>5%</b>	<b>7%</b>
<b>Consultants</b>	<b>2%</b>	<b>3%</b>	<b>6%</b>
<b>Lawyers</b>	<b>0%</b>	<b>1%</b>	<b>5%</b>
<b>Others</b>	<b>0%</b>	<b>1%</b>	<b>3%</b>
<b>Total number of chairs listed in proxies</b>	<b>480</b>	<b>472</b>	<b>468</b>

## MAJORITY OF BOARDS ASSESS BOARD AND COMMITTEE PERFORMANCE ANNUALLY

- » All but nine S&P 500 boards, 98%, reported conducting some sort of annual performance evaluation.
- » The majority, 54%, disclosed evaluating the full board and committees; 38% reported an evaluation of individual directors in their annual assessment.
- » 9% of boards disclosed they engaged an independent third-party governance expert to facilitate the evaluation process, versus 2% last year. A number of these boards indicated that they used an outside facilitator “periodically” or every two or three years.

### Board, Committee and Director Evaluations\*



\*N = 476 companies; 9 others did not mention evaluations in their proxies or corporate governance guidelines.

# Director Compensation

## 2018 SNAPSHOT



The average annual retainer for S&P 500 directors is **\$124,306**



The average total compensation for S&P 500 directors increased

**3.5%** to \$298,981

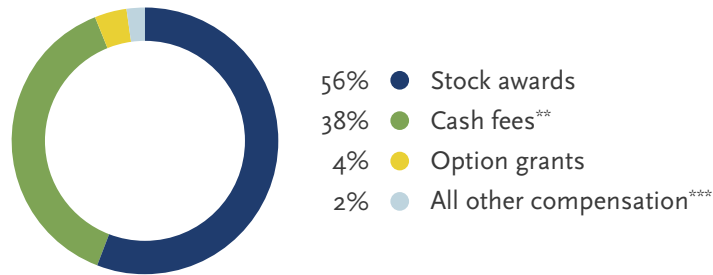
Only **10%** of S&P 500 boards pay board meeting attendance fees

**77%** of S&P 500 boards provide stock grants to directors in addition to a cash retainer

## AVERAGE TOTAL DIRECTOR COMPENSATION GROWS BY 3.5% TO JUST UNDER \$299,000

- » The average total compensation for S&P 500 directors rose 3.5% to \$298,981. Excluding premium compensation for the independent chairman, the average total compensation per director is \$295,406.
- » Stock grants and cash represent the largest share of director compensation, 56% and 38%, respectively.
- » The composition of equity awards has shifted somewhat in the past five years, with fewer companies granting options and more awarding stock grants. In 2013, 52% of average director compensation was provided in the form of stock grants, while stock options accounted for 6%.
- » 72% of boards have deferred compensation plans.

## Breakdown of Director Compensation\*



\*Based on non-employee director compensation tables in 484 proxies for fiscal year 2018. Includes all board and committee retainers and meeting fees, non-executive chairman and lead/presiding director supplemental fees when applicable, the value of equity compensation and all other compensation paid to non-employee directors in 2017. Retiring and new directors are included when paid compensation for at least three quarters of the year.

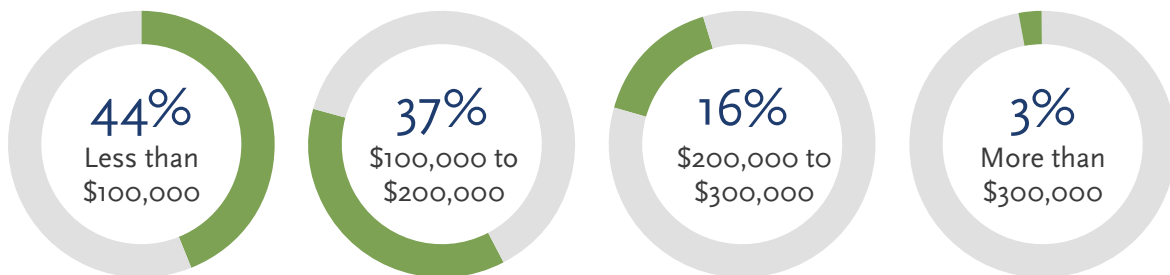
\*\*Includes deferred compensation amounts.

\*\*\*Includes, for example, insurance premiums, charitable award programs and incremental cost to company of products provided.

## AVERAGE RETAINER GROWS BY 3%, USE OF MEETING ATTENDANCE FEES CONTINUES TO DECLINE

- » The average annual retainer for S&P 500 directors is \$124,306, 3% more than the 2017 average of \$120,409.
- » The majority of boards (56%) provide an annual retainer of \$100,000 or more; 16 boards provide annual retainers of \$300,000 or more.
- » Two companies pay an annual retainer of \$325,000, which is paid partly in equity. Two companies provide no retainer; one pays \$15,000 per meeting (not to exceed \$60,000 per year) and one provides a stock option grant.

## Annual Retainers



- » As boards have shifted director compensation to retainers and stock awards, fewer boards pay meeting attendance fees to directors. Already declining in use a decade ago, 45% of boards paid meeting fees in 2008; today, just 10% do.
- » Meeting attendance fees range from \$900 to \$15,000 and average \$2,190. The \$15,000 fee is paid at a company where meeting fees were paid in lieu of a retainer and capped at \$60,000 per year.

## Changes in Non-Employee Director Compensation

Type of compensation	% of boards paying this type		Average paid		% of change in value
	2018	2013	2018	2013	2013-18
Board retainer*	99.6%	99.6%	\$124,306	\$102,507	21%
Board meeting fee	10%	27%	\$2,190	\$2,159	1%
Stock option program	12%	20%	\$100,530	\$87,612	15%
Stock grants paid in addition to retainer	77%	76%	\$164,347	\$132,942	24%

\*Dollar amounts for retainer do not include boards that do not pay a retainer or boards that do not provide a dollar value equivalent for the retainer equity amount.

\*\*Represents an average for audit, compensation and nominating/governance committees. Past indexes reported the lowest committee average.

## STOCK GRANTS ARE PART OF DIRECTOR COMPENSATION FOR MOST BOARDS

- » 77% of S&P 500 boards provide stock grants to directors in addition to a cash retainer, compared with 74% a decade ago. The average targeted dollar value of annual stock grants is \$164,347.
- » Over the same period, the use of stock options as a component of director compensation declined; just 12% of boards grant stock options to directors, versus 40% in 2008. The average present value of annual stock option grants is \$100,530.
- » 92% of boards, versus 74% a decade ago, disclose having share ownership guidelines for directors. Typically, these guidelines require directors to own a certain number of shares or a multiple of the retainer value within a specified number of years with the goal of aligning directors' interests with those of shareholders.

## Equity Compensation

	% of S&P 500 boards		
	2018	2013	2008
Stock option program exists	12%	20%	40%
Stock grants provided in addition to retainer	77%	76%	74%
Stock grants provided as a part of retainer	21%	21%	18%
Director can elect to receive compensation in cash, stock, or stock units	50.5%	55%	58%
Director can elect to receive compensation in stock options	3.5%	5%	5%
Retainer paid fully in stock	2%	2%	2%



## PREMIUM FOR BOARD LEADERSHIP SERVICE VARIES BY ROLE

- » 93% of the 146 independent S&P 500 board chairs receive an additional fee, ranging from \$25,000 to \$500,000 and averaging \$164,959. The median premium paid to independent chairs is \$150,000.
- » 72% of the S&P 500 boards with a lead or presiding director provide additional compensation to directors serving in those roles.
- » Lead directors are more likely than presiding directors to receive additional compensation: 84% versus 29%. Lead director compensation also is higher; the average lead director premium is \$39,670, 31% higher than the \$30,340 average premium for presiding directors.

## MOST COMMITTEE CHAIRS, AND MORE COMMITTEE MEMBERS, RECEIVE RETAINERS

- » 97% of S&P 500 boards included in our study provide a retainer to committee chairs, a modest increase from 94% five years ago. Among these boards, 85% pay a higher retainer to the audit committee chair, and 55% pay more to the compensation committee chair.
- » On average, committee chairs receive a retainer of \$21,036.
- » 44.5% of boards pay a retainer for committee member service, versus 39% five years ago. The average committee member retainer is \$12,027, and on many boards, members of the audit and compensation committees receive a higher premium.

### Committee Retainers

	Average committee retainers		% of boards paying this type	
	2018	2013	2018	2013
<b>All committee members</b>	<b>\$12,027</b>	<b>\$10,443</b>	<b>44.5%</b>	<b>39%</b>
<i>Audit committee members</i>	\$13,726	\$11,699	44.5%	39%
<i>Compensation committee members</i>	\$12,124	\$11,073	32%	24%
<i>Nominating committee members</i>	\$9,427	\$8,346	30%	23%
<b>All committee chairs</b>	<b>\$21,036</b>	<b>\$17,248</b>	<b>97%</b>	<b>94%</b>
<i>Audit committee chairs</i>	\$25,777	\$22,532	97%	94%
<i>Compensation committee chairs</i>	\$20,416	\$18,369	96%	93%
<i>Nominating committee chairs</i>	\$16,783	\$13,446	94%	90%

- » Similar to board meeting attendance fees, committee meeting fees have declined in usage. 13% of S&P 500 boards pay committee meeting fees, compared with 30% five years ago. The average committee meeting fee is \$1,688. Only one board pays meeting fees to committee chairs.

## MORE THAN \$100,000 DIFFERENCE IN AVERAGE DIRECTOR COMP, DEPENDING ON SECTOR

- » Average director compensation varies significantly across industries, ranging from a low of \$249,097 in the real estate sector to a high of \$363,328 in healthcare. Similarly, the change in average compensation varied widely, with average director compensation declining by 4% to \$266,394 in the materials sector and increasing by 13% to \$330,909 in telecommunication services.
- » Cash represents a larger share of compensation in industry sectors such as telecommunication services and utilities, 48% and 47%, respectively, and a smaller share in the healthcare and information technology sectors, 31% and 33%, respectively.
- » Stock awards account for 63% of director compensation among information technology companies and 57% in consumer discretionary, consumer staples and energy companies, but just 50% of director compensation for companies in the telecommunications services sector.

### Average Compensation per Non-Employee Director by Industry\*

Industry	% of total compensation					
	Total average compensation	% increase vs. 2017	Cash fees **	Stock awards	Option grants	All other compensation***
Consumer discretionary	\$278,301	2%	38%	57%	3%	2%
Consumer staples	\$286,865	3%	37%	57%	4%	2%
Energy	\$324,801	3%	37%	57%	3%	3%
Financials	\$280,281	5%	42%	54%	1%	3%
Healthcare	\$363,328	2%	31%	54%	12%	3%
Industrials	\$292,630	7%	41%	52%	3%	4%
Information technology	\$337,492	5%	33%	63%	3%	1%
Materials	\$266,394	-4%	45%	51%	1%	3%
Real Estate	\$249,097	3%	40%	56%	3%	1%
Telecommunication services	\$330,909	13%	48%	50%	0%	2%
Utilities	\$268,967	5%	47%	51%	0%	2%
<b>Average</b>	<b>\$298,981</b>	<b>4%</b>	<b>38%</b>	<b>56%</b>	<b>4%</b>	<b>2%</b>

\*Based on non-employee director compensation tables in 484 proxies for 2018. Includes all board and committee retainers and meeting fees, non-executive chairman and lead/presiding director supplemental fees when applicable, the value of equity compensation and all other compensation paid to non-employee directors in fiscal year 2017. Retiring and new directors are included when paid compensation for at least three quarters of the year.

\*\*Includes deferred compensation amounts.

\*\*\*Includes insurance premiums, charitable award programs and incremental cost to the company of products provided to directors.

## DIRECTOR COMPENSATION VARIES BY REGION AND COMPANY SIZE

- » Director compensation also varies significantly by region. Directors of companies headquartered in the Western U.S. receive the highest compensation, averaging \$326,004 — 9% more than the S&P 500 average.
- » Directors of Midwest companies have the lowest average compensation, \$272,761, down by 7% since 2017.
- » Average director compensation for directors of companies with revenue less than \$2.5 billion grew by 7% to \$298,481, which is higher than the average for companies with revenues in the \$2.5-\$10 billion range, \$284,933.
- » Average director compensation for companies with revenue greater than \$10 billion rose more modestly (4%) to \$309,544.

### Average Director Compensation by Region and by Sales

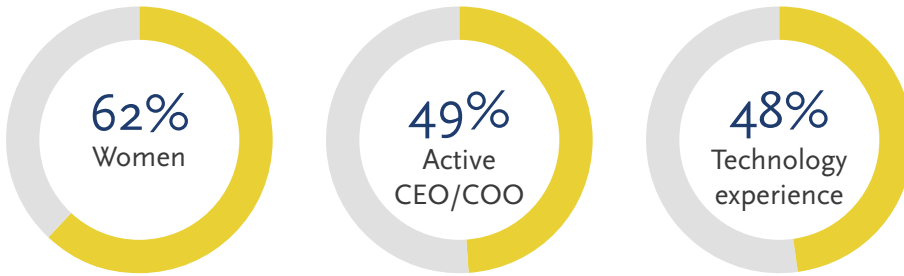
By region		By sales	
West	\$326,004	Less than \$2.5 billion	\$298,481
Northeast	\$311,081	\$2.5-\$10 billion	\$284,933
Southwest	\$301,352	Greater than \$10 billion	\$309,544
Midwest	\$272,761		
Southeast	\$284,338		
Northwest	\$286,948		

# Board composition and performance

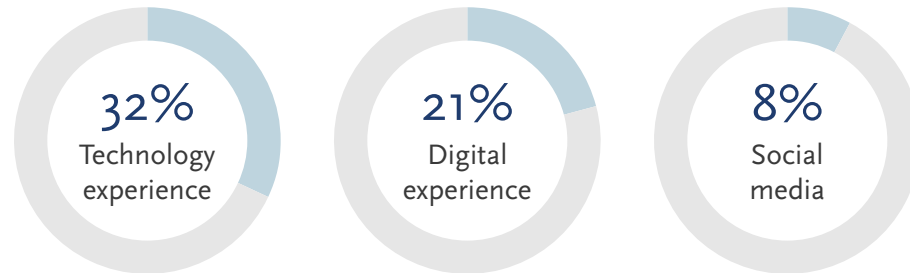
What's top of mind for U.S. directors

We surveyed 177 nominating/governance committee members between May and June of 2018 to gain a first-person perspective on board trends and priorities. Here are the results.

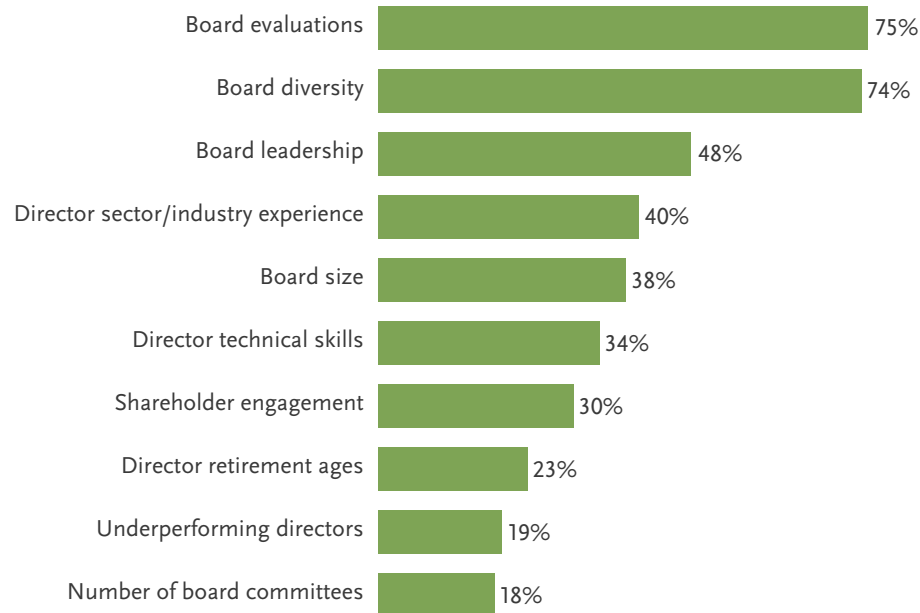
## HIGHEST-PRIORITY BOARD RECRUITING PROFILES



## TOP SKILLS/QUALIFICATIONS OF YOUNGER DIRECTORS



## NOMINATING COMMITTEE ISSUES TO BE ADDRESSED OVER NEXT 3 YEARS



1

Average number of directors expected to retire/join boards in each of the next 3 years

66%

Nominating committee members who say their committee considered or is considering younger directors (50 years and younger)

39%

Boards that have used a tool or retained a consultant to help assess board culture



# Comparative Board Data

## Methodology

Based on the S&P 500 as of May 17, 2018. Fiscal year 2017 company sales data were obtained from Capital IQ; industry/sector categories are from Capital IQ. All remaining data were pulled from each company's most recently filed DEF14A proxy statements dated between May 23, 2017 and May 17, 2018. Tenure includes time at company and the company's predecessors. Corporate boards classified as public company boards and all data on the number of corporate boards obtained from BoardEx as of May 17, 2018. Total average compensation per non-employee director is based on director compensation tables included in 485 proxies. The amount includes all board and committee retainers and meeting fees, supplemental non-executive chairman and lead/presiding director fees, the value of equity compensation, and all other compensation paid in fiscal year 2017. Total current other corporate board affiliations for new directors were found by counting any public boards a director was on when they were appointed to their new S&P 500 board, including executive directorships. Found through proxy data and BoardEx data as of company's most recent proxy. First-time directors have no independent or non-independent public board service.

# Comparative Board Data

	COMPANY SALES (\$ IN MILLIONS)	NUMBER OF DIRECTORS		INDEPENDENT DIRECTORS					BOARD FEES (\$)			PERCENTAGE OF TOTAL COMPENSATION			
		TOTAL	INDEPENDENT DIRECTORS	SEPARATE CHAIR/CEO	AVERAGE AGE	AVERAGE TENURE (YEARS)	RETIREMENT AGE	MEETINGS PER YEAR <sup>a</sup>	BOARD RETAINER	BOARD RETAINER FOOTNOTES	AVERAGE COMPENSATION PER NON-EMPLOYEE DIRECTOR	CASH	STOCK	OPTIONS	ALL OTHER
<b>CONSUMER DISCRETIONARY</b>															
<b>Advertising</b>															
The Interpublic Group of Companies	7,882.4	11	10	N	65	8	74	7	100,000	b	333,813	36%	60%	0%	4%
Omnicom Group	15,273.6	11	10	N	65	10	75	6	90,000	b,c	290,300	50%	50%	0%	0%
<b>Apparel Retail</b>															
Foot Locker	7,766.0	10	9	N	64	9	72	7	140,000	b,c,d	267,980	38%	62%	0%	0%
The Gap	15,855.0	10	8	Y	60	12	72	6	80,000	b	286,277	43%	55%	0%	2%
L Brands	12,574.0	12	8	N	72	19	—	5	223,800	d	280,938	51%	49%	0%	0%
Ross Stores	14,134.7	11	7	Y	63	15	—	5	220,000	d	247,717	41%	59%	0%	0%
The TJX Companies	33,183.7	10	8	Y	66	12	75	6	80,000	b	311,089	36%	64%	0%	0%
<b>Apparel, Accessories &amp; Luxury Goods</b>															
Hanesbrands	6,471.4	10	8	Y	65	9	72	6	100,000	b	235,148	40%	60%	0%	0%
Michael Kors Holdings Limited	4,493.7	9	7	N	64	4	—	7	70,000	b	263,670	43%	57%	0%	0%
PVH Corporation	8,203.1	12	11	N	59	9	72	6	85,000	b	254,294	43%	57%	0%	0%
Ralph Lauren Corporation	6,652.8	11	7	Y	72	12	—	8	70,000	b	216,035	48%	51%	0%	1%
Tapestry	4,488.3	8	7	Y	54	7	—	8	90,000	b,e	258,875	42%	29%	29%	0%
Under Armour	4,976.6	9	8	N	63	9	75	10	75,000	b,c	224,688	33%	67%	0%	0%
V.F. Corporation	11,811.2	11	10	N	58	7	72	8	90,000	b,c,e	264,828	37%	30%	31%	2%
<b>Auto Parts &amp; Equipment</b>															
Aptiv PLC	12,884.0	11	10	Y	64	6	75	10	265,000	c,d	291,812	33%	67%	0%	0%
BorgWarner	9,799.3	9	8	Y	65	9	72	6	97,500	b	248,838	51%	49%	0%	0%
<b>Automobile Manufacturers</b>															
Ford Motor Company	156,776.0	14	11	Y	63	10	72	8	315,000	c,d,f	384,964	29%	56%	0%	15%
General Motors Company	145,588.0	11	10	N	64	5	72	10	285,000	c,d,f	342,374	48%	45%	0%	7%
<b>Automotive Retail</b>															
Advance Auto Parts	9,373.8	10	9	Y	57	4	72	10	85,000	b	238,175	48%	52%	0%	0%
AutoZone	10,888.7	10	9	N	62	12	75	4	205,000	d,g,h	205,095	8%	92%	0%	0%
CarMax	16,637.1	11	9	Y	51	6	76	4	225,000	d	261,880	40%	57%	0%	3%
O'Reilly Automotive	8,977.7	9	5	Y	63	12	78	4	65,000	b	218,554	61%	39%	0%	0%
<b>Broadcasting</b>															
CBS Corporation	13,692.0	14	9	N	74	10	—	8	100,000	b,c	337,335	39%	59%	0%	2%
Discovery	6,873.0	12	10	Y	67	9	—	12	100,000	b	288,545	48%	51%	0%	1%
<b>Cable &amp; Satellite</b>															
Charter Communications	41,581.0	13	12	N	56	6	—	7	120,000	b	351,399	23%	77%	0%	0%
Comcast Corporation	84,526.0	10	8	N	63	6	72	12	100,000	b,c	319,602	42%	58%	0%	0%
DISH Network Corporation	14,391.4	9	4	Y	62	7	—	7	60,000	e	131,658	56%	0%	44%	0%
<b>Casinos &amp; Gaming</b>															
MGM Resorts International	10,371.9	12	9	N	62	8	74	14	70,000	b	296,713	43%	54%	0%	3%
Wynn Resorts Limited	6,306.4	10	9	Y	67	7	—	10	60,000	b,e	384,583	33%	65%	0%	2%



	COMPANY SALES (\$ IN MILLIONS)	NUMBER OF DIRECTORS		INDEPENDENT DIRECTORS				BOARD FEES (\$)			PERCENTAGE OF TOTAL COMPENSATION				
		TOTAL	INDEPENDENT DIRECTORS	SEPARATE CHAIR/CEO	AVERAGE AGE	AVERAGE TENURE (YEARS)	RETIREMENT AGE	MEETINGS PER YEAR <sup>a</sup>	BOARD RETAINER	BOARD RETAINER FOOTNOTES	AVERAGE COMPENSATION PER NON-EMPLOYER DIRECTOR	CASH	STOCK	OPTIONS	ALL OTHER
<b>Computer &amp; Electronics Retail</b>															
Best Buy Co.	39,403.0	10	9	N	57	6	72	4	90,000	b,c	299,356	36%	64%	0%	0%
<b>Consumer Electronics</b>															
Garmin	3,087.0	6	4	Y	62	6	—	4	85,000	b	215,001	42%	58%	0%	0%
<b>Department Stores</b>															
Kohl's Corporation	18,686.0	11	10	Y	59	10	72	7	100,000	b	243,366	55%	45%	0%	0%
Macy's	25,778.0	10	9	N	58	9	74	7	70,000	b,c	242,081	41%	58%	0%	1%
Nordstrom	14,757.0	11	8	Y	55	5	72	7	85,000	b,c	268,489	36%	60%	0%	4%
<b>Distributors</b>															
Genuine Parts Company	16,308.8	11	9	Y	63	7	72	7	60,000	b	264,027	31%	69%	0%	0%
LKQ Corporation	9,736.9	9	6	Y	63	10	—	9	100,000	b,c	243,723	53%	47%	0%	0%
<b>Footwear</b>															
NIKE	34,350.0	11	8	N	59	9	72	5	90,000	b	283,518	35%	58%	0%	7%
<b>General Merchandise Stores</b>															
Dollar General Corporation	23,471.0	9	8	Y	58	6	76	5	95,000	b	262,362	35%	64%	0%	1%
Dollar Tree	22,245.5	12	10	Y	66	10	—	4	180,000	b,c,i	290,427	71%	26%	0%	3%
Target Corporation	69,495.0	12	11	N	60	6	72	7	260,000	c,d	123,490	100%	0%	0%	0%
<b>Home Furnishings</b>															
Leggett & Platt	3,943.8	9	7	Y	68	16	—	4	215,000	c,d	295,113	36%	53%	0%	11%
Mohawk Industries	9,491.3	8	6	N	65	9	75	5	80,000	b,c	176,822	49%	51%	0%	0%
<b>Home Improvement Retail</b>															
The Home Depot	100,904.0	13	12	N	58	7	72	7	280,000	c,d,f	299,083	21%	77%	0%	2%
Lowe's Companies	65,017.0	13	12	N	62	4	72	5	90,000	b,c	276,984	36%	64%	0%	0%
<b>Homebuilding</b>															
D.R. Horton	14,091.0	5	4	Y	66	16	75	7	—	b	137,406	56%	44%	0%	0%
Lennar Corporation	12,646.4	11	9	Y	70	14	—	8	130,000	c,d	301,758	34%	57%	0%	9%
PulteGroup	8,573.3	10	9	Y	57	6	75	6	235,000	d	248,796	44%	56%	0%	0%
<b>Hotels, Resorts &amp; Cruise Lines</b>															
Carnival Corporation	17,510.0	11	9	Y	64	11	75	7	110,000	b	289,908	44%	55%	0%	1%
Hilton Worldwide Holdings	3,467.0	10	7	Y	63	5	75	4	95,000	b	260,268	42%	58%	0%	0%
Marriott International	5,129.0	14	11	Y	65	8	72	4	85,000	b,c	236,852	39%	59%	0%	2%
Norwegian Cruise Line Holdings	5,396.2	10	7	Y	58	2	—	5	100,000	b,c	266,657	53%	47%	0%	0%
Royal Caribbean Cruises Ltd.	8,777.8	12	11	N	66	12	—	5	80,000	b	263,911	40%	56%	0%	4%
<b>Household Appliances</b>															
Whirlpool Corporation	21,253.0	14	12	Y	62	8	72	6	130,000	b	288,890	47%	51%	0%	2%
<b>Internet and Direct Marketing Retail</b>															
Amazon.com	177,866.0	9	8	N	65	10	—	6	298,000	d,g	288,000	0%	100%	0%	0%
Booking Holdings	12,681.1	13	10	Y	60	8	—	7	60,000	b	354,674	25%	75%	0%	0%
Expedia	10,059.8	15	7	Y	58	8	—	6	45,000	b	330,403	17%	83%	0%	0%
NetFlix	11,692.7	11	9	N	58	10	—	8	—	e,g,j	335,791	0%	0%	100%	0%
TripAdvisor	1,556.0	8	4	Y	47	7	—	4	50,000	b,c	317,823	21%	79%	0%	0%

# Comparative Board Data

	NUMBER OF DIRECTORS		INDEPENDENT DIRECTORS					BOARD FEES (\$)			PERCENTAGE OF TOTAL COMPENSATION				
	COMPANY SALES (\$ IN MILLIONS)	TOTAL	INDEPENDENT DIRECTORS	SEPARATE CHAIR/CEO	AVERAGE AGE	AVERAGE TENURE (YEARS)	RETIREMENT AGE	MEETINGS PER YEAR <sup>a</sup>	BOARD RETAINER	BOARD RETAINER FOOTNOTES	AVERAGE COMPENSATION PER NON-EMPLOYER DIRECTOR	CASH	STOCK	OPTIONS	ALL OTHER
<b>Leisure Products</b>															
Hasbro	5,209.8	12	11	N	59	9	72	8	95,000	b,c	321,660	26%	60%	0%	14%
Mattel	4,882.0	10	8	Y	58	6	73	9	100,000	b	281,288	42%	50%	0%	8%
<b>Motorcycle Manufacturers</b>															
Harley-Davidson	5,647.2	10	9	Y	56	8	75	4	110,000	b,c	305,195	48%	52%	0%	0%
<b>Movies &amp; Entertainment</b>															
Twenty-First Century Fox	28,500.0	13	8	Y	58	8	—	10	300,000	d,f	315,320	40%	60%	0%	0%
Viacom	13,263.0	9	7	Y	61	4	—	15	100,000	b,c	365,864	52%	48%	0%	0%
The Walt Disney Company	55,137.0	10	9	N	61	7	—	6	110,000	b,c	348,919	38%	53%	0%	9%
<b>Publishing</b>															
News Corporation	8,139.0	11	6	Y	53	4	—	5	245,000	d,f	226,291	51%	49%	0%	0%
<b>Restaurants</b>															
Chipotle Mexican Grill	4,476.4	9	7	Y	56	6	—	7	195,000	d	232,773	48%	52%	0%	0%
Darden Restaurants	7,170.2	8	7	Y	59	4	73	5	75,000	b,c	224,575	47%	53%	0%	0%
McDonald's Corporation	22,820.4	11	10	Y	63	11	—	6	110,000	b,c	351,782	42%	55%	0%	3%
Starbucks Corporation	22,386.8	12	9	Y	55	9	75	8	260,000	c,i	218,242	12%	65%	23%	0%
Yum! Brands	5,878.0	11	10	Y	59	5	72	5	240,000	d,g,h	259,697	0%	99%	0%	1%
<b>Specialized Consumer Services</b>															
H&R Block	3,036.3	11	10	Y	62	8	—	7	220,000	d,f	263,287	35%	64%	0%	1%
<b>Specialty Stores</b>															
Tiffany & Co.	4,001.8	10	8	Y	63	7	74	15	80,000	b,e	260,568	34%	32%	33%	1%
Tractor Supply Company	7,256.4	9	8	Y	61	7	72	6	80,000	b	247,661	47%	53%	0%	0%
Ulta Beauty	4,854.7	12	11	Y	63	9	75	6	230,000	d	248,642	50%	50%	0%	0%
<b>Tires &amp; Rubber</b>															
The Goodyear Tire & Rubber Company	15,377.0	12	10	N	65	8	72	10	130,000	b,c	300,249	47%	53%	0%	0%
<b>TOTAL CONSUMER DISCRETIONARY</b>															
Average		11	9		61	8	73	7	132,114		278,301	38%	57%	3%	2%
Median		11	9		62	8	72	7	100,000		267,980				
<b>CONSUMER STAPLES</b>															
<b>Agricultural Products</b>															
Archer-Daniels-Midland Company	60,828.0	12	11	N	62	7	75	10	300,000	c,d	288,329	37%	62%	0%	1%
<b>Brewers</b>															
Molson Coors Brewing Company	11,002.8	14	9	Y	62	8	70	6	100,000	b,c	297,293	38%	49%	0%	13%
<b>Distillers &amp; Vintners</b>															
Brown-Forman Corporation	2,994.0	13	6	Y	60	6	71	6	185,000	c,d,f	295,163	52%	46%	0%	2%
Constellation Brands	7,331.5	10	8	Y	61	9	70	6	70,000	b,e	240,587	42%	35%	23%	0%
<b>Drug Retail</b>															
Walgreens Boots Alliance	118,214.0	11	9	Y	61	8	75	9	100,000	b,c	334,583	33%	57%	0%	10%

	COMPANY SALES (\$ IN MILLIONS)	NUMBER OF DIRECTORS		INDEPENDENT DIRECTORS				BOARD FEES (\$)				PERCENTAGE OF TOTAL COMPENSATION			
		TOTAL	INDEPENDENT DIRECTORS	SEPARATE CHAIR/CEO	AVERAGE AGE	AVERAGE TENURE (YEARS)	RETIREMENT AGE	MEETINGS PER YEAR <sup>a</sup>	BOARD RETAINER	BOARD RETAINER FOOTNOTES	AVERAGE COMPENSATION PER NON-EMPLOYER DIRECTOR	CASH	STOCK	OPTIONS	ALL OTHER
<b>Food Distributors</b>															
Sysco Corporation	55,371.1	13	12	Y	66	8	—	8	100,000	b,c	332,155	43%	56%	0%	1%
<b>Food Retail</b>															
The Kroger Co.	115,337.0	11	10	N	63	11	72	6	85,000	b	283,673	36%	58%	0%	6%
<b>Household Products</b>															
Church & Dwight Co.	3,776.2	10	8	Y	59	9	72	5	110,000	d,e,g,h	261,889	14%	37%	46%	3%
The Clorox Company	5,973.0	12	11	N	62	7	72	6	100,000	b,c	241,220	44%	56%	0%	0%
Colgate-Palmolive Company	15,454.0	10	9	N	62	8	72	8	65,000	b,c,e,h	298,557	25%	59%	15%	1%
Kimberly-Clark Corporation	18,259.0	13	11	N	65	13	72	6	100,000	b	288,182	35%	65%	0%	0%
The Procter & Gamble Company	65,058.0	11	10	N	62	9	72	7	110,000	b,c	296,667	41%	59%	0%	0%
<b>Hypermarkets &amp; Super Centers</b>															
Costco Wholesale Corporation	129,025.0	10	7	Y	65	12	—	4	30,000	b	354,128	11%	89%	0%	0%
Wal-Mart Stores	485,873.0	11	7	Y	54	4	75	5	90,000	b,c	321,412	42%	58%	0%	0%
<b>Packaged Foods &amp; Meats</b>															
Campbell Soup Company	7,890.0	12	11	Y	63	11	72	8	238,000	c,d	290,727	48%	52%	0%	0%
Conagra Brands	7,826.9	11	10	Y	65	7	72	9	90,000	b	265,068	33%	65%	0%	2%
General Mills	15,619.8	13	11	Y	59	7	72	10	75,000	b,c	292,628	27%	71%	0%	2%
The Hershey Company	7,515.4	11	10	Y	62	5	72	12	100,000	b,c	268,319	41%	56%	0%	3%
Hormel Foods Corporation	9,167.5	12	11	N	61	9	72	10	70,000	b,c	252,064	33%	64%	0%	3%
The J.M. Smucker Company	7,392.3	13	10	Y	61	9	72	10	100,000	b,c	224,278	44%	56%	0%	0%
Kellogg Company	12,923.0	12	10	N	59	4	72	10	255,000	c,d	280,744	41%	59%	0%	0%
The Kraft Heinz Company	26,232.0	11	9	Y	57	4	—	5	110,000	b,c	229,008	45%	55%	0%	0%
McCormick & Company	4,834.1	11	10	N	62	9	72	10	90,000	b,e	256,704	37%	40%	23%	0%
Mondelez International	25,896.0	13	12	N	64	6	75	10	110,000	b	302,372	39%	58%	0%	3%
Tyson Foods	38,260.0	11	9	Y	59	8	72	10	100,000	b,c	253,279	40%	60%	0%	0%
<b>Personal Products</b>															
Coty	7,650.3	9	7	Y	63	8	70	10	100,000	b	377,286	39%	61%	0%	0%
The Estee Lauder Companies	11,824.0	15	9	Y	63	13	—	6	175,000	b,d,e	262,170	35%	27%	38%	0%
<b>Soft Drinks</b>															
The Coca-Cola Company	35,410.0	16	13	Y	64	9	74	6	250,000	c,d,f	266,120	23%	75%	0%	2%
Monster Beverage Corporation	3,369.0	10	6	N	72	20	—	5	60,000	b	246,967	33%	67%	0%	0%
PepsiCo	63,525.0	13	12	N	62	7	72	7	290,000	c,d	308,194	40%	59%	0%	1%
<b>Tobacco</b>															
Altria Group	19,494.0	11	10	N	65	7	75	6	110,000	b,c	327,243	42%	53%	0%	5%
Phillip Morris International	28,748.0	14	12	Y	67	6	—	7	125,000	b,c	336,500	48%	52%	0%	0%
<b>TOTAL CONSUMER STAPLES</b>															
Average		12	10		62	8	72	8	124,781		286,865	37%	57%	4%	2%
Median		12	10		62	8	72	7	100,000		288,255				

# Comparative Board Data

	COMPANY SALES (\$ IN MILLIONS)	NUMBER OF DIRECTORS		INDEPENDENT DIRECTORS				BOARD FEES (\$)				PERCENTAGE OF TOTAL COMPENSATION			
		TOTAL	INDEPENDENT DIRECTORS	SEPARATE CHAIR/CEO	AVERAGE AGE	AVERAGE TENURE (YEARS)	RETIREMENT AGE	MEETINGS PER YEAR <sup>a</sup>	BOARD RETAINER	BOARD RETAINER POINTS	AVERAGE COMPENSATION PER NON-EMPLOYEE DIRECTOR	CASH	STOCK	OPTIONS	ALL OTHER
<b>ENERGY</b>															
<b>Integrated Oil &amp; Gas</b>															
Chevron Corporation	127,485.0	10	9	N	60	5	72	6	150,000	b,c,i	396,001	27%	57%	13%	3%
Exxon Mobil Corporation	238,883.0	11	10	N	65	6	72	11	110,000	b	338,553	33%	67%	0%	0%
Occidental Petroleum Corporation	12,508.0	11	10	Y	67	8	75	7	125,000	b	377,899	34%	65%	0%	1%
<b>Oil &amp; Gas Drilling</b>															
Helmerich & Payne	1,804.7	10	8	Y	64	11	—	6	100,000	b,e	330,426	34%	30%	35%	1%
<b>Oil &amp; Gas Equipment &amp; Services</b>															
Baker Hughes	17,259.0	9	5	N	63	1	75	4	100,000	b,c	350,788	27%	72%	0%	1%
Halliburton Company	20,620.0	12	10	Y	66	9	72	6	115,000	b,c	404,344	31%	45%	0%	24%
National Oilwell Varco	7,304.0	9	8	N	64	9	72	4	100,000	b,e	285,511	39%	61%	0%	0%
Schlumberger Limited	30,440.0	11	9	N	63	8	70	5	115,000	b	303,700	46%	54%	0%	0%
TechnipFMC plc	15,056.9	14	12	Y	62	8	72	6	100,000	b	303,616	42%	57%	0%	1%
<b>Oil &amp; Gas Exploration &amp; Production</b>															
Anadarko Petroleum Corporation	10,969.0	11	10	N	60	8	72	5	110,000	b,c	379,217	16%	84%	0%	0%
Apache Corporation	5,792.0	10	9	Y	60	6	75	10	100,000	b,c	326,388	36%	64%	0%	0%
Cabot Oil & Gas Corporation	1,747.3	8	7	N	65	5	73	6	75,000	b	305,124	29%	66%	0%	5%
Cimarex Energy Co.	1,918.2	10	8	N	68	10	—	7	255,000	d	313,303	36%	64%	0%	0%
Concho Resources	2,586.0	10	7	N	63	8	—	9	90,000	b	287,407	34%	66%	0%	0%
ConocoPhillips	29,878.0	10	9	N	61	5	72	8	115,000	b,c	361,303	38%	61%	0%	1%
Devon Energy Corporation	13,755.0	10	8	Y	64	8	73	8	70,000	b	341,515	33%	67%	0%	0%
EOG Resources	11,287.6	8	7	N	68	10	80	5	140,000	b	377,705	36%	38%	0%	26%
EQT Corporation	2,988.0	14	12	N	65	8	74	17	85,000	b,c	320,499	38%	56%	0%	6%
Hess Corporation	5,347.0	12	11	Y	65	7	75	9	110,000	b	329,880	46%	53%	0%	1%
Marathon Oil Corporation	4,330.0	8	7	Y	63	6	72	12	150,000	b	360,893	49%	49%	0%	2%
Newfield Exploration Company	1,767.0	10	9	N	64	9	72	4	75,000	b	299,152	33%	67%	0%	0%
Noble Energy	4,060.0	9	7	N	66	16	72	18	85,000	b,e	309,819	36%	32%	32%	0%
Pioneer Natural Resources Company	5,294.0	13	11	Y	63	7	—	9	295,000	d	290,333	21%	78%	0%	1%
Range Resources Corporation	2,397.7	10	9	N	65	9	75	7	75,000	b,c	303,323	26%	74%	0%	0%
<b>Oil &amp; Gas Refining &amp; Marketing</b>															
Andeavor	34,204.0	12	11	N	66	6	75	12	280,000	d	297,208	46%	54%	0%	0%
Marathon Petroleum Corporation	67,294.0	10	8	N	63	5	72	9	150,000	b	371,211	52%	47%	0%	1%
Phillips 66	89,340.0	10	9	N	66	5	75	6	125,000	b,c	358,712	41%	56%	0%	3%
Valero Energy Corporation	88,407.0	10	9	N	63	7	75	7	130,000	b	314,035	44%	56%	0%	0%
<b>Oil &amp; Gas Storage &amp; Transportation</b>															
Kinder Morgan	13,705.0	16	13	Y	70	6	—	7	200,000	c	200,003	85%	15%	0%	0%
ONEOK	12,173.9	10	8	Y	65	11	73	12	200,000	c,d	228,006	37%	59%	0%	4%
The Williams Companies	8,031.0	10	9	Y	66	4	75	8	265,000	d	338,513	38%	59%	0%	3%

COMPANY SALES (\$ IN MILLIONS)	NUMBER OF DIRECTORS		INDEPENDENT DIRECTORS					BOARD FEES (\$)			PERCENTAGE OF TOTAL COMPENSATION			
	TOTAL	INDEPENDENT DIRECTORS	SEPARATE CHAIR/CEO	AVERAGE AGE	AVERAGE TENURE (YEARS)	RETIREMENT AGE	MEETINGS PER YEAR <sup>a</sup>	BOARD RETAINER	BOARD RETAINER FOOTNOTES	AVERAGE COMPENSATION PER NON-EMPLOYEE DIRECTOR	CASH	STOCK	OPTIONS	ALL OTHER

## TOTAL ENERGY

Average	11	9		64	7	73	8	135,323		324,801	37%	57%	3%	3%
Median	10	9		64	8	73	7	115,000		326,388				

## FINANCIALS

### Asset Management & Custody Banks

Affiliated Managers Group	2,305.0	9	7	N	56	8	—	6	80,000	b,e	326,288	39%	24%	37%	0%
Ameriprise Financial	12,075.0	8	7	N	64	6	75	6	250,000	c,d,f	340,618	38%	44%	0%	18%
The Bank of New York Mellon Corporation	15,567.0	12	11	N	62	6	75	15	110,000	b,c	271,021	52%	48%	0%	0%
BlackRock	12,491.0	18	15	N	61	6	75	7	85,000	b,c	301,577	34%	66%	0%	0%
Franklin Resources	6,392.2	10	7	N	62	8	75	5	85,000	b,c	237,938	23%	77%	0%	0%
Invesco	5,160.3	9	8	Y	67	9	75	12	120,000	b	316,377	54%	46%	0%	0%
Northern Trust Corporation	5,422.2	13	11	Y	62	9	72	10	220,000	c,d	241,713	55%	45%	0%	0%
State Street Corporation	11,168.0	12	11	N	64	9	75	12	75,000	b,c	332,984	48%	45%	0%	7%
T. Rowe Price Group	4,793.0	12	9	Y	62	4	72	7	100,000	b,c	354,035	35%	62%	0%	3%

### Consumer Finance

American Express Company	30,466.0	13	12	N	64	7	72	9	95,000	b,c	335,392	39%	49%	0%	12%
Capital One Financial Corporation	19,686.0	11	10	N	61	9	72	20	90,000	b	338,345	45%	50%	0%	5%
Discover Financial Services	7,318.0	11	10	N	63	9	—	11	100,000	b	269,089	48%	52%	0%	0%
Navient Corporation	1,785.0	9	8	Y	62	7	75	11	100,000	b	226,783	40%	60%	0%	0%
Synchrony Financial	7,071.0	9	8	Y	63	3	75	9	210,000	d	277,927	46%	54%	0%	0%

### Diversified Banks

Bank of America Corporation	83,956.0	15	14	N	66	7	75	22	100,000	b,c	320,769	35%	65%	0%	0%
Citigroup	64,277.0	16	14	Y	62	5	72	19	75,000	b,c	348,250	56%	39%	0%	5%
JPMorgan Chase & Co.	93,689.0	12	11	N	64	9	72	9	100,000	b,c	371,977	33%	67%	0%	0%
U.S. Bancorp	20,038.0	14	13	N	61	10	72	8	90,000	b,c	264,778	42%	57%	0%	1%
Wells Fargo & Company	85,989.0	12	11	Y	63	3	72	14	75,000	b,c	393,006	53%	47%	0%	0%

### Financial Exchanges & Data

Cboe Global Markets	2,229.1	13	12	N	60	7	—	6	90,000	b	223,196	53%	47%	0%	0%
IntercontinentalExchange	4,629.0	12	11	N	62	9	75	4	100,000	b,c	391,788	31%	48%	0%	21%
Moody's Corporation	4,204.1	9	8	Y	65	7	—	8	90,000	b	288,075	38%	62%	0%	0%
MSCI	1,274.2	11	10	N	61	6	72	9	75,000	b,c	244,270	38%	59%	0%	3%
Nasdaq	3,965.0	10	9	Y	57	5	—	11	75,000	b,c	334,655	15%	85%	0%	0%
S&P Global	6,063.0	12	11	Y	61	7	72	8	70,000	b	270,701	45%	55%	0%	0%

### Insurance Brokers

Aon plc	9,998.0	11	10	Y	66	12	—	8	130,000	b,c	374,464	35%	49%	0%	16%
Arthur J Gallagher & Co.	6,099.9	10	9	N	69	10	—	7	100,000	b,c	240,244	45%	55%	0%	0%
Marsh & McLennan Companies	14,024.0	12	11	Y	66	8	75	8	110,000	b,c	285,783	44%	56%	0%	0%
Willis Towers Watson Public Limited Company	8,116.0	10	9	Y	65	11	—	4	275,000	d	299,235	47%	53%	0%	0%

# Comparative Board Data

	NUMBER OF DIRECTORS		INDEPENDENT DIRECTORS					BOARD FEES (\$)			PERCENTAGE OF TOTAL COMPENSATION				
	COMPANY SALES (\$ IN MILLIONS)	TOTAL	INDEPENDENT DIRECTORS	SEPARATE CHAIR/CEO	AVERAGE AGE	AVERAGE TENURE (YEARS)	RETIREMENT AGE	MEETINGS PER YEAR <sup>a</sup>	BOARD RETAINER	BOARD RETAINER FOOTNOTES	AVERAGE COMPENSATION PER NON-EMPLOYER DIRECTOR	CASH	STOCK	OPTIONS	ALL OTHER
<b>Investment Banking &amp; Brokerage</b>															
The Charles Schwab Corporation	8,618.0	15	13	Y	66	11	—	7	100,000	b,c,e,i	321,835	49%	28%	22%	1%
E*TRADE Financial Corporation	2,534.0	12	10	Y	67	7	—	11	120,000	b,c	268,095	39%	61%	0%	0%
The Goldman Sachs Group	32,073.0	11	9	N	65	8	75	13	75,000	b,d,g,j	604,837	5%	92%	0%	3%
Morgan Stanley	37,945.0	12	11	N	64	5	72	16	75,000	b,c	354,417	29%	71%	0%	0%
Raymond James Financial	6,378.1	11	8	N	60	7	—	6	100,000	b	230,908	44%	54%	0%	2%
<b>Life &amp; Health Insurance</b>															
AFLAC	21,808.0	11	9	N	66	8	75	8	115,000	b,c,e,i,k	299,693	44%	35%	20%	1%
Brighthouse Financial	6,839.0	8	6	Y	62	1	72	5	240,000	d	n/a	n/a	n/a	n/a	n/a
Lincoln National Corporation	14,257.0	11	10	Y	68	13	75	6	261,000	c,d,f	318,206	39%	58%	0%	3%
MetLife	62,266.0	11	10	N	64	7	72	8	300,000	d	163,141	52%	46%	0%	2%
Principal Financial Group	14,093.2	11	10	N	62	11	72	10	265,000	c,d	259,632	50%	50%	0%	0%
Prudential Financial	61,158.0	12	10	N	63	8	74	9	300,000	c,d	326,836	53%	46%	0%	1%
Torchmark Corporation	4,155.6	14	12	N	65	10	74	5	235,000	c,d,i	235,293	44%	50%	6%	0%
Unum Group	11,286.8	11	10	Y	62	6	72	6	110,000	b,c	285,643	46%	53%	0%	1%
<b>Multi-line Insurance</b>															
American International Group	49,553.0	11	10	Y	67	7	75	14	295,000	c,d,f	306,645	57%	42%	0%	1%
Assurant	6,415.0	12	11	Y	66	8	75	7	100,000	b,c	260,006	47%	48%	0%	5%
The Hartford Financial Services Group	16,937.0	12	11	N	62	6	75	7	100,000	b,c	278,211	42%	57%	0%	1%
Loews Corporation	13,735.0	13	10	Y	70	11	—	7	100,000	b	235,909	58%	42%	0%	0%
<b>Multi-sector Holdings</b>															
Berkshire Hathaway	239,289.0	14	8	N	70	14	—	2	—		3,660	100%	0%	0%	0%
Jefferies Financial Group	12,229.6	11	8	Y	68	6	—	4	115,000	b	240,000	50%	50%	0%	0%
<b>Property &amp; Casualty Insurance</b>															
The Allstate Corporation	38,524.0	10	9	N	62	5	72	7	125,000	b,c	297,236	48%	52%	0%	0%
Chubb Limited	32,340.0	15	14	N	67	9	75	5	290,000	d	305,635	30%	59%	0%	11%
Cincinnati Financial Corporation	5,732.0	14	10	Y	62	14	73	4	80,000	d	196,838	50%	44%	0%	6%
The Progressive Corporation	26,816.1	11	10	Y	62	8	80	6	250,000	d,g,h	276,692	13%	87%	0%	0%
The Travelers Companies	28,902.0	12	11	N	67	11	74	5	130,000	b,c	317,928	45%	55%	0%	0%
<b>Regional Banks</b>															
BB&T Corporation	10,770.0	14	12	N	66	7	72	10	60,000	b	212,860	49%	51%	0%	0%
Citizens Financial Group	5,384.0	12	11	N	68	8	75	10	80,000	b	207,615	44%	55%	0%	1%
Comerica	3,094.0	11	10	N	60	9	72	9	50,000	b,c	200,467	50%	50%	0%	0%
Fifth Third Bancorp	6,602.0	12	11	N	61	7	72	11	85,000	b	233,481	45%	55%	0%	0%
Huntington Bancshares	4,107.0	12	11	N	63	6	72	16	45,000	b,c	232,427	52%	47%	0%	1%
KeyCorp	6,026.0	15	13	N	62	8	72	7	80,000	b,c	212,661	44%	56%	0%	0%
M&T Bank Corporation	5,464.2	17	14	N	69	12	—	15	85,000	c	161,281	45%	55%	0%	0%
People's United Financial	1,426.5	12	10	Y	68	13	76	11	27,000	b,c	196,301	51%	49%	0%	0%
The PNC Financial Services Group	15,888.0	12	11	N	62	5	72	11	90,000	b,c	332,886	40%	44%	0%	16%

	COMPANY SALES (\$ IN MILLIONS)	NUMBER OF DIRECTORS		INDEPENDENT DIRECTORS					BOARD FEES (\$)			PERCENTAGE OF TOTAL COMPENSATION			
		TOTAL	INDEPENDENT DIRECTORS	SEPARATE CHAIR/CEO	AVERAGE AGE	AVERAGE TENURE (YEARS)	RETIREMENT AGE	MEETINGS PER YEAR <sup>a</sup>	BOARD RETAINER	BOARD RETAINER FOOTNOTES	AVERAGE COMPENSATION PER NON-EMPLOYER DIRECTOR	CASH	STOCK	OPTIONS	ALL OTHER
<b>Regional Banks, continued</b>															
Regions Financial Corporation	5,610.0	13	12	N	66	9	72	8	210,000	c,d	230,115	48%	51%	0%	1%
SunTrust Banks	8,578.0	12	11	N	64	6	72	7	75,000	b	244,242	47%	51%	0%	2%
SVB Financial Group	1,885.3	11	10	Y	62	7	75	8	60,000	b	216,585	49%	51%	0%	0%
Zions Bancorporation	2,585.0	10	9	N	63	10	72	11	47,500	b,c	187,003	50%	49%	0%	1%
<b>Reinsurance</b>															
Everest Re Group	6,637.2	8	6	Y	67	10	—	4	125,000	b	543,060	14%	86%	0%	0%
<b>TOTAL FINANCIALS</b>															
Average		12	10		64	8	74	9	125,386		280,281	42%	54%	1%	3%
Median		12	10		63	8	73	8	100,000		277,310				
<b>HEALTHCARE</b>															
<b>Biotechnology</b>															
AbbVie	28,216.0	11	10	N	63	4	75	7	105,000	b,c,i	319,882	36%	58%	0%	6%
Alexion Pharmaceuticals	3,551.1	10	9	Y	61	3	—	14	95,000	b	365,842	33%	67%	0%	0%
Amgen	22,849.0	13	12	N	64	5	72	7	100,000	b	354,616	37%	56%	0%	7%
Biogen Idec	12,273.9	11	10	Y	63	12	75	16	65,000	b	447,926	33%	64%	0%	3%
Celgene Corporation	13,003.0	12	10	N	68	7	—	9	75,000	b,e	535,192	19%	20%	61%	0%
Gilead Sciences	26,107.0	9	7	Y	66	9	—	9	75,000	b,c,e	430,803	30%	35%	35%	0%
Incyte Corporation	1,536.2	8	7	N	62	9	—	6	50,000	c,e	1,045,221	2%	5%	93%	0%
Regeneron Pharmaceuticals	5,872.2	12	9	Y	66	13	—	6	55,000	e	1,311,497	6%	94%	0%	0%
Vertex Pharmaceuticals	2,488.7	9	8	N	61	9	72	11	100,000	b,e	675,471	18%	41%	41%	0%
<b>Health Care Technology</b>															
Cerner Corporation	5040.8	8	6	N	69	11	75	12	66,000	b	373,158	23%	77%	0%	0%
<b>Healthcare Distributors</b>															
AmerisourceBergen Corporation	153,143.8	10	8	N	64	9	75	8	100,000	b,c	244,630	45%	52%	0%	3%
Cardinal Health	129,976.0	11	10	N	64	8	75	8	100,000	b	269,800	40%	60%	0%	0%
Henry Schein	12,461.5	15	10	N	68	7	80	8	76,000	b	280,900	34%	66%	0%	0%
McKesson Corporation	198,533.0	8	7	N	64	9	75	8	80,000	b	307,911	39%	60%	0%	1%

# Comparative Board Data

	NUMBER OF DIRECTORS		INDEPENDENT DIRECTORS					BOARD FEES (\$)			PERCENTAGE OF TOTAL COMPENSATION				
	COMPANY SALES (\$ IN MILLIONS)	TOTAL	INDEPENDENT DIRECTORS	SEPARATE CHAIR/CEO	AVERAGE AGE	AVERAGE TENURE (YEARS)	RETIREMENT AGE	MEETINGS PER YEAR <sup>a</sup>	BOARD RETAINER	BOARD RETAINER FOOTNOTES	AVERAGE COMPENSATION PER NON-EMPLOYEE DIRECTOR	CASH	STOCK	OPTIONS	ALL OTHER
<b>Healthcare Equipment</b>															
Abbott Laboratories	27,390.0	12	11	N	64	8	75	7	126,000	b	298,705	45%	50%	0%	5%
Baxter International	10,561.0	12	11	N	65	10	75	6	90,000	b,i	311,088	39%	45%	13%	3%
Becton, Dickinson and Company	12,093.0	13	12	N	65	8	72	11	107,000	b,c	306,194	33%	66%	0%	1%
Boston Scientific Corporation	9,048.0	10	9	N	60	4	—	6	100,000	b,c,i	294,933	37%	63%	0%	0%
Danaher Corporation	18,329.7	11	8	Y	66	15	—	7	115,000	b,c,e	271,669	22%	53%	25%	0%
Edwards Lifesciences Corporation	3,435.3	8	7	N	64	4	75	7	65,000	b,c,e,i	305,912	12%	83%	5%	0%
Hologic	3,058.8	7	6	N	58	4	72	10	60,000	b,e	266,952	27%	36%	37%	0%
IDEXX Laboratories	1,969.1	9	8	N	62	7	73	6	75,000	b,c,e	267,397	31%	17%	0%	52%
Intuitive Surgical	3,128.9	9	7	Y	64	7	—	4	60,000	b,e	305,659	23%	48%	29%	0%
Medtronic	29,710.0	12	11	N	63	10	72	4	175,000	b	370,384	50%	50%	0%	0%
ResMed	2,066.7	8	6	Y	66	11	—	5	65,000	b,e,i,k	323,979	23%	55%	22%	0%
Stryker Corporation	12,444.0	10	9	N	58	9	—	7	115,000	b,e	291,949	42%	30%	28%	0%
Varian Medical Systems	2,668.2	9	8	Y	60	7	75	9	100,000	b,c	311,760	46%	54%	0%	0%
Zimmer Biomet Holdings	7,824.1	9	8	Y	61	8	72	12	95,000	b,c,d,f	315,366	32%	65%	0%	3%
<b>Healthcare Facilities</b>															
HCA Healthcare	43,614.0	11	8	N	66	4	75	6	100,000	b	293,354	40%	60%	0%	0%
Universal Health Services	10,409.9	7	4	N	60	10	—	6	65,000	e	359,326	25%	0%	75%	0%
<b>Healthcare Services</b>															
CVS Health Corporation	184,765.0	12	11	Y	66	7	74	12	280,000	c,d	312,650	13%	87%	0%	0%
DaVita	10,883.7	10	8	N	64	11	75	18	80,000	b,e	360,548	45%	28%	27%	0%
Express Scripts Holding Co	100,064.6	13	11	Y	65	11	75	8	100,000	b,e	321,818	38%	31%	31%	0%
Laboratory Corporation of America Holdings	10,205.9	10	9	N	60	10	75	9	105,000	b	283,281	42%	58%	0%	0%
Quest Diagnostics	7,709.0	10	9	N	65	10	—	5	96,500	b,c,i	295,762	43%	57%	0%	0%
<b>Healthcare Supplies</b>															
Align Technology	1,473.4	10	8	Y	61	10	—	6	50,000	b	544,034	16%	84%	0%	0%
The Cooper Companies	2,139.0	9	8	Y	71	15	—	11	30,000	b	376,473	28%	72%	0%	0%
DENTSPLY Sirona	3,993.4	12	11	Y	66	8	75	7	85,000	b,c,e	283,222	38%	31%	31%	0%
<b>Life Sciences Tools &amp; Services</b>															
Agilent Technologies	4,472.0	10	9	Y	64	7	75	6	100,000	b,c	327,314	37%	63%	0%	0%
Illumina	2,752.0	9	7	Y	61	4	—	6	55,000	b,c	615,395	13%	87%	0%	0%
IQVIA Holdings	8,060.0	12	10	N	60	9	—	10	300,000	d	296,947	33%	67%	0%	0%
Mettler-Toledo International	2,725.1	9	7	Y	60	9	72	4	70,000	b,e	181,572	43%	16%	41%	0%
PerkinElmer	2,257.0	9	8	N	62	8	72	9	90,000	b	279,635	37%	63%	0%	0%
Thermo Fisher Scientific	20,918.0	11	9	Y	62	10	72	6	125,000	b,c	337,517	45%	52%	0%	3%
Waters Corporation	2,309.1	8	7	N	63	16	72	7	55,000	b,c,e	301,440	28%	36%	36%	0%



	COMPANY SALES (\$ IN MILLIONS)	NUMBER OF DIRECTORS		INDEPENDENT DIRECTORS					BOARD FEES (\$)			PERCENTAGE OF TOTAL COMPENSATION			
		TOTAL	INDEPENDENT DIRECTORS	SEPARATE CHAIR/CEO	AVERAGE AGE	AVERAGE TENURE (YEARS)	RETIREMENT AGE	MEETINGS PER YEAR <sup>a</sup>	BOARD RETAINER	BOARD RETAINER FOOTNOTES	AVERAGE COMPENSATION PER NON-EMPLOYER DIRECTOR	CASH	STOCK	OPTIONS	ALL OTHER
<b>Managed Healthcare</b>															
Aetna	60,535.0	10	9	N	69	13	76	18	100,000	b,c	340,386	35%	50%	0%	15%
Anthem	90,048.6	11	9	Y	63	8	72	18	125,000	b	334,234	42%	52%	0%	6%
Centene Corporation	45,807.0	9	8	N	70	12	—	13	125,000	c,d,e,f	387,857	13%	81%	0%	6%
Cigna Corporation	41,616.0	9	8	Y	66	11	72	11	275,000	c,d	322,572	43%	56%	0%	1%
Humana	53,767.0	12	11	Y	60	11	73	19	115,000	b,c	314,529	44%	49%	0%	7%
UnitedHealth Group	201,159.0	11	9	Y	68	14	—	11	125,000	b,c	338,615	36%	59%	0%	5%
<b>Pharmaceuticals</b>															
Allergan plc	15,940.7	12	10	N	65	6	—	5	150,000	b	474,350	37%	63%	0%	0%
Bristol-Myers Squibb Company	20,776.0	12	11	N	62	5	75	12	100,000	b,c	311,638	40%	54%	0%	6%
Eli Lilly & Company	22,871.3	14	13	N	61	8	72	8	110,000	b,c	294,096	43%	54%	0%	3%
Johnson & Johnson	76,450.0	11	10	N	64	7	72	9	115,000	b	309,337	41%	56%	0%	3%
Merck & Co.	40,122.0	13	12	N	64	10	72	7	115,000	b,c	311,845	40%	0%	0%	60%
Mylan N.V.	11,907.7	11	9	Y	60	8	—	6	100,000	b,e	355,312	40%	46%	14%	0%
Nektar Therapeutics	307.7	8	7	Y	64	13	—	11	40,000	b,e	526,700	16%	37%	47%	0%
Perrigo Company	4,946.2	11	10	Y	60	4	72	25	75,000	b	469,824	24%	76%	0%	0%
Pfizer	52,546.0	12	10	N	63	8	73	7	137,500	b,c	367,578	42%	56%	0%	2%
Zoetis	5,307.0	11	10	Y	66	4	—	5	270,000	d,f	327,778	39%	61%	0%	0%
<b>TOTAL HEALTHCARE</b>															
Average		10	9		64	9	74	9	104,164		363,328	31%	54%	12%	3%
Median		10	9		64	9	74	8	100,000		319,882				
<b>INDUSTRIALS</b>															
<b>Aerospace &amp; Defense</b>															
Arconic	12,960.0	13	12	Y	61	3	75	29	120,000	b,c	288,747	53%	47%	0%	0%
The Boeing Company	93,392.0	13	12	N	64	8	74	7	135,000	b,c	350,365	42%	52%	0%	6%
General Dynamics Corporation	30,973.0	10	9	N	63	8	75	9	85,000	b,c,e	353,793	57%	21%	21%	1%
Harris Corporation	5,900.0	12	11	N	67	11	72	10	80,000	b,c	263,901	46%	53%	0%	1%
Huntington Ingalls Industries	7,441.0	10	9	Y	63	4	76	6	100,000	b	248,419	60%	40%	0%	0%
L3 Technologies	9,573.0	9	8	N	71	11	—	8	110,000	b,c	263,333	49%	51%	0%	0%
Lockheed Martin Corporation	51,048.0	11	10	N	66	7	75	9	310,000	c,d	300,463	52%	48%	0%	0%
Northrop Grumman Corporation	25,803.0	12	11	N	66	6	75	14	272,500	c,d,f	295,524	46%	51%	0%	3%
Raytheon Company	25,348.0	12	11	N	63	6	74	6	105,000	b,c	309,889	50%	49%	0%	1%
Rockwell Collins	6,822.0	10	9	N	69	11	74	18	100,000	b,c	277,500	42%	56%	0%	2%
Textron	14,198.0	11	10	N	67	10	75	7	260,000	c,d,f	260,100	50%	50%	0%	0%
TransDigm Group	3,504.3	11	9	N	63	8	—	6	60,000	c,e	520,206	6%	6%	0%	88%
United Technologies Corporation	59,837.0	12	11	N	64	8	72	10	300,000	c,d,f	336,053	24%	74%	0%	2%
<b>Agricultural and Farm Machinery</b>															
Deere & Company	29,070.7	12	11	N	62	6	75	5	125,000	b,c	281,616	47%	52%	0%	1%

# Comparative Board Data

	NUMBER OF DIRECTORS		INDEPENDENT DIRECTORS					BOARD FEES (\$)			PERCENTAGE OF TOTAL COMPENSATION				
	COMPANY SALES (\$ IN MILLIONS)	TOTAL	INDEPENDENT DIRECTORS	SEPARATE CHAIR/CEO	AVERAGE AGE	AVERAGE TENURE (YEARS)	RETIREMENT AGE	MEETINGS PER YEAR <sup>a</sup>	BOARD RETAINER	BOARD RETAINER FOOTNOTES	AVERAGE COMPENSATION PER NON-EMPLOYEE DIRECTOR	CASH	STOCK	OPTIONS	ALL OTHER
<b>Air Freight &amp; Logistics</b>															
C.H. Robinson Worldwide	14,869.4	9	8	N	63	10	—	4	80,000	b,c	235,000	43%	57%	0%	0%
Expeditors International of Washington	6,920.9	10	8	Y	63	5	72	5	65,000	b	288,975	31%	69%	0%	0%
FedEx Corporation	60,319.0	12	11	N	61	11	75	6	125,000	e	307,354	43%	0%	57%	0%
United Parcel Service	65,872.0	13	12	N	63	8	75	5	105,000	b	288,855	40%	60%	0%	0%
<b>Airlines</b>															
Alaska Air Group	7,933.0	11	10	N	58	7	72	7	175,000	c,d	171,113	40%	53%	0%	7%
American Airlines Group	42,207.0	12	11	N	64	5	75	6	100,000	b	314,577	42%	48%	0%	10%
Delta Air Lines	41,244.0	12	10	Y	62	4	72	10	100,000	b	334,252	34%	62%	0%	4%
Southwest Airlines Co.	21,171.0	11	9	N	69	10	—	13	80,000	b	276,282	46%	54%	0%	0%
United Continental Holdings	37,736.0	12	11	Y	60	5	75	10	85,000	b	347,836	41%	49%	0%	10%
<b>Building Products</b>															
A. O. Smith Corporation	2,996.7	10	8	N	63	14	72	6	65,000	b	220,764	43%	57%	0%	0%
Allegion Public Limited Company	2,408.2	7	6	N	60	3	70	5	140,000	b	250,628	60%	40%	0%	0%
Fortune Brands Home & Security	5,283.3	8	7	Y	63	6	72	6	90,000	b	275,889	49%	49%	0%	2%
Johnson Controls International	30,172.0	11	10	N	59	3	72	6	275,000	c,d	281,704	45%	55%	0%	0%
Masco Corporation	7,644.0	11	9	Y	59	6	72	7	250,000	d	279,606	52%	47%	0%	1%
<b>Construction &amp; Engineering</b>															
Fluor Corporation	19,521.0	12	11	N	66	8	75	6	120,000	b	300,269	42%	56%	0%	2%
Jacobs Engineering Group	10,022.8	10	9	N	67	9	—	13	110,000	b	261,959	48%	51%	0%	1%
Quanta Services	9,466.5	9	8	Y	62	10	73	9	85,000	b	274,269	45%	55%	0%	0%
<b>Construction Machinery &amp; Heavy Trucks</b>															
Caterpillar	45,462.0	12	11	Y	62	9	72	8	275,000	c,d	300,352	49%	48%	0%	3%
Cummins	20,428.0	12	10	N	64	10	72	6	275,000	d	272,967	40%	57%	0%	3%
PACCAR	19,456.4	11	8	Y	63	8	72	4	110,000	b,c	259,496	48%	50%	0%	2%
<b>Diversified Support Services</b>															
Cintas Corporation	5,323.4	9	6	N	66	9	73	8	58,700	b,c,e	217,594	46%	27%	27%	0%
<b>Electrical Components &amp; Equipment</b>															
Acuity Brands	3,505.1	12	11	N	66	9	75	4	205,000	c,d,f	210,000	40%	60%	0%	0%
AMETEK	4,300.2	8	7	N	64	10	75	8	90,000	b,c	302,075	32%	62%	0%	6%
Eaton Corporation	20,404.0	12	10	N	64	11	72	4	300,000	c,d	322,818	49%	47%	0%	4%
Emerson Electric Company	15,264.0	9	8	N	63	8	72	8	240,000	d	285,478	47%	49%	0%	4%
Rockwell Automation	6,311.3	12	10	N	61	9	72	7	185,000	b,c,d	246,535	45%	52%	0%	3%
<b>Environmental &amp; Facilities Services</b>															
Republic Services	10,041.5	10	9	Y	56	6	73	5	100,000	b	321,366	32%	68%	0%	0%
Stericycle	3,580.7	9	7	Y	66	8	—	22	80,000	b	166,875	6%	94%	0%	0%
Waste Management	14,485.0	9	8	Y	66	10	75	9	110,000	b	286,875	45%	55%	0%	0%

	COMPANY SALES (\$ IN MILLIONS)	NUMBER OF DIRECTORS		INDEPENDENT DIRECTORS				BOARD FEES (\$)			PERCENTAGE OF TOTAL COMPENSATION				
		TOTAL	INDEPENDENT DIRECTORS	SEPARATE CHAIR/CEO	AVERAGE AGE	AVERAGE TENURE (YEARS)	RETIREMENT AGE	MEETINGS PER YEAR <sup>a</sup>	BOARD RETAINER	BOARD RETAINER FOOTNOTES	AVERAGE COMPENSATION PER NON-EMPLOYER DIRECTOR	CASH	STOCK	OPTIONS	ALL OTHER
<b>Human Resource &amp; Employment Services</b>															
Robert Half International	5,266.8	6	4	N	61	8	—	6	40,000	b	341,330	18%	82%	0%	0%
<b>Industrial Conglomerates</b>															
3M Company	31,657.0	12	10	N	63	7	74	7	295,000	c,d	307,000	46%	54%	0%	0%
General Electric Company	121,252.0	12	11	N	59	4	75	15	275,000	c,d,f	304,657	10%	86%	0%	4%
Honeywell International	40,534.0	12	11	N	64	9	75	7	100,000	b,c,e	320,035	60%	16%	16%	8%
Roper Technologies	4,607.5	10	9	N	66	12	78	5	42,500	b	973,923	6%	94%	0%	0%
<b>Industrial Machinery</b>															
Dover Corporation	7,830.4	10	9	Y	66	10	75	10	250,000	d	270,092	52%	48%	0%	0%
Flowserve Corporation	3,660.8	9	8	Y	61	9	72	12	85,000	b,c	250,713	50%	50%	0%	0%
Fortive Corporation	6,656.0	7	4	Y	53	2	—	10	100,000	b,e	307,440	40%	41%	19%	0%
Illinois Tool Works	14,314.0	11	10	N	61	9	75	5	135,000	b,c	288,846	50%	50%	0%	0%
Ingersoll-Rand	14,197.6	12	11	N	67	9	75	6	305,000	d	317,464	51%	45%	0%	4%
Parker-Hannifin Corporation	12,029.3	13	11	Y	64	12	75	9	130,000	b	279,478	50%	49%	0%	1%
Snap-on	4,000.3	10	9	N	64	8	75	8	95,000	b,c	258,590	41%	50%	0%	9%
Stanley Black & Decker	12,747.2	11	10	Y	63	7	75	6	125,000	b,c	304,916	44%	53%	0%	3%
Xylem	4,707.0	10	9	Y	64	6	72	10	100,000	b,c	235,859	37%	63%	0%	0%
<b>Railroads</b>															
CSX Corporation	11,408.0	13	11	Y	66	8	75	25	100,000	b,c	333,202	32%	60%	0%	8%
Kansas City Southern	2,582.9	12	11	Y	62	7	75	5	75,000	b,c	241,437	45%	46%	0%	9%
Norfolk Southern Corporation	10,551.0	12	11	N	62	7	72	6	90,000	b	265,560	38%	57%	0%	5%
Union Pacific Corporation	21,240.0	10	9	N	65	7	75	6	250,000	c,d,f	283,147	94%	0%	0%	6%
<b>Research &amp; Consulting Services</b>															
Equifax	3,362.2	10	9	Y	61	6	72	26	90,000	b,c	287,481	41%	59%	0%	0%
IHS Markit	3,599.7	12	11	N	64	6	—	5	90,000	b,c	294,422	39%	61%	0%	0%
Nielsen Holdings plc	6,572.0	9	8	Y	61	5	—	6	80,000	b,c	267,714	14%	86%	0%	0%
Verisk Analytics	2,145.2	12	11	N	64	13	75	5	90,000	b,c,e,i	245,003	14%	42%	44%	0%
<b>Trading Companies &amp; Distributors</b>															
Fastenal Company	4,390.5	10	7	Y	56	8	74	4	85,000	e	173,125	100%	0%	0%	0%
United Rentals	6,641.0	11	10	Y	59	6	76	13	80,000	b	276,502	44%	56%	0%	0%
W.W. Grainger	10,424.9	11	10	N	60	12	75	5	85,000	b,c	221,344	42%	56%	0%	2%
<b>Trucking</b>															
J.B. Hunt Transport Services	7,189.6	10	6	Y	61	11	72	4	200,000	c	243,904	38%	56%	0%	6%
<b>TOTAL INDUSTRIALS</b>															
Average		11	9		63	8	74	9	139,619		292,630	41%	52%	3%	4%
Median		11	10		63	8	75	7	100,000		281,704				

# Comparative Board Data

	COMPANY SALES (\$ IN MILLIONS)	NUMBER OF DIRECTORS		INDEPENDENT DIRECTORS				BOARD FEES (\$)				PERCENTAGE OF TOTAL COMPENSATION			
		TOTAL	INDEPENDENT DIRECTORS	SEPARATE CHAIR/CEO	AVERAGE AGE	AVERAGE TENURE (YEARS)	RETIREMENT AGE	MEETINGS PER YEAR <sup>a</sup>	BOARD RETAINER	BOARD RETAINER POINTS	AVERAGE COMPENSATION PER NON-EMPLOYEE DIRECTOR	CASH	STOCK	OPTIONS	ALL OTHER
<b>INFORMATION TECHNOLOGY</b>															
<b>Application Software</b>															
Adobe Systems	7,301.5	10	9	N	66	16	—	4	60,000	b,c	349,530	25%	75%	0%	0%
Ansys	1,095.3	8	6	Y	59	6	75	7	40,000	b	362,022	17%	83%	0%	0%
Autodesk	2,031.0	8	7	Y	57	8	—	10	75,000	b,c	342,138	27%	73%	0%	0%
Cadence Design Systems	1,943.0	9	8	Y	64	12	—	9	80,000	b,e	325,999	43%	54%	0%	3%
Citrix Systems	2,824.7	8	6	Y	57	6	—	12	60,000	b,c	404,037	38%	62%	0%	0%
Intuit	5,177.0	10	8	Y	55	5	75	4	60,000	b,c	366,723	18%	82%	0%	0%
salesforce.com	8,392.0	12	10	N	66	8	—	6	50,000	b	608,406	11%	89%	0%	0%
Synopsys	2,724.9	9	7	N	64	12	72	6	125,000	b,i	313,747	44%	56%	0%	0%
<b>Communications Equipment</b>															
Cisco Systems	48,005.0	11	10	N	59	12	70	7	75,000	b	328,635	35%	65%	0%	0%
F5 Networks	2,090.0	10	8	Y	61	9	—	11	60,000	b	353,892	29%	71%	0%	0%
Juniper Networks	5,027.2	9	7	Y	63	8	75	9	60,000	b	362,035	27%	73%	0%	0%
Motorola Solutions	6,380.0	9	8	N	61	6	72	5	100,000	b,c	295,566	25%	75%	0%	0%
<b>Data Processing &amp; Outsourced Services</b>															
Alliance Data Systems Corporation	7,719.4	9	8	Y	66	12	75	8	75,000	b,c	274,236	23%	75%	0%	2%
Fidelity National Information Services	9,123.0	8	7	N	68	8	77	5	80,000	b,e	376,087	49%	25%	25%	1%
Fiserv	5,696.0	10	9	Y	60	8	75	6	78,000	b,c,e	301,573	37%	28%	35%	0%
Global Payments	3,975.2	9	7	Y	63	8	75	6	255,000	d	288,971	44%	56%	0%	0%
Mastercard	12,497.0	14	13	Y	61	7	72	6	100,000	b	321,458	40%	60%	0%	0%
Paychex	3,151.3	10	8	Y	65	12	—	4	80,000	b,e	265,653	53%	25%	22%	0%
PayPal Holdings	13,094.0	11	9	Y	56	2	—	8	80,000	b,c	385,417	32%	68%	0%	0%
Total System Services	4,928.0	12	10	N	66	14	75	9	85,000	b,e	241,432	44%	49%	7%	0%
Visa	18,358.0	10	9	Y	63	7	75	10	105,000	b	345,101	45%	51%	0%	4%
The Western Union Company	5,524.3	10	9	Y	63	7	74	11	85,000	b,c,e,h,i,k	282,167	43%	52%	3%	2%
<b>Electronic Components</b>															
Amphenol Corporation	7,011.3	10	8	Y	69	11	72	7	80,000	b,c	244,041	43%	57%	0%	0%
Corning	10,116.0	13	12	N	65	9	74	6	110,000	b,c	308,131	49%	50%	0%	1%
<b>Electronic Equipment &amp; Instruments</b>															
FLIR Systems	1,800.4	11	9	Y	66	11	75	8	75,000	b	254,582	41%	30%	29%	0%
<b>Electronic Manufacturing Services</b>															
IPG Photonics Corporation	1,408.9	9	6	N	65	8	72	6	40,000	b,e	318,380	22%	52%	26%	0%
TE Connectivity	13,113.0	12	10	Y	61	6	72	5	275,000	d	302,095	33%	62%	0%	5%
<b>Home Entertainment Software</b>															
Activision Blizzard	7,017.0	10	8	Y	64	7	—	8	90,000	b	377,997	34%	66%	0%	0%
Electronic Arts	4,845.0	10	8	Y	56	8	72	5	60,000	b,c	349,632	24%	75%	1%	0%
Take-Two Interactive Software	1,779.7	7	6	N	58	8	—	11	250,000	c,d	327,000	36%	64%	0%	0%

	COMPANY SALES (\$ IN MILLIONS)	NUMBER OF DIRECTORS		INDEPENDENT DIRECTORS					BOARD FEES (\$)			PERCENTAGE OF TOTAL COMPENSATION				
		TOTAL	INDEPENDENT DIRECTORS	SEPARATE CHAIR/CEO	AVERAGE AGE	AVERAGE TENURE (YEARS)	RETIREMENT AGE	MEETINGS PER YEAR <sup>a</sup>	BOARD RETAINER	BOARD RETAINER FOOTNOTES	AVERAGE COMPENSATION PER NON-EMPLOYEE DIRECTOR	CASH	STOCK	OPTIONS	ALL OTHER	
<b>Internet Software &amp; Services</b>																
Akamai Technologies	2,503.0	12	9	Y	64	7	—	8	300,000	d,f	321,506	27%	73%	0%	0%	
Alphabet	110,855.0	11	6	Y	65	12	—	5	75,000	b	431,210	18%	82%	0%	0%	
eBay	9,567.0	13	11	Y	56	7	—	4	80,000	b	341,154	33%	67%	0%	0%	
Facebook	40,653.0	9	7	N	56	7	70	5	50,000	b	367,151	19%	81%	0%	0%	
VeriSign	1,165.1	7	6	N	69	11	—	6	40,000	b	334,093	25%	75%	0%	0%	
<b>IT Consulting &amp; Other Services</b>																
Accenture	34,850.2	11	10	N	59	5	75	6	100,000	b,c	309,451	40%	60%	0%	0%	
Cognizant Technology Solutions Corporation	14,810.0	11	10	Y	63	6	—	9	90,000	b	388,556	33%	64%	3%	0%	
DXC Technology Company	7,607.0	10	8	N	56	1	72	13	90,000	b,c	292,600	32%	68%	0%	0%	
Gartner	3,311.5	11	10	Y	65	13	—	7	60,000	b,d,g,j	286,294	30%	70%	0%	0%	
International Business Machines Corporation	79,139.0	13	12	N	65	9	72	9	300,000	c,d,f	369,839	77%	0%	0%	23%	
<b>Semiconductor Equipment</b>																
Applied Materials	14,537.0	10	9	Y	58	7	70	5	70,000	b,c	338,649	34%	66%	0%	0%	
KLA-Tencor Corporation	3,480.0	10	9	Y	66	10	75	5	90,000	b	287,891	41%	57%	0%	2%	
Lam Research Corporation	8,013.6	10	8	Y	60	6	75	6	65,000	b	318,169	33%	64%	0%	3%	
<b>Semiconductors</b>																
Advanced Micro Devices	5,329.0	9	7	Y	58	4	72	6	75,000	b	327,635	37%	63%	0%	0%	
Analog Devices	5,107.5	9	7	Y	63	8	—	10	70,000	b	297,369	32%	67%	1%	0%	
Intel Corporation	62,761.0	10	8	Y	56	4	72	9	90,000	b,c	329,543	37%	63%	0%	0%	
Microchip Technology	3,407.8	5	4	N	70	16	—	6	71,500	b	160,381	50%	50%	0%	0%	
Micron Technology	20,322.0	7	6	Y	63	10	75	5	100,000	b,c	388,341	36%	64%	0%	0%	
Nvidia Corporation	6,910.0	11	10	Y	64	13	—	5	75,000	b	359,066	21%	79%	0%	0%	
Qorvo	3,032.6	11	9	Y	63	2	75	10	80,000	b	283,313	33%	67%	0%	0%	
Skyworks Solutions	3,651.4	9	7	Y	63	14	—	6	70,000	b	300,609	32%	68%	0%	0%	
Texas Instruments	14,961.0	12	10	N	60	8	70	9	85,000	b,c,e	283,677	30%	37%	32%	1%	
Xilinx	2,349.3	9	8	Y	61	6	—	8	65,000	b	298,390	28%	72%	0%	0%	
<b>Systems Software</b>																
CA	4,036.0	11	10	Y	64	9	75	13	325,000	d,f,g,h	356,678	25%	70%	0%	5%	
Microsoft Corporation	89,950.0	14	12	Y	59	5	75	6	325,000	c,d	377,222	37%	63%	0%	0%	
Oracle Corporation	37,728.0	12	8	Y	69	13	—	8	52,500	b,e	602,594	23%	77%	0%	0%	
Red Hat	2,411.8	8	7	Y	62	8	75	9	50,000	b,c	328,720	22%	78%	0%	0%	
Symantec Corporation	4,019.0	11	10	Y	58	11	—	14	50,000	b,c	353,548	21%	79%	0%	0%	

# Comparative Board Data

	COMPANY SALES (\$ IN MILLIONS)	NUMBER OF DIRECTORS		INDEPENDENT DIRECTORS				BOARD FEES (\$)			PERCENTAGE OF TOTAL COMPENSATION				
		TOTAL	INDEPENDENT DIRECTORS	SEPARATE CHAIR/CEO	AVERAGE AGE	AVERAGE TENURE (YEARS)	RETIREMENT AGE	MEETINGS PER YEAR <sup>a</sup>	BOARD RETAINER	BOARD RETAINER FOOTNOTES	AVERAGE COMPENSATION PER NON-EMPLOYEE DIRECTOR	CASH	STOCK	OPTIONS	ALL OTHER
<b>Technology Hardware, Storage &amp; Peripherals</b>															
Apple	229,234.0	8	7	Y	65	9	75	4	100,000	b	397,655	36%	63%	0%	1%
Hewlett Packard Enterprise Company	28,871.0	13	10	Y	61	3	—	13	315,000	b,c,d	358,434	35%	65%	0%	0%
HP	52,056.0	10	9	Y	60	4	—	6	300,000	c,d,i	311,113	32%	59%	9%	0%
NetApp	5,519.0	8	7	Y	66	8	—	6	60,000	b	359,265	27%	73%	0%	0%
Seagate Technology plc	10,771.0	10	8	Y	63	6	—	6	100,000	b	368,342	34%	66%	0%	0%
Western Digital Corporation	19,093.0	8	7	Y	63	12	72	9	75,000	b,c	344,039	32%	68%	0%	0%

## TOTAL INFORMATION TECHNOLOGY

Average		10	8		62	8	73	7	106,125		337,492	33%	63%	3%	1%
Median		10	8		63	8	75	7	80,000		329,131				

## MATERIALS

### Construction Materials

Martin Marietta Materials	3,721.4	10	9	N	67	11	75	5	100,000	b,c	250,680	44%	40%	0%	16%
Vulcan Materials	3,890.3	10	9	N	59	5	74	5	110,000	b,c	278,575	44%	54%	0%	2%

### Copper

Freeport-McMoRan	16,403.0	7	6	Y	63	9	—	7	75,000	b,c	293,465	36%	58%	0%	6%
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### Diversified Chemicals

DowDuPont	62,484.0	16	14	Y	66	11	72	11	285,000	d	304,360	44%	56%	0%	0%
Eastman Chemical Company	9,549.0	11	10	N	66	11	75	5	105,000	b,c	263,744	45%	32%	0%	23%

### Fertilizers & Agricultural Chemicals

CF Industries Holdings	4,130.0	10	9	Y	61	7	74	6	100,000	b	236,276	47%	51%	0%	2%
FMC Corporation	2,878.6	11	10	N	63	10	75	7	100,000	b,c	257,187	43%	51%	0%	6%
Monsanto Company	14,640.0	12	11	N	61	9	75	8	255,000	c,d,f	285,898	50%	50%	0%	0%
The Mosaic Company	7,409.4	13	11	Y	62	8	74	8	80,000	b,h	255,680	36%	60%	0%	4%

### Gold

Newmont Mining Corporation	7,348.0	12	11	Y	60	6	75	8	115,000	b	338,225	52%	47%	0%	1%
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### Industrial Gases

Air Products & Chemicals	8,187.6	8	7	N	63	7	75	11	100,000	b,c	246,513	50%	49%	0%	1%
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### Metal & Glass Containers

Ball Corporation	10,983.0	10	8	N	63	8	—	5	85,000	b	272,280	44%	53%	0%	3%
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### Paper Packaging

Avery Dennison Corporation	6,613.8	11	9	Y	62	9	72	5	100,000	b,c	254,649	42%	55%	0%	3%
International Paper Company	21,743.0	12	11	N	62	5	72	11	275,000	c,d	289,499	19%	81%	0%	0%
Packaging Corporation of America	6,444.9	11	9	Y	61	9	—	8	215,000	d	220,561	77%	23%	0%	0%
Sealed Air Corporation	4,461.6	8	7	Y	64	8	75	12	205,000	c,d	239,756	40%	60%	0%	0%
WestRock Company	14,859.7	12	10	Y	62	3	72	8	115,000	b	254,841	49%	51%	0%	0%

	COMPANY SALES (\$ IN MILLIONS)	NUMBER OF DIRECTORS		INDEPENDENT DIRECTORS				BOARD FEES (\$)			PERCENTAGE OF TOTAL COMPENSATION				
		TOTAL	INDEPENDENT DIRECTORS	SEPARATE CHAIR/CEO	AVERAGE AGE	AVERAGE TENURE (YEARS)	RETIREMENT AGE	MEETINGS PER YEAR <sup>a</sup>	BOARD RETAINER	BOARD RETAINER FOOTNOTES	AVERAGE COMPENSATION PER NON-EMPLOYER DIRECTOR	CASH	STOCK	OPTIONS	ALL OTHER
<b>Specialty Chemicals</b>															
Albemarle Corporation	3,072.0	11	10	N	62	4	—	6	100,000	b	238,548	49%	51%	0%	0%
Ecolab	13,838.3	13	12	N	60	7	72	6	110,000	b,c,e	272,463	42%	37%	21%	0%
International Flavors & Fragrances	3,398.7	11	10	N	64	6	72	6	235,000	d,f	246,635	48%	49%	0%	3%
PPG Industries	14,750.0	11	10	N	63	10	72	12	270,000	c,d	283,768	50%	48%	0%	2%
The Sherwin-Williams Company	14,983.8	10	9	N	63	7	72	7	115,000	b,c	278,039	40%	60%	0%	0%
<b>Steel</b>															
Nucor Corporation	20,252.4	7	6	N	62	8	72	4	125,000	b,c	269,547	48%	52%	0%	0%
<b>TOTAL MATERIALS</b>															
Average		11	9		63	8	73	7	146,739		266,394	45%	51%	1%	3%
Median		11	10		62	8	74	7	110,000		263,744				
<b>REAL ESTATE</b>															
<b>Healthcare REITs</b>															
HCP	1,848.4	6	5	Y	72	15	—	15	80,000	b,c	273,493	45%	55%	0%	0%
Ventas	3,564.6	9	8	N	62	7	75	6	105,000	b,c	323,065	36%	64%	0%	0%
Welltower	4,242.8	10	9	Y	66	10	75	5	85,000	b	253,594	45%	55%	0%	0%
<b>Hotel and Resort REITs</b>															
Host Hotels & Resorts	5,417.0	11	9	Y	63	8	—	4	220,000	c,d	256,870	38%	49%	0%	13%
<b>Industrial REITs</b>															
Duke Realty Corporation	790.3	13	12	N	65	8	—	8	100,000	b,c	233,750	47%	53%	0%	0%
Prologis	2,866.7	11	10	N	63	11	72	4	110,000	b	303,083	42%	54%	0%	4%
<b>Office REITs</b>															
Alexandria Real Estate Equities	1,129.4	8	6	N	62	7	75	9	110,000	b	284,436	61%	39%	0%	0%
Boston Properties	2,620.5	11	9	Y	68	8	75	7	67,500	b,c	215,208	46%	54%	0%	0%
SL Green Realty Corporation	1,533.4	9	6	N	66	15	—	4	50,000	b,c	394,667	24%	76%	0%	0%
Vornado Realty Trust	2,087.8	10	8	N	75	20	—	10	75,000	b	231,291	45%	55%	0%	0%
<b>Real Estate Services</b>															
CBRE Group	14,209.6	10	9	Y	60	6	—	4	75,000	b,c	236,589	36%	64%	0%	0%
<b>Residential REITs</b>															
Apartment Investment and Management Company	992.2	8	7	N	67	10	—	5	90,000	b	222,210	41%	59%	0%	0%
AvalonBay Communities	2,189.3	11	10	N	63	6	72	5	90,000	b,c	219,216	27%	73%	0%	0%
Equity Residential	2,471.4	11	9	Y	62	10	—	6	210,000	d,e,i	233,045	42%	52%	6%	0%
Essex Property Trust	1,395.0	8	6	Y	67	8	—	5	55,000	e,k	128,643	41%	39%	20%	0%
Mid-America Apartment Communities	1,529.0	12	9	N	66	6	75	4	65,000	b,c	217,638	35%	55%	0%	10%
UDR	992.4	10	9	N	69	12	—	7	80,000	b,c	216,973	39%	59%	0%	2%

# Comparative Board Data

	COMPANY SALES (\$ IN MILLIONS)	NUMBER OF DIRECTORS		INDEPENDENT DIRECTORS				BOARD FEES (\$)			PERCENTAGE OF TOTAL COMPENSATION				
		TOTAL	INDEPENDENT DIRECTORS	SEPARATE CHAIR/CEO	AVERAGE AGE	AVERAGE TENURE (YEARS)	RETIREMENT AGE	MEETINGS PER YEAR <sup>a</sup>	BOARD RETAINER	BOARD RETAINER FOOTNOTES	AVERAGE COMPENSATION PER NON-EMPLOYEE DIRECTOR	CASH	STOCK	OPTIONS	ALL OTHER
<b>Retail REITs</b>															
Federal Realty Investment Trust	856.9	7	6	Y	61	11	72	4	190,000	d	206,008	41%	58%	0%	1%
GGP	2,524.7	9	8	Y	59	6	—	9	200,000	c	205,850	59%	41%	0%	0%
Kimco Realty Corporation	1,200.8	9	7	Y	72	15	—	5	60,000	b,c	275,316	36%	64%	0%	0%
The Macerich Company	1,057.4	10	8	Y	57	4	75	5	70,000	b,c	231,776	46%	54%	0%	0%
Realty Income Corporation	1,215.8	8	7	Y	65	12	—	13	25,000	b	258,769	17%	82%	0%	1%
Regency Centers Corporation	1,021.1	11	9	N	64	10	75	6	60,000	b,c	217,696	41%	59%	0%	0%
Simon Property Group	5,538.6	13	10	N	66	9	—	5	110,000	b	280,803	42%	58%	0%	0%
<b>Specialized REITs</b>															
American Tower Corporation	6,663.9	10	9	N	66	10	—	8	85,000	b	256,445	41%	59%	0%	0%
Crown Castle International Corp.	4,355.6	12	10	Y	63	12	—	7	75,000	b	259,837	32%	64%	0%	4%
Digital Realty Trust	2,483.4	11	10	Y	60	5	76	11	75,000	b	276,159	43%	57%	0%	0%
Equinix	4,368.4	8	7	N	62	10	75	12	60,000	b	340,398	27%	73%	0%	0%
Extra Space Storage	1,120.3	7	4	Y	62	5	—	4	65,000	b	182,500	45%	55%	0%	0%
Iron Mountain	3,845.6	11	10	Y	63	9	75	8	80,000	b,c	244,947	44%	55%	0%	1%
Public Storage	2,741.0	9	6	N	66	12	73	5	120,000	e	267,335	50%	0%	50%	0%
SBA Communications Corporation	1,727.7	8	7	Y	63	13	—	8	85,000	b,e	256,195	38%	41%	21%	0%
Weyerhaeuser Company	7,197.0	11	9	Y	63	8	72	5	240,000	c,d	257,493	43%	57%	0%	0%
<b>TOTAL REAL ESTATE</b>															
Average		10	8		64	10	74	7	99,015		249,097	40%	56%	3%	1%
Median		10	9		63	10	75	6	80,000		253,594				

## TELECOMMUNICATION SERVICES

### Alternative Carriers

CenturyLink	17,656.0	13	10	Y	63	8	75	20	65,000	b	331,064	55%	45%	0%	0%
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### Integrated Telecommunication Services

AT&T	160,546.0	13	12	N	63	7	72	10	140,000	b,c	337,297	45%	51%	0%	4%
Verizon Communications	126,034.0	11	10	N	61	8	72	10	125,000	b	323,828	45%	54%	0%	1%

## TOTAL TELECOMMUNICATION SERVICES

Average		12	11		62	8	73	13	110,000		330,909	48%	50%	0%	2%
Median		13	10		63	8	72	10	125,000		331,064				

## UTILITIES

### Utilities

The AES Corporation	10,530.0	10	9	Y	63	5	—	8	80,000	b,c,d,f	300,963	31%	69%	0%	0%
Alliant Energy Corporation	3,382.2	9	8	N	60	9	70	9	225,000	c	232,348	99%	0%	0%	1%
Ameren Corporation	5,967.0	12	11	N	64	7	72	6	90,000	b,c	217,522	52%	48%	0%	0%
American Electric Power Company	15,424.9	12	11	N	65	9	72	7	120,500	b,c	283,803	44%	56%	0%	0%
American Water Works Company	3,357.0	8	7	Y	63	7	75	12	100,000	b	222,346	48%	51%	0%	1%
CenterPoint Energy	9,614.0	10	8	Y	60	5	—	5	100,000	b	242,564	43%	54%	0%	3%



	COMPANY SALES (\$ IN MILLIONS)	NUMBER OF DIRECTORS		INDEPENDENT DIRECTORS					BOARD FEES (\$)			PERCENTAGE OF TOTAL COMPENSATION			
		TOTAL	INDEPENDENT DIRECTORS	SEPARATE CHAIR/CEO	AVERAGE AGE	AVERAGE TENURE (YEARS)	RETIREMENT AGE	MEETINGS PER YEAR <sup>a</sup>	BOARD RETAINER	BOARD RETAINER FOOTNOTES	AVERAGE COMPENSATION PER NON-EMPLOYER DIRECTOR	CASH	STOCK	OPTIONS	ALL OTHER
<b>Utilities, continued</b>															
CMS Energy Corporation	6,583.0	10	8	Y	62	6	75	7	105,000	b,c	260,750	50%	50%	0%	0%
Consolidated Edison	12,033.0	10	8	N	64	8	75	9	115,000	b,c	277,944	51%	48%	0%	1%
Dominion Energy	12,586.0	12	11	N	63	7	72	10	265,000	c,d	308,062	42%	54%	0%	4%
DTE Energy Company	12,607.0	12	11	N	67	9	75	7	120,000	b,c	263,851	50%	49%	0%	1%
Duke Energy Corporation	23,189.0	14	13	N	65	5	71	5	285,000	c,d	305,632	46%	52%	0%	2%
Edison International	12,320.0	10	9	Y	61	5	72	10	115,000	b	288,778	46%	50%	0%	4%
Entergy Corporation	11,074.5	9	8	N	62	6	74	14	100,000	b	298,942	43%	48%	0%	9%
Eversource Energy	7,752.0	10	9	N	67	10	75	8	235,000	d	244,125	44%	56%	0%	0%
Exelon Corporation	33,531.0	12	11	Y	65	9	75	5	125,000	b	322,502	52%	45%	0%	3%
FirstEnergy Corporation	13,627.0	12	11	Y	63	5	72	14	230,000	c,d	254,081	45%	53%	0%	2%
NextEra Energy	17,195.0	12	11	N	65	10	72	6	250,000	d	277,889	47%	52%	0%	1%
NiSource	4,874.6	10	9	Y	62	8	70	9	210,000	d	257,686	49%	47%	0%	4%
NRG Energy	10,629.0	13	11	Y	64	9	75	10	225,000	d,f	255,196	44%	56%	0%	0%
PG&E Corporation	17,135.0	11	10	Y	65	8	72	12	120,000	b,c	278,001	50%	50%	0%	0%
Pinnacle West Capital Corporation	3,565.3	10	9	N	68	11	75	7	105,000	b,c	251,395	43%	44%	0%	13%
PPL Corporation	7,447.0	10	9	N	64	8	75	6	250,000	c,d,f	249,313	46%	52%	0%	2%
Public Service Enterprise Group	9,084.0	11	10	N	68	11	75	8	95,000	b,c	298,988	55%	45%	0%	0%
Sempra Energy	11,207.0	14	12	N	65	8	75	10	85,000	b,c	260,070	47%	42%	0%	11%
The Southern Company	23,031.0	15	14	N	68	8	—	11	110,000	b,c	251,786	44%	56%	0%	0%
WEC Energy Group	7,648.5	14	12	N	67	10	72	9	100,000	b	269,831	39%	57%	0%	4%
Xcel Energy	11,404.0	12	11	N	65	9	72	6	95,000	b,c	257,524	21%	79%	0%	0%

#### TOTAL UTILITIES

Average		11	10		64	8	73	9	150,204		268,967	47%	51%	0%	2%
Median		11	10		64	8	73	8	115,000		260,750				

#### TOTAL S&P 500

Average		11	9		63		73	8	124,306		298,981	38%	56%	4%	2%
Median		11	9		63		73	7	100,000		290,104				

## Footnotes:

- a: Includes regular, special and telephonic board meetings.
- b: Equity (stock or stock units) is paid in addition to stated retainer.
- c: Directors can elect to receive cash compensation fully or partially in stock.
- d: Equity (stock or stock units) is paid as part of retainer.
- e: Stock option program for directors exists.
- f: Equity portion of retainer paid in deferred stock.
- g: Retainer paid 100% in stock.
- h: Directors can elect to receive equity retainer fully or partially in cash.
- i: Directors can elect to receive cash and/or stock compensation in stock options.
- j: Dollar value equivalent for retainer not provided in proxy.
- k: Directors can elect to receive stock in lieu of stock option grant.

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# Board Governance Trends: A Global View

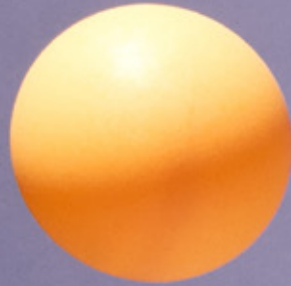


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