



SpencerStuart

2017

Spencer Stuart  
U.S. 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 56 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 *Spencer Stuart U.S. Board Index (SSBI)*, now in its 32<sup>nd</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 2017

The spotlight on the composition of boards of directors continues to brighten. Active and activist investors are increasingly evaluating whether boards are composed of a diverse mix of skills, qualifications, perspectives and backgrounds aligned with the company's current and future strategic objectives and risks.

Investor interest in boards has never been higher. Today investors expect boards to have meaningful processes — beyond formal policies such as mandatory retirement ages — to refresh the board and maximize board effectiveness. They are requesting details on how boards review and evolve board composition and leadership in light of emerging needs. They are seeking information on how boards evaluate the contributions and tenure of individual directors and the relevance of their experience. And they are calling for greater gender and racial diversity in the boardroom.

Boards are evolving. They are adding directors with fresh perspectives and knowledge of emerging areas of importance. Board or C-suite experience is no longer a prerequisite, with boards increasingly appointing first-time directors and executives with division, subsidiary or other leadership experience. And they are naming more women and minorities as directors — for the first time in the history of our index, just over half of incoming directors on S&P 500 boards were women or minorities.

But progress is slow in some areas of interest to investors. Board turnover remains low and hinders meaningful progress in the percentage of women and minorities in boardrooms. Directors are older on average. Mandatory retirement policies proliferate, and retirement ages continue to increase. Meanwhile, the percentage of companies reporting some form of individual director assessments is low and largely unchanged — suggesting that mandatory retirement ages remain a primary mechanism for board refreshment.

The 2017 *Spencer Stuart U.S. Board Index* finds change on many fronts. The following highlights some of the trends we are seeing based on our analysis of S&P 500 proxies and the results of our annual S&P 500 governance survey, conducted each year as part of the research for the *Spencer Stuart U.S. Board Index*.

## BOARD REFRESHMENT

Investor attention to board refreshment continues to escalate. Today investors are scrutinizing board composition in new ways, beyond simply the independence of directors. A variety of considerations — such as director skills and qualifications, director tenure, “overboarding” and boardroom diversity in terms of gender, race, age and ethnicity — are now top of mind to investors evaluating how each director contributes to the board.

397

New independent directors

Boards are responding and reshaping. The number of new independent directors elected to S&P 500 boards during the 2017 proxy year rose to 397, the most since 2004 and an increase of 15% from 2016. A majority (52%) of S&P 500 boards added at least one new director. However, overall turnover remains low at 0.81 new directors per board, compared with 0.72 in 2016.

Boards are casting a wider and deeper net to identify qualified candidates. Slightly more than a third (36%) of new directors are active or retired C-suite chairs, CEOs, presidents or COOs — down from 47% 10 years ago. Fewer active CEOs are serving on boards — today only 37% of S&P 500 CEOs serve on one or more outside public boards, down from 52% 10 years ago.

A record-breaking 45% of the new directors are serving on their first public corporate board. These first-time directors are more likely than other new directors to be actively employed (64% versus 42%). They also are less likely to be C-suite executives and more likely to have other executive experiences such as division/subsidiary leadership. More than half (55%) of the first-time directors are women or minorities, a significant jump from 37% a year ago.

45%

First-time directors among all new directors

Director skills and experiences are changing. Directors with financial backgrounds in banking, finance, investment or accounting are in demand, representing 29% of new directors in 2017, up from 19% in 2007. Of growing interest are directors with investing and investment management experience. Thirteen percent (13%) of new directors came from the investment field, up from 5% a decade ago; less than 20% of these directors (or only 10 individuals) were appointed under publicized settlements with activist investors. Nearly 20% of new independent directors have backgrounds in the technology or telecommunications industries.

Respondents to our annual S&P 500 governance survey, conducted each year as part of this index, indicate that director refreshment is on the board agenda. Just under 90% of respondents say their board has a strategy to encourage regular board refreshment, up from 69% just last year. The top driver of succession strategies, according to 79% of respondents, is the desire to add new skills to the board. More than half of respondents say the board or nominating/governance committee regularly reviews the board succession plan — either annually (38%) or semi-annually (19%). The vast majority, 87%, say their company’s board succession plan includes a matrix of board skills and the anticipated timing of director departures/additions.

### BOARD DIVERSITY

A recognition of the value of boardroom diversity and frustration with the slow rate of progress on the diversity front has led a growing number of institutional investors to advocate for change and challenge perceptions of a lack of qualified diverse candidates. Today some institutional investors are voting against all-male boards of U.S. companies, and in 2017 one of the largest global investors voted against the chair or most senior member of the nominating and governance committee of 400 all-male boards.

Boards are taking steps to enhance boardroom diversity. For the first time in the history of this survey, more than half of the new S&P 500 directors are women and/or minorities. Female representation among new directors rose to 36% in 2017, a 20-year high, while 20% of new independent directors are male and female minorities, defined as African-American, Hispanic/Latino or Asian.

However, continued low boardroom turnover is a hurdle to significant year-over-year change in the aggregate composition of S&P 500 boards. As a result, in spite of the record number of new female directors, representation of women on S&P 500 boards increased incrementally to 22% of all directors, up from 21% in 2016 and 17% in 2012.

Progress continues to be slow when it comes to minority representation at the top 200 S&P 500 companies. Today, 17% of directors of the top 200 companies are male or female minorities, up from 16% last year. Representation of African-Americans and Hispanics/Latinos in the top 200 boardrooms has not significantly changed over the past five to 10 years. (Note: year-over-year comparisons have been adjusted to reflect a 2017 methodology change to classify individuals of Indian descent as Asian, consistent with U.S. Census Bureau methodology.)



Female directors among all new directors



Minority directors in incoming class

37%

CEOs serving on outside corporate boards

Assessing boardroom diversity can be challenging because current rules, adopted by the U.S. Securities and Exchange Commission in 2009, only require companies to disclose whether, and if so how, a nominating committee considers diversity in identifying director candidates. The SEC has yet to act on a 2015 rule-making petition filed by nine public pension funds calling for expanded disclosure of boardroom diversity. Regardless, companies are increasingly voluntarily expanding their disclosures regarding boardroom diversity, and investors continue to press individual companies for disclosure enhancements. Already in anticipation of the 2018 proxy season, one public pension fund announced that it has asked more than 140 companies to disclose a matrix of each director nominee's gender, race, ethnicity, skills, experiences and attributes.

### BOARD EVALUATIONS

Meaningful assessments are viewed by investors as the preferred tool for evaluating and enhancing board and director performance and promoting boardroom refreshment. They consider peer and/or self-assessments "best practices" for providing feedback to directors on their performance, identifying gaps in boardroom skills and perspectives, and facilitating boardroom succession.

All but nine S&P 500 boards (98%) report having some form of board evaluation/assessment process. However, individual director assessments appear to be far less prevalent. Just over one-third (37%) of S&P 500 companies report some form of individual director assessments in their process — a percentage largely unchanged from five years ago, when 36% disclosed that they included some assessment of individual directors in their board evaluation.

42%

Boards with a mandatory retirement age of 75 or higher

When asked about individual director assessments, 43% of respondents to our governance survey say their board assessments include self-appraisals, and 25% include peer evaluations. Another 8% take other approaches, such as individual director interviews with the chair, lead director or head of the governance committee.

This year, our governance survey also asked about the changes or improvements boards made based on their annual board evaluation. The majority (58%) have made changes to board meeting agendas or the allocation of meeting time. Other areas where boards say they made improvements include: board skills (34%), use of executive sessions (30%), informal board time such as board dinners (26%), board oversight of risk (24%) and CEO succession planning (20%).

## RETIREMENT POLICIES

Investors view board and director assessments more favorably than mandatory retirement policies as a mechanism for board refreshment. The high percentage (73%) of companies with retirement policies, along with the steady increase in retirement ages, have raised concerns among investors that formal, age-based retirement policies, instead of meaningful board and director assessments, are a primary driver of board refreshment.

Despite investor views, S&P 500 boards overwhelmingly rely on formal retirement policies as a way to promote turnover. About three-quarters (73%) of S&P 500 boards report having a mandatory retirement age for directors, unchanged over the past five years.

Boards continue to raise retirement ages. Today 42% of S&P 500 companies set their retirement age at 75 or older, compared with 22% in 2012 and just 11% in 2007. Four boards have a retirement age of 80. And for the first time, a majority of boards with mandatory retirement policies set the age at 73 or higher.

As retirement ages have risen, so has the average age of independent directors. Today independent directors of S&P 500 companies have an average age of 63.1, two years older than a decade ago. In that same period, the median age rose from 61 to 64. Nearly 20% of directors are 70 or older, and 5% of those directors are 80 or older. Also during the past decade, the percentage of boards with an average age of 64 years or more has increased to 39% from 21% in 2007.

## TENURE POLICIES

Director tenure is a newer issue for investors. Increasingly, investors are questioning the independence of long-tenured directors, and some are classifying directors as independent or non-independent based on their tenure. The average tenure of all directors and the dispersion of director tenures are now metrics routinely used by some investors to assess the robustness of board refreshment efforts.

Few boards have mandatory tenure policies. Only 24 S&P 500 boards (5%) set explicit term limits for non-executive directors, with a majority of the policies set at 15 years or more. In 2016, 19 boards (4%) had director term limits. Nearly two-thirds (65%) of boards explicitly state in their corporate governance guidelines that they do not have term limits.

63.1

Average age of  
independent directors

8.2 years

Average independent  
director tenure

51%

Boards separating the chair  
and CEO roles

In our governance survey, just 3% say their boards are considering term limits. Twelve percent of respondents report their board is considering other means of encouraging director turnover, such as a mandatory retirement age, annual evaluations and a robust peer- or self-assessment process.

Meanwhile board tenure is declining somewhat. The average board tenure of independent directors fell slightly to 8.2 years, from 8.3 last year and 8.6 five years ago. Fewer boards have an average tenure of more than 10 years: 16% today versus 22% five years ago. When it comes to individual directors, 36% of independent directors have served on their boards for five years or less, 25% have served for six to 10 years, 21% for 11 to 15 years, and 18% for 16 years or more.

### INDEPENDENT BOARD LEADERSHIP

Investors expect boards to have some form of robust independent board leadership, and some advocate independent chairs as the best structure. Today, S&P 500 boards are more likely than in the past to split the chair and CEO roles between two people; for the first time, more than half (51%) of boards have a separate chair and CEO. Independent chairs — a director who meets the applicable NYSE or NASDAQ rules for independence — are less common, however; 28% of S&P 500 boards, versus 27% in 2016 and 13% in 2007, have an independent chair.

The number of lead and presiding directors has declined as more boards separate the chair and CEO roles and appoint independent chairs. Eighty-four percent of S&P 500 boards report having an independent lead or presiding director, compared with 94% a decade ago.

Our governance survey indicates that many boards regularly review their board leadership structure. Seven percent of respondents say their board separated the roles of chair and CEO in the past proxy year, while 31% say their board has discussed splitting the roles within the next five years.

28%

Boards with an  
independent chair

### OVERBOARDING

Investors expect directors to have the time and energy to fully commit to the company and perform their board duties and responsibilities. In recognition of the demands of board and committee service, investors increasingly are assessing whether directors may be “overboarded” by serving on multiple boards. Today it’s not uncommon for proxy voting guidelines to call for votes against “overboarded” directors.

Boards are self-policing the overboarding issue. Today, more than three-quarters of S&P 500 boards (77%) have established some limit on their directors' ability to accept other corporate directorships, up from 55% in 2007. Most set a cap at four or five public company boards.

Policies are generally tougher for directors who are CEOs or otherwise fully employed. Of the 24% of S&P 500 boards with restrictions for these directors, most set limits of two other public company boards.

S&P 500 directors have 2.1 public corporate board affiliations on average, which has been consistent for five years. Nearly two-thirds (64%) serve on two or more public boards; 11% four or more. Eight directors (less than 1%) serve on six boards.

84%

Boards with a lead or presiding director

## SHAREHOLDER ENGAGEMENT

Shareholders increasingly want to engage with boards on a range of governance issues, including succession, compensation, risk oversight and other concerns. And many boards value the opportunity to meet with shareholders to gain a sense of how the company is viewed externally versus competitors and reduce the chance that they will be surprised by activists or proxy votes.

According to our governance survey, interactions between shareholders and boards are on the rise; 55% of respondents, versus 39% last year, said they were contacted formally by large institutional investors and/or largest shareholders specifically regarding a governance-related topic. Eighty-two percent of respondents said management or the board proactively reached out to the company's large shareholders. The most common topics about which companies proactively engaged with shareholders were "say on pay" and environmental/social/governance (ESG) issues (48% each), followed by board refreshment (43%).

8.2

Average number of board meetings

As in past years, public and private pension funds were the most likely to initiate contact with the boards, accounting for 40% of shareholder inquiries, followed by mutual funds (23%) and other shareholder proponents (14%). Top issues for shareholders contacting boards included sustainability, board refreshment, shareholder engagement and companies' political contributions/activities.

## Editor's Note

The *Spencer Stuart U.S. 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 491 companies filed between May 15, 2016, and May 19, 2017, and responses from 65 companies to our governance survey conducted in the second quarter of 2017. Survey respondents are typically corporate secretaries, general counsel or chief governance officers. Proxy and survey data have been supplemented with information compiled in Spencer Stuart's proprietary database.

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

	2017 <sup>a</sup>	2016 <sup>b</sup>	2012 <sup>c</sup>	2007 <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%	84%	80%	1%	6%
Average age of independent directors	63.1	63.0	62.6	61.0	1%	3%
<b>New independent directors</b>						
Total number	397	345	291	329	36%	21%
Women	36%	32%	26%	19%	38%	89%
Minorities	20%	15%	12%	n/a	75%	n/a
Average age	57.3	57.3	56.7	56.3	1%	2%
Active CEO/chair/president/COO/vice chair	18%	19%	25%	33%	-28%	-45%
Retired CEO/chair/president/COO/vice chair	18%	19%	16%	14%	13%	29%
Financial backgrounds <sup>e</sup>	29%	25%	21%	19%	38%	53%
Other corporate executives	24%	23%	22%	21%	9%	14%
<b>First-time directors</b>						
% of all new directors	45%	32%	30%	n/a	50%	n/a
Average age	55.2	56.2	53.4	n/a	37%	n/a
# of first-time directors	179	110	86	n/a	108%	n/a
<b>Women directors</b>						
Women as a % of all directors	22%	21%	17%	16%	29%	38%
Boards with at least one woman director	99%	99%	91%	91%	9%	9%
<b>CEO profile</b>						
% of active CEOs serving on one or more outside boards	37%	43%	46%	52%	-20%	-29%
# of women CEOs	31	24	20	15	55%	107%
Boards where CEO is the only non-independent	60%	60%	59%	43%	2%	40%
Average age	57.4	57.2	56.5	55.4	2%	4%
Average tenure with company	19.8	19.4	17.2	14.2	15%	39%
<b>Chair independence</b>						
Boards separating chair and CEO roles	51%	48%	43%	35%	19%	46%
Boards with an independent chair	28%	27%	23%	13%	22%	115%
Boards with lead or presiding director	84%	87%	92%	94%	-9%	-11%
<b>Board meetings</b>						
Average number of board meetings	8.2	8.4	8.3	8.3	-1%	-1%
Median number of board meetings	7	8	8	8	-13%	-13%

	2017 <sup>a</sup>	2016 <sup>b</sup>	2012 <sup>c</sup>	2007 <sup>d</sup>	5-year % change	10-year % change
<b>Retirement age</b>						
Boards with mandatory retirement age	<b>73%</b>	73%	73%	79%	0%	-8%
<i>Boards with mandatory retirement age of 75+</i>	<b>42%</b>	39%	22%	11%	91%	282%
<i>Boards with mandatory retirement age of 72+</i>	<b>96%</b>	95%	85%	67%	13%	43%
<b>Committee meetings (average number)</b>						
Audit committees	<b>8.6</b>	8.6	8.7	9.5	-1%	-9%
Compensation committees	<b>6.0</b>	6.1	6.4	6.0	-6%	0%
Nominating committees	<b>4.7</b>	4.8	4.6	5.0	2%	-6%
<b>Audit committee chair</b>						
Retired/not actively employed – all backgrounds	<b>73%</b>	74%	68%	n/a	7%	n/a
Financial exec/CFO/treas/public acct exec – active or retired	<b>43%</b>	39%	33%	23%	30%	87%
<b>Non-employee director compensation</b>						
Total average compensation <sup>f</sup>	<b>\$288,909</b>	\$285,065	\$242,385	\$211,179	19%	37%
Average annual retainer <sup>g</sup>	<b>\$120,409</b>	\$118,521	\$96,649	\$68,560	25%	76%
Median annual retainer <sup>g</sup>	<b>\$100,000</b>	\$100,000	\$75,000	\$55,000	33%	82%
Boards paying board meeting fee	<b>14%</b>	16%	33%	52%	-58%	-73%
Average board meeting fee	<b>\$2,197</b>	\$2,155	\$2,224	\$2,027	-1%	8%
Boards offering stock option program	<b>13%</b>	14%	25%	42%	-48%	-69%
Boards paying equity in addition to retainer	<b>77%</b>	76%	76%	72%	1%	7%
<b>Committee compensation</b>						
Boards paying committee chair retainer	<b>96%</b>	95%	92%	88%	4%	9%
Average committee chair retainer	<b>\$20,443</b>	\$20,425	\$17,873	\$8,007	14%	155%
Boards paying committee member retainer	<b>45%</b>	41%	38%	31%	18%	45%
Average committee member retainer	<b>\$11,560</b>	\$11,271	\$10,202	\$1,375	13%	741%
Boards paying committee meeting fees	<b>19%</b>	21%	33%	54%	-42%	-65%
Average committee meeting fees	<b>\$1,653</b>	\$1,677	\$1,703	\$1,550	-3%	7%

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

<sup>b</sup>Data based on proxy year May 15, 2015, through May 15, 2016.

<sup>c</sup>Data based on proxy year May 15, 2011, through May 15, 2012.

<sup>d</sup>Data based on proxy year June 1, 2006, through May 31, 2007.

<sup>e</sup>Includes finance management/CFO/treasurers, investment management/investors, retired accounting partners and bankers/investment bankers.

<sup>f</sup>Based on non-employee director compensation tables included in 491 (2017), 477 (2016), 485 (2012) and 385 (2007) proxies.

<sup>g</sup>Not including stock beyond retainer.

n/a = not available.

# Board Composition

## 2017 Snapshot

**50%**  of new directors are women or minorities

**397**  new independent directors

**45%** of new directors are serving on their first public board 

**19%** of new independent directors have backgrounds in the technology or telecommunications industries 

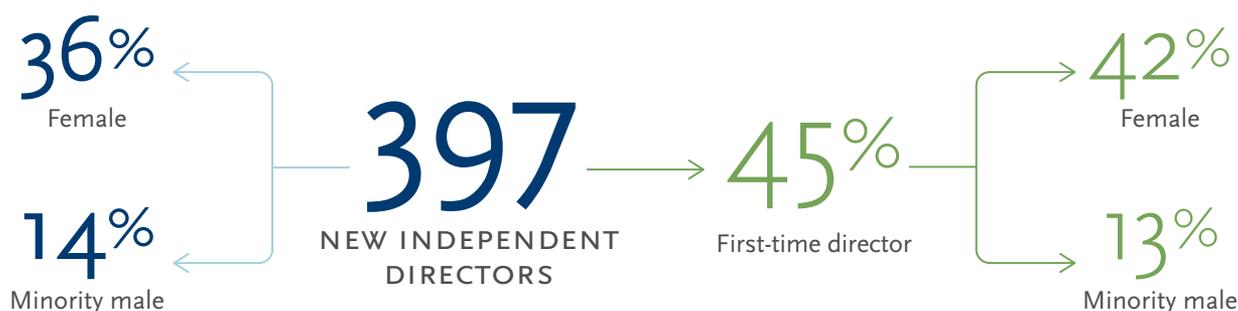
### HIGHEST NUMBER OF NEW INDEPENDENT DIRECTORS ELECTED IN OVER A DECADE

- » S&P 500 boards included in our index appointed 397 new independent directors during the 2017 proxy year, the most since 2004.
- » The number of new independent directors increased 15% from last year.
- » 52% of boards appointed at least one new director; 20% appointed more than one board member.
- » Of the 189 boards disclosing the source of director candidates, 11% reported that the nominees were recommended by shareholders. A decade ago, only 1% of new director recommendations came from shareholders.
- » New directors have an average age of 57.3. The oldest new director is 73; the youngest is 28.

## MORE THAN ONE-THIRD OF NEW DIRECTORS ARE WOMEN; 20% ARE MINORITY EXECUTIVES

- » Female representation among new directors rose to 36% in 2017, the highest rate of female representation since 1998 when we began tracking this data for the S&P 500.
- » 20% are minorities, defined as African-American, Hispanic/Latino or Asian. Individuals of Indian descent have been counted as Asian beginning in 2017, which is consistent with U.S. Census Bureau methodology.
- » Eliminating overlap of directors who are both women and minorities, just over 50% of new directors are female or minority directors, up from 42% last year.
- » New female independent directors are more likely than their male counterparts to be line and functional leaders; 23% of women are in line or functional roles, compared with 10% of male directors. Another 16% of female directors are division or subsidiary presidents, versus 5% of male directors. By contrast, male directors are significantly more likely than female directors to be active or retired CEOs, chairs, presidents or COOs: 47% versus 15%.
- » New minority directors are more likely than new non-minority directors to be an active CEO/ chair/president/COO/vice chair — 23% versus 16% — and also more likely to have an investor/ investment management background — 18% versus 12%.

### New Director Snapshot



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

	First-time directors	Experienced directors
Chair/CEO/president/COO	27%	43%
EVPs/SVPs/functional unit heads	19%	11%
Division/subsidiary presidents/heads	11%	7%
Finance management/CFO/treasurers	7%	7%
Investment management/investors	10%	16%
Academics/NFP	8%	4%
Bankers/investment bankers	6%	4%
Government/military	5%	2%
Accountants	2%	4%
Consultants	2%	1%
Lawyers	1%	1%
Others	2%	0%

## A DEEPER LOOK: First-time directors

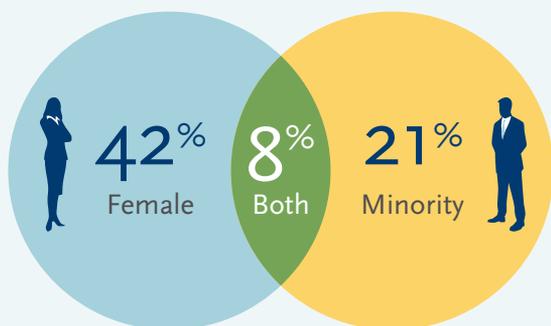
### 45% of the incoming class of directors are serving on their first public board

- » Nearly half, 45%, of the new directors are first-time independent directors, serving on their first public company board, up from 32% last year. This is the most since we began tracking the data in 2006.
- » Nearly two-thirds of first-time directors, 64%, are actively employed, compared with 42% of experienced directors.
- » First-time directors are younger, with an average age of 55.2, compared with 57.3 for all new directors.
- » 42% of first-time directors are women, compared to 32% in 2016.
- » 21% of first-time directors are minorities, up from 10% last year.
- » Eliminating overlap, 55% of first-time directors are female or minorities or both, up from 37% last year.
- » First-time directors are more likely than new directors with previous board experience to be current or former division or subsidiary leaders or functional leaders, but less likely to be CEOs, chairs, presidents or chief operating officers.

### First-Time Director Snapshot

	First-time directors	
	2017	2016
New directors elected	179	111
% female	42%	32%
% minority	21%	10%
<i>% of directors who are female and minority</i>	8%	5%
Percentage of newly elected female or minority directors	55%	37%

#### First-Time Directors



#### All New Directors



**Spencer Stuart Governance Survey: Board renewal**

Reflecting the growing attention to composition and board succession planning, 89% of survey respondents said their board has a strategy to encourage regular board refreshment. This compares with 69% in 2016.

For 79% of respondents, the desire to add new skills to the board is the primary driver of their board succession strategies. Replacing retiring directors and increasing board diversity drive succession strategies for 74% of respondents.

87% said their company’s board succession plan includes a matrix of board skills and anticipated timing of director departures/additions. Boards or nominating/governance committees review the succession plan either annually (38%) or semi-annually (19%), while 43% say the board reviews the succession plan as needed.

**Director recruiting profiles**

Boards continue to prioritize the recruitment of women when adding directors: 75% of respondents said their boards are seeking female directors, compared with 64% last year. Minority directors also are in demand, with 69% looking for minority directors, versus 55% last year.

Other recruiting priorities are directors with financial expertise (62% of respondents), and active and retired CEOs/COOs (58% and 56%, respectively).

Interest in recruiting directors with technology, digital and marketing expertise is on the rise, the survey found. 50% said technology expertise was on their board’s wish list, versus 44% last year. We also saw an increase in demand for digital and social media expertise (23% versus 21%) and marketing expertise (21% versus 19%). Demand for cybersecurity experts rose to 23% from 19% last year.

*Data in this and other sections labeled “Added Perspective” come from our governance survey, conducted in the second quarter of 2017. This year, we heard from 65 S&P 500 companies. Respondents include corporate secretaries, general counsel and chief governance officers.*

**Wish list for new director backgrounds\***

Women	75%
Minority	69%
Financial expertise	62%
Active CEO/COO	58%
Retired CEO/COO	56%
Global perspective	52%
Technology expertise	50%
Specific industry expertise	29%
Regulatory/government experience	29%
Digital/social media expertise	23%
Cybersecurity expertise	23%
Marketing expertise	21%
Other	15%

N = 52 survey respondents

\*Percentages add up to more than 100 as respondents could select more than one category.

**GLOBAL EXPERIENCE CONTINUES TO BE IN DEMAND**

- » 8% of new independent directors are from outside the U.S.
- » 29% of new directors have global professional experience — defined in this report as having worked at an international location. New directors have working experience in diverse global locations, including Australia, Brazil, Canada, Denmark, Mexico, Singapore and the United Kingdom.

## DEMAND FOR FINANCIAL EXECUTIVES GROWS

- » Demand for financial backgrounds has been growing in recent years; 29% of new directors are active or retired executives with banking, finance, investment or accounting credentials, compared with 25% last year and 19% in 2007. In particular, we are seeing an increase in directors coming from investing and investment management, which account for 13% of new directors, up from 5% a decade ago.
- » 36% of new directors are active or retired CEOs, chairs, presidents and chief operating officers, which represents a slight decline from 38% last year. Ten years ago, 47% of new directors were active or retired executives in these roles.
- » Just over half (53%) of new independent directors are active senior executives and professionals, the same as in 2016. Over the past decade, however, we have seen a decline in the number of actively employed executives taking on outside board appointments; active executives made up 62% of new directors in 2012 and 71% in 2007.

### New Independent Director Functional Backgrounds\*

	Year			2017	
	2017	2012	2007	Men	Women
<b>CEO/chair/president/ COO/vice chair</b>	<b>36%</b>	<b>41%</b>	<b>47%</b>	<b>47%</b>	<b>15%</b>
<i>Active</i>	18%	25%	33%	22%	9%
<i>Retired</i>	18%	16%	14%	25%	6%
<b>Other corporate executives</b>	<b>24%</b>	<b>22%</b>	<b>21%</b>	<b>15%</b>	<b>39%</b>
<b>Financial backgrounds</b>	<b>29%</b>	<b>22%</b>	<b>19%</b>	<b>27%</b>	<b>31%</b>
<i>Financial executives/CFO/ treasurers</i>	8%	9%	8%	6%	10%
<i>Bankers/investment bankers</i>	5%	3%	5%	3%	7%
<i>Investment managers/investors</i>	13%	8%	5%	15%	11%
<i>Public accounting executives**</i>	3%	2%	1%	3%	3%
<b>Academics/nonprofit</b>	<b>5%</b>	<b>7%</b>	<b>7%</b>	<b>4%</b>	<b>9%</b>
<b>Consultants</b>	<b>1%</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>	<b>1%</b>
<b>Lawyers</b>	<b>2%</b>	<b>1%</b>	<b>2%</b>	<b>1%</b>	<b>1%</b>
<b>Others***</b>	<b>3%</b>	<b>5%</b>	<b>2%</b>	<b>4%</b>	<b>4%</b>

N = 255 men and 142 women in 2017

\*Except where noted, all include both active and retired executives.

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

\*\*\*Includes former government employees, medical executives, a real estate broker, a sports/entertainment agent, among others.

## MORE NEW DIRECTORS HAVE TECH, PRIVATE EQUITY BACKGROUNDS

- » 19% of new independent directors have backgrounds in the technology or telecommunications industries. Other top industry backgrounds for new independent directors are private equity/investment management, consumer goods and services, and financial services, representing 12%, 11% and 11% of new director backgrounds, respectively. Among new minority directors, 27% have a tech/telecom background versus 18% of new non-minority directors.

### New Independent Director Top Industry Backgrounds

	Year		
	2017	2012	2007
High tech/telecom	19%	12%	11%
Private equity/investment management	12%	7%	6%
Consumer goods & services	11%	18%	18%
Financial services	11%	9%	12%
Energy/utilities/oil & gas	8%	8%	3%
Industrial/manufacturing	8%	10%	13%

## ADDED PERSPECTIVE

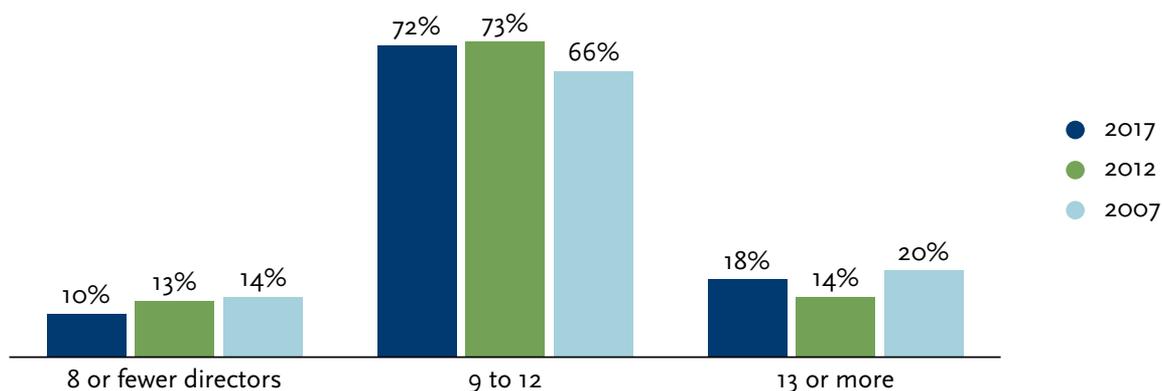
### Spencer Stuart Governance Survey: Director onboarding

- » Presentations by key executives are the most common element of new director onboarding programs; 93% of survey respondents said such meetings are part of onboarding at their companies. 64% include site visits in their onboarding programs, and 23% said new directors participate in third-party development/education. 14% require new board members to attend all committee meetings during their first year.
- » It's also common for new directors to meet with key external advisers, including the outside auditor (87%), compensation adviser (58%) and outside legal counsel (16%).

## BOARD SIZE AND INDEPENDENCE REMAIN STABLE

- » Boards range in size from five to 18 members and average 10.8 members. The most common board size is 11, with 22% of S&P 500 boards being that size.
- » 72% of S&P 500 boards have nine to 12 members today, nearly the same as last year. The number of smaller boards — those with eight or fewer members — continues to decline. Just 10% of boards fall within this range, compared with 12% last year.
- » By contrast, the number of larger boards appears to be ticking up; 18% have 13 or more members, compared with 16% last year and 14% five years ago. The majority of these larger boards have 13 or 14 members.
- » The two largest boards have 18 members apiece, while the two smallest boards have five directors each.

### Board Size



- » Independent directors make up 85% of all S&P 500 board members, the same as last year. In 2007, 80% of directors were independent. The ratio of independent directors to non-independent directors on S&P 500 boards is 5.7 to 1, with boards averaging 9.2 independent directors and 1.6 non-independent directors.
- » As boards have become more independent over time, the CEO is likely to be the only non-independent director on most boards; this is the case for 60% of S&P 500 boards in 2017, compared with 43% a decade ago.

## ANNUAL DIRECTOR ELECTIONS BECOME THE STANDARD

- » Directors stand for election by shareholders on an annual basis on 92% of boards, unchanged from last year. The remaining boards have three-year terms.
- » In line with governance best practices, many boards have implemented declassified board structures in recent years; 62% of boards in 2007 and 83% in 2012 had annual director elections.
- » We also have seen an increase in boards establishing policies that require directors to offer their resignations if they fail to receive a majority vote from shareholders; 89% of boards have such policies today, up from 84% in 2012. While these policies have become widespread, boards retain the discretion to accept or decline a director's resignation.

## **RESIGNATION POLICIES FOR CHANGING DIRECTOR STATUS ARE PREVALENT**

- » Consistent with the past several years, 86% of S&P 500 boards have a provision in their corporate governance guidelines requiring 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% 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. This provision is largely unchanged from 2012, when 34% of boards had such a policy.

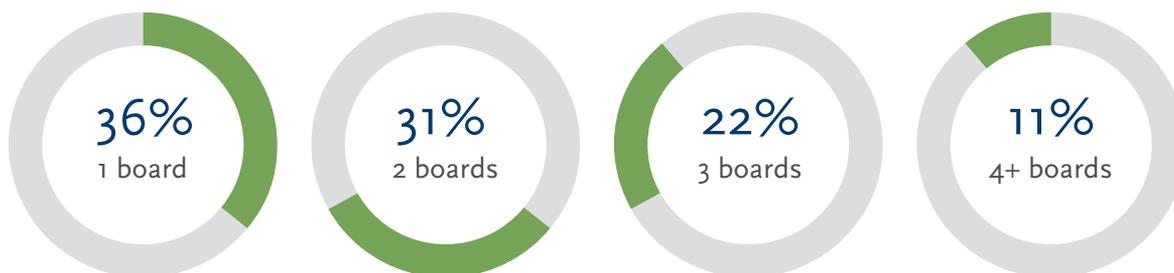
## **MOST BOARDS RESTRICT DIRECTORS' ADDITIONAL BOARD ACTIVITY**

- » Limitations on directors' additional board activity have become more common, and more restrictive about the number of additional boards on which a director may serve. Today, 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 55% in 2007.
- » 64% of boards set a numerical limit for other board service applying to all directors; of those, 4% cap additional directorships at two, 36% at three, 49% at four, and 11% at five or six. Five years ago, 24% of boards with limits capped corporate directorships at five or six.
- » 41% of S&P 500 boards restrict the number of other audit committees on which their members may serve; 99% of these boards allow audit committee members to serve on up to two other audit committees. The other 1% allow audit committee members to serve on up to three other audit committees.
- » 24% of boards set restrictions for directors who are public company CEOs or are otherwise fully employed; most often, these directors are limited to two other public company boards. No board allows directors who are employed executives to serve on more than three additional boards.
- » Only 22% of S&P 500 boards set a specific limit in their corporate governance guidelines on the CEO's outside board service; 65% of those boards limit CEOs to two outside boards, and 32% set the limit at one outside board. One board does not allow the company CEO to serve on any outside corporate boards, and two boards allow their CEO to serve on three outside corporate boards.
- » Among the 177 boards that do not specify a limit on other corporate directorships, 90% require directors to notify the chair prior to accepting an invitation to join another company board and/or encourage directors to "reasonably limit" their other board service.

## THE AVERAGE INDEPENDENT DIRECTOR SERVES ON TWO PUBLIC CORPORATE BOARDS

- » S&P 500 independent directors serve on 2.1 public corporate boards on average, which has been consistent for five years.
- » 64% of independent directors have two or more public board affiliations; 11% have four or more. Eight directors (less than 1%) serve on six boards.

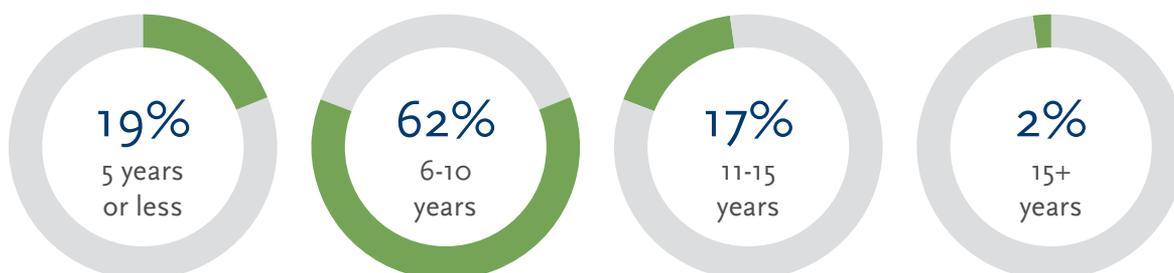
### Number of Corporate Board Affiliations for Independent Directors



## SMALL DECLINE IN AVERAGE TENURE OF INDEPENDENT DIRECTORS

- » The average tenure of independent directors on S&P 500 boards is 8.2 years, a slight decrease from 8.6 five years ago. The median tenure has declined as well in that time, from 8.4 to 8.0. When non-independent directors (such as the CEO) are included, the average tenure is 8.7.
- » On the majority of boards, 62%, the average tenure of independent directors ranges from six to 10 years.
- » 19% of boards have an average tenure of 11 or more years, compared with 22% in 2012. 19% have an average tenure of five years or less, up from 14% five years ago.
- » The longest average board tenure is 19 years, and the longest-tenured independent director has served 43 years.
- » 36% of independent directors have served on their boards for five years or less, 25% have served for 6-10 years, and 21% for 11-15 years. 18% of independent directors have served on their boards for 16 years or more.

### Average Board Tenure



## DIRECTOR TERM LIMITS REMAIN RARE TOOL FOR PROMOTING TURNOVER

- » 24 S&P 500 boards, 5%, specify a term limit for non-executive directors, a modest increase from last year when 19 boards (4%) had director term limits. 65% of boards explicitly state in their corporate governance guidelines that they do not have term limits, and 30% do not mention term limits at all.
- » Of the 24 boards with a specific term limit, four cap director tenure at 20 years, one at 18 years, 12 at 15 years, five at 12 years, two at 10 years.
- » Rather than set term limits or a mandatory retirement age, some boards report that they consider whether individual directors should be re-nominated during the evaluation process.

### Boards with Term Limits

Company	Term limits	Company	Term limits
Navient Corporation	20 years	Signet Jewelers Limited	15 years
Patterson Companies	20 years	Sysco Corporation	15 years
Target Corporation	20 years	Varian Medical Systems	15 years
Vertex Pharmaceuticals	20 years	The Walt Disney Company	15 years
The Procter & Gamble Company	18 years	Xcel Energy	15 years
The AES Corporation	15 years	AvalonBay Communities	12 years
Air Products & Chemicals	15 years	CBRE Group	12 years
Alaska Air Group	15 years	International Flavors & Fragrances	12 years
General Electric Company	15 years	Raymond James Financial	12 years
MasterCard	15 years	Wal-Mart Stores	12 years
Mondelez International	15 years	Allegion Public Limited Company	10 years
Qorvo	15 years	Illumina	10 years

## ADDED PERSPECTIVE

### Spencer Stuart Governance Survey: Director term limits

- » Scrutiny of board tenures has increased in recent years, but few boards have established director term limits as a means of encouraging turnover. 12% of respondents to our governance survey say their boards have term limits today, compared with 4% last year. Just 3% report their boards are considering term limits.
- » 12% of respondents report their board is considering other means of ensuring director turnover, such as a mandatory retirement age, annual evaluations and a robust self-assessment process.

## FOR THE FIRST TIME, MORE THAN HALF OF BOARDS WITH MANDATORY RETIREMENT SET IT AT 73 OR OLDER

- » About three-quarters (73%) of S&P 500 boards report having a mandatory retirement age for directors, which has remained consistent for more than five years. 11% report that they do not have a mandatory retirement age, and 16% do not discuss mandatory retirement in their corporate governance guidelines.
- » Mandatory retirement ages have been increasing, with nearly all companies that have them (96%) setting mandatory retirement at 72 or older, compared with 67% 10 years ago.
- » Among boards with a retirement age, 42% set it at 75 or older, an increase from 39% last year and 11% in 2007. Four boards have a retirement age of 80.
- » The most common mandatory retirement age is 72, set by 44% of S&P 500 boards with a retirement age.

### Mandatory Retirement Age

	2017	2012	2007
70 and younger	4%	14%	33%
71	0%	1%	0%
72	44%	54%	52%
73	4%	5%	2%
74	6%	4%	2%
75 and older	42%	22%	11%

N = Boards that have set a mandatory retirement age: 358 for 2017, 354 for 2012, 376 for 2007.

## INDEPENDENT DIRECTORS ARE TWO YEARS OLDER THAN A DECADE AGO

- » The average age of S&P 500 independent directors is 63.1, two years older than the 2007 average of 61.0. In that same period, the median age increased from 61 to 64.
- » S&P 500 independent directors range in age from 28 to 92. Nearly half (49%) are 60 to 69 years old, and 19% are 70 to 79. 4% of directors are younger than 50.
- » The majority of boards have an average age in the 60s: 45% of boards have an average age of 60 to 63, and 39% have an average age of 64 and older. 12 boards have an average age of 70 or greater.

### Ages of Independent Directors

	Year		
	2017	2012	2007
Average age of all independent directors	63.1	62.6	61.0
Youngest average board age	46	43	49
Oldest average board age	75	72	75

### Breakdown by Average Age

59 and younger	16%	16%	28%
60 to 63	45%	46%	51%
64 and older	39%	38%	21%

## FEMALE REPRESENTATION ON BOARDS RISES TO 22%

- » Women now constitute 22% of all S&P 500 directors, increasing from 17% in 2012 and 16% in 2007. On average, boards have 2.4 female directors, compared with 1.7 in 2012.
- » 80% of boards include two or more women, which represents a significant increase over the past decade. The number of boards with two or more female directors was 61% in 2012 and 55% in 2007. 27% of boards include three women directors, compared with 15% of boards in 2007.
- » As of our May 19, 2017, cut-off date, 31 S&P 500 companies had a woman serving as CEO, compared with 24 in 2016. Female CEOs now represent 6.2% of S&P 500 chief executives, the most ever. This compares with 4.1% in 2012 and 3.1% in 2007.
- » 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 22% for companies with a male CEO. When the female CEO is excluded, however, the gap narrows: 26% of the remaining directors are women.
- » Four boards have no female directors, two in the technology sector, one in healthcare and one in industrials.

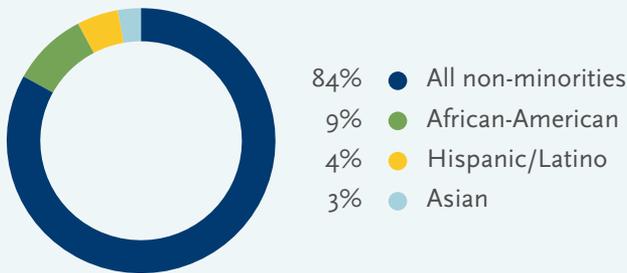
## A DEEPER LOOK: Board diversity at the top 200 companies

### Small increase in minority representation since last year

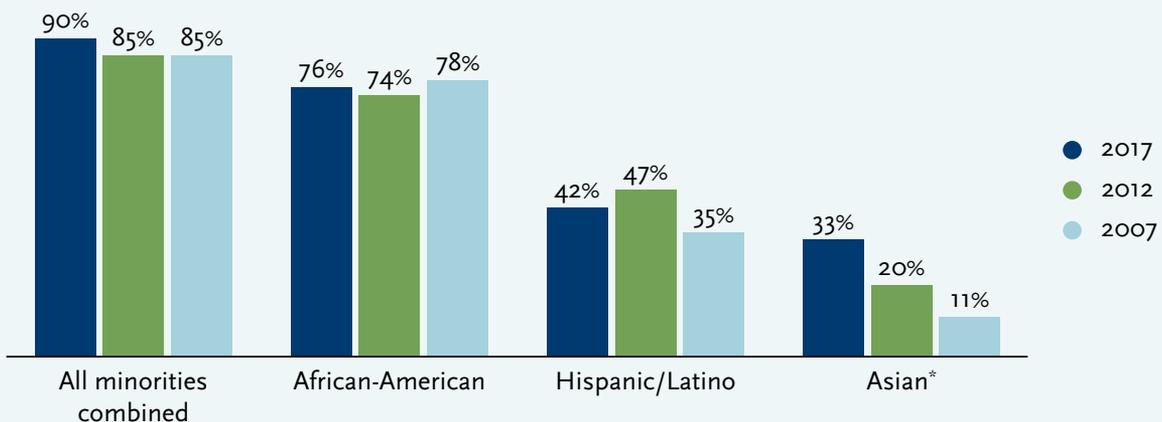
- » Despite increased attention to the topic of board diversity, minority representation (defined as men and women who are African-American, Asian or Hispanic/Latino) is only slowly increasing on the top 200 S&P 500 boards (by annual revenue). The percentage of minority directors on the boards of these 200 companies rose slightly to 17% from 16% last year. Ninety percent (90%) of the top 200 companies have at least one minority director.
- » Representation of African-American and Hispanic/Latino directors at the top 200 S&P 500 companies has not significantly changed over the past five to 10 years.
  - 8.9% of directors are African-American, compared with 8.7% in 2012 and 9.1% in 2007. 76% of boards have at least one African-American director, a decline from 78% in 2007.
  - 4.3% of directors are Hispanic/Latino, down from 4.6% in 2012 and up from 3.8% in 2007. 42% of boards today have at least one Hispanic/Latino director, a decline from 47% last year but more than in 2007 (35%).
- » 3.4% of directors are Asian (including directors of Indian descent), versus 2% in 2016, and 33% of boards have one or more Asian directors. Year-over-year comparisons have been adjusted to reflect a methodology change to classify directors of Indian descent as Asian, consistent with U.S. Census Bureau methodology.

## A DEEPER LOOK: Board diversity at the top 200 companies (continued)

Minorities as % of Directors at Top 200 Boards\*



Top 200 Boards with at Least One Minority Director



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

### Few top 200 companies led by minorities

- » As of our May 19, 2017, cut-off date, 18 of the top 200 S&P companies, 8.5%, were led by African-American, Hispanic/Latino or Asian CEOs, four more than in 2016.
- » Some companies led by minority CEOs have more minority directors than other companies, while at other companies, the CEO is the only minority director. 23% of the directors of the companies with minority CEOs are minorities, compared with 16% of directors of companies with a non-minority CEO. Minority representation in the boardrooms of minority-led companies drops to 16% when the CEO is excluded.

## A DEEPER LOOK: Board diversity at the top 200 companies (continued)

### Just over half of the 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.
- » A total of 171 directors of non-U.S. origin serve on the boards of the top 200 S&P 500 companies, accounting for 7.3% of all directors.
- » International directors represent 39 different countries, but half of non-U.S. directors come from the following four countries: the U.K. (23%), Canada (11.5%), Germany (10%) and France (8%).
- » Major U.S. companies are much less likely to have non-national directors on their boards than boards in other countries, especially in Europe. In Switzerland, for example, 61% of Swiss Market Index directors are non-nationals (Spencer Stuart 2017 *Switzerland Board Index*).

## FEWER CEOs SERVE ON AN OUTSIDE PUBLIC COMPANY BOARD

- » 37% of S&P 500 CEOs serve on at least one public company board in addition to their own board, a 14% decrease from 2016 and the lowest we have seen. In 2007, more than half of CEOs, 52%, served on at least one additional public board.
- » 33% of CEOs serve on one public board, and 4% serve on two. CEOs serve on an average of 0.4 other corporate boards, compared with 0.8 in 2007.

## ADDED PERSPECTIVE

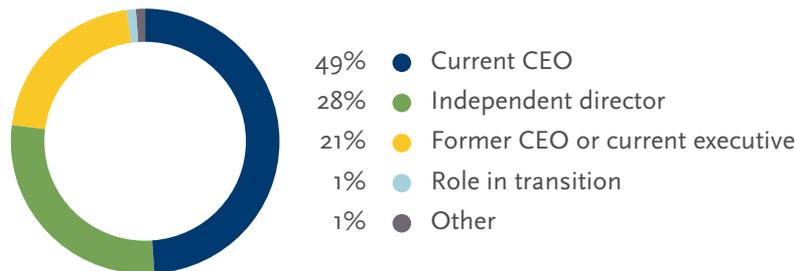
### Spencer Stuart Governance Survey: CEO succession planning

- » The majority of boards, 69%, formally discuss CEO succession annually, according to our governance survey. 20% of respondents say their board has formal discussions about CEO succession two or three times a year, and 9% of boards address succession four or more times per year. 2% address succession less than once a year.
- » 74% of boards have both contingency and long-term succession plans in place, while 21% have a contingency succession plan only. Two companies have no CEO succession plan in place.
- » Boards use several approaches for evaluating succession candidates' readiness for the CEO role. 85% are briefed on candidates' specific gaps in readiness. 75% said their process includes formal assessments of internal successor candidates, and 72% said their boards are familiar with the development plans for potential successors. 66% — compared with 53% last year — said the board defines the desired future criteria for the CEO profile as part of its process.
- » 28% said the process for reviewing potential internal successors is supported by an external adviser.
- » All of the boards participating in our survey rely on regular interactions during board meetings and presentations to get to know internal succession candidates. 30% schedule individual meetings between board members and candidates, and 6% use formal board mentor assignments to become more familiar with potential candidates.
- » In the majority of cases (71%), the outgoing CEO is responsible for onboarding the new CEO. Also taking the lead in new CEO onboarding are the lead director (52%) and board chair (43%).

## FOR THE FIRST TIME, THE MAJORITY OF BOARDS SPLIT THE CHAIR AND CEO ROLES

- » 51% of S&P 500 boards split the chair and CEO roles between two individuals, compared with 48% last year. The trend toward separating the roles has been growing steadily for more than a decade. In 2007, 35% of boards divided the roles.
- » 28% of boards, versus 27% in 2016, have a truly independent chair — a director who meets the applicable NYSE or NASDAQ rules for independence. The number of independent chairs has remained steady over the past several years, but a decade ago, just 13% of boards had independent chairs.
- » 6% of board chairs are the former company CEO.
- » Among the 106 boards where the chair is separate but not independent, 97 (92%) have identified a lead or presiding independent director.

### Chair's Relationship with the Company



### ADDED PERSPECTIVE

#### Spencer Stuart Governance Survey: The chair and CEO split

- » 7% of respondents to our governance survey said their board separated the roles of chair and CEO in the past proxy year, while 31% said their board has discussed splitting the roles within the next five years. Boards are most likely to split the roles when bringing on a new CEO.
- » Of those that have not already separated the chair and CEO roles, 14% said the board has discussed splitting the roles in the near future.

## MORE THAN HALF OF INDEPENDENT CHAIRS ARE RETIRED SENIOR EXECUTIVES

- » 56% of the 137 independent chairs of S&P 500 companies are retired chairs, vice chairs, presidents or CEOs, compared with 51% last year. Only six independent chairs, or 4%, are active executives in a chair, vice chair, president or CEO role outside of their independent chair responsibility. This includes three private company CEOs, two public company CEOs and one chair of a public company.
- » 13% of the independent chairs are investors or investment managers, and another 12% are financial executives and bankers/investment bankers.
- » Independent chairs are three years older on average than their fellow directors: 66.4 versus 63.1.
- » Nine women serve as independent chairs, 7% of all independent chairs.

### Independent Chair Backgrounds



- » Independent board chairs have an average tenure of 4.1 years. 58% have been in the role for three years or less, including 28% who have served as chair for one year or less. On the other end of the spectrum, 29% have served in their roles for six or more years.
- » 85% of the independent chairs previously served as a director on the board before becoming chair, serving 7.9 years on average before moving into the chair role. Last year, 92% of independent chairs were on the board prior to becoming chair.

### Independent Chair Tenure



Average: 4.1 years  
N = 137 independent chairs

## MOST BOARDS HAVE A LEAD OR PRESIDING DIRECTOR, BUT NUMBERS DECLINING

- » 84% of S&P 500 boards report having an independent lead or presiding director; 2% of these boards rotate the role among independent directors or committee chairs.
- » The number of lead and presiding directors has declined slightly over the past decade as more boards named independent chairs. 94% of S&P 500 boards had a lead or presiding director in 2007.
- » Lead directors have become preferred over presiding directors during the past 10 years; of the 412 boards with one of these positions, 74% have lead directors and 26% have presiding directors, including those identified as “chair” of executive sessions; this compares with 40% and 60%, respectively, in 2007.
- » 47% of the independent chairs are also named as the lead or presiding director. Another five boards report having a lead/presiding director in addition to the independent chair.
- » Nine S&P 500 boards do not report having a form of independent board leadership — neither an independent chair nor a lead/presiding director. Often, this is a temporary situation during a leadership transition or restructuring.

### Lead Versus Presiding Directors

	2017	2012	2007
Lead directors	74%	58%	40%
Presiding directors	26%	42%	60%

- » Among the 336 boards (82%) that disclosed how long their lead/presiding director has been serving in the role, the average tenure is 3.8 years. 29% have served in the role one year or less, 41% have served for two to four years, and 30% have been serving for five years or more. 9% have a tenure of 10 or more years.
- » Retired CEOs, presidents and/or chairs are most likely to serve as a lead or presiding director; 48% of lead/presiding directors are retired senior executives. 12% are investors or investment managers, and another 11% are active or retired other corporate executives. Only 9% of lead/presiding directors are active CEOs, presidents and/or chairs.

### Lead and Presiding Director Backgrounds\*



N = 404 lead or presiding directors identified by name  
 \*All active and retired unless where specifically stated.

### Spencer Stuart Governance Survey: Lead director

- » Among boards with a lead or presiding director, the majority (58%) have not established a term length; 19% have one-year term lengths for the position and 8% have three-year terms. Other approaches include a three-to-five-year term guideline and a two-year term with the option to renew for an additional two-year term.
- » 96% said the lead/presiding director's term is renewable.
- » 71% of respondents said the lead/presiding director is selected by the full board. At other boards, the lead/presiding director is chosen by independent directors (16%) or the nominating and governance committee (14%).

# Board Organization and Process

## 2017 Snapshot

S&P 500 boards have an average of **4.2** standing committees



**51%** of boards met six to nine times

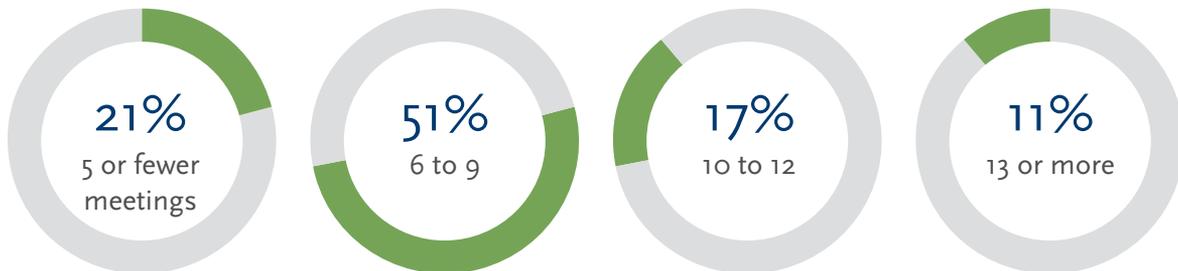
**37%**  disclose that they evaluate individual directors

**32%** of audit committee chairs are active/retired financial executives

### SMALL DECLINE IN THE AVERAGE NUMBER OF BOARD MEETINGS

- » Boards met an average of 8.2 times, down from 8.4 last year. The annual meeting average includes regularly scheduled meetings and special meetings. These meetings may be in-person or telephonic.
- » The majority of boards, 51%, met six to nine times. Nine boards met 19 times or more.

#### Distribution of Board Meetings\*

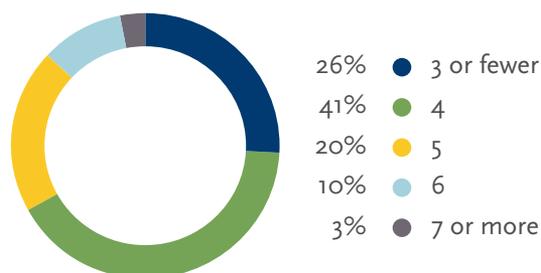


\*Includes in-person and telephonic regular and special meetings.

## MOST BOARDS HAVE AT LEAST FOUR COMMITTEES

- » S&P 500 boards have an average of 4.2 standing committees and a median of four committees, which has remained consistent during the past decade.
- » 74% have more than the three NYSE-mandated committees (compensation, audit and nominating/governance). One-third have five or more committees.
- » The most common committees beyond the compensation, audit and nominating committees are the executive committee and finance committee.
- » Several committees have become more prevalent in the past 10 years, including risk; science & technology; and environment, health & safety committees. In 2007, for example, 3% of boards had a risk committee, compared with 11% today. By contrast, the number of boards with public policy/social & corporate responsibility committees has declined somewhat.

### Number of Standing Committees



### Prevalence and Independence of Standing Committees

	% with this committee		% composed entirely of independent directors	
	2017	2012	2017	2012
Audit	100%	100%	100%	100%
Compensation	100%*	100%	99.6%	99.6%
Nominating/governance	99.6%**	99.2%	99.2%	99.6%
Executive	32%	35%	1%	4%
Finance***	32%	34%	76%	73%
Risk	11%	8%	79%	62%
Science & technology	10%	7%	92%	78%
Public policy/social & corporate responsibility	9%	12%	86%	79%
Environment, health & safety	9%	7%	87%	84%
Legal/compliance	6%	5%	93%	87%
Strategy & planning	2%	4%	78%	47%
Investment/pension	3%	3%	69%	79%
Acquisitions/corporate development	1%	1%	40%	57%

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

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

\*\*\*10 boards have a combined finance and risk management committee. They are counted as separate committees for the purpose of this analysis.

## ADDED PERSPECTIVE

**Spencer Stuart Governance Survey: Cybersecurity**

- » Most boards (69%) assign responsibility for cybersecurity oversight to a board committee, while 26% say the full board oversees cybersecurity risk.
- » 57% of respondents said the audit committee has oversight over cybersecurity. At other boards, cybersecurity risk is overseen by the risk committee (7%), technology committee (4%) or nominating and governance committee (2%).
- » 64% of respondents said the board or a committee has developed a crisis response plan to a cyber breach within the past year.

**AUDIT COMMITTEES AVERAGE MORE THAN EIGHT MEETINGS**

- » Audit committees averaged 8.6 meetings, the same as last year, and roughly one meeting less than the 2007 average of 9.5.
- » The majority of S&P 500 audit committees, 65%, met eight or more times annually, including 22% that met 11 times or more.
- » Compensation and nominating committees met less often than audit committees, averaging 6.0 and 4.7 annual meetings, respectively.
- » 45% of compensation committees held five or six annual meetings.
- » 80% of nominating/governance committees met five times or fewer annually.

**Distribution of Committee Meetings\***

	Audit committee	Compensation committee	Nominating/governance committee
3 or fewer meetings	1%	9%	22%
4	6%	13%	31%
5	9%	25%	27%
6	10%	20%	11%
7	9%	14%	2%
8-10	43%	15%	6%
11-13	17%	3%	0%
14 or more	5%	1%	1%
<b>Average</b>	<b>8.6</b>	<b>6.0</b>	<b>4.7</b>
<b>Median</b>	<b>9.0</b>	<b>6.0</b>	<b>4.0</b>
<b>Maximum</b>	<b>20</b>	<b>19</b>	<b>22</b>

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

## NEARLY ONE-THIRD OF AUDIT COMMITTEE CHAIRS HAVE CORPORATE FINANCE BACKGROUNDS

- » 32% of audit committee chairs are active/retired financial executives, including CFOs and treasurers, an increase from 28% last year and 13% in 2007. Retired CEOs, chairs, presidents and COOs make up the next largest source (25%), followed by retired public accounting executives (11%).
- » By comparison, just 7% of S&P 500 audit committee chairs are fully employed/active CEOs, chairs, presidents and COOs, compared with 18% a decade ago.
- » Retired CEOs, chairs, presidents and COOs are the most common backgrounds of compensation and nominating/governance committee chairs; 38% of compensation chairs and 33% of nominating/governance committee chairs are retired executives in these roles.
- » Active CEOs and other top senior executives are somewhat more likely to serve as chair of the compensation and nominating/governance committees than the audit committee. 14% of directors with these profiles serve as compensation committee chair, and 11% as nominating/governance committee chair.
- » The representation of women in committee leadership roles increased since last year. Women now chair 20% of audit committees, 17% of compensation committees and 22% of nominating committees, compared with 15%, 11% and 20%, respectively, last year.

### Committee Chair Backgrounds\*

	% of chair**		
	Audit committee	Compensation committee	Nominating/governance committee
Retired chair/president/CEO/vice chair	25%	38%	33%
Active chair/president/CEO/vice chair	7%	14%	11%
Financial executive/CFO/treasurer	32%	3%	2%
Retired public accounting executive	11%	1%	0%
Investor/investment manager	6%	13%	14%
Other corporate executive	9%	17%	14%
Academic/nonprofit	3%	5%	9%
Consultant	2%	3%	5%
Banker/investment banker	5%	5%	4%
Lawyer	0%	2%	5%
Other	0%	1%	3%
<b>Total number of committee chairs listed in proxies</b>	<b>481</b>	<b>480</b>	<b>478</b>

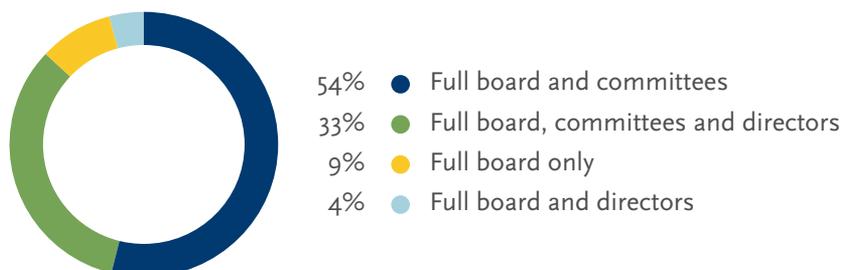
\*Except where noted, all categories include active and retired executives.

\*\*Columns may not total 100% due to rounding.

## NEARLY ALL BOARDS DISCLOSE AN ANNUAL PERFORMANCE EVALUATION

- » 98% of S&P 500 boards — all but nine — disclose that they conduct some sort of annual performance evaluation.
- » Consistent with the past five years, the majority, 54%, report that their boards evaluate the full board and committees, and one-third (33%) report evaluating the full board, committees and individual directors annually.
- » Twelve boards disclosed that they engaged an independent third party to facilitate and conduct all or a portion of the evaluation process.

### Board, Committee and Director Evaluations



N = 482 companies; 9 others did not mention evaluations in their proxies or corporate governance guidelines.

## ADDED PERSPECTIVE

### Spencer Stuart Governance Survey: Board evaluations

- » 98% of governance survey respondents report that they assess the full board and board committees, an increase from 66% last year.
- » 43% say their board assessments include self-appraisals, and 25% include peer evaluations. 8% take other approaches, such as individual director interviews with the chair, lead director or head of the governance committee.
- » The nominating and governance committee conducts board evaluations for 67% of the boards responding to our survey. The lead director oversees evaluations at 49% of boards.

### Areas of improvement based upon the last annual board evaluation

Board meeting agendas (allocation of meeting time)	58%
Board skills	34%
Use of executive sessions	30%
Informal board time (e.g., board dinners)	26%
Board oversight of risk	24%
Frequency and/or length of board meetings	24%
CEO succession planning process	20%
The board assessment process	18%
Shareholder engagement	10%
Board renewal mechanism (e.g., retirement age, term limits)	8%
CEO evaluations	8%
Board size	4%
Other	10%

N = 50

## ADDED PERSPECTIVE (CONTINUED)

- » Most boards (65%) do not engage third parties to support board assessment. 16% said they use a third party every year, and 6% do every third year. 12% engage third parties as needed.
- » This year, our governance survey also asked about the changes or improvements boards made based on their annual board evaluation. The majority (58%) have made changes to board meeting agendas or the allocation of meeting time. Other areas where boards say they made improvements include: board skills (34%), use of executive sessions (30%), informal board time such as board dinners (26%), board oversight of risk (24%) and CEO succession planning (20%).

## ADDED PERSPECTIVE

### Spencer Stuart Governance Survey: Shareholder engagement

- » According to our governance survey, interactions between shareholders and boards are on the rise; 55% of respondents, versus 39% last year, said they were contacted formally by large institutional investors and/or largest shareholders specifically regarding a governance-related topic.
- » Eighty-two percent of respondents said management or the board proactively reached out to the company's large shareholders. The most common topics about which companies proactively engaged with shareholders were "say on pay" and environmental/social/governance (ESG) issues (48% each), followed by board refreshment (43%).
- » As in past years, public and private pension funds were the most likely to initiate contact with boards, accounting for 40% of shareholder inquiries. Pension funds were most likely to contact boards about sustainability and board refreshment.
- » Inquiries from mutual funds, which represented 23% of shareholder contacts tended to be about sustainability, board refreshment/composition and shareholder engagement.

### Issues formally raised by shareholders in 2017

ESG/Sustainability	18%
Board refreshment	13%
Director tenure	9%
CEO compensation	8%
Shareholder engagement approach	8%
Proxy access	7%
Disclosure of political contributions/activities	7%
Independent board chair	6%
Say on pay	6%
Company strategy	5%
Director slate	5%
Strategic alternatives (e.g., M&A, divestiture)	3%
Director compensation	1%
Other	4%

### Sources of shareholder contacts

Public/private pension fund	40%
Mutual fund	23%
Activist shareholder	14%
Hedge fund/private equity	8%
Other	15%

## ADDED PERSPECTIVE (CONTINUED)

- » Amid growing interest by shareholders in board composition, 8% of survey respondents reported that their companies' large institutional shareholders recommended changes to board composition, an increase from 3% last year.
- » For most companies responding to the survey, the CEO is responsible for representing the board in non-routine matters with the public and investors: 58% said the chair/CEO had the responsibility for representing the board, and 28% said the CEO had the responsibility when there was a separate chair (versus just 14% of non-CEO chair). 31% said the lead director represented the board with investors and the public.
- » 41% said directors engage directly with shareholders.

**Responsible for representing the board in non-routine matters with the public/investors\***

Chair/CEO (if combined)	58%
CEO (if split)	28%
Lead director	31%
Chair (if split)	14%
Other	17%

\*Multiple answers allowed. Others included CFO, head of investor relations, general counsel and chairs of the applicable committees.

# Director Compensation

## 2017 Snapshot

Average per-director compensation rose **1%** to **\$288,909**

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

The average annual retainer for S&P 500 directors is **\$120,409**

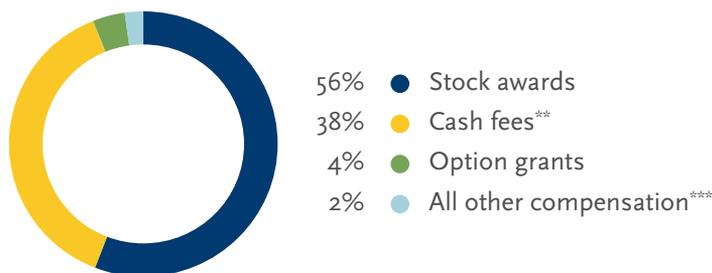
**68** S&P 500 boards (14%) paid board meeting attendance fees in 2017 — **a 16% decrease**



### AVERAGE TOTAL DIRECTOR COMPENSATION GROWS BY 1% TO JUST UNDER \$290,000

- » The average total compensation for S&P 500 directors rose 1% from \$285,065 in 2016 to \$288,909. When premium compensation for the independent chair is excluded, the average total compensation per director falls to \$286,119.
- » Stock grants and cash represent the largest share of average director compensation, 56% and 38%, respectively. Stock option grants comprise 4% of total director compensation.
- » The composition of equity awards has shifted somewhat in the past five years, with fewer companies awarding options and more awarding other forms of stock-based pay. In 2012, 50% of director compensation was paid in stock awards and 8% in option grants.
- » 74% of boards have deferred compensation plans.

## Breakdown of Director Compensation\*



\*Based on non-employee director compensation tables in 491 proxies for fiscal year 2017. Includes all board and committee retainers and meeting fees, non-executive chair and lead/presiding director supplemental fees when applicable, the value of equity compensation and all other compensation paid to non-employee directors in 2016. 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.

## Changes in Non-Employee Director Compensation

Type of compensation	% of boards paying this type		Average paid		% of change in value
	2017	2012	2017	2012	2012-17
Board retainer*	99.4%	99.2%	\$120,409	\$96,649	25%
Board meeting fee	14%	33%	\$2,197	\$2,244	-2%
Committee chair retainer**	96%	92%	\$20,443	\$17,873	14%
Committee member retainer**	45%	38%	\$11,560	\$10,202	13%
Committee member meeting fee**	19%	33%	\$1,653	\$1,703	-3%
Stock option program	13%	25%	\$109,100***	n/a	n/a
Stock grants paid in addition to retainer	77%	76%	\$157,624***	n/a	n/a

\*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.

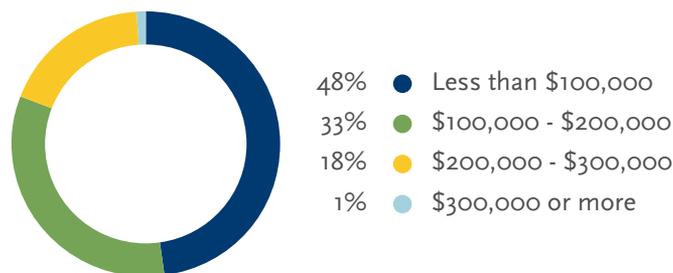
\*\*Represents an average for audit, compensation and nominating/governance committees. Past indexes reported the lowest committee average.

\*\*\*Forty out of 63 companies reporting a stock option program and 349 of 379 companies reporting stock grants in addition to a retainer disclosed a value.

## 2% INCREASE IN AVERAGE ANNUAL BOARD RETAINER

- » The average annual retainer for S&P 500 directors is \$120,409, which is about 2% more than in 2016 and 76% more than in 2007, before adjusting for inflation. During the past decade, one-year increases have ranged from as little as 1% to as much as 11%.
- » 52% of boards provide an annual retainer of \$100,000 or more, up from 14% in 2007. 19% provide annual retainers of \$200,000 or more, compared with 4% of boards a decade ago.
- » Two companies pay an annual retainer of \$325,000, which is paid partly in equity. Three companies provide no retainer; one of these pays \$900 per meeting, one pays \$15,000 per meeting (not to exceed \$60,000 per year), and one only provides a stock option grant.

## Annual Retainers



## USE OF MEETING FEES FOR DIRECTOR COMPENSATION CONTINUES DECLINE

- » Only 68 S&P 500 boards (14%) pay board meeting attendance fees in 2017, down from 16% last year, and 52% in 2007.
- » The average board meeting attendance fee is \$2,197 and fees range from a low of \$900 to a high of \$15,000 at one company, where meeting fees were paid in lieu of a retainer and capped at \$60,000 per year. 35% of companies pay \$1,500 per meeting, 31% pay \$2,000 and 21% pay more than \$2,000.

## THREE-QUARTERS OF BOARDS GRANT STOCK TO DIRECTORS AS PART OF COMPENSATION

- » 77% of S&P 500 boards provide stock grants to directors in addition to a cash retainer, compared with 72% a decade ago. The average targeted dollar value of annual stock grants is \$157,624.
- » By comparison, stock options for directors have become much less common. 13% of S&P 500 companies now offer option plans, compared with 42% in 2007. The average targeted value of annual stock option grants is \$109,100.
- » Eight boards, 2% of the total, pay director retainers fully in stock; another pays in stock options.
- » 91% of boards disclose having share ownership guidelines for directors, compared with 73% a decade ago. Typically, these guidelines, which are meant to align directors' interests with those of shareholders, require directors to own a certain number of shares or a multiple of the retainer value within a specified number of years.

## Equity Compensation

	% of S&P 500 boards		
	2017	2012	2007
Stock option program exists	13%	25%	42%
Stock grants provided in addition to retainer	77%	76%	72%
Stock grants provided as part of retainer	21%	21%	18%
Director can elect to receive compensation in cash, stock or stock units	52%	57%	61%
Director can elect to receive compensation in stock options	3%	5%	7%
Retainer paid fully in stock	2%	2%	3%

## NEARLY ALL BOARDS PROVIDE A PREMIUM FOR BOARD LEADERSHIP SERVICE

- » 96% of the 137 independent chairs of S&P 500 boards receive an additional fee, which ranges from \$25,000 to \$500,000 and averages \$162,751. The median premium paid to independent chairs is \$150,000.
- » 66% 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: 81% versus 24%. The average lead director premium is \$36,868, 37% higher than the \$26,840 average premium for presiding directors. The average compensation for presiding directors declined by 16% since last year, while the average for lead directors increased by 10%.

## MORE BOARDS PAY A PREMIUM FOR CHAIRING THE COMPENSATION COMMITTEE

- » 96% of S&P 500 boards included in our study provide a retainer to committee chairs, an increase from 92% five years ago. Among these boards, 88% pay a higher retainer to the audit committee chair, and 70% pay more to the compensation committee chair. That represents a significant increase from last year, when 58% provided a premium to compensation committee chairs.
- » Retainers for audit and compensation committee chairs average \$25,163 and \$19,983, respectively. The average retainer for nominating committee chairs is \$16,184.
- » The lowest committee chair retainer is \$4,000, while the highest committee chair retainer — paid to an audit chair — is \$75,000.

## COMPENSATION FOR COMMITTEE SERVICE HAS BECOME MORE COMMON

- » 45% of boards pay a retainer for committee member service, versus 38% five years ago.
- » 87% provide a different retainer for audit committee service, which averages \$13,446.
- » 46% of boards now provide a higher premium for compensation committee service, an increase from 39% last year and 32% in 2012. The average compensation committee member retainer is \$11,801.
- » 45% of boards provide a retainer to nominating committee members, averaging \$9,434.

### Committee Retainers

	Average committee retainers		% of boards paying this type	
	2017	2012	2017	2012
<b>All committee members</b>	<b>\$11,560</b>	<b>\$10,202</b>	<b>45%</b>	<b>38%</b>
<i>Audit committee members</i>	\$13,446	\$11,503	87%	88%
<i>Compensation committee members</i>	\$11,801	\$10,915	46%	32%
<i>Nominating committee members</i>	\$9,434	\$8,189	45%	38%
<b>All committee chairs</b>	<b>\$20,443</b>	<b>\$17,872</b>	<b>96%</b>	<b>92%</b>
<i>Audit committee chairs</i>	\$25,163	\$22,504	88%	86%
<i>Compensation committee chairs</i>	\$19,983	\$18,079	70%	45%
<i>Nominating committee chairs</i>	\$16,184	\$13,035	96%	92%

## USE OF COMMITTEE MEETING FEES CONTINUES TO DECLINE

- » Similar to board meeting attendance fees, committee meeting fees have declined as a component of director compensation. 19% of S&P 500 boards pay committee meeting fees, compared with 33% five years ago. The average committee meeting fee is \$1,653.
- » Only three boards (less than 1%) pay meeting fees to committee chairs, compared with 3% five years ago. The average chair committee meeting fee is \$2,550.

## DIRECTOR COMPENSATION IN HEALTHCARE SECTOR TOPS S&P 500 AVERAGE BY 23%

- » Director compensation within the healthcare sector declined by 4% to \$355,177 since last year, but it still is 23% higher than the S&P 500 average. By contrast, the \$242,009 average paid to directors in the real estate sector, which has the lowest average compensation of all sectors, is 16% less than the S&P 500 average.
- » Cash represents a larger share of compensation in industry sectors such as utilities and telecommunication services, 47% and 44%, respectively, and a smaller share in the healthcare and information technology sectors, 32% and 34%, respectively.
- » Stock awards account for 61% of director compensation among information technology companies and 58% in consumer discretionary companies, but just 50% of director compensation for companies in the industrials sector.

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

Industry	Total average compensation	% increase versus 2016	% of total compensation			
			Stock awards	Cash fees**	Option grants	All other compensation***
Consumer discretionary	\$272,990	6%	58%	36%	4%	2%
Consumer staples	\$278,499	-2%	57%	37%	4%	2%
Energy	\$306,996	-2%	57%	37%	3%	3%
Financials	\$272,920	5%	53%	43%	2%	2%
Healthcare	\$355,177	-4%	53%	32%	12%	3%
Industrials	\$272,785	2%	50%	43%	4%	3%
Information technology	\$321,358	2%	61%	34%	4%	1%
Materials	\$278,030	4%	55%	41%	1%	3%
Real estate	\$242,009	n/a	56%	40%	3%	1%
Telecommunication services	\$292,461	6%	55%	44%	0%	1%
Utilities	\$256,267	5%	51%	47%	0%	2%
<b>Average</b>	<b>\$288,909</b>	<b>1%</b>	<b>56%</b>	<b>38%</b>	<b>4%</b>	<b>2%</b>

\*Based on non-employee director compensation tables in 491 proxies for 2017. Includes all board and committee retainers and meeting fees, non-executive chair 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 2016. 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.

## MIDWEST, NORTHWEST REGIONS SEE THE LARGEST GAINS IN DIRECTOR COMPENSATION

- » Director compensation for boards of companies headquartered in the Western U.S., already the region with the highest director compensation, grew by 5% to \$319,730.
- » The largest regional increase was 14% in the Midwest, bringing average director compensation there to \$294,366, followed by a 10% increase in the Northwest, where average compensation rose to \$284,554.
- » The Southwest had the largest decrease in average compensation, declining 8% to \$269,874.

## DIRECTOR COMPENSATION AT SMALLEST COMPANIES 6% LESS THAN AT LARGEST COMPANIES

- » Average compensation for directors of companies with revenue less than \$2.5 billion declined by 1% to \$280,102, after increasing 8% the prior year.
- » Directors of the largest companies, with revenue greater than \$10 billion, received \$297,543 in annual compensation on average, 6% more than the average compensation for directors of companies with revenue less than \$2.5 billion.

### Average Director Compensation by Region and by Sales

By region		By sales	
West	\$319,730	Less than \$2.5 billion	\$280,102
Northeast	\$304,817	\$2.5-\$10 billion	\$279,577
Midwest	\$294,366	Greater than \$10 billion	\$297,543
Southeast	\$290,157		
Northwest	\$284,554		
Southwest	\$269,874		

# Comparative Board Data

## Methodology:

Based on the S&P 500 as of May 19, 2017. Fiscal year 2016 company sales data obtained from Hoovers; industry/sector categories from Capital IQ. All remaining data were culled from the most recent DEF14A proxy statements released between May 15, 2016, and May 19, 2017. Total average compensation per non-employee director is based on non-employee director compensation tables included in 491 proxies. The number includes all board and committee retainers and meeting fees, supplemental non-executive chair and lead/presiding director fees, the value of equity compensation, and all other compensation paid in fiscal year 2016.

# 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	7,846.6	9	8	N	66	9	74	7	100,000	b	334,594	35%	60%	0%	5%
Omnicom Group	15,416.9	12	10	Y	70	15	75	9	90,000	b,c	265,889	53%	47%	0%	0%
<b>Apparel Retail</b>															
Foot Locker	7,766.0	11	10	N	64	11	72	5	140,000	b,c,d	260,200	41%	59%	0%	0%
The Gap	15,516.0	10	8	Y	61	12	72	6	80,000	b	251,431	47%	53%	0%	0%
L Brands	12,574.0	11	8	N	72	18	-	8	223,800	d	293,292	49%	51%	0%	0%
Ross Stores	12,866.8	11	7	Y	62	14	-	5	210,000	d	237,725	41%	59%	0%	0%
The TJX Companies	33,183.7	11	9	Y	64	11	75	6	80,000	b	309,262	38%	62%	0%	0%
<b>Apparel, Accessories &amp; Luxury Goods</b>															
Coach	4,491.8	9	8	Y	53	5	-	5	75,000	b,c,e	228,145	42%	29%	29%	0%
Hanesbrands	6,028.2	10	8	Y	64	8	72	7	95,000	b	236,663	45%	55%	0%	0%
Michael Kors Holdings Limited	4,493.7	8	6	N	64	5	-	4	70,000	b	265,739	44%	56%	0%	0%
PVH Corporation	8,203.1	12	11	N	58	8	72	6	85,000	b	250,913	42%	58%	0%	0%
Ralph Lauren Corporation	7,405.0	11	7	Y	71	12	-	5	70,000	b	311,842	29%	71%	0%	0%
Under Armour	4,825.3	10	9	N	63	8	75	14	75,000	b,c	207,620	40%	60%	0%	0%
V.F. Corporation	12,019.0	13	11	Y	58	8	72	8	90,000	b,c,e	246,132	41%	29%	29%	1%
<b>Auto Parts &amp; Equipment</b>															
BorgWarner	9,071.0	10	9	Y	64	8	72	4	92,000	b	250,439	51%	49%	0%	0%
Delphi Automotive	16,661.0	12	11	Y	65	6	75	10	265,000	c,d	282,886	34%	66%	0%	0%
<b>Automobile Manufacturers</b>															
Ford Motor Company	151,800.0	14	11	Y	61	9	72	7	250,000	c,d,f	307,597	35%	49%	0%	16%
General Motors Company	166,380.0	11	9	N	65	5	72	8	285,000	c,d,f	316,736	21%	72%	0%	7%
<b>Automotive Retail</b>															
Advance Auto Parts	9,567.7	11	9	Y	55	4	72	12	85,000	b	188,263	30%	70%	0%	0%
AutoNation	21,609.0	10	9	N	52	8	-	13	50,000	b	309,336	19%	81%	0%	0%
AutoZone	10,635.7	11	10	N	61	11	75	4	205,000	d,g,h	218,122	9%	91%	0%	0%
CarMax	15,875.1	13	11	Y	62	8	76	4	215,000	d	242,438	41%	58%	0%	1%
O'Reilly Automotive	8,593.1	9	5	Y	70	14	78	4	60,000	b	204,496	62%	38%	0%	0%
<b>Broadcasting</b>															
CBS Corporation	13,166.0	13	9	N	75	10	-	9	100,000	b,c	359,693	42%	56%	0%	2%
Discovery Communications	6,497.0	11	10	Y	69	9	-	16	100,000	b	275,038	49%	50%	0%	1%
Scripps Networks Interactive	3,401.4	12	11	N	58	6	72	6	70,000	b,c,e	233,185	39%	33%	28%	0%
TEGNA	3,341.2	11	10	Y	60	6	70	9	100,000	b,c	249,266	48%	50%	0%	2%
<b>Cable &amp; Satellite</b>															
Charter Communications	29,003.0	13	12	N	55	5	-	5	100,000	b	255,807	26%	74%	0%	0%
Comcast Corporation	80,403.0	10	8	N	62	6	72	11	100,000	b,c	329,225	44%	56%	0%	0%
DISH Network Corporation	15,094.6	10	5	N	61	8	-	6	60,000	e	133,997	58%	42%	0%	0%
<b>Casinos &amp; Gaming</b>															
Wynn Resorts Limited	4,466.3	10	8	N	69	8	-	12	60,000	b,e	385,580	35%	65%	0%	0%
<b>Computer &amp; Electronics Retail</b>															
Best Buy Co.	39,528.0	10	9	N	58	6	75	4	85,000	b,c	282,392	33%	67%	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>Consumer Electronics</b>															
Garmin	3,018.7	6	4	Y	67	10	-	5	85,000	b	205,628	39%	61%	0%	0%
<b>Department Stores</b>															
Kohl's Corporation	18,686.0	10	9	N	58	9	72	6	100,000	b	245,610	55%	45%	0%	0%
Macy's	25,778.0	12	10	Y	56	8	74	9	70,000	b,c	235,940	39%	59%	0%	2%
Nordstrom	14,757.0	12	9	Y	56	4	72	6	85,000	b,c	271,670	36%	62%	0%	2%
<b>Distributors</b>															
Genuine Parts Company	15,339.7	11	8	Y	62	7	72	5	60,000	b	276,122	28%	72%	0%	0%
LKQ Corporation	8,584.0	10	7	Y	63	8	-	6	100,000	b,c	238,147	54%	46%	0%	0%
<b>Footwear</b>															
NIKE	32,376.0	12	9	N	59	9	72	5	90,000	b	284,150	32%	61%	0%	7%
<b>General Merchandise Stores</b>															
Dollar General Corporation	21,986.0	8	7	Y	60	6	76	7	85,000	b	262,538	36%	63%	0%	1%
Dollar Tree	20,719.0	11	9	Y	69	13	-	5	180,000	b,c,i	280,077	73%	27%	0%	0%
Target Corporation	69,495.0	12	11	N	59	6	72	6	260,000	c,d	268,903	27%	73%	0%	0%
<b>Home Furnishing Retail</b>															
Bed Bath & Beyond	12,215.8	10	7	Y	65	13	-	5	100,000	b,c	201,071	55%	45%	0%	0%
<b>Home Furnishings</b>															
Leggett & Platt	3,749.9	9	7	Y	67	15	72	4	215,000	c,d	282,224	32%	58%	0%	10%
Mohawk Industries	8,959.1	9	6	N	64	8	75	5	80,000	b,c	173,651	49%	51%	0%	0%
<b>Home Improvement Retail</b>															
The Home Depot	94,595.0	13	12	N	59	7	72	7	280,000	c,d,f	302,500	21%	76%	0%	3%
Lowe's Companies	65,017.0	11	10	N	62	5	72	5	90,000	b,c	234,290	35%	65%	0%	0%
<b>Homebuilding</b>															
D.R. Horton	12,157.4	5	4	Y	65	12	75	4	-	b	386,835	20%	80%	0%	0%
Lennar Corporation	10,950.0	10	8	Y	68	14	-	6	130,000	c,d	260,244	39%	60%	0%	1%
PulteGroup	7,668.5	12	11	Y	57	5	75	11	235,000	d	258,070	40%	60%	0%	0%
<b>Hotels, Resorts &amp; Cruise Lines</b>															
Carnival Corporation	16,389.0	10	8	Y	65	11	75	7	110,000	b	277,583	41%	58%	0%	1%
Marriott International	17,072.0	14	11	Y	64	7	72	7	85,000	b,c	243,996	39%	57%	0%	4%
Royal Caribbean Cruises Ltd.	8,496.4	12	11	N	65	11	-	5	80,000	b	232,637	45%	50%	0%	5%
Wyndham Worldwide Corporation	5,599.0	8	7	N	65	10	75	4	210,000	b,c,d	512,488	26%	45%	0%	29%
<b>Household Appliances</b>															
Whirlpool Corporation	20,718.0	13	11	N	62	8	72	6	130,000	b	265,509	50%	47%	0%	3%
<b>Housewares &amp; Specialties</b>															
Newell Brands	13,264.0	12	9	Y	64	11	75	6	115,000	b	280,016	48%	52%	0%	0%
<b>Internet and Direct Marketing Retail</b>															
Amazon.com	135,987.0	10	9	N	66	10	-	4	288,000	d,g	288,000	0%	100%	0%	0%
Expedia	8,773.6	13	6	Y	60	8	-	5	45,000	b	326,166	23%	77%	0%	0%
Netflix	8,830.7	9	8	N	58	10	-	5	-	e,g,j	359,786	0%	0%	100%	0%
The Priceline Group	10,743.0	12	9	Y	61	9	-	16	60,000	b	397,655	18%	82%	0%	0%
TripAdvisor	1,480.0	8	5	Y	46	5	-	4	50,000	b,c	337,759	20%	80%	0%	0%
<b>Leisure Products</b>															
Hasbro	5,019.8	12	11	N	58	8	72	7	95,000	b,c	322,743	19%	61%	0%	20%
Mattel	5,456.7	11	9	Y	61	9	73	6	100,000	b	277,713	43%	50%	0%	7%

# 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>Motorcycle Manufacturers</b>															
Harley-Davidson	5,996.5	10	9	Y	55	6	75	4	110,000	b,c	257,500	51%	49%	0%	0%
<b>Movies &amp; Entertainment</b>															
Time Warner	29,318.0	9	8	N	64	9	75	10	160,000	b,c	288,736	46%	34%	20%	0%
Twenty-First Century Fox	27,326.0	13	8	Y	56	7	-	6	280,000	d,f	307,473	41%	59%	0%	0%
Viacom	12,488.0	10	8	Y	61	3	-	11	100,000	b,c	283,151	43%	57%	0%	0%
The Walt Disney Company	55,632.0	11	9	N	62	10	-	10	110,000	b,c	306,671	40%	56%	0%	4%
<b>Publishing</b>															
News Corporation	8,292.0	11	6	Y	55	4	-	6	245,000	d,f	301,935	38%	60%	0%	2%
<b>Restaurants</b>															
Chipotle Mexican Grill	3,904.4	8	7	N	55	5	-	10	195,000	d	235,881	49%	51%	0%	0%
Darden Restaurants	6,933.5	8	7	Y	57	3	73	8	75,000	b,c	217,992	45%	55%	0%	0%
McDonald's Corporation	24,621.9	11	10	Y	62	10	-	8	110,000	b,c	271,485	42%	56%	0%	2%
Starbucks Corporation	21,315.9	14	12	N	57	7	75	7	260,000	c,i	230,742	0%	62%	38%	0%
Yum! Brands	6,366.0	10	9	Y	59	4	72	8	240,000	d,g,h	238,174	1%	80%	18%	1%
<b>Specialized Consumer Services</b>															
H&R Block	3,038.2	11	10	Y	62	8	-	10	205,000	d,f	273,749	36%	63%	0%	1%
<b>Specialty Stores</b>															
Signet Jewelers Limited	6,408.4	12	11	Y	64	6	75	12	245,000	d	299,677	45%	55%	0%	0%
Staples	18,247.0	10	9	Y	59	7	72	11	75,000	b	284,042	18%	82%	0%	0%
Tiffany & Co.	4,001.8	11	9	N	66	11	74	6	80,000	b,e	250,275	37%	32%	31%	0%
Tractor Supply Company	6,779.6	8	7	Y	62	10	72	5	75,000	b	224,030	50%	50%	0%	0%
ULTA Beauty	4,854.7	11	10	Y	62	8	75	7	230,000	d	242,286	48%	52%	0%	0%
<b>Tires &amp; Rubber</b>															
The Goodyear Tire & Rubber Company	15,158.0	13	11	N	64	8	72	8	125,000	b,c	290,908	47%	53%	0%	0%
<b>TOTAL CONSUMER DISCRETIONARY</b>															
Average		10.7	8.7		61.7	8.4	73.4	7.1	130,365		272,990	36%	58%	4%	2%
Median		11.0	9.0		61.9	7.9	72.0	6.0	100,000		271,485				
<b>CONSUMER STAPLES</b>															
<b>Agricultural Products</b>															
Archer-Daniels-Midland Company	62,346.0	11	10	N	62	6	75	9	275,000	c,d	289,420	33%	65%	0%	2%
<b>Brewers</b>															
Molson Coors Brewing Company	4,885.0	14	9	Y	61	7	70	7	100,000	b,c	295,927	37%	46%	0%	17%
<b>Distillers &amp; Vintners</b>															
Brown-Forman Corporation	3,089.0	12	5	Y	62	6	71	6	185,000	c,d,f	282,001	50%	43%	0%	7%
Constellation Brands	7,331.5	10	8	Y	60	8	70	6	70,000	b,e	224,444	44%	38%	18%	0%
<b>Drug Retail</b>															
CVS Health Corporation	177,526.0	12	11	Y	65	6	74	7	280,000	c,d	315,987	25%	75%	0%	0%
Walgreens Boots Alliance	117,351.0	10	7	Y	62	7	75	12	95,000	b,c	299,703	35%	56%	0%	9%
<b>Food Distributors</b>															
Sysco Corporation	50,366.9	14	12	Y	65	8	-	14	100,000	b,c	337,279	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>Food Retail</b>															
The Kroger Co.	115,337.0	11	10	N	62	10	72	5	85,000	b	265,856	38%	62%	0%	0%
Whole Foods Market	15,724.0	12	10	Y	63	12	72	6	40,972	b,e	158,069	65%	22%	11%	2%
<b>Household Products</b>															
Church & Dwight Co.	3,493.1	10	8	Y	60	10	72	5	110,000	d,e,g,h	226,750	7%	41%	52%	0%
The Clorox Company	5,761.0	11	10	N	62	7	72	8	100,000	b,c	250,250	48%	52%	0%	0%
Colgate-Palmolive Company	15,195.0	10	9	N	61	7	72	8	65,000	b,c,e,h	289,457	27%	56%	15%	2%
Kimberly-Clark Corporation	18,202.0	13	11	N	64	12	72	6	100,000	b	278,744	36%	62%	0%	2%
The Procter & Gamble Company	65,299.0	10	9	N	63	9	72	8	110,000	b,c	295,500	41%	59%	0%	0%
<b>Hypermarkets &amp; Super Centers</b>															
Costco Wholesale Corporation	118,719.0	12	7	Y	69	13	-	5	30,000	b	359,208	10%	90%	0%	0%
Wal-Mart Stores	485,873.0	11	7	Y	53	5	75	5	90,000	b,c	319,131	40%	58%	0%	2%
<b>Packaged Foods &amp; Meats</b>															
Campbell Soup Company	7,961.0	12	11	Y	64	13	72	6	238,000	c,d	277,008	50%	50%	0%	0%
ConAgra Foods	11,642.9	11	10	Y	64	8	72	15	90,000	b	248,802	32%	65%	0%	3%
General Mills	16,563.1	13	12	N	61	8	72	8	75,000	b,c	287,541	30%	63%	0%	7%
The Hershey Company	7,440.2	12	10	Y	65	6	72	13	100,000	b,c	260,000	46%	52%	0%	2%
Hormel Foods Corporation	9,523.2	14	12	Y	61	8	72	8	70,000	b,c	251,663	33%	64%	0%	3%
The J.M. Smucker Company	7,811.2	11	9	Y	61	11	72	7	90,000	b	220,813	45%	55%	0%	0%
Kellogg Company	13,014.0	12	10	N	60	5	72	7	250,000	c,d	275,889	40%	60%	0%	0%
The Kraft Heinz Company	26,487.0	11	10	Y	61	3	-	5	110,000	b,c	257,231	51%	49%	0%	0%
McCormick & Company	4,411.5	11	9	N	61	9	72	7	90,000	b,e	273,931	31%	37%	32%	0%
Mondelez International	25,923.0	13	12	N	65	5	75	14	110,000	b	287,796	41%	58%	0%	1%
Tyson Foods	36,881.0	11	9	Y	59	8	72	8	100,000	b,c	265,000	43%	57%	0%	0%
<b>Personal Products</b>															
The Estee Lauder Companies	11,262.3	15	9	Y	62	12	-	5	150,000	b,d,e	267,354	35%	28%	37%	0%
<b>Soft Drinks</b>															
The Coca-Cola Company	41,863.0	14	11	Y	67	9	74	6	250,000	c,d,f	264,852	22%	76%	0%	2%
Dr Pepper Snapple Group	6,440.0	9	8	Y	61	6	70	8	100,000	b,c	249,375	40%	60%	0%	0%
Monster Beverage Corporation	3,049.4	10	6	N	71	19	-	6	60,000	b	247,684	33%	67%	0%	0%
PepsiCo	62,799.0	14	13	N	60	5	72	6	275,000	c,d	304,080	40%	59%	0%	1%
<b>Tobacco</b>															
Altria Group	25,744.0	11	10	N	66	7	75	6	110,000	b,c	327,567	42%	53%	0%	5%
Phillip Morris International	74,953.0	13	10	Y	67	6	-	6	125,000	b,c	339,444	48%	52%	0%	0%
<b>TOTAL CONSUMER STAPLES</b>															
Average		11.8	9.5		62.6	8.2	72.4	7.6	124,382		278,499	37%	57%	4%	2%
Median		11.5	10.0		62.1	7.5	72.0	7.0	100,000		276,448				
<b>ENERGY</b>															
<b>Integrated Oil &amp; Gas</b>															
Chevron Corporation	114,472.0	12	10	N	62	5	72	6	150,000	b,c,i	399,187	29%	56%	13%	2%
Exxon Mobil Corporation	226,094.0	11	10	N	64	7	72	12	110,000	b	302,317	36%	64%	0%	0%
Occidental Petroleum Corporation	10,090.0	11	10	Y	66	7	75	6	125,000	b	397,843	33%	62%	0%	5%

# Comparative Board Data

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	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>Oil &amp; Gas Drilling</b>															
Helmerich & Payne	1,624.2	8	6	Y	67	14	-	4	80,000	c,e	236,477	34%	0%	66%	0%
Transocean Ltd.	4,161.0	11	10	Y	61	7	72	4	100,000	b	327,819	40%	60%	0%	0%
<b>Oil &amp; Gas Equipment &amp; Services</b>															
Baker Hughes	9,841.0	12	11	N	68	12	75	17	100,000	b,i	291,324	39%	60%	0%	1%
Halliburton Company	15,887.0	13	11	N	65	9	72	7	115,000	b,c	392,493	32%	45%	0%	23%
National Oilwell Varco	7,251.0	8	7	N	64	9	72	5	75,000	b,e	279,472	37%	63%	0%	0%
Schlumberger Limited	27,810.0	12	11	N	61	7	70	4	100,000	b	303,799	42%	58%	0%	0%
<b>Oil &amp; Gas Exploration &amp; Production</b>															
Anadarko Petroleum Corporation	7,896.0	12	11	N	60	7	72	6	110,000	b,c	358,859	11%	88%	0%	1%
Apache Corporation	5,367.0	11	10	Y	59	8	75	7	100,000	b,c	325,360	35%	65%	0%	0%
Cabot Oil & Gas Corporation	1,557.7	6	5	N	67	6	73	6	75,000	b	289,331	29%	69%	0%	2%
Chesapeake Energy Corporation	7,872.0	7	6	Y	64	5	80	11	100,000	b,c	446,678	22%	78%	0%	0%
Cimarex Energy Co.	1,257.3	10	8	N	67	9	-	6	255,000	d	287,509	36%	63%	0%	1%
Concho Resources	1,635.0	9	7	N	63	7	-	10	50,000	b	284,401	34%	66%	0%	0%
ConocoPhillips	24,360.0	10	9	N	62	7	72	6	115,000	b,c	360,246	37%	61%	0%	2%
Devon Energy Corporation	12,197.0	9	7	Y	65	8	73	8	70,000	b	266,585	42%	58%	0%	0%
EOG Resources	7,650.0	7	6	N	68	11	80	9	140,000	b	342,950	41%	41%	0%	18%
EQT Corporation	1,608.3	11	9	Y	64	9	74	8	60,000	b,c	288,769	27%	62%	0%	11%
Hess Corporation	4,844.0	12	11	Y	64	6	75	8	110,000	b	330,742	46%	53%	0%	1%
Marathon Oil Corporation	4,031.0	8	7	Y	64	8	72	14	150,000	b	384,556	46%	52%	0%	2%
Murphy Oil Corporation	1,874.1	12	11	Y	63	9	72	7	60,000	b	267,336	41%	56%	0%	3%
Newfield Exploration Company	1,472.0	9	8	N	64	9	72	6	75,000	b	294,973	32%	68%	0%	0%
Noble Energy	3,491.0	10	9	N	66	14	72	15	75,000	b,e	331,672	40%	30%	30%	0%
Pioneer Natural Resources Company	3,824.0	13	11	Y	62	6	-	9	295,000	d	287,877	16%	83%	0%	1%
Range Resources Corporation	1,099.9	11	10	N	65	8	-	20	75,000	b,c	334,201	25%	75%	0%	0%
<b>Oil &amp; Gas Refining &amp; Marketing</b>															
Marathon Petroleum Corporation	63,339.0	11	9	N	63	3	72	12	150,000	b	311,042	50%	48%	0%	2%
Phillips 66	84,279.0	10	9	N	65	4	75	6	125,000	b,c	362,639	41%	55%	0%	4%
Tesoro Corporation	24,582.0	10	9	N	68	7	75	12	280,000	c,d	300,144	45%	54%	0%	1%
Valero Energy Corporation	75,659.0	11	10	N	64	8	75	7	130,000	b	300,663	43%	57%	0%	0%
<b>Oil &amp; Gas Storage &amp; Transportation</b>															
Kinder Morgan	13,058.0	16	13	Y	69	5	-	7	200,000	c	200,620	85%	15%	0%	0%
ONEOK	8,920.9	11	9	Y	63	9	73	14	200,000	c,d	223,741	37%	60%	0%	3%
The Williams Companies	7,499.0	11	10	Y	66	4	75	43	250,000	d	223,618	49%	50%	0%	1%
<b>TOTAL ENERGY</b>															
Average		10.5	9.1		64.3	7.6	73.6	9.8	127,424		306,996	37%	57%	3%	3%
Median		11.0	9.0		64.0	7.4	73.0	7.0	110,000		302,317				
<b>FINANCIALS</b>															
<b>Asset Management &amp; Custody Banks</b>															
Affiliated Managers Group	2,194.6	8	7	N	55	7	-	5	80,000	b,e	326,258	39%	25%	36%	0%
Ameriprise Financial	11,696.0	9	8	N	65	8	75	8	205,000	c,d	255,015	37%	43%	0%	20%

	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 POINTS	AVERAGE COMPENSATION PER NON-EMPLOYER DIRECTOR	CASH	STOCK	OPTIONS	ALL OTHER
<b>Asset Management &amp; Custody Banks (continued)</b>															
The Bank of New York Mellon Corporation	15,237.0	13	12	N	60	8	75	14	110,000	b,c	275,047	52%	48%	0%	0%
BlackRock	11,155.0	18	15	N	64	7	75	7	75,000	b,c,d	269,672	35%	65%	0%	0%
Franklin Resources	6,618.0	10	7	N	61	7	75	5	85,000	b,c	228,688	28%	72%	0%	0%
Invesco	4,734.4	9	8	Y	67	8	75	10	120,000	b	294,953	51%	49%	0%	0%
Northern Trust Corporation	4,987.8	13	11	N	61	8	72	7	220,000	c,d	243,269	54%	45%	0%	1%
State Street Corporation	10,635.0	10	9	N	63	10	75	9	75,000	b,c	302,333	48%	45%	0%	7%
T. Rowe Price Group	4,222.9	13	10	Y	65	6	72	8	100,000	b,c	302,203	42%	45%	10%	3%
<b>Consumer Finance</b>															
American Express Company	33,823.0	14	13	N	64	8	72	8	95,000	b,c	329,648	39%	50%	0%	11%
Capital One Financial Corporation	25,501.0	10	9	N	62	8	72	18	90,000	b	339,463	45%	50%	0%	5%
Discover Financial Services	10,497.0	12	11	N	63	8	-	12	100,000	b	252,624	47%	53%	0%	0%
Navient Corporation	4,965.0	11	10	Y	62	7	75	8	100,000	b	236,224	56%	44%	0%	0%
Synchrony Financial	15,122.0	9	8	Y	62	2	75	12	210,000	d	226,593	47%	53%	0%	0%
<b>Diversified Banks</b>															
Bank of America Corporation	83,701.0	14	13	N	66	6	72	21	100,000	b,c	322,500	35%	65%	0%	0%
Citigroup	82,386.0	15	13	Y	62	5	72	21	75,000	b,c	343,399	57%	41%	0%	2%
Comerica	2,960.0	11	10	N	60	11	72	13	50,000	b,c	192,653	56%	44%	0%	0%
JPMorgan Chase & Co.	95,668.0	12	11	N	65	8	72	10	100,000	b,c	364,313	27%	62%	0%	11%
U.S. Bancorp	21,308.0	15	13	Y	61	10	72	8	90,000	b,c	255,184	44%	56%	0%	0%
Wells Fargo & Company	88,267.0	15	14	Y	65	9	72	14	75,000	b,c	373,033	51%	48%	0%	1%
<b>Financial Exchanges and Data</b>															
CBOE Holdings	656.9	14	13	N	62	8	-	13	90,000	b	219,061	54%	46%	0%	0%
IntercontinentalExchange	5,958.0	11	10	N	61	9	75	10	100,000	b,c	403,869	31%	47%	0%	22%
Moody's Corporation	3,604.2	9	8	Y	65	9	-	8	90,000	b	265,023	39%	61%	0%	0%
Nasdaq	3,705.0	9	8	Y	57	6	-	15	75,000	b,c	303,945	15%	85%	0%	0%
S&P Global	5,661.0	12	11	Y	60	6	72	8	70,000	b	240,972	51%	48%	0%	1%
<b>Insurance Brokers</b>															
Aon plc	11,627.0	11	10	Y	67	13	-	5	120,000	b,c	318,094	39%	58%	0%	3%
Arthur J Gallagher & Co.	5,594.8	10	9	N	67	9	-	6	90,000	b,c	241,873	41%	59%	0%	0%
Marsh & McLennan Companies	13,211.0	12	11	Y	65	7	75	10	110,000	b,c	278,283	43%	57%	0%	0%
Willis Towers Watson Public Limited Company	7,887.0	11	10	Y	63	9	-	7	230,000	d	270,123	44%	56%	0%	0%
<b>Investment Banking &amp; Brokerage</b>															
The Charles Schwab Corporation	7,478.0	15	13	Y	69	14	-	7	100,000	b,c,e,i	320,135	49%	28%	22%	1%
E*TRADE Financial Corporation	2,026.0	12	10	Y	66	6	-	19	50,000	b,c	263,767	52%	48%	0%	0%
The Goldman Sachs Group	30,608.0	11	9	N	64	7	75	14	75,000	b,d,g,h	600,451	5%	92%	0%	3%
Morgan Stanley	34,631.0	14	13	N	64	5	72	19	75,000	b,c	357,689	28%	72%	0%	0%
Raymond James Financial	5,520.3	11	8	N	59	6	-	4	90,000	b	228,090	41%	57%	0%	2%
<b>Life &amp; Health Insurance</b>															
AFLAC	22,559.0	14	10	N	66	11	75	4	115,000	b,c,e,i,k	288,387	45%	40%	14%	1%
Lincoln National Corporation	13,330.0	10	9	Y	68	13	75	4	261,000	c,d,f	299,356	35%	62%	0%	3%
MetLife	63,476.0	11	10	N	62	7	72	10	300,000	c	327,593	53%	46%	0%	1%
Principal Financial Group	12,394.1	11	10	N	62	13	72	10	225,000	c,d	258,374	50%	50%	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-EMPLOYEE DIRECTOR	CASH	STOCK	OPTIONS	ALL OTHER
<b>Life &amp; Health Insurance (continued)</b>															
Prudential Financial	58,779.0	12	10	N	62	7	74	11	300,000	c,d	357,273	46%	53%	0%	1%
Torchmark Corporation	3,934.6	12	10	N	67	12	74	5	210,000	c,d,i	223,903	42%	46%	12%	0%
Unum Group	11,046.5	11	10	Y	61	6	72	6	110,000	b,c	290,824	47%	52%	0%	1%
<b>Multi-line Insurance</b>															
American International Group	52,367.0	13	12	Y	63	5	75	12	280,000	c,d,f	306,021	56%	42%	0%	2%
Assurant	7,531.8	10	9	Y	66	9	75	7	100,000	b,c	251,700	49%	50%	0%	1%
The Hartford Financial Services Group	18,300.0	11	10	N	63	9	75	7	100,000	b,c	276,800	21%	78%	0%	1%
Loews Corporation	13,105.0	14	11	Y	70	11	-	7	100,000	b	238,928	58%	42%	0%	0%
<b>Multi-sector Holdings</b>															
Berkshire Hathaway	223,604.0	12	8	N	69	13	-	3	-	-	3,780	100%	0%	0%	0%
Leucadia National Corporation	10,875.3	11	8	Y	67	5	-	4	115,000	b	237,857	50%	50%	0%	0%
<b>Property &amp; Casualty Insurance</b>															
The Allstate Corporation	36,534.0	10	9	N	62	7	72	7	125,000	b,c	269,175	44%	56%	0%	0%
Chubb Limited	31,469.0	16	15	N	66	8	75	6	290,000	d	293,666	28%	61%	0%	11%
Cincinnati Financial Corporation	5,449.0	14	10	Y	61	13	73	5	80,000	d	179,392	51%	46%	0%	3%
The Progressive Corporation	23,441.4	10	8	Y	63	10	80	6	250,000	d,g,h	271,261	14%	86%	0%	0%
The Travelers Companies	27,625.0	12	11	Y	66	11	74	5	130,000	b,c	300,964	45%	55%	0%	0%
XL Group	10,546.1	11	10	Y	69	8	-	7	105,000	b,c	287,226	48%	52%	0%	0%
<b>Regional Banks</b>															
BB&T Corporation	11,538.0	16	14	N	65	6	72	10	60,000	b	208,965	49%	51%	0%	0%
Citizens Financial Group	4,824.0	12	11	N	67	7	75	11	175,000	d	193,920	48%	51%	0%	1%
Fifth Third Bancorp	6,889.0	12	11	Y	61	5	72	12	50,000	b	276,666	59%	38%	0%	3%
Huntington Bancshares	3,561.5	15	14	N	62	6	-	15	35,000	b,c	238,296	53%	47%	0%	0%
KeyCorp	5,024.0	16	14	N	62	6	72	14	80,000	b,c	194,229	43%	57%	0%	0%
M&T Bank Corporation	5,721.9	14	11	N	71	13	-	12	85,000	c	147,139	50%	50%	0%	0%
People's United Financial	1,347.2	11	9	Y	68	14	76	12	24,000	b,c	181,500	48%	52%	0%	0%
The PNC Financial Services Group	15,162.0	13	12	N	64	9	72	13	67,500	b,c	306,702	41%	45%	0%	14%
Regions Financial Corporation	5,967.0	14	13	N	66	8	72	10	165,000	c,d	227,550	53%	46%	0%	1%
SunTrust Banks	9,161.0	12	11	N	63	6	72	5	70,000	b	231,400	47%	52%	0%	1%
Zions Bancorporation	2,383.0	10	9	N	62	9	72	13	47,500	b,c	164,541	48%	52%	0%	0%
<b>TOTAL FINANCIALS</b>															
Average		12.1	10.5		63.8	8.3	73.6	9.6	120,238		272,920	43%	53%	2%	2%
Median		12.0	10.0		63.5	7.6	73.0	8.5	100,000		269,897				

## HEALTHCARE

### Biotechnology

AbbVie	25,638.0	10	9	N	62	4	75	11	105,000	b,c,i	335,343	38%	55%	0%	7%
Alexion Pharmaceuticals	3,084.0	10	9	Y	65	7	-	12	95,000	b,e	341,434	33%	34%	33%	0%
Amgen	22,991.0	13	12	N	65	6	72	6	100,000	b	355,514	36%	56%	0%	8%
Biogen Idec	11,448.8	11	10	Y	62	11	75	17	65,000	b	447,291	37%	63%	0%	0%
Celgene Corporation	11,229.2	11	9	Y	68	9	-	9	75,000	b,e	540,010	17%	21%	62%	0%
Gilead Sciences	30,390.0	9	7	Y	67	9	-	8	75,000	b,c,e	432,772	30%	35%	35%	0%
Incyte Corporation	1,105.7	7	5	N	60	9	-	8	50,000	e	682,139	3%	7%	90%	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>Biotechnology (continued)</b>															
Regeneron Pharmaceuticals	4,860.4	13	10	Y	67	14	-	9	55,000	e	2,098,728	4%	96%	0%	0%
Vertex Pharmaceuticals	1,702.2	9	8	N	60	8	72	7	85,000	b,e	683,721	18%	40%	42%	0%
<b>Health Care Technology</b>															
Cerner Corporation	4,796.5	9	8	N	68	14	75	7	66,000	b	341,181	25%	75%	0%	0%
<b>Healthcare Distributors</b>															
AmerisourceBergen Corporation	146,849.7	10	8	N	63	8	75	7	100,000	b,c	246,926	44%	52%	0%	4%
Cardinal Health	121,546.0	11	10	N	64	6	75	6	100,000	b	263,324	38%	62%	0%	0%
Henry Schein	11,571.7	15	10	N	70	9	80	7	60,000	b	270,823	28%	68%	0%	4%
McKesson Corporation	190,884.0	9	8	N	64	9	75	9	80,000	b	310,667	38%	59%	0%	3%
Patterson Companies	5,386.7	8	7	N	61	9	75	8	206,000	d	221,470	50%	50%	0%	0%
<b>Healthcare Equipment</b>															
Abbott Laboratories	20,853.0	11	10	N	64	8	75	11	126,000	b	298,685	46%	50%	0%	4%
Baxter International	10,163.0	12	11	N	66	10	72	10	85,000	b,i	285,825	39%	40%	17%	4%
Becton, Dickinson and Company	12,483.0	13	12	N	65	10	72	8	97,000	b,c	286,967	35%	64%	0%	1%
Boston Scientific Corporation	8,386.0	10	9	N	59	3	-	6	90,000	b,c,i	275,901	34%	64%	2%	0%
C.R. Bard	3,714.0	11	10	N	66	11	74	6	62,500	b,c	289,424	37%	36%	0%	27%
DanaHER Corporation	16,882.4	12	9	Y	65	14	-	7	115,000	b,c,e	267,895	22%	53%	25%	0%
Edwards Lifesciences Corporation	2,963.7	8	7	N	63	3	75	7	60,000	b,c,e,i	273,081	18%	72%	10%	0%
Hologic	2,832.7	8	7	N	63	6	72	6	60,000	b,e	256,798	28%	36%	36%	0%
IDEXX Laboratories	1,775.4	8	7	N	63	8	73	5	65,000	b,c,e	251,192	30%	18%	52%	0%
Intuitive Surgical	2,704.4	9	7	Y	63	6	-	6	60,000	b,e	361,203	22%	64%	14%	0%
Medtronic	28,833.0	13	12	N	62	9	72	4	175,000	b	337,123	58%	42%	0%	0%
Stryker Corporation	11,325.0	8	7	N	60	16	-	9	60,000	b,e	287,650	41%	31%	28%	0%
Varian Medical Systems	3,217.8	10	9	Y	62	9	75	6	100,000	b,c	308,995	47%	52%	0%	1%
Zimmer Biomet Holdings	7,683.9	11	10	Y	59	7	72	9	95,000	b,c,d,f	298,569	32%	66%	0%	2%
<b>Healthcare Facilities</b>															
HCA Healthcare	41,490.0	11	8	N	66	4	75	7	100,000	b	304,372	43%	57%	0%	0%
Universal Health Services	9,766.2	7	4	N	62	15	-	7	40,000	e	412,251	14%	0%	86%	0%
<b>Healthcare Services</b>															
DaVita	14,745.0	11	8	N	63	9	75	6	80,000	b,e	291,751	46%	32%	22%	0%
Envision Healthcare Corporation	3,696.0	13	11	Y	65	9	-	10	90,000	b,c	263,602	41%	55%	0%	4%
Express Scripts Holding Co	100,287.5	12	10	Y	65	10	75	5	100,000	b,e	295,591	32%	34%	34%	0%
Laboratory Corporation of America Holdings	9,437.2	10	9	N	59	9	75	6	105,000	b	272,625	41%	59%	0%	0%
Quest Diagnostics	7,515.0	9	8	N	66	10	-	7	96,500	b,c,i	307,897	42%	58%	0%	0%
<b>Healthcare Supplies</b>															
The Cooper Companies	1,966.8	9	8	Y	70	14	-	13	30,000	b	400,006	29%	34%	37%	0%
DENTSPLY Sirona	3,745.3	11	9	Y	66	13	75	6	70,000	b,c,e	233,611	36%	32%	32%	0%
<b>Life Sciences Tools &amp; Services</b>															
Agilent Technologies	4,202.0	10	9	Y	67	10	75	6	100,000	b,c	299,767	38%	62%	0%	0%
illumina	2,398.4	9	7	Y	63	4	-	8	55,000	b,c	495,137	19%	81%	0%	0%
Mettler-Toledo International	2,508.3	9	7	Y	61	10	72	4	60,000	b,e	218,518	38%	17%	45%	0%
PerkinElmer	2,115.5	8	7	N	62	8	72	8	90,000	b	276,998	37%	63%	0%	0%
Thermo Fisher Scientific	18,274.1	12	10	Y	62	8	72	10	125,000	b,c	292,966	44%	51%	0%	5%

# 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>Life Sciences Tools &amp; Services (continued)</b>															
Waters Corporation	2,167.4	9	7	Y	63	18	72	7	55,000	b,c,e	300,274	26%	37%	37%	0%
<b>Managed Healthcare</b>															
Aetna	63,155.0	12	11	N	69	13	76	12	95,000	b,c	332,441	36%	51%	0%	13%
Anthem	84,863.0	8	7	N	65	8	72	19	95,000	b	324,788	41%	54%	0%	5%
Centene Corporation	40,607.0	8	7	N	69	11	-	12	125,000	c,d,e,f	415,667	7%	76%	13%	4%
Cigna Corporation	39,668.0	10	9	Y	64	11	72	8	275,000	c,d	319,830	43%	56%	0%	1%
Humana	54,379.0	10	9	Y	60	12	73	19	105,000	b,c	313,856	44%	49%	0%	7%
UnitedHealth Group	184,840.0	9	8	Y	70	15	-	10	125,000	b,c	364,522	38%	57%	0%	5%
<b>Pharmaceuticals</b>															
Allergan plc	14,570.6	12	10	N	64	8	-	9	150,000	b	464,994	36%	64%	0%	0%
Bristol-Myers Squibb Company	19,427.0	11	9	N	62	5	75	11	90,000	b,c	322,707	42%	53%	0%	5%
Eli Lilly & Company	21,222.1	14	13	N	60	7	72	7	110,000	b,c	295,082	43%	54%	0%	3%
Johnson & Johnson	71,890.0	10	9	N	58	6	72	10	110,000	b	298,286	41%	55%	0%	4%
Mallinckrodt Public Limited Company	3,380.8	10	9	Y	66	4	72	5	100,000	b	428,329	28%	72%	0%	0%
Merck & Co.	39,807.0	13	12	N	64	9	72	8	110,000	b,c	305,486	40%	0%	0%	60%
Mylan N.V.	11,076.9	13	10	Y	62	10	-	7	100,000	b,e	382,065	38%	43%	13%	6%
Pfizer	52,824.0	12	11	N	64	8	73	9	137,500	b,c	356,922	44%	53%	0%	3%
Zoetis	4,888.0	10	9	Y	64	4	-	6	270,000	c,f	296,389	43%	57%	0%	0%
<b>TOTAL HEALTHCARE</b>															
Average		10.4	8.8		63.8	9.0	73.7	8.4	97,653		355,177	32%	53%	12%	3%
Median		10.0	9.0		63.6	8.8	73.5	8.0	95,000		305,486				
<b>INDUSTRIALS</b>															
<b>Aerospace &amp; Defense</b>															
Arconic	12,394.0	13	12	N	64	4	75	11	120,000	b,c	282,496	79%	21%	0%	0%
The Boeing Company	94,571.0	13	12	N	63	7	74	7	135,000	b,c	332,480	42%	50%	0%	8%
General Dynamics Corporation	31,353.0	11	9	N	65	9	75	8	85,000	b,c,e	311,462	53%	23%	23%	1%
L3 Technologies	10,511.0	10	9	N	71	11	-	8	110,000	b,c	263,333	49%	51%	0%	0%
Lockheed Martin Corporation	47,248.0	12	11	N	66	9	75	11	290,000	c,d	306,915	52%	47%	0%	1%
Northrop Grumman Corporation	24,508.0	13	12	N	66	6	75	9	262,500	c,d,f	336,726	40%	58%	0%	2%
Raytheon Company	24,069.0	11	10	N	63	7	74	6	105,000	b,c	282,039	46%	52%	0%	2%
Rockwell Collins	5,259.0	9	8	N	68	11	74	7	100,000	b,c	257,965	44%	55%	0%	1%
Textron	13,788.0	11	10	N	68	11	75	7	235,000	c,d,f	255,318	51%	47%	0%	2%
TransDigm Group	3,171.4	9	7	N	64	8	-	4	60,000	d,e	86,382	39%	35%	0%	26%
United Technologies Corporation	57,244.0	12	11	N	66	8	72	8	280,000	c,d,f	306,910	23%	77%	0%	0%
<b>Agricultural and Farm Machinery</b>															
Deere & Company	26,644.0	12	11	N	61	8	75	5	125,000	b,c	249,977	50%	49%	0%	1%
<b>Air Freight &amp; Logistics</b>															
C.H. Robinson Worldwide	13,144.4	8	7	N	63	9	-	6	80,000	b,c	226,429	45%	55%	0%	0%
Expeditors International of Washington	6,098.0	11	9	Y	63	6	72	5	65,000	b	291,567	31%	69%	0%	0%
FedEx Corporation	50,365.0	12	11	N	60	10	75	8	120,000	e	265,278	47%	0%	53%	0%
United Parcel Service	60,906.0	12	11	N	52	8	75	6	105,000	b	282,836	40%	60%	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>Airlines</b>															
Alaska Air Group	5,931.0	10	9	N	62	10	72	10	150,000	c,d	172,590	39%	52%	0%	9%
American Airlines Group	40,180.0	13	12	N	63	4	75	8	100,000	b	333,787	40%	49%	0%	11%
Delta Air Lines	39,639.0	11	9	Y	62	5	72	11	90,000	b	295,110	41%	54%	0%	5%
Southwest Airlines Co.	20,425.0	11	9	N	68	9	75	6	70,000	b	242,911	46%	54%	0%	0%
United Continental Holdings	36,556.0	15	12	Y	59	4	75	16	85,000	b	303,947	48%	43%	0%	9%
<b>Building Products</b>															
Allegion Public Limited Company	2,238.0	6	5	N	63	4	70	5	140,000	b	221,508	68%	32%	0%	0%
Fortune Brands Home & Security	4,984.9	8	7	Y	62	5	72	5	90,000	b	270,319	48%	50%	0%	2%
Johnson Controls	36,866.0	11	9	N	60	4	72	7	275,000	c,d	271,419	48%	52%	0%	0%
Masco Corporation	7,357.0	10	8	Y	61	8	72	5	250,000	d	279,496	52%	47%	0%	1%
<b>Construction &amp; Engineering</b>															
Fluor Corporation	19,036.5	13	12	N	65	8	75	5	115,000	b	277,682	45%	54%	0%	1%
Jacobs Engineering Group	10,964.2	9	7	N	68	10	-	7	100,000	b,e	229,977	40%	42%	18%	0%
Quanta Services	7,651.3	9	8	Y	61	9	73	8	85,000	b	277,631	43%	57%	0%	0%
<b>Construction Machinery &amp; Heavy Trucks</b>															
Caterpillar	38,537.0	13	12	Y	62	8	72	9	275,000	c,d	290,809	54%	43%	0%	3%
Cummins	17,509.0	10	9	N	64	10	72	6	250,000	d	266,269	41%	56%	0%	3%
PACCAR	17,033.3	11	8	Y	63	7	72	4	100,000	b,c	261,687	50%	50%	0%	0%
<b>Diversified Support Services</b>															
Cintas Corporation	4,905.5	9	6	N	65	7	73	4	57,000	b,c,e	192,420	46%	27%	27%	0%
<b>Electrical Components &amp; Equipment</b>															
Acuity Brands	3,291.3	10	9	N	68	10	75	5	205,000	c,d,f	210,000	40%	60%	0%	0%
AMETEK	3,840.1	10	8	Y	65	11	75	10	90,000	b,c,e	214,004	44%	28%	23%	5%
Eaton Corporation	19,747.0	12	10	N	63	9	72	4	265,000	c,d	320,857	49%	46%	0%	5%
Emerson Electric Company	14,522.0	10	9	N	64	9	72	10	240,000	d	282,034	49%	50%	0%	1%
Rockwell Automation	5,879.5	11	9	Y	61	8	72	6	175,000	b,c,d	236,313	44%	52%	0%	4%
<b>Environmental &amp; Facilities Services</b>															
Republic Services	9,387.7	10	9	Y	57	6	73	5	80,000	b	325,570	32%	68%	0%	0%
Stericycle	3,562.3	10	8	Y	66	9	-	4	80,000	b	122,044	13%	35%	52%	0%
Waste Management	13,609.0	9	8	Y	65	9	75	10	110,000	b	278,889	46%	54%	0%	0%
<b>Human Resource &amp; Employment Services</b>															
Robert Half International	5,250.4	6	4	N	60	7	-	6	40,000	b	333,060	16%	84%	0%	0%
<b>Industrial Conglomerates</b>															
3M Company	30,109.0	11	10	N	65	7	74	6	285,000	c,d	291,529	46%	54%	0%	0%
General Electric Company	123,693.0	18	17	N	60	6	75	17	275,000	c,d,f	303,295	15%	80%	0%	5%
Honeywell International	39,302.0	13	11	Y	64	9	72	12	100,000	b,c,e	316,937	61%	16%	16%	7%
Roper Technologies	3,789.9	9	8	N	66	13	78	6	42,500	b	744,633	8%	92%	0%	0%
<b>Industrial Machinery</b>															
Dover Corporation	6,794.3	12	11	Y	64	9	75	8	250,000	d	257,523	51%	49%	0%	0%
Flowserve Corporation	3,991.5	8	7	Y	61	9	72	11	60,000	b,c	225,763	45%	55%	0%	0%
Fortive Corporation	6,224.3	7	4	Y	52	1	-	4	100,000	b,e	202,929	27%	38%	35%	0%
Illinois Tool Works	13,599.0	11	10	N	60	8	75	5	135,000	b,c	280,426	52%	48%	0%	0%
Ingersoll-Rand	13,508.9	10	9	N	67	10	75	6	285,000	c	313,219	50%	50%	0%	0%
Parker-Hannifin Corporation	11,360.8	13	11	N	64	12	75	7	130,000	b	254,705	51%	47%	0%	2%

# 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 POINTS	AVERAGE COMPENSATION PER NON-EMPLOYER DIRECTOR	CASH	STOCK	OPTIONS	ALL OTHER
<b>Industrial Machinery (continued)</b>															
Pentair Ltd.	4,890.0	12	11	N	61	9	75	5	120,000	b,e	285,978	53%	28%	19%	0%
Snap-on	3,711.8	10	9	N	64	7	75	8	95,000	b,c	255,346	41%	51%	0%	8%
Stanley Black & Decker	11,406.9	10	9	Y	63	7	72	9	125,000	b,c	263,322	50%	47%	0%	3%
Xylem	3,771.0	9	8	Y	64	6	72	11	100,000	b,c	240,909	47%	53%	0%	0%
<b>Railroads</b>															
CSX Corporation	11,069.0	13	11	Y	65	7	75	8	90,000	b,c	274,688	37%	51%	0%	12%
Kansas City Southern	2,334.2	8	7	Y	63	10	75	8	50,000	b,c	220,488	49%	42%	0%	9%
Norfolk Southern Corporation	9,888.0	13	12	N	62	6	72	7	90,000	b	272,522	38%	55%	0%	7%
Union Pacific Corporation	19,941.0	11	10	N	68	9	75	6	250,000	c,d,f	284,603	93%	0%	0%	7%
<b>Research &amp; Consulting Services</b>															
Equifax	3,144.9	11	10	N	63	10	72	6	90,000	b,c	251,331	40%	60%	0%	0%
Nielsen Holdings plc	6,309.0	9	8	Y	60	6	-	6	80,000	b,c	263,475	10%	90%	0%	0%
Verisk Analytics	1,995.2	13	12	N	64	12	75	9	90,000	b,c,e,i	247,271	21%	38%	41%	0%
<b>Trading Companies &amp; Distributors</b>															
Fastenal Company	3,962.0	10	7	Y	55	7	74	4	85,000	-	151,143	100%	0%	0%	0%
United Rentals	5,762.0	9	8	Y	60	8	76	5	80,000	b	265,020	44%	56%	0%	0%
W.W. Grainger	10,137.2	10	8	Y	63	14	75	5	85,000	b,c	250,179	37%	62%	0%	1%
<b>Trucking</b>															
J.B. Hunt Transport Services	6,555.5	10	6	Y	60	10	72	4	200,000	c	244,689	32%	66%	0%	2%
Ryder System	6,787.0	11	10	N	63	10	72	7	65,000	b,c	270,488	40%	58%	0%	2%
<b>TOTAL INDUSTRIALS</b>															
Average		10.7	9.3		62.9	8.1	73.7	7.2	136,597		272,785	43%	50%	4%	3%
Median		11.0	9.0		62.9	8.3	74.0	7.0	100,000		270,319				
<b>INFORMATION TECHNOLOGY</b>															
<b>Application Software</b>															
Adobe Systems	5,854.4	10	9	N	65	15	-	7	60,000	b,c	356,426	26%	74%	0%	0%
Autodesk	2,504.1	10	9	Y	57	6	-	8	75,000	b,c	403,624	20%	80%	0%	0%
Citrix Systems	3,418.3	9	7	Y	57	7	-	10	60,000	b,c	421,742	41%	59%	0%	0%
Intuit	4,694.0	9	7	N	57	6	75	5	60,000	b,c	349,561	22%	78%	0%	0%
salesforce.com	8,392.0	11	9	N	66	7	-	10	50,000	b	557,945	12%	88%	0%	0%
Synopsys	2,422.5	10	8	N	63	12	72	6	125,000	b	258,409	52%	48%	0%	0%
<b>Communications Equipment</b>															
Cisco Systems	49,247.0	11	9	Y	60	12	70	7	75,000	b	335,443	36%	64%	0%	0%
F5 Networks	1,995.0	9	8	Y	60	8	-	15	60,000	b	351,971	29%	71%	0%	0%
Harris Corporation	7,467.0	13	12	N	66	11	72	6	80,000	b,c	253,356	45%	55%	0%	0%
Juniper Networks	4,990.1	9	8	Y	60	9	75	4	60,000	b	302,161	40%	60%	0%	0%
Motorola Solutions	6,038.0	9	8	N	60	5	72	5	100,000	b,c	250,723	30%	70%	0%	0%
<b>Data Processing &amp; Outsourced Services</b>															
Alliance Data Systems Corporation	7,138.1	10	9	Y	66	11	75	9	75,000	b,c	225,609	25%	74%	0%	1%
Automatic Data Processing	11,667.8	10	9	Y	59	4	72	5	290,000	c,d,f	283,563	38%	59%	0%	3%
Fidelity National Information Services	9,241.0	9	7	Y	66	9	77	5	80,000	b,e	375,223	48%	26%	26%	0%
Fiserv	5,505.0	9	8	Y	58	8	75	8	78,000	b,c,e	277,149	38%	31%	31%	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>Data Processing &amp; Outsourced Services (continued)</b>															
Global Payments	2,898.2	9	8	Y	64	10	75	8	235,000	d	265,818	43%	57%	0%	0%
Mastercard	10,776.0	12	11	Y	61	8	72	6	100,000	b	318,038	39%	60%	0%	1%
Paychex	2,951.9	9	7	Y	66	15	-	5	75,000	b,e	268,178	52%	23%	25%	0%
PayPal Holdings	10,842.0	9	7	Y	54	2	-	4	80,000	b,c	361,010	35%	65%	0%	0%
Total System Services	4,170.1	11	8	N	67	17	75	7	75,000	b,e	223,216	42%	29%	29%	0%
Visa	15,082.0	9	8	Y	61	7	75	17	105,000	b	329,014	44%	53%	0%	3%
The Western Union Company	5,422.9	11	10	Y	63	7	74	8	85,000	b,d,e,h,i,k	292,130	39%	45%	11%	5%
<b>Electronic Components</b>															
Amphenol Corporation	6,286.4	8	6	Y	72	14	72	5	80,000	b,c	239,119	41%	59%	0%	0%
Corning	9,390.0	13	12	N	64	8	74	6	110,000	b,c	295,832	47%	52%	0%	1%
<b>Electronic Equipment &amp; Instruments</b>															
FLIR Systems	1,662.2	10	8	Y	66	10	75	8	70,000	b,e	257,905	46%	27%	27%	0%
<b>Electronic Manufacturing Services</b>															
TE Connectivity	12,238.0	12	10	Y	60	5	72	7	275,000	d	300,802	34%	56%	0%	10%
<b>Home Entertainment Software</b>															
Activision Blizzard	6,608.0	9	7	Y	58	7	-	8	90,000	b	361,543	31%	69%	0%	0%
Electronic Arts	4,396.0	10	8	Y	55	8	72	6	60,000	b,c	350,975	25%	74%	0%	1%
<b>Internet Software &amp; Services</b>															
Akamai Technologies	2,340.0	12	9	Y	64	7	-	6	300,000	d,f	313,990	26%	74%	0%	0%
Alphabet	90,272.0	12	8	Y	65	11	-	5	75,000	b	430,247	18%	82%	0%	0%
eBay	8,979.0	12	10	Y	57	6	-	5	80,000	b	333,778	34%	66%	0%	0%
Facebook	27,638.0	8	5	N	56	7	70	8	50,000	b	376,006	21%	79%	0%	0%
VeriSign	1,142.2	7	6	N	68	8	-	6	40,000	b	332,659	25%	75%	0%	0%
<b>IT Consulting &amp; Other Services</b>															
Accenture	34,797.0	11	10	N	60	5	75	6	100,000	b,c	319,402	37%	63%	0%	0%
Cognizant Technology Solutions Corporation	13,487.0	11	10	Y	63	7	-	16	90,000	b,e	342,583	38%	31%	31%	0%
CSRA	4,250.4	10	8	Y	2	2	72	3	90,000	b	155,275	27%	73%	0%	0%
Gartner	2,444.5	10	9	Y	64	14	-	7	60,000	b,d,g,h	289,688	31%	69%	0%	0%
International Business Machines Corporation	79,919.0	13	12	N	64	8	72	9	300,000	c,d,f	372,373	81%	0%	0%	19%
Teradata Corporation	2,322.0	11	10	Y	63	6	-	8	50,000	b,c	330,710	21%	79%	0%	0%
<b>Semiconductor Equipment</b>															
Applied Materials	10,825.0	9	8	Y	57	7	70	6	65,000	b,c	316,560	34%	66%	0%	0%
KLA-Tencor Corporation	2,984.5	10	9	Y	65	9	75	13	90,000	b	319,695	37%	51%	0%	12%
Lam Research Corporation	5,885.9	11	9	Y	61	5	75	13	65,000	b	326,743	36%	61%	0%	3%
<b>Semiconductors</b>															
Advanced Micro Devices	4,272.0	8	6	Y	61	5	72	6	75,000	b	338,700	38%	62%	0%	0%
Analog Devices	3,421.4	9	7	Y	62	7	-	12	70,000	b	296,314	34%	33%	33%	0%
Broadcom Limited	13,240.0	9	7	Y	65	6	75	6	80,000	b	256,747	41%	59%	0%	0%
Intel Corporation	59,387.0	11	9	Y	59	10	72	11	90,000	b,c	322,900	26%	73%	0%	1%
Microchip Technology	3,407.8	5	4	N	69	16	-	8	65,000	b	222,658	35%	65%	0%	0%
Micron Technology	12,399.0	7	6	Y	62	9	75	6	100,000	b,c	388,042	36%	64%	0%	0%
Nvidia Corporation	5,010.0	12	11	Y	64	13	-	5	75,000	b	342,718	22%	78%	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-EMPLOYER DIRECTOR	CASH	STOCK	OPTIONS	ALL OTHER
<b>Semiconductors (continued)</b>															
Qorvo	2,610.7	10	8	Y	63	2	75	7	80,000	b	271,728	34%	66%	0%	0%
QUALCOMM	23,554.0	11	9	Y	61	4	-	9	100,000	b,c	365,419	38%	56%	0%	6%
Skyworks Solutions	3,289.0	9	7	Y	62	13	-	8	70,000	b,e	278,057	34%	64%	0%	2%
Texas Instruments	13,370.0	12	11	N	60	8	70	10	85,000	b,c,e	298,422	31%	34%	34%	1%
Xilinx	2,349.3	9	8	Y	62	10	-	6	65,000	b	256,117	32%	68%	0%	0%
<b>Systems Software</b>															
CA	4,025.0	11	10	Y	63	8	75	15	325,000	d,f,g,h	353,218	24%	72%	0%	4%
Microsoft Corporation	85,320.0	11	9	Y	58	5	75	10	325,000	c,d	316,111	36%	64%	0%	0%
Oracle Corporation	37,047.0	13	9	Y	69	12	-	7	52,500	b,e	572,342	23%	76%	1%	0%
Red Hat	2,052.2	10	9	Y	62	8	75	10	50,000	b,c	321,502	18%	82%	0%	0%
Symantec Corporation	3,600.0	11	10	Y	57	10	-	17	50,000	b,c	326,875	28%	72%	0%	0%
<b>Technology Hardware, Storage &amp; Peripherals</b>															
Apple	215,639.0	8	7	Y	64	8	75	4	100,000	b	410,300	34%	65%	0%	1%
Hewlett Packard Enterprise Company	50,123.0	14	12	Y	59	2	-	17	275,000	b,c	288,861	39%	61%	0%	0%
HP	48,238.0	12	10	Y	58	3	-	8	300,000	c,d,i	359,051	24%	61%	15%	0%
NetApp	5,546.0	10	9	Y	65	10	-	13	60,000	b	340,691	28%	72%	0%	0%
Seagate Technology Public Limited Company	11,160.0	10	9	N	62	6	-	4	80,000	b	268,394	39%	61%	0%	0%
Western Digital Corporation	12,994.0	9	8	Y	62	10	72	10	75,000	b,c	347,834	33%	67%	0%	0%
Xerox Corporation	10,771.0	11	10	Y	61	5	75	20	260,000	c,f	226,786	43%	57%	0%	0%
<b>TOTAL INFORMATION TECHNOLOGY</b>															
Average		10.1	8.6		61.0	8.2	73.5	8.3	108,038		321,358	34%	61%	4%	1%
Median		10.0	9.0		61.9	7.9	75.0	7.0	80,000		320,599				
<b>MATERIALS</b>															
<b>Construction Materials</b>															
Martin Marietta Materials	3,818.7	9	8	N	65	9	75	4	100,000	b,c	264,808	42%	38%	0%	20%
Vulcan Materials	3,592.7	9	8	N	59	5	74	5	110,000	b,c	277,999	43%	54%	0%	3%
<b>Copper</b>															
Freeport-McMoRan	14,830.0	8	7	Y	59	7	-	10	75,000	b,c	286,387	37%	59%	0%	4%
<b>Diversified Chemicals</b>															
The Dow Chemical Company	48,158.0	13	12	N	64	9	72	7	115,000	b	263,807	49%	51%	0%	0%
E.I. duPont de Nemours & Company	24,594.0	10	9	N	63	9	72	12	265,000	d	298,701	44%	50%	0%	6%
Eastman Chemical Company	9,008.0	12	11	N	66	10	75	5	105,000	b,c	249,781	46%	30%	0%	24%
<b>Fertilizers &amp; Agricultural Chemicals</b>															
CF Industries Holdings	3,685.0	10	9	Y	63	8	74	9	100,000	b	244,217	45%	53%	0%	2%
FMC Corporation	3,282.4	11	10	N	62	9	75	6	100,000	b,c	258,758	26%	67%	0%	7%
Monsanto Company	13,502.0	13	12	N	60	8	75	11	245,000	c,d,f	299,776	44%	56%	0%	0%
The Mosaic Company	7,162.8	12	11	Y	61	8	74	7	80,000	b,h	276,085	38%	60%	0%	2%
<b>Gold</b>															
Newmont Mining Corporation	6,711.0	10	9	Y	64	8	75	10	115,000	b	325,486	53%	46%	0%	1%
<b>Industrial Gases</b>															
Air Products & Chemicals	9,524.4	8	7	N	62	6	72	17	100,000	b,c	253,594	52%	47%	0%	1%

	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-EMPLOYER DIRECTOR	CASH	STOCK	OPTIONS	ALL OTHER
<b>Industrial Gases (continued)</b>															
Praxair	10,534.0	9	8	N	68	11	72	9	100,000	b,c	293,889	38%	60%	0%	2%
<b>Metal &amp; Glass Containers</b>															
Ball Corporation	9,061.0	11	9	N	64	9	-	7	85,000	b	478,197	17%	77%	0%	6%
<b>Paper Packaging</b>															
Avery Dennison Corporation	6,086.5	11	9	Y	61	9	72	5	100,000	b,c	246,142	43%	54%	0%	3%
International Paper Company	21,079.0	12	11	N	64	7	72	9	255,000	c,d	285,732	19%	80%	0%	1%
Sealed Air Corporation	6,778.3	10	9	Y	65	10	75	9	205,000	c,d	242,779	36%	64%	0%	0%
WestRock Company	14,171.8	12	10	Y	61	8	72	8	115,000	b	309,790	40%	60%	0%	0%
<b>Specialty Chemicals</b>															
Albemarle Corporation	2,677.2	10	9	N	64	5	-	7	100,000	b	237,480	49%	51%	0%	0%
Ecolab	13,152.8	13	12	N	59	6	72	7	105,000	b,c,e	271,781	43%	37%	20%	0%
International Flavors & Fragrances	3,116.4	11	10	N	65	7	72	6	235,000	d,f	238,321	50%	48%	0%	2%
PPG Industries	14,751.0	10	9	N	62	10	72	10	270,000	c,d	281,966	51%	48%	0%	1%
The Sherwin-Williams Company	11,855.6	11	10	N	62	6	72	11	115,000	b,c	239,115	50%	50%	0%	0%
<b>Steel</b>															
Nucor Corporation	16,208.1	8	7	N	61	7	72	4	95,000	b,c	247,529	43%	57%	0%	0%
<b>TOTAL MATERIALS</b>															
Average		10.5	9.4		62.7	7.9	73.1	8.1	137,083		278,030	41%	55%	1%	3%
Median		10.5	9.0		62.6	8.0	72.0	7.5	105,000		268,294				
<b>REAL ESTATE</b>															
<b>Healthcare REITs</b>															
HCP	2,129.3	8	6	Y	69	13	-	14	80,000	b,c	206,434	49%	51%	0%	0%
Ventas	3,442.6	10	9	N	62	6	75	8	90,000	b,c	257,825	42%	58%	0%	0%
Welltower	4,183.2	10	9	Y	66	10	75	6	85,000	b	225,249	45%	55%	0%	0%
<b>Hotel and Resort REITs</b>															
Host Hotels & Resorts	5,430.0	9	7	Y	63	9	-	7	200,000	c,d	269,151	37%	46%	0%	17%
<b>Industrial REITs</b>															
ProLogis	2,533.1	10	9	N	64	9	72	5	110,000	b	294,984	40%	56%	0%	4%
<b>Office REITs</b>															
Alexandria Real Estate Equities	921.7	7	5	N	62	7	75	9	110,000	b	287,152	62%	38%	0%	0%
Boston Properties	2,550.8	11	9	Y	68	10	75	7	67,500	b,c	197,784	42%	58%	0%	0%
SL Green Realty Corporation	1,864.0	9	6	Y	65	12	-	6	50,000	b,c	404,200	26%	74%	0%	0%
Vornado Realty Trust	2,506.2	10	8	N	74	18	-	10	75,000	b	200,136	51%	49%	0%	0%
<b>Real Estate Services</b>															
CBRE Group	13,071.6	11	10	Y	63	8	-	6	75,000	b,c	239,194	36%	64%	0%	0%
<b>Residential REITs</b>															
Apartment Investment and Management Company	995.9	7	6	N	66	11	-	5	60,000	b	203,158	12%	88%	0%	0%
AvalonBay Communities	2,045.3	10	9	N	61	5	72	5	80,000	b,c	203,019	28%	72%	0%	0%
Equity Residential	2,425.8	13	11	Y	61	12	-	7	180,000	d,e,i	207,777	40%	57%	3%	0%
Essex Property Trust	1,294.0	9	7	Y	68	12	-	5	36,000	e,k	127,870	41%	19%	40%	0%
Mid-America Apartment Communities	1,125.3	12	9	N	65	5	75	6	55,000	b,c	198,209	34%	53%	0%	13%

# 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>Residential REITs (continued)</b>															
UDR	959.8	10	9	Y	68	11	-	7	80,000	b,c	235,540	35%	63%	0%	2%
<b>Retail REITs</b>															
Federal Realty Investment Trust	801.6	8	7	Y	60	9	72	4	190,000	d	195,396	99%	0%	0%	1%
CGP	2,346.4	9	8	Y	58	5	-	8	200,000	c	205,000	40%	60%	0%	0%
Kimco Realty Corporation	1,170.8	9	7	Y	71	15	-	5	60,000	b,c	276,091	37%	63%	0%	0%
The Macerich Co.	1,041.3	10	7	N	63	8	75	5	70,000	b,c	208,956	47%	53%	0%	0%
Realty Income Corporation	1,103.2	8	7	Y	64	11	-	14	15,000	b	296,500	15%	85%	0%	0%
Regency Centers Corporation	614.4	11	10	N	64	10	75	16	60,000	b,c	247,515	40%	60%	0%	0%
Simon Property Group	5,435.2	11	8	N	67	9	-	5	100,000	b	279,027	41%	59%	0%	0%
<b>Specialized REITs</b>															
American Tower Corporation	5,785.7	9	8	N	66	10	-	10	85,000	b	265,029	40%	60%	0%	0%
Crown Castle International Corp.	3,921.2	11	9	Y	63	14	-	6	75,000	b	250,781	33%	65%	0%	2%
Digital Realty Trust	2,142.2	9	8	Y	63	7	75	7	75,000	b	274,840	41%	59%	0%	0%
Equinix	3,612.0	10	8	Y	62	8	75	14	60,000	b	337,723	26%	74%	0%	0%
Extra Space Storage	991.9	7	4	Y	68	8	-	8	65,000	b	179,885	44%	56%	0%	0%
Iron Mountain	3,511.5	12	11	Y	62	7	75	10	75,000	b,c	241,814	43%	56%	0%	1%
Public Storage	2,560.5	9	6	N	65	11	70	5	120,000	e	298,657	45%	0%	55%	0%
Weyerhaeuser Company	6,365.0	11	9	Y	62	7	72	7	220,000	c,d	234,558	47%	53%	0%	0%
<b>TOTAL REAL ESTATE</b>															
Average		9.7	7.9		64.6	9.5	73.9	7.6	93,661		242,009	40%	56%	3%	1%
Median		10.0	8.0		64.3	9.4	75.0	7.0	75,000		239,194				
<b>TELECOMMUNICATION SERVICES</b>															
<b>Alternative Carriers</b>															
Level 3 Communications	8,172.0	11	9	Y	65	6	73	10	75,000	b	282,331	37%	63%	0%	0%
<b>Integrated Telecommunication Services</b>															
AT&T	163,786.0	13	12	N	62	6	72	11	95,000	b,c	330,633	46%	52%	0%	2%
CenturyLink	17,470.0	9	8	Y	62	12	75	14	65,000	b	285,309	48%	52%	0%	0%
Verizon Communications	125,980.0	12	11	N	62	7	72	9	125,000	b	271,871	43%	55%	0%	2%
<b>TOTAL TELECOMMUNICATION SERVICES</b>															
Average		11.3	10.0		62.7	7.7	73.0	11.0	90,000		292,461	44%	55%	0%	1%
Median		11.5	10.0		62.2	6.4	72.5	10.5	85,000		283,820				
<b>UTILITIES</b>															
<b>Utilities</b>															
The AES Corporation	13,586.0	9	8	Y	63	6	-	5	80,000	b,c,d,f	296,972	30%	70%	0%	0%
Alliant Energy Corporation	3,320.0	10	9	N	59	9	70	10	220,000	c	213,731	98%	0%	0%	2%
Ameren Corporation	6,076.0	11	10	N	64	7	72	10	85,000	b,c	217,251	51%	48%	0%	1%
American Electric Power Company	16,380.1	12	11	N	64	7	72	8	105,500	b,c	283,894	45%	55%	0%	0%
American Water Works Company	3,302.0	8	7	Y	64	7	75	13	85,000	b	250,640	42%	56%	0%	2%
CenterPoint Energy	7,528.0	10	8	Y	63	7	-	6	90,000	b	219,304	45%	55%	0%	0%

	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>Utilities (continued)</b>															
CMS Energy Corporation	6,399.0	11	9	Y	62	6	75	7	105,000	b,c	223,667	46%	54%	0%	0%
Consolidated Edison	12,075.0	10	8	N	67	11	75	11	100,000	b,c	273,522	50%	49%	0%	1%
Dominion Resources	11,737.0	12	11	N	62	6	72	11	205,000	c,d	256,453	50%	50%	0%	0%
DTE Energy Company	10,630.0	12	11	N	67	10	75	8	120,000	b,c	248,080	51%	49%	0%	0%
Duke Energy Corporation	22,743.0	14	13	N	64	4	71	7	215,000	c,d	290,367	55%	44%	0%	1%
Edison International	11,869.0	9	8	Y	60	6	72	11	110,000	b	281,291	44%	49%	0%	7%
Entergy Corporation	10,845.6	11	10	N	65	8	74	14	95,000	b	264,900	42%	50%	0%	8%
Eversource Energy	7,639.1	12	11	N	69	9	75	9	100,000	b	243,015	44%	56%	0%	0%
Exelon Corporation	31,360.0	13	12	Y	64	8	75	8	80,000	b	294,844	57%	40%	0%	3%
FirstEnergy Corporation	14,562.0	13	12	Y	64	7	72	13	230,000	c,d	252,561	45%	53%	0%	2%
NextEra Energy	16,155.0	12	11	N	64	9	72	7	235,000	d	269,224	47%	52%	0%	1%
NiSource	4,492.5	10	9	Y	62	7	70	9	210,000	d	257,686	49%	47%	0%	4%
NRG Energy	12,351.0	13	11	Y	64	8	75	10	225,000	d,f	255,196	44%	56%	0%	0%
PG&E Corporation	17,666.0	13	11	Y	64	6	72	14	120,000	b,c	289,146	52%	48%	0%	0%
Pinnacle West Capital Corporation	3,498.7	11	10	N	68	12	75	8	100,000	b,c	244,640	44%	44%	0%	12%
PPL Corporation	7,517.0	9	8	N	63	8	75	7	235,000	c,d,f	247,800	46%	53%	0%	1%
Public Service Enterprise Group	9,061.0	11	10	N	68	11	75	12	95,000	b,c	284,400	53%	47%	0%	0%
SCANA Corporation	4,227.0	10	9	N	61	11	70	4	219,000	c,d	211,600	42%	58%	0%	0%
Sempra Energy	10,183.0	13	12	N	64	7	75	8	85,000	b,c	255,968	47%	43%	0%	10%
The Southern Company	19,896.0	15	14	N	66	8	72	7	110,000	b,c	260,952	46%	54%	0%	0%
WEC Energy Group	7,472.3	13	11	Y	67	10	72	8	100,000	b	218,348	37%	57%	0%	6%
Xcel Energy	11,106.9	12	11	N	62	9	72	6	95,000	b,c	247,147	21%	79%	0%	0%
<b>TOTAL UTILITIES</b>															
Average		11.4	10.2		64.0	8.0	73.1	9.0	137,661		256,267	47%	51%	0%	2%
Median		11.5	10.5		63.7	7.8	72.0	8.0	105,250		255,582				
<b>TOTAL S&amp;P 500</b>															
Average		10.8	9.2		63.1	8.2	73.4	8.2	120,409		288,909	38%	55%	4%	3%
Median		11.0	9.0		64.0	7.0	73.0	7.0	100,000		279,027				

## Footnotes:

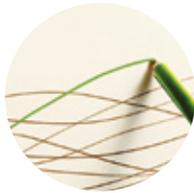
- a Includes regular, special and telephonic board meetings.
- b Equity (stock or stock units) is paid in addition to stated retainer.
- c Directors can elect to receive cash compensation fully or partially in stock.
- d Equity (stock or stock units) is paid as part of retainer.
- e Stock option program 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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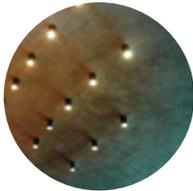
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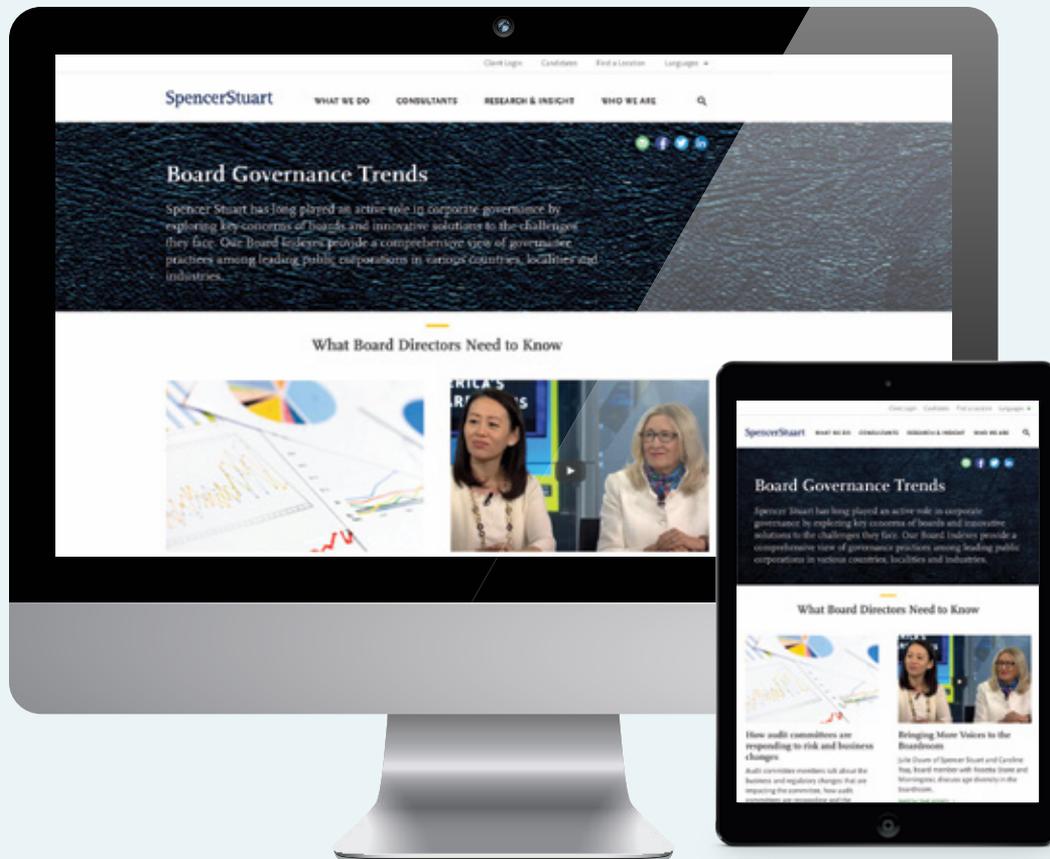


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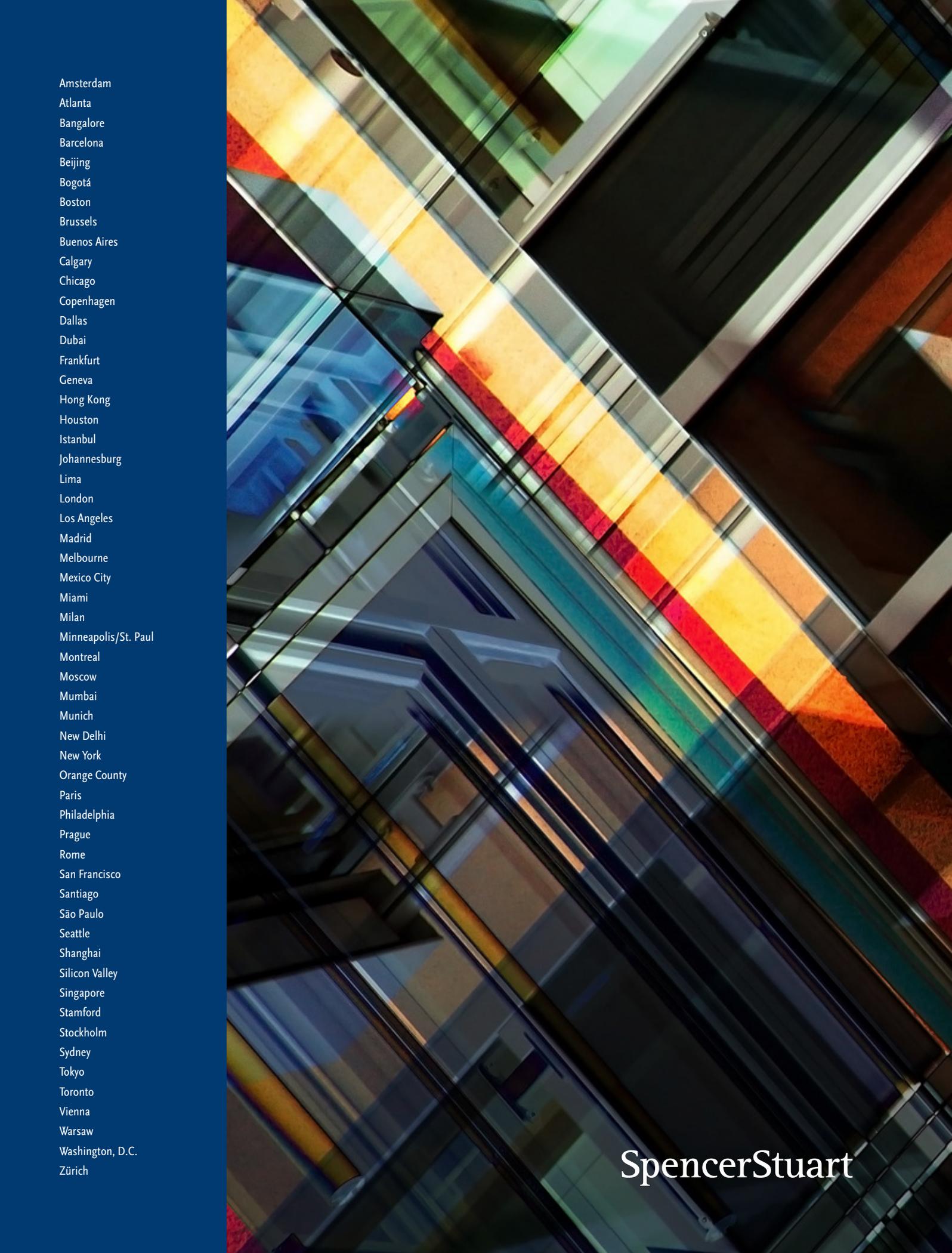
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