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Spencer Stuart  
Board Index

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# About Spencer Stuart Board Services

Spencer Stuart is one of the world's leading executive search firms. Privately held since 1956, Spencer Stuart applies its extensive knowledge of industries, functions and talent to advise select clients — ranging from major multinationals to emerging companies to nonprofit organizations — and address their leadership requirements. Through 55 offices in 30 countries and a broad range of practice groups, Spencer Stuart consultants focus on senior-level executive search, board director appointments, succession planning and in-depth senior executive management assessments.

The premier firm for board counsel and recruitment, Spencer Stuart conducts well over half of all director assignments handled through executive search. For more than 25 years, our Board Practice has helped boards around the world identify and recruit independent directors and provided advice to chairmen, CEOs and nominating committees on important governance issues. In the past year alone, we have conducted more than 400 director searches. We are the firm of choice for both leading multinational and smaller organizations. We have worked with one-third of the Fortune 500 during the past 10 years, and more than one-third of our assignments are for companies with less than \$1 billion in revenue.

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 recruited more than 1,100 female directors for clients worldwide. During the past three years, over 30% of our placements have been women.

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 Board Index (SSBI)*, now in its 29th edition, is just one of our many ongoing efforts:

- > Each year, we sponsor and participate in several acclaimed director education programs, including:
  - The Annual Boardroom Summit, jointly sponsored by the New York Stock Exchange and Corporate Board Member
  - The Corporate Governance Conference at Northwestern University's Kellogg School of Management
  - The Americas and Global Institutes sponsored by WomenCorporateDirectors
  - 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., Gibson Dunn, Lazard and PricewaterhouseCoopers

## Spencer Stuart Perspective for 2014

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In recent years, there has been a growing conversation about board composition and turnover, among directors themselves as well as investors and governance observers. On the external front, investors have become a potent voice in board composition, calling for annual director elections, demanding more information about the specific skills and experience individual directors bring to the board, and even challenging the nominations of directors in response to concerns about business performance or executive compensation. In addition, governance observers and proxy advisory firms have become more vocal about director tenure, with some questioning whether independence is compromised after many years on the board.

Boards themselves are thinking more broadly about the expertise that is needed in the boardroom. As directors retire, most boards carefully consider what new skills might be needed based on the strategic direction of the business and the current expertise on the board. Nevertheless, few take a formal, longer-term perspective on their own succession, even as they have embraced more rigorous and transparent processes around CEO succession planning. At some level, this is not surprising. Like other succession situations in which individuals have to look ahead to their own replacement, planning for board succession can be uncomfortable.

The need for thoughtful board succession planning is greater today in light of the pace and dynamics of business. Globalization and advancements in technology are giving rise to a slew of competitive and business threats and opportunities. At a time when growth and innovation are top priorities for most organizations, companies are transforming themselves through new product strategies, different product mixes, and expansion into new markets and geographies. In an ideal world, outside directors with relevant experience can serve as valuable advisers to the board and management about the company's market, geographic and product directions. They also can serve as a sounding board for management on the critical issues the company is likely to encounter. Wise boards will want to foresee where the company is headed in the future and have individuals on the board with the expertise to help the company move in that direction as efficiently as possible.

*The need for thoughtful board succession planning is greater today in light of the pace and dynamics of business...*

# Spencer Stuart Perspective for 2014

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371

*Number of independent directors added in 2014*

3%

*of boards specify term limits*

It's fair to ask what level of "refresh" is appropriate: What evidence is there that companies and shareholders benefit from board turnover? How much change is desirable? To provide perspective on these complex questions, we studied board turnover and shareholder returns for the S&P 500. Published in *Harvard Business Review* in April 2014, our analysis revealed that companies that added three or four new directors in a three-year period outperformed their peers, suggesting an optimal amount of turnover. The worst performers tended to be those with either no director changes at all in three years or those with five or more changes. Of course, a company's long-term shareholder return is influenced by many more factors than the strength of its governance practices and board composition, not the least of which are the company's management and strategy. But the correlation between board turnover and performance suggests that board composition and renewal are topics that boards and CEOs should not ignore.

What is happening in practice? In the 2014 proxy year, 371 independent directors were added to S&P 500 boards. This represents a 9% increase in director recruiting over 2013 and a 26% increase in the past two years. Despite the recent uptick, the number of directors added to S&P 500 boards remains considerably less than a decade ago, when 443 new directors joined S&P 500 boards.

Over the same period, many boards have increased their mandatory retirement ages, and the average age of S&P 500 directors has increased. Of the 361 boards that specify a retirement age, 30% now set it at 75 or older, a notable increase from 24% just one year ago. A decade ago, only 5% of boards had a retirement age of 75 or higher. The average age of independent directors is now 63.1 versus 60.5 a decade ago, and 45% of S&P 500 boards have an average age of 64 or older, compared with 16% of boards in 2004.

Despite the increased attention on director turnover and board renewal, term limits remain uncommon among S&P 500 boards. 65% of boards explicitly state in their corporate governance guidelines that they do not have term limits, while just 16 S&P 500 boards, 3%, specify a term limit for directors. 32% do not mention term limits at

all. Rather than establishing term limits, many boards report that they consider whether individual directors should remain on the board as part of their nomination for election procedures. The average tenure of S&P 500 boards today is 8.4 years, and 16% have an average tenure of 11 or more years.

Boards tend to address director succession only on an as-needed basis — when facing an impending vacancy. Director departures or retirements create openings that enable the board to expand or strengthen its skills in certain areas. Most boards take advantage of natural attrition to recruit directors who can add valuable perspectives about the company’s strategic direction, for example, directors with experience in a particular market, industry or business model.

But boards also may want to think about composition over longer periods, developing a five-year plan for director succession, for example. The annual board evaluation is a natural platform for the full board to review its composition and discuss the expertise that it will need in the future. Through the evaluation, individual directors and the board as a whole can identify the areas of knowledge the board should possess in the coming years based on the company’s strategic direction and the competitive landscape. From there, the board can evaluate whether it currently includes individuals with the relevant backgrounds and, if not, what skills or experience would be valuable to seek in new directors when vacancies occur.

A growing number of boards conduct individual director assessments to understand the performance and contributions of each director to help improve individual performance and to encourage appropriate turnover. Annual evaluations of individual directors as well as the full board and its committees occur on 34% of boards, compared with 17% five years ago.

When recruiting new directors, boards increasingly rely on retired executives, candidates with knowledge of disciplines such as digital or social media, finance and emerging markets, and executives who have experience working abroad at some point in their careers. We continue to see an increase in the number of new directors who are

63.1

*Average age of independent directors*

30%

*Percentage of boards with retirement age set at 75 or older*

# Spencer Stuart Perspective for 2014

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## 30%

*Percentage of new independent women directors – the highest ever*

## 53%

*More than half of new independent directors are retired senior executives and professionals*

serving on an outside public board for the first time — 39% percent of new directors were “first-time” directors in this proxy year. Other observations about the “class of 2014” directors include the following:

- More than half (53%) of new independent directors are retired senior executives and professionals, compared with 39% of new directors in 2009. Conversely, active executives or professionals now represent 47% of new independent directors, down from 61% in 2009.
- Active CEOs, COOs, chairmen, presidents and vice chairmen also represent a smaller share of new S&P 500 directors. In 2014, these senior executives represented 22% of new directors, compared with 23% in 2013 and 26% in 2009.
- The majority of first-time directors, 61%, are active executives.
- Similarly, current CEOs are more likely than retired CEOs to be first-time non-executive directors. Of the first-time directors who are current or former CEOs, 11% are active CEOs and only 2% are retired CEOs.
- Division/subsidiary presidents and other line and functional leaders make up 23% of all new directors, almost double their representation a decade ago.
- Female representation among new directors rose from 24% in 2013 to 30% in 2014, the highest level we've seen. In 2009, women represented 17% of new directors.

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## Additional highlights from this year's proxy analysis:

- In the past decade, the percentage of S&P 500 boards with a declassified structure has increased significantly from 55% in 2004 to 93% today.
- Boards are increasingly likely to place limits on directors' ability to serve on other boards. 75% of S&P 500 boards have established some restriction on other corporate directorships for their board members, compared with 55% in 2006.
- More than one-quarter of S&P 500 boards (28%) have a truly independent chair — a non-executive director or a former executive who has met the applicable NYSE or NASDAQ rules for independence over time — compared with 9% in 2004, the year we began tracking this trend.
- Boards have reduced their number of meetings since 2009. Boards met an average of 8.1 times, compared with an average of 9.0 meetings five years ago.
- 98% of boards report that they conduct some form of annual board evaluation, up from 94% five years ago.
- The average total compensation for S&P 500 directors is \$263,748, 6% higher than the 2013 average. More than half of director compensation comes in the form of equity.

**Editor's Note:** *The Spencer Stuart Board Index* 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 495 companies filed between May 16, 2013, and May 19, 2014, and responses from 108 companies to our governance survey conducted in the second quarter of 2014. 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: Five- and 10-Year Trends

	2014 (a)	2009 (b)	2004 (c)	5-year % change	10-year % change	Comments
<b>Board composition</b>						
Average board size	10.8	10.8	10.8	0%	0%	Average board size stable for 10 years
Independent directors	84%	82%	80%	2%	5%	Share of independent directors has risen slightly
Average age of independent directors	63.1	61.7	60.5	2%	4%	The average director age is at highest level in 10 years
<b>New independent directors</b>						
Total number	371	333	443	11%	-16%	The highest number of new directors in six years
Women	30%	17%	24%	76%	25%	Boards added 110 new women, the most ever; almost one-third of new directors are women
Active CEO/chair/president/COO/vice chair	22%	26%	33%	-15%	-33%	Significantly fewer active senior executives making board commitments
Retired CEO/chair/president/COO/vice chair	19%	17%	11%	12%	73%	Share of retired senior executives among new directors continues to grow
Financial backgrounds	20%	18%	24%	11%	-16%	Directors with financial backgrounds are a consistent source of new directors
Other corporate executives	23%	21%	12%	10%	92%	Corporate leaders added to boards at almost double the % from 10 years ago
<b>Women directors</b>						
Women as percentage of all directors	19%	16%	16%	19%	19%	Female representation is increasing
Boards with at least one woman director	95%	89%	88%	7%	8%	5% of boards do not have any female directors
<b>CEO profile</b>						
Average number of other corporate directorships	0.6	0.7	0.9	-14%	-33%	Sitting CEOs take on fewer outside board commitments
Women CEOs	23	16	7	44%	229%	Females lead only 5% of S&P 500 boards
Boards where CEO is the only non-independent	58%	50%	39%	16%	49%	CEO is the only inside director on more than half of boards
Average age	56.9	55.7	55.3	2%	3%	The average age of CEOs has risen slightly in 10 years
Average tenure with company	18.3	14.6	14.8	25%	24%	The average CEO company tenure has increased four years
<b>Chairman independence</b>						
CEO is also chairman	53%	63%	74%	-16%	-28%	More boards are separating the CEO and chair roles
Independent chairman	28%	16%	9%	75%	211%	Independent board leadership structure is becoming more common
Boards with lead or presiding director	90%	95%	85%	-5%	6%	Most boards have an independent leadership role
<b>Board meetings</b>						
Average number of board meetings	8.1	9.0	8.0	-10%	1%	Average number of meetings peaked about five years ago
Median number of board meetings	7	8	7	-13%	0%	Median returns to 2004 level

	2014 (a)	2009 (b)	2004 (c)	5-year % change	10-year % change	Comments
<b>Retirement age</b>						
Boards with mandatory retirement age	73%	75%	79%	-3%	-8%	Decline in mandatory retirement requirements over the past 10 years
Boards with mandatory retirement age of 75+	30%	15%	5%	100%	500%	Boards are allowing directors to remain on boards much longer
Boards with mandatory retirement age of 72+	92%	75%	49%	23%	88%	Nearly all boards with a retirement age set it at 72 or older
<b>Committee meetings</b>						
Average number of audit committee meetings	8.6	9.1	8.7	-5%	-1%	Audit committees do not meet as often as in prior years
Average number of compensation committee meetings	6.3	6.6	5.8	-5%	9%	Compensation committees meet more often than 10 years ago
<b>Audit committee chairmen</b>						
Active CEO/chair/president/vice chair	8%	13%	22%	-38%	-64%	Fewer active senior executives serve as audit chair
Financial exec/CFO/treas/public acct exec	37%	25%	13%	48%	185%	Financial executives increasingly viewed as audit chair leaders
<b>Non-employee director compensation</b>						
Total average compensation (d)	\$263,748	\$212,750	n/a	24%	n/a	Total average compensation grew 24% in five years
Average annual retainer (e)	\$107,383	\$75,893	\$49,727	41%	116%	Large gain in retainer values over 10 years
Median annual retainer (e)	\$85,000	\$60,000	\$40,000	42%	113%	Median retainer has more than doubled
Boards paying retainer of at least \$70,000	75%	46%	16%	63%	368%	Three-quarters of boards pay a minimum \$70,000 retainer
Boards paying board meeting fee	25%	43%	66%	-42%	-62%	Fewer boards pay for meeting attendance
Average board meeting fee	\$2,229	\$2,122	\$1,723	5%	29%	While granted less often, attendance fees increase slightly
Boards offering stock option program	18%	37%	68%	-51%	-74%	Far fewer boards offer option grants
Boards paying equity in addition to retainer	76%	79%	50%	-4%	52%	Three-quarters of boards provide stock grants
<b>Committee compensation</b>						
Boards paying committee chair retainer	95%	89%	77%	7%	23%	Committee retainers are paid on almost all boards
Average committee chair retainer	\$14,110	\$11,377	\$7,509	24%	88%	Committee chair retainer premium increases
Boards paying committee member retainer	39%	36%	20%	8%	95%	More boards pay member retainers in lieu of meeting fees
Average committee member retainer	\$8,411	\$7,441	\$5,773	13%	46%	Member retainer average also rises
Boards paying committee meeting fees	27%	45%	63%	-40%	-57%	Committee meeting fees fall out of favor
Average committee meeting fees	\$1,715	\$1,579	\$1,374	9%	25%	Meeting fees have increased

(a) Data based on proxy year May 16, 2013, through May 19, 2014.

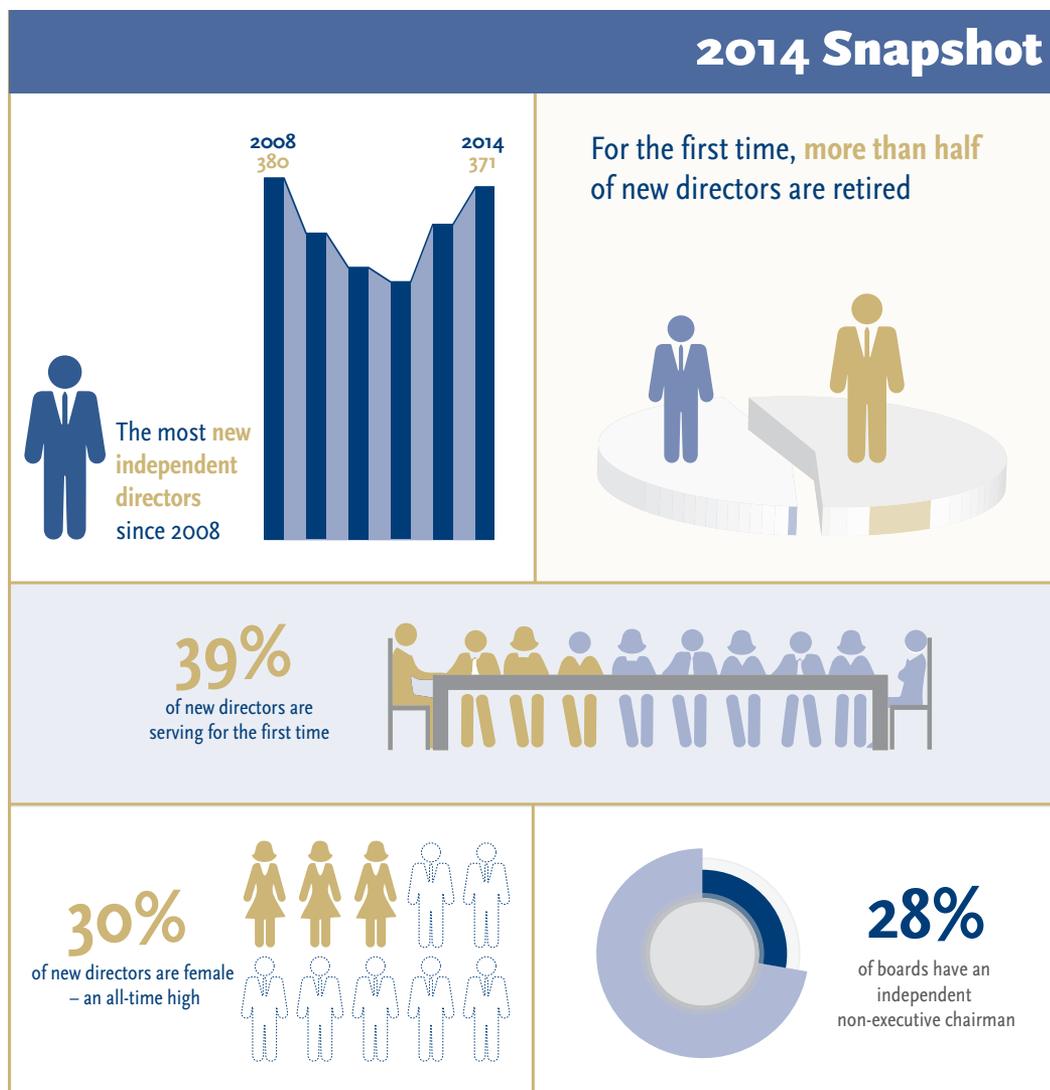
(b) Data based on proxy year June 1, 2008, through May 15, 2009.

(c) Data based on proxy year June 1, 2003, through May 31, 2004.

(d) Based on non-employee director compensation tables included in 493 and 488 proxies for 2014 and 2009, respectively.

(e) Not including stock beyond retainer.

# Board Composition



### Number of new directors increases by 9%

- > S&P 500 boards elected 371 new independent directors in the 2014 proxy year, a 9% increase over 2013. This follows a 16% increase in the 2013 proxy year. Boards are replacing directors who have hit the mandatory retirement age, which had been extended in many cases.
- > This class of new independent directors is the most since 2008, when S&P 500 boards added 380 independent directors.

### Boards increasingly draw on first-timers to fill board openings

- > Individuals with no prior public company board experience continue to be a growing source of new directors. In all, 145 first-time directors joined S&P 500 boards in the 2014 proxy year, representing 39% of all new directors, compared with 38% in 2013.

- > The majority of first-time directors, 61%, are active executives.
- > Similarly, current CEOs are more likely than retired CEOs to be first-time directors on an outside public company board. Of the first-time directors who are current or former CEOs, 11% are active CEOs and only 2% are retired CEOs.

### **More retired executives are tapped for board service, but the mix is changing**

- > More than half (53%) of new independent directors are retired senior executives and professionals, compared with 39% of new directors in 2009. Conversely, active executives or professionals now represent 47% of new independent directors, down from 61% in 2009.
- > While new directors are increasingly likely to be retired, the representation of retired senior executives — retired CEOs, COOs, chairmen, presidents and vice chairmen — has declined. In 2014, 19% of new directors were retired CEOs, COOs, chairmen, presidents and vice chairmen, compared with 23% in 2013.
- > In addition, active CEOs, COOs, chairmen, presidents and vice chairmen represent a smaller share of new S&P 500 directors. In 2014, these senior executives represented 22% of new directors, compared with 23% in 2013 and 26% in 2009.
- > Other corporate executives, both active and retired, are being tapped for board assignments in greater numbers. Division/subsidiary presidents and other line and functional leaders make up 23% of all new directors, almost double their representation a decade ago. Among the line and functional leaders, 60% are business unit heads or leaders in technology, corporate development/strategy/planning and human resources.

### **More women and directors with international experience join boards**

- > Female representation among new directors rose from 24% in 2013 to 30% in 2014, the highest level recorded in this study. In 2009, women represented 17% of new directors.
- > Of the new women directors, 15% are current or former CEOs or other senior executives, a significant drop from 24% in 2013. 37% of female directors are division/subsidiary presidents or line/functional leaders. By comparison, 52% of the new male directors are current/former CEOs and 16% are division/subsidiary presidents or line/functional leaders.
- > 33% of new directors have global experience — defined in this report as having worked at an international location — compared with 29% in 2013. New directors have working experience in diverse global locations, including Africa, Asia, Europe and Latin America.

### **New directors represent diverse industry and functional backgrounds**

- > Demand for director candidates with financial backgrounds rose slightly; 20% of new appointees have banking, finance, investment or accounting credentials, compared with 18% in 2013 and 18% five years ago. Today, 3% of new directors are retired public accounting professionals, compared with only 1% five years ago.

## Board Composition

- > 39% of new directors came from the high tech/telecommunications, consumer goods and services and financial services sectors, a decrease from 43% from these sectors in 2013.
- > Among all sectors, representation increased the most in new directors from the government/military, from 5% in 2013 to 8% in 2014. Overall, however, 16% of new directors have some working experience in the government or military, compared with 19% in 2013.
- > Several sectors are adding new directors at a higher rate than others. For example, the energy sector accounts for 9% of S&P 500 companies, but recruited 12% of new independent directors. Similarly, the financial and information technology sectors account for 16% and 13% of companies, respectively, but 18% and 15% of all new directors. Conversely, the consumer discretionary sector represents 17% of companies, but only 14% of the new directors.

New Independent Director Backgrounds*	Year			2014	
	2004	2009	2014	Men	Women
CEO/chair/president/COO/vice chair	44%	43%	41%	52%	15%
Active	33%	26%	22%	27%	9%
Retired	11%	17%	19%	25%	6%
Other corporate executives	12%	21%	23%	16%	37%
Division/subsidiary presidents	5%	8%	9%	7%	14%
Line and functional leaders	7%	13%	14%	9%	23%
Financial backgrounds	24%	18%	20%	19%	24%
Financial executives/CFO/treasurers	8%	5%	7%	5%	11%
Bankers/investment bankers	5%	3%	4%	4%	4%
Investment managers/investors	5%	9%	6%	8%	4%
Public accounting executives**	6%	1%	3%	2%	5%
Academics/nonprofit	10%	8%	4%	3%	4%
Consultants	4%	3%	2%	1%	5%
Lawyers	3%	2%	2%	2%	5%
Others***	3%	5%	8%	7%	10%

N = 261 men and 110 women in 2014  
 \* Except where noted, all include both active and retired executives.  
 \*\* All former partners or executives of accounting firms.  
 \*\*\* Includes retired government officials and military personnel, designers, television news anchor, medical executive, police commissioner.

## Spencer Stuart Governance Survey: Recruiting new directors

- > During the past several years, the topic of board renewal has gained prominence. This year, in addition to asking about the specific expertise and backgrounds boards are looking for in new directors, our survey of S&P 500 corporate secretaries asked about how boards approach board renewal.
- > 41% of respondents said their board has a long-term strategy to promote regular board turnover. Among those that do, 93% said director retirement is the primary driver and 80% said the desire to add new skills to the board is the main catalyst. 60% cited the desire to increase the diversity of the board as a driver of long-term board turnover.
- > Just over half of respondents said their board is planning to add new directors in 2014, and 39% said their board expects to add directors in 2015. Replacing retiring directors is the most common reason for adding new directors, cited by 82% of respondents. Other top reasons for adding new directors are to bring new skills to the board and increase board diversity, cited by 63% and 45% of respondents, respectively. Roughly 10% of respondents said directors are being added to increase the size of the board.

## Director recruiting profiles

- > A growing number of boards appear to be taking a holistic view of the capabilities needed in the boardroom. 83% of respondents said their board has evaluated its cumulative experience against a defined set of desired skills.
- > When asked about the specific profiles needed in the boardroom, women and minority directors emerged as the top recruiting priorities, with 71% of respondents saying their board is looking for female directors and 64% saying their board is seeking minority directors. In fact, boards did make progress in recruiting women in the current proxy year: 30% of new independent directors are women, the highest level recorded to date. However, only 12% of new directors are minorities, a decrease from 18% in 2013.
- > Recruiting an active CEO or COO is a priority for 60% of respondents, while 40% said they are looking for a retired CEO or COO. International experience and industry expertise also are in demand, cited by 55% and 51% of respondents, respectively. Financial expertise was cited as a priority by 45% of respondents.
- > 28% of respondents said digital and social media expertise are needed, compared with just 12% of respondents in 2013.

### Wish List for New Director Backgrounds\*

Women	71%
Minorities	64%
Active CEO/COO	60%
International expertise	55%
Industry expertise	51%
Financial expertise	45%
Retired CEO/COO	40%
Digital or social media expertise	28%
Information technology expertise	27%
Risk expertise	24%
Marketing expertise	20%
Regulatory/government expertise	17%

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

Data in this and other sections labeled "Added Perspective" come from our governance survey, conducted in the second quarter of 2014. This year, we heard from 108 S&P 500 companies, except where noted. Respondents include corporate secretaries, general counsel and chief governance officers.

# Board Composition

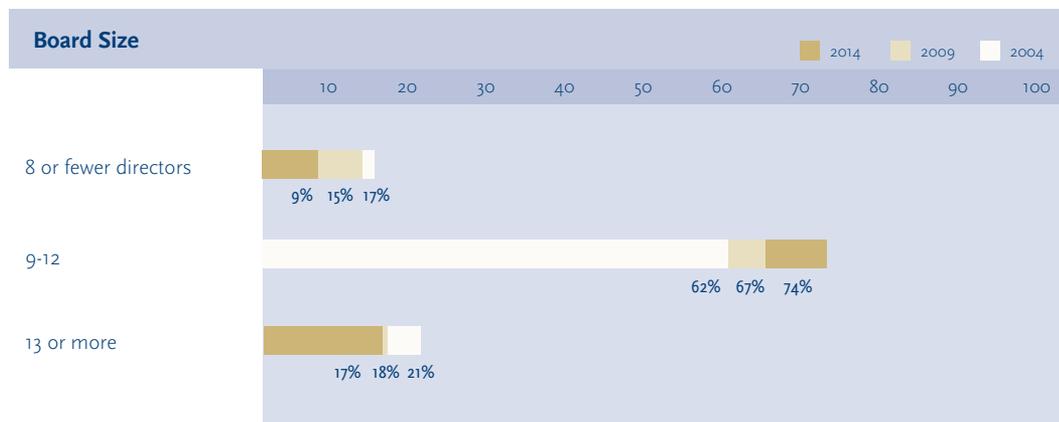
## ADDED PERSPECTIVE

### Spencer Stuart Governance Survey: Director onboarding

- > Director onboarding programs can vary widely, and the best take into account the specific experience that individual directors bring to the board, including previous governance and industry experience. For the first time this year, we surveyed S&P 500 boards about their approach to onboarding.
- > 98% said a meeting with the company's auditor is part of the director orientation program. 55% have new directors meet with the company's compensation adviser.
- > 64% of respondents said new directors participate in site visits, and 39% said their companies offer a new director orientation in which directors meet with management team members and business unit and functional leaders. 20% provide access to third-party director education programs.

### Average board size hovers near 11

- > For more than 10 years, the average size of S&P 500 boards has been stable, ranging between 10.7 and 10.9. On average, S&P 500 boards have 10.8 members today. The stability in the average board size has masked a convergence within the 9-12 board member range. Nearly three-quarters of boards now fall within that range, compared with 62% in 2004.
- > 42% of boards have 10 or 11 members today, compared with 35% a decade ago. During the same 10-year period, the percentage of boards with eight or fewer members fell from 17% to 9%, and boards with 13 or more members declined from 21% to 17%.
- > CME Group tops the list of largest boards with 24 members, followed by BlackRock and BB&T, with 18 members each.
- > The smallest board — Microchip Technology — has five directors, and three boards have six members.



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### **Percentage of independent directors dips slightly**

- > Independent directors now make up 84% of all S&P 500 board members. This represents a decrease of just one percentage point from last year, which had the highest representation of independent directors since we began tracking these data in 1998. S&P 500 boards have 9.1 independent directors and 1.7 non-independent directors on average. The ratio of independent directors to non-independent directors is 5.4 to 1.
- > As the percentage of independent directors has increased over time, the CEO has become the sole non-independent director on the majority of boards. On 58% of boards today, the CEO is the only non-independent director, compared with 50% in 2009. In 2004, 61% of boards had at least one non-independent director in addition to the CEO.

### **All but 7% of boards now have annual director elections**

- > A growing number of S&P 500 boards have opted for a declassified board structure; today 93% of boards have one-year director terms, an increase from 91% in 2013. In the past decade, the percentage of boards with a declassified structure has increased significantly from 55% in 2004.
- > It also has become standard practice for boards to establish policies requiring directors who fail to secure a majority vote to offer their resignation. 86% of boards now have such policies, up from 65% in 2009.
- > While these policies have become widespread, boards still retain the discretion to accept or decline a director's resignation following his or her failure to receive a majority vote.

### **On most boards, directors and CEOs must provide notification about a job change**

- > 86% of S&P 500 boards have a provision in their corporate governance guidelines requiring directors who experience a job transition or change in job responsibilities to notify the chairman and/or the nominating committee and offer their resignation. Typically, the chair or nominating committee has the discretion to accept or decline the resignation.
- > 38% 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. In 2011, 32% of boards had such a provision.

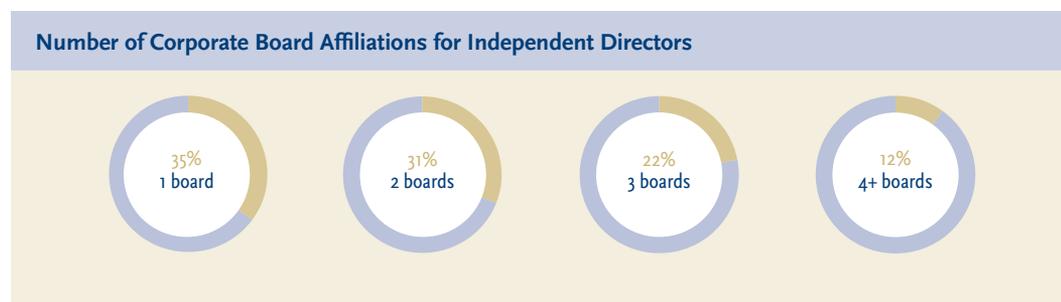
# Board Composition

## Three-quarters of boards restrict other public company directorships

- > As the time commitment and responsibility required for effective board service has increased, a growing number of boards have placed limits on directors' ability to serve on other boards. 75% of S&P 500 boards today have established some restriction on other corporate directorships for their board members. By comparison, 67% of boards in 2009 and 55% in 2006 had such restrictions. Some companies limit the number of additional boards for all directors, while others do so only for audit committee members or for directors who are fully employed by public companies.
- > 60% of boards have set a numerical limit for other board service for all directors; of those, 5% cap additional directorships at two, 31% cap additional directorships at three, 41% at four, and 23% at five or six. No company limits other directorships to one.
- > 16% of boards restrict the additional board service of directors who are fully employed executives or CEOs of public companies, limiting these directors to serve on one, two or three other boards.
- > 46% of S&P 500 boards limit the number of other audit committees on which their own audit committee members may serve; 92% of these boards limit the number of other audit committee memberships to two.
- > 124 boards do not specify a limit on other corporate directorships. Of these, however, 91% require directors to notify the chairman prior to accepting an invitation to join another company board and/or encourage directors to "reasonably limit" their other board service.
- > 20% of S&P 500 boards set a specific limit on the CEO's outside board service. Of those, 95% limit outside board assignments to two or fewer. Only one board reports restricting the CEO from taking any external board role.

## The average director serves on two corporate boards

- > Although independent directors generally could serve on more, the average S&P 500 director has 2.1 outside corporate board affiliations. This average has remained unchanged during the last three years.
- > 65% of independent directors have two or more outside affiliations; 12% have four or more. 38 directors serve on six boards.



### Few boards have director term limits

- > Despite increased attention to the question of director turnover and board refreshment, few boards have adopted director term limits as a tool to promote turnover. 65% of boards explicitly state in their corporate governance guidelines that they do not have term limits, while just 16 S&P 500 boards, 3%, specify a term limit for directors. 32% do not mention term limits at all.
- > Of the 16 boards with a specific term limit, five cap director terms at 15 years, four at 10 years and two at 20 years. The longest term limit is 30 years, and no board has a term limit less than 10 years.

Boards with Term Limits	
Company	Term limit
The AES Corporation	14 consecutive one-year terms
Allegion Public Company Limited	10 years
FLIR Systems	7 consecutive three-year terms
Frontier Communications Corporation	15 years
Integrus Energy Group	30 years
International Flavors & Fragrances	12 consecutive one-year terms
International Game Technology	10 years
Juniper Networks	10 years
MasterCard	15 years
Patterson Companies	20 years
The Procter & Gamble Company	18 years
Target Corporation	20 years or 5 years after retirement from active employment
Varian Medical Systems	15 years
Wal-Mart Stores	10 years
The Walt Disney Company	15 years
Xcel Energy	15 years

- > Many boards report that, as an alternative to establishing term limits or mandatory retirement, they consider whether individual directors should remain on the board as part of their nomination for election procedures.

### Average board ages continue to climb

- > The median age of independent directors is 63, and the average continues to inch up, to 63.1 from 62.9 in 2013, 61.7 in 2009 and 60.5 a decade ago.
- > In 2004, 35% of S&P 500 boards had an average age of 59 or younger, and 74% of boards had an average age ranging from 57 to 63. Today, only 11% of boards average 59 or younger, and 53% fall in the 57 to 63 average.
- > 45% of S&P 500 boards have an average age of 64 or older — compared with 16% of boards a decade ago — and 10 of those boards have an average age of 70 or more.

# Board Composition

- > The average age of new independent directors has increased by two years over the past 10 years, from 55.7 in 2004 to 57.6 today. The oldest new director elected in the 2014 proxy year is 79, and the youngest is 31.

Average Age of Independent Directors			
	2014	2009	2004
<b>Years</b>			
Average age of all independent directors	63.1	61.7	60.5
Youngest average board age	45	52	50
Oldest average board age	73	75	74
<b>Percentage of S&amp;P 500 boards with an average age of:</b>			
59 and younger	11%	22%	35%
60-63	44%	49%	49%
64 and older	45%	29%	16%

## Mandatory retirement ages continue to increase

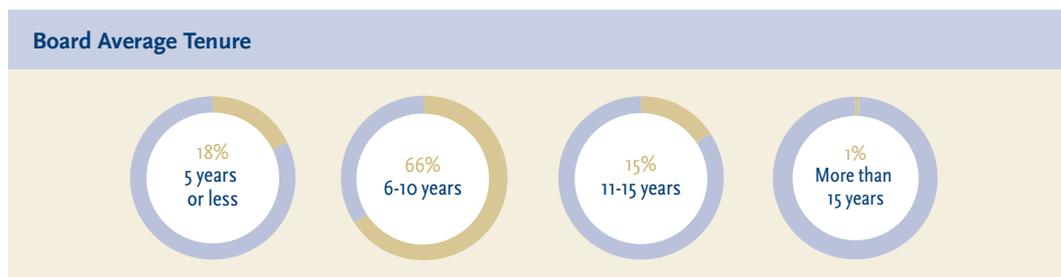
- > 73% of all S&P 500 boards have established a mandatory retirement age for directors, relatively stable from 72% in 2013 and 75% in 2009. 11% of boards reported that they decided not to set a mandatory retirement age because the practice could deprive the board of experienced members who possess deep knowledge about company operations.
- > Of the 361 boards that specify a retirement age, 30% now set it at 75 or older, a notable increase from just one year ago when 24% had a retirement age of 75 or higher. 52% of boards have a retirement age of 72. Three boards set the retirement age at 80. A decade ago, only 5% of boards had a retirement age of 75 or higher, and 40% set retirement at age 72.
- > In the 2014 proxy year, one board added a director equal to the retirement age. The company's proxy indicated the new director's appointment was subject to shareholder approval.

Mandatory Retirement Age			
	2014	2009	2004
70 and younger	7%	24%	50%
71	1%	1%	1%
72	52%	54%	40%
73	4%	3%	3%
74	6%	3%	1%
75 and older	30%	15%	5%

N = Boards that have set a mandatory retirement age: 361 for 2014, 366 for 2009, 385 for 2004

### Fewer boards with an average tenure of more than 10 years

- > The average tenure of S&P 500 boards is 8.4 years, a decrease from 8.6 in 2013.
- > 16% of boards have an average tenure of 11 or more years, compared with 20% of boards in 2013. On two-thirds of boards, 66%, the average director tenure is between six and 10 years. 18% have an average tenure of five years or less, down from 22% in 2009.
- > The longest average board tenure is 22 years, compared with 24 years in 2013. The longest-tenured director has served 50 years.
- > With the average tenure for sitting CEOs at 7.3 years, most boards will serve with two CEOs.



### Women make gains in the boardroom

- > 24 S&P 500 boards, or 5% of the total, have no female directors, a decline from 2013, when 7% of boards did not have a woman. A decade ago, 13% of boards had no female directors. Boards without female representation are most likely to be in the information technology or energy sectors.
- > Women account for close to 19% of the total number of directors, compared with just under 18% in 2013. The average number of women on all boards also increased slightly, from 1.9 in 2013 to 2.0 in 2014.
- > More than two-thirds, 68%, of S&P 500 companies have two or more women on the board, up from 66% in 2013. A decade ago, 46% of boards had two or more female directors.
- > 23 S&P 500 companies have a woman serving as CEO, one more than in 2013. Female CEOs now represent 4.6% of chief executives of the companies in this study. While the number of women serving in the top role remains small, it is the largest number since we began tracking this data.
- > As we have seen in the past, companies led by women are likely to have a greater number of female board directors. In S&P 500 companies led by women, 30% of all directors are women. When the female CEO is excluded, the percentage is 23%. In companies with a male CEO, the average is 18%.
- > All but one of the companies led by women have two or more female directors, three have five and one company has six female directors.

# Board Composition

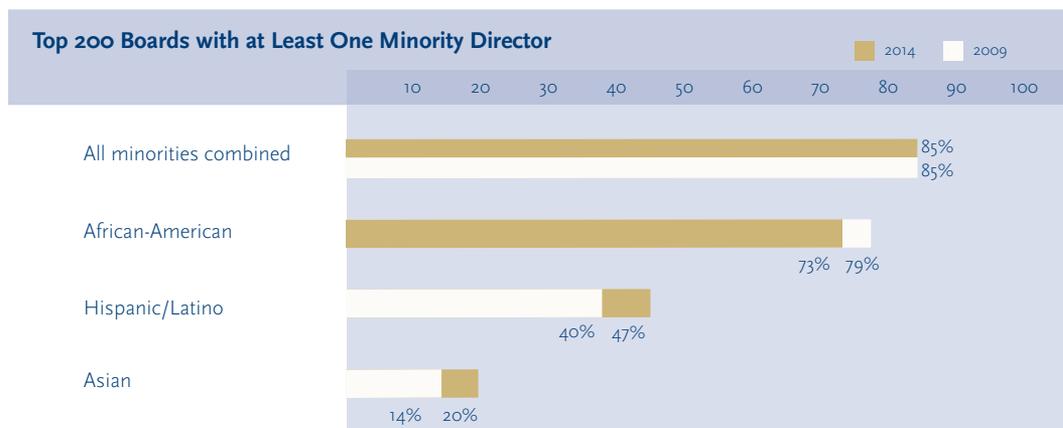
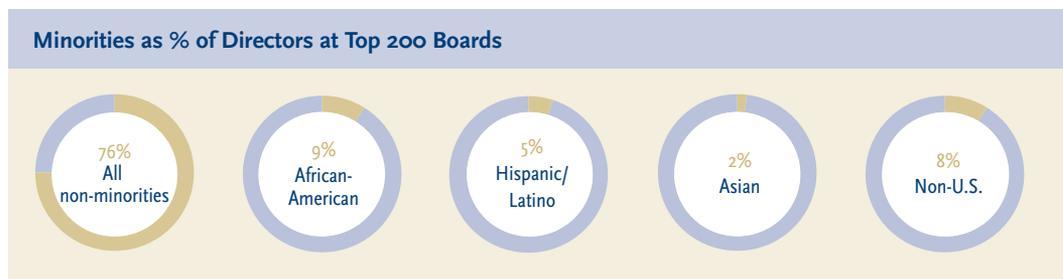
S&P 500 Female CEOs and Their Boards*				
Company	CEO	Total directors	Women directors	Women directors as % of total
Archer-Daniels-Midland Company	Patricia A. Woertz	12	2	17%
Avon Products	Sheri McCoy	10	6	60%
Campbell Soup Company	Denise M. Morrison	15	5	33%
Duke Energy Corporation	Lynn J. Good	15	3	20%
E.I. du Pont de Nemours and Company	Ellen J. Kullman	12	3	25%
Frontier Communications Corporation	Mary Agnes Wilderotter	11	4	36%
Gannett Co.	Gracia C. Martore	10	3	30%
General Dynamics Corporation	Phebe N. Novakovic	12	3	25%
General Motors Corporation	Mary T. Barra	12	4	33%
HCP	Lauralee E. Martin	7	2	29%
Hewlett-Packard Company	Margaret C. Whitman	12	3	25%
International Business Machines Corporation	Virginia M. Rometty	13	3	23%
International Game Technology	Patti S. Hart	9	3	33%
KeyCorp	Elizabeth E. Mooney	12	5	42%
Lockheed Martin Corporation	Marillyn A. Hewson	12	4	33%
Mondelez International	Irene B. Rosenfeld	12	3	25%
Mylan	Heather Bresch	13	4	31%
PepsiCo	Indra K. Nooyi	13	5	38%
Sempra Energy	Debra L. Reed	13	3	23%
The TJX Companies	Carol Meyrowitz	10	3	30%
Ventas	Debra A. Cafaro	10	1	10%
Xerox Corporation	Ursula M. Burns	10	4	40%
Yahoo!	Marissa Mayer	9	3	33%
<b>Average % women directors for companies with female CEOs</b>				<b>30%**</b>
<b>Average % women directors for companies with male CEOs</b>				<b>18%</b>

\* Accurate as of each company's most recent proxy released by May 19, 2014.  
 \*\*Excluding the CEO, the average is 23%.

## Fewer minorities tapped as new directors

- > 12% of the 371 new independent directors are minorities (defined as African-American, Hispanic/Latino and Asian), a decrease from 18% in 2013. In all, 45 directors with these profiles joined S&P 500 boards.
- > New minority directors are less likely to be active or retired senior leaders (such as CEO, chair, president or COO) than new non-minority directors, 20% versus 44%, but more likely to come from the government/military or academic/nonprofit sectors and other executive roles. 20% of the new minority directors this year are division/subsidiary presidents and 20% are line or functional leaders, compared with 8% and 13% of new non-minority directors, respectively.

- > Among the largest 200 S&P 500 companies, minorities account for 15% of all directors, consistent with the past several years. 85% of those companies have at least one minority director, and 46% have two or more minority directors.
- > The representation of individual minority groups among directors in the top 200 companies remained relatively stable from 2013.
  - 8.5% of directors are African-American, versus 8.9% last year. 73% of boards have at least one African-American director, a decline from 79% in 2009.
  - 4.5% of directors are Hispanic/Latino, compared with 4.6% in 2013. 47% of boards today have at least one Hispanic/Latino director, up from 40% in 2009.
  - 1.8% of directors are of Asian descent, and 20% of boards have one or more Asian directors, up from 14% in 2009.



**Fewer than 10 of the top 200 companies led by minorities**

- > Nine of the top 200 S&P companies are led by African-Americans, Hispanics/Latinos or Asians, which is one more than in 2013 and represents 5% of the top 200 companies.
- > 21% of the directors at these nine companies are minorities. However, minority representation drops to 13% when the CEO is excluded. Minority directors represent 15% of directors of the top 200 companies with a non-minority CEO.

# Board Composition

Top 200 Minority-Led Companies and Their Boards*				
Company	CEO	Total directors	Minority directors	Minority directors as % of total
The AES Corporation	Andres R. Gluski	12	3	25%
American Express Company	Kenneth I. Chenault	13	3	23%
Carnival Corporation	Arnold W. Donald	9	1	11%
Delphi Auto	Rodney O'Neal	11	1	9%
Express Scripts	George Paz	11	2	18%
McDonald's Corporation	Donald Thompson	13	4	31%
Merck & Co.	Kenneth C. Frazier	12	3	25%
United States Steel	Mario Longhi	13	2	15%
Xerox Corporation	Ursula M. Burns	10	3	30%
<b>Average % of minority directors for companies with minority CEOs</b>				<b>21%**</b>
<b>Average % of minority directors for companies with non-minority CEOs</b>				<b>15%</b>
* Accurate as of each company's most recent proxy released by May 19, 2014.				
** Excluding the CEO, the average is 13%.				

## Slight year-over-year decline in international representation on boards

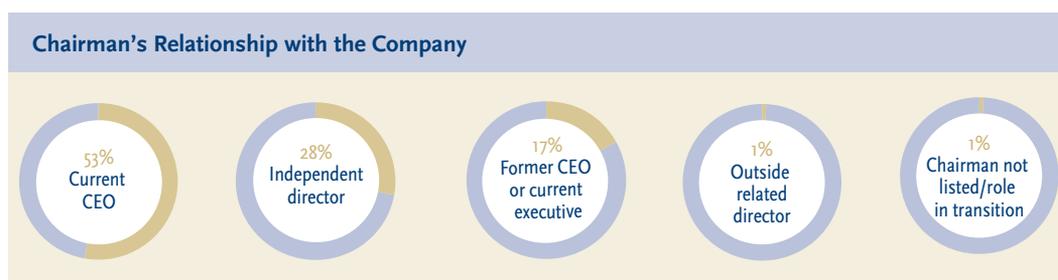
- > Directors of non-U.S. origin account for 8.1% of directors on the boards of the top 200 S&P 500 companies, an increase from 7.2% in 2009 but a decline from 8.6% last year. However, 12% of all new independent S&P 500 directors are from outside the U.S., an increase from 7% in 2013.
- > 55% of the top 200 companies in the S&P 500 have at least one non-U.S. director, the same as last year but more than in 2009 when 50% of this group included at least one board member from outside the U.S. For the purposes of this report, directors of Indian descent are included within the non-U.S. group.
- > While these directors represent 29 different countries, 65% of the non-U.S. directors come from the following five countries: India, the U.K., Canada, France and Germany. 19% were born in India and 16% in the U.K.

## CEO outside board representation continues to decline

- > 54% of CEOs serve on no outside boards, compared with 53% last year and 51% in 2009. The percentage of CEOs serving on two or three outside boards fell from 16% in 2009 to 9% today.
- > CEOs serve on an average of 0.6 other corporate boards, the same since 2010. A decade ago, CEOs served on 0.9 outside corporate directorships.
- > The average age of S&P 500 CEOs is 56.9, versus 55.7 in 2009. The average CEO age has fluctuated between 55 and 57 years for more than a decade.

### More than one-quarter of boards have a truly independent chair

- > The number of boards that split the chair and CEO roles between two people continues to grow. This year, 47% of S&P 500 boards, 234 companies, split the role, an increase from 45% in 2013 and 37% in 2009.
- > 28% of boards (138) now have a truly independent chair — a non-executive director or a former executive who has met the applicable NYSE or NASDAQ rules for independence over time — compared with 25% last year and 9% in 2004, the year we began tracking this trend.
- > Former CEOs are less likely today to serve as chair than 10 years ago. Today, 4% of non-executive chairs are the former CEO, compared to 15% in 2004. Conversely, on 13% of boards today, executives other than the CEO serve as chair, compared with just 1% in 2004.
- > Despite the trend toward splitting the chair and CEO roles, only 14 boards, 3% of the S&P 500, have formal policies requiring the separation. And, in fact, the number of boards with a formal separation policy has decreased from 21 companies (4%) in 2013. The majority of other companies decide on a case-by-case basis.



### ADDED PERSPECTIVE

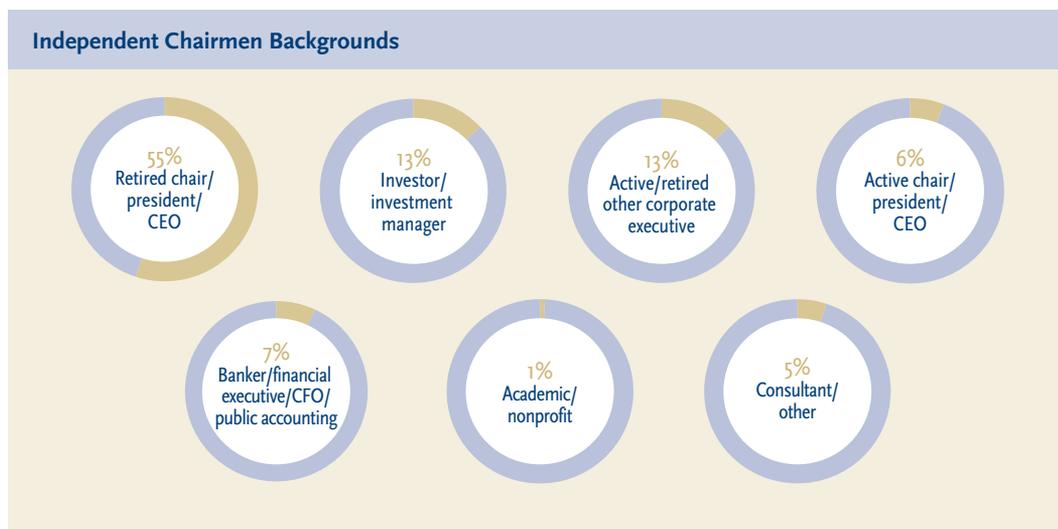
#### Spencer Stuart Governance Survey: The chairman and CEO split

- > 45% of survey respondents said their board has a separate chairman; of those, 47% are independent chairmen.
- > 29% of boards have recently considered splitting the chairman and CEO roles. Among the boards that recently decided to separate the chair and CEO roles, 80% said the move was made as part of a CEO transition. The other 20% said their boards split the roles because it was the best governance approach or the best structure at the time.
- > 24% said they expect that the board will split the roles within the next five years.

# Board Composition

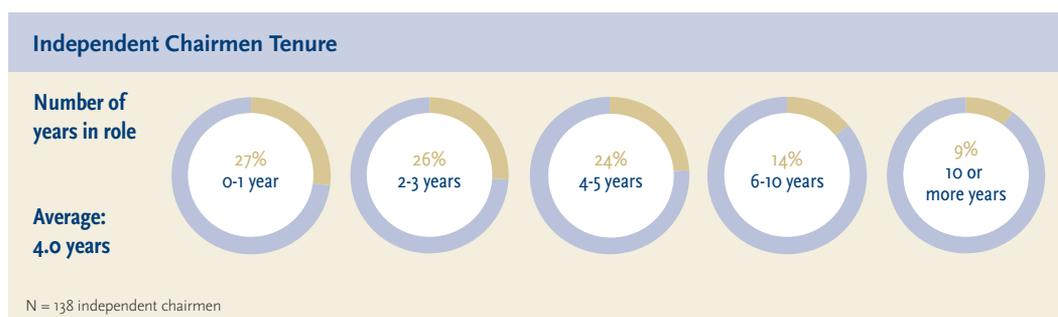
## Retired senior executives are most likely to serve as independent chair

- > 55% of the 138 independent chairs of S&P 500 companies are retired chairmen, vice chairmen, presidents or CEOs. Only 6% of independent chairs are active executives, including six current public-company CEOs.
- > 13% of the independent chairs are investors or investment managers, and another 13% are other corporate executives, active or retired, including line and functional leaders.
- > Academics, nonprofit executives, bankers/financial executives, and others (including a consultant, lawyer and public accounting executive) make up the remaining independent chairs.



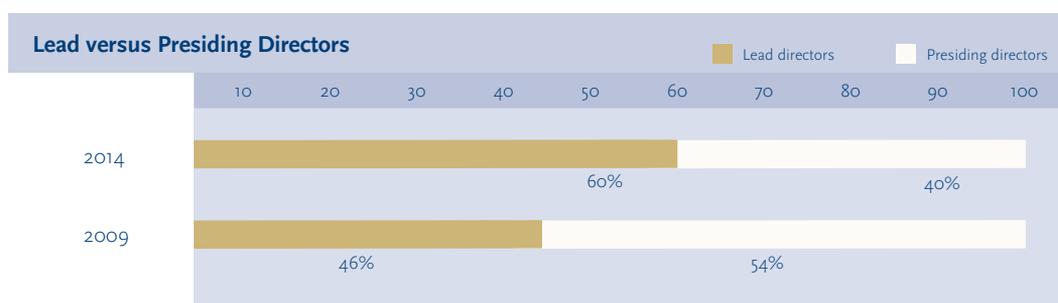
- > On average, independent chairmen serve in the role for 4.0 years. 53% of independent chairmen have been in the role for three years or less: 27% have been in the role for one year or less and 26% for two or three years. 23% of independent chairmen have served in their roles for six or more years. The longest-serving S&P 500 independent chair has been in the position for 17 years.

- > 86% of the independent chairmen previously served as directors on the board before becoming chair, serving 7.7 years on average before moving into the chairman role.



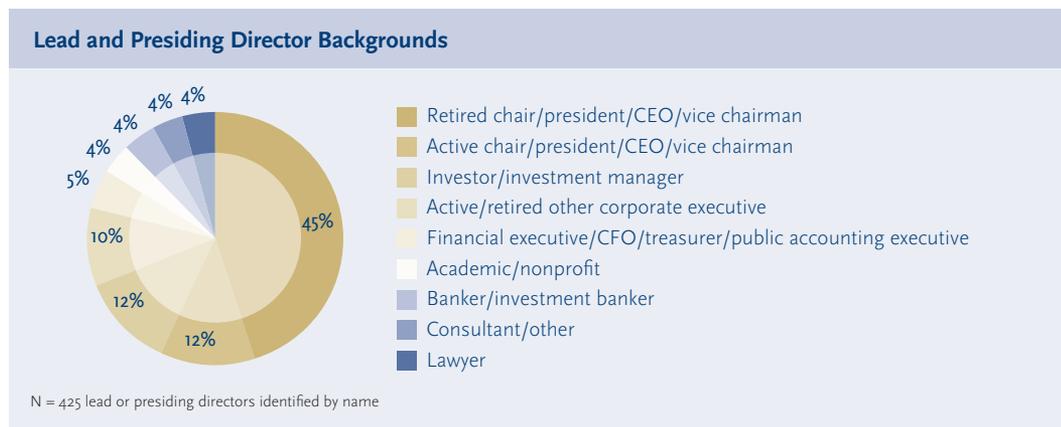
### All but three boards have an independent chair or lead/presiding director

- > 90% of S&P 500 boards report having a lead or presiding director, unchanged from 2013. Of the 446 boards with one of these positions, 60% have lead directors and 40% have presiding directors, including those identified as “chair” of executive sessions. In 2004, when we began tracking this information, only 28% of boards had designated a lead director and 72% had a presiding director.
- > Among the 91 boards where the chairman is separate from the CEO but not independent, 83 (91%) have identified a lead or presiding director.
- > 93 (67%) of the boards with an independent, non-executive chairman have indicated that the non-executive chair also serves as the lead/presiding director. Eight boards identify an independent presiding director in addition to the independent chair.
- > Only three S&P 500 boards do not report having a form of independent board leadership — neither an independent chairman nor a lead/presiding director.
- > Nearly all lead and presiding directors (97%) are identified by name in the proxy, compared with 87% five years ago. In 2009, 9% of boards reported that the lead/presiding director role rotated among different directors, either independent directors or committee chairs, at every meeting, compared with only 2% this year.



# Board Composition

- > More boards are disclosing how long their current lead or presiding director has served in the role. Among the 309 boards that disclosed the information this year, the average tenure is 3.7 years, compared with 3.5 years in 2013. 8% of lead/presiding directors have been in the role for less than a year, and 7% for 10 or more years. 70% of lead and presiding directors have held the role for four years or less.
- > The backgrounds of lead and presiding directors are generally similar to those of independent chairmen. However, lead and presiding directors are somewhat more likely to be active top executives (12% versus 6%). 45% are retired chairmen, vice chairmen, presidents or CEOs, 12% are investors or investment managers, and 10% are active or retired other corporate executives.



## ADDED PERSPECTIVE

### Spencer Stuart Governance Survey: Lead director

- > The full board selects the lead or presiding director, according to 83% of survey respondents. Just under 20% said the lead or presiding director is selected by the nominating and governance committee. Another 7% said independent directors or non-employee directors select the lead or presiding director.
- > About one-third of surveyed companies have established terms for the lead director role. 22% have one-year terms and a combined 10% have two- or three-year terms. 5% set the lead director term at five years.

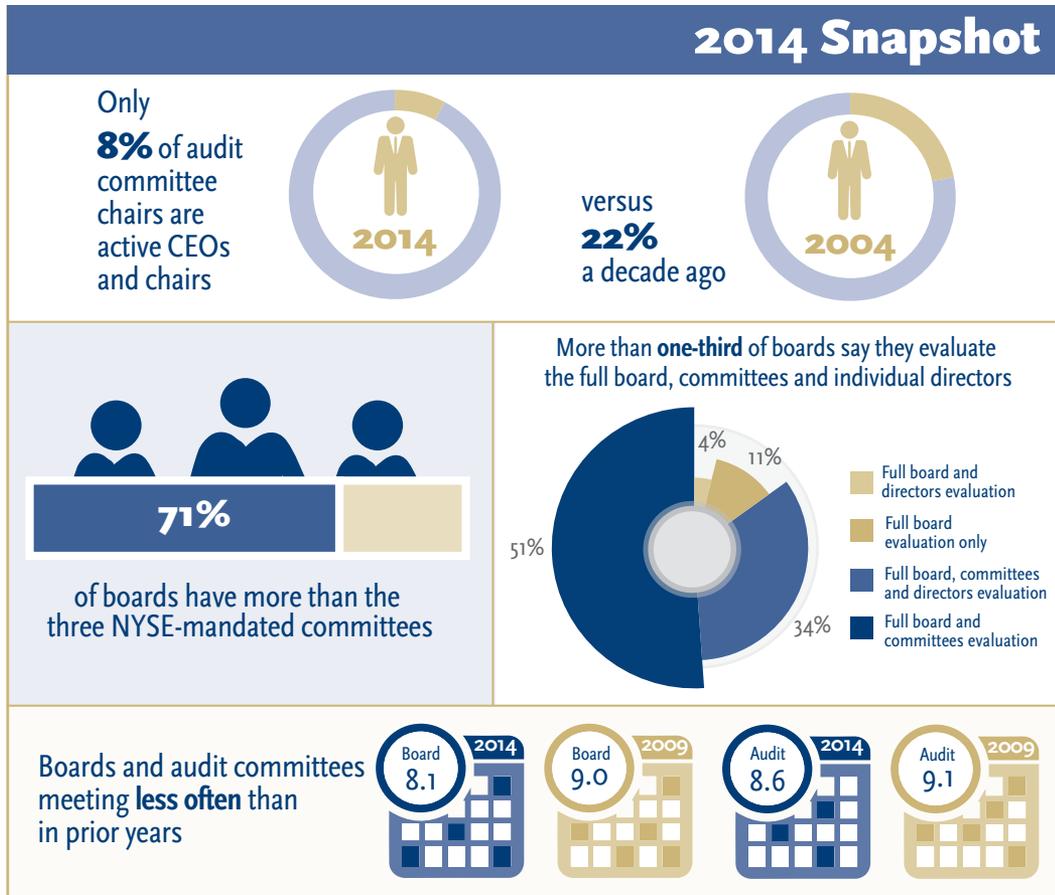
## Spencer Stuart Governance Survey: Board leadership roles and responsibilities

- > The chairman/CEO is most likely to keep directors informed between meetings, represent the board with investors and the public, and facilitate communication between the board and investors.
- > The lead director and chairman/CEO are equally likely to be responsible for developing the board agenda and determining the quality and timeliness of information from management.
- > Lead directors and independent chairmen are most likely to chair meetings of independent directors and serve as the principal liaison between the independent directors and the CEO. They also tend to play a primary role in overseeing board and director evaluations as well as the CEO evaluation.

### Primary Responsibility for Board Activities

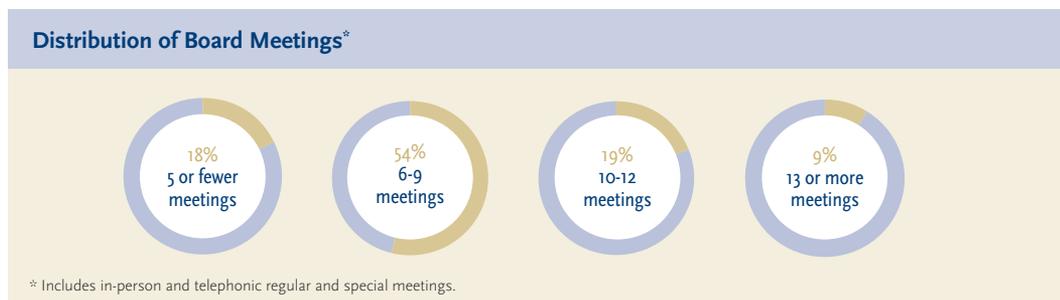
	Chairman/CEO (if combined)	Chairman (if split)	CEO (if split)	Lead director	Other
Chairs meetings of independent directors	6%	26%	0%	<b>65%</b>	5%
Acts as principal liaison between independent directors and CEO	3%	33%	1%	<b>65%</b>	5%
Helps develop board agendas/ensures inclusion of critical issues	43%	33%	27%	<b>44%</b>	12%
Determines quality, quantity and timeliness of information from management	<b>38%</b>	22%	26%	36%	10%
Keeps directors informed between meetings	<b>52%</b>	20%	39%	18%	9%
Oversees board and director evaluations	8%	25%	1%	37%	<b>47%</b>
Has the lead role in CEO evaluation	2%	26%	3%	36%	<b>43%</b>
Determines committee membership	20%	19%	7%	20%	<b>61%</b>
Represents board with the public/investors	<b>47%</b>	14%	36%	11%	8%
Facilitates communication between board and investors	<b>41%</b>	12%	30%	11%	19%

# Board Organization and Process



### Boards have reduced their number of meetings since 2009

- > Boards met an average of 8.1 times, compared with 8.0 the previous year, while the median number of meetings remains at 7.0. This included in-person and telephonic regular and special meetings. Five years ago, boards met 9.0 times on average.
- > The majority of boards, 54%, met six to nine times.



## Most boards have four or more committees

- > 71% of boards have more than the three NYSE-mandated committees (compensation/HR, audit and nominating/governance). 14% have six or more standing committees; 10 years ago, 16% had six or more committees.
- > S&P 500 boards have an average of 4.3 standing committees. In the previous five years, the average has been 4.2 committees.
- > The most common committees beyond the compensation, audit and nominating committees are the executive committee (34%) and finance committee (31%). The risk, science & technology and environment, health & safety committees are more common than they were 10 years ago, but still are represented in less than 10% of boards each.
- > Interestingly, despite shareholder interest in more corporate social responsibility, the percentage of boards with a formal public policy, social & corporate responsibility committee has continued to decline from 13.3% in 2004 to 11.4% in 2009 to 9.3% of boards today.

Prevalence and Independence of Standing Committees	% with this committee		% composed entirely of independent directors	
	2014	2004	2014	2004
Audit	100%	100%	100%	100%
Compensation/HR*	100%	100%	100%	99%
Nominating/Governance**	99%	98%	100%	98%
Executive	34%	43%	4%	1%
Finance	31%	34%	77%	66%
Public Policy/Social & Corporate Responsibility	9%	13%	85%	74%
Risk	9%	2%	78%	33%
Environment, Health & Safety	9%	5%	93%	68%
Science & Technology	8%	5%	76%	79%
Legal/Compliance	5%	3%	92%	87%
Strategy & Planning	3%	3%	53%	50%
Investment/Pension	1%	7%	100%	75%
Acquisitions/Corporate Development	2%	2%	38%	33%

\*14 boards have a combined compensation and nominating committee. They are counted as separate committees for the purpose of this analysis.

\*\* Includes two boards that have standing corporate governance committees in addition to their nominating committees. Controlled companies are not required to have nominating committees; there are 16 controlled companies this year.

# Board Organization and Process

## Audit committees meet less often today than five years ago

- > Audit committees meet more often than compensation and nominating/governance committees, but less often than five years ago. The average number of audit committee meetings was 9.1 in 2009 — after peaking at 9.5 in 2006 and 2007 — compared with 8.6 today.
- > Five years ago, 29% of audit committees convened 11 or more times, compared with 23% in this proxy year.
- > The highest number of audit committee meetings was 22; for compensation, the high was 24, and for nominating/governance, the high was 13.

### Distribution of Committee Meetings\*

	Audit committee	Compensation committee	Nominating/governance committee
3 or fewer meetings	1%	6%	21%
4	5%	13%	29%
5	8%	23%	27%
6	8%	21%	12%
7	10%	15%	6%
8-10	45%	16%	4%
11-13	19%	5%	1%
14 or more	4%	1%	0%
<b>Average</b>	<b>8.6</b>	<b>6.3</b>	<b>4.7</b>
<b>Median</b>	<b>8.0</b>	<b>6.0</b>	<b>5.0</b>
<b>Maximum</b>	<b>22</b>	<b>24</b>	<b>13</b>

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

### More than half of audit chairs are retired executives and finance leaders

- > 28% of all audit committee chairs are retired CEOs, chairs, presidents and COOs, compared with 26% in 2004. 25% are active or retired CFOs, treasurers and financial executives, compared with only 7% in 2004. Public accounting executives, investors/investment managers and other corporate executives also are sources of audit committee chairs, now accounting for 12%, 7% and 8%, respectively.
- > Just 8% of S&P 500 audit committee chairs are active CEOs, chairs, presidents and COOs, compared with 22% a decade ago. As the audit committee workload has increased, the percentage of active CEOs serving as audit chair has decreased.

#### Audit Committee Chairman Backgrounds

	2014	2004
Retired chair/president/CEO/COO/vice chairman	28%	26%
Active chair/president/CEO/COO/vice chairman	8%	22%
Financial executive/CFO/treasurer	25%	7%
Public accounting executive	12%	6%
Investor/investment manager	7%	6%
Other corporate executive	8%	9%
Academic/nonprofit	3%	7%
Consultant	3%	7%
Banker/investment banker	4%	6%
Lawyer	1%	3%
Other	1%	1%

### Retired top executives are the largest source for committee leadership roles

- > Retired CEOs, chairs, presidents and COOs are the most common backgrounds of compensation and nominating/governance committee chairs; 45% of compensation chairs and 30% of nominating/governance committee chairs are retired top senior executives.
- > Active top senior executives are more likely to serve as chair of the compensation and nominating/governance committees than the audit committee. 17% of directors with these profiles serve as compensation committee chair, and 15% as nominating/governance committee chair. Five years ago, 26% of compensation committee chairs and 19% of nominating/governance committee chairs were filled by active senior executives.

# Board Organization and Process

Committee Chairman Backgrounds*	% of chairmen		
	Audit committee	Compensation committee	Nominating/governance committee
Retired chair/president/CEO/COO/vice chairman	28%	45%	30%
Active chair/president/CEO/COO/vice chairman	8%	17%	15%
Financial executive/CFO/treasurer	25%	2%	3%
Public accounting executive	12%	1%	1%
Investor/investment manager	7%	9%	10%
Other corporate executive	8%	14%	13%
Academic/nonprofit	3%	4%	10%
Consultant	3%	3%	5%
Banker/investment banker	4%	3%	4%
Lawyer	1%	1%	6%
Other	1%	1%	3%
<b>Total number of boards reporting this information</b>	<b>488</b>	<b>483</b>	<b>482</b>

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

## Annual evaluations nearly universal

- > 98% of boards report that they conduct some form of annual board evaluation, up from 94% five years ago.
- > Annual evaluations of individual directors as well as the full board and its committees occur on 34% of boards, compared with 17% five years ago. 51% evaluate the full board and board committees, a slight increase over 50% in 2009.
- > Reflecting a fundamental responsibility of boards, 99% of boards report evaluating CEO performance on an annual basis, according to their corporate governance guidelines. This is an increase from 94% in 2011.



## Spencer Stuart Governance Survey: CEO succession planning

- > 4% of boards in our survey discuss CEO succession less than once per year. The majority of boards, 64%, formally discuss CEO succession annually. Succession is on the board agenda two or three times a year for another 24% of boards, according to survey respondents. 8% address succession four or more times per year.
- > 64% of survey respondents said their companies have CEO succession plans for both emergency transition needs as well as a long-term planned succession, and 5% said they had neither an emergency nor a long-term succession plan. 22% have only an emergency succession plan in place today, and 9% have only a long-term plan.
- > The CEO's role in the process varies across companies. 56% of survey respondents said the CEO evaluates internal candidates and reports back to the board. The CEO drives the process at 31% of companies and serves as counsel to the board or committee handling succession at 29% of companies. 19% of respondents said the CEO's role is the same as the other directors.

### CEO Involvement in the Succession Process

Evaluates internal candidates and reports to board	56%
Drives the process	31%
Serves as overall counsel to the board or committee handling succession	29%
Involved at the same level as all other directors	19%
Other	4%

## Getting to know internal candidates

- > 66% of respondents said their boards have a formal process for reviewing internal succession candidates.
- > For 49% of boards, the CEO succession planning process includes gaining insight into external candidates.
- > The most common way by far for boards to get to know internal succession candidates is through regular board meetings and presentations. 100% of survey respondents said their boards get to know internal candidates through these interactions. Other ways directors gain exposure to internal candidates are through scheduled meetings between individual board directors and candidates (29%) and director site visits (23%). Formal mentoring relationships between directors and internal candidates are rare; just 4% of survey respondents said directors have formal mentor roles with prospective CEO candidates.

# Board Organization and Process

## ADDED PERSPECTIVE

### Spencer Stuart Governance Survey: Shareholder engagement

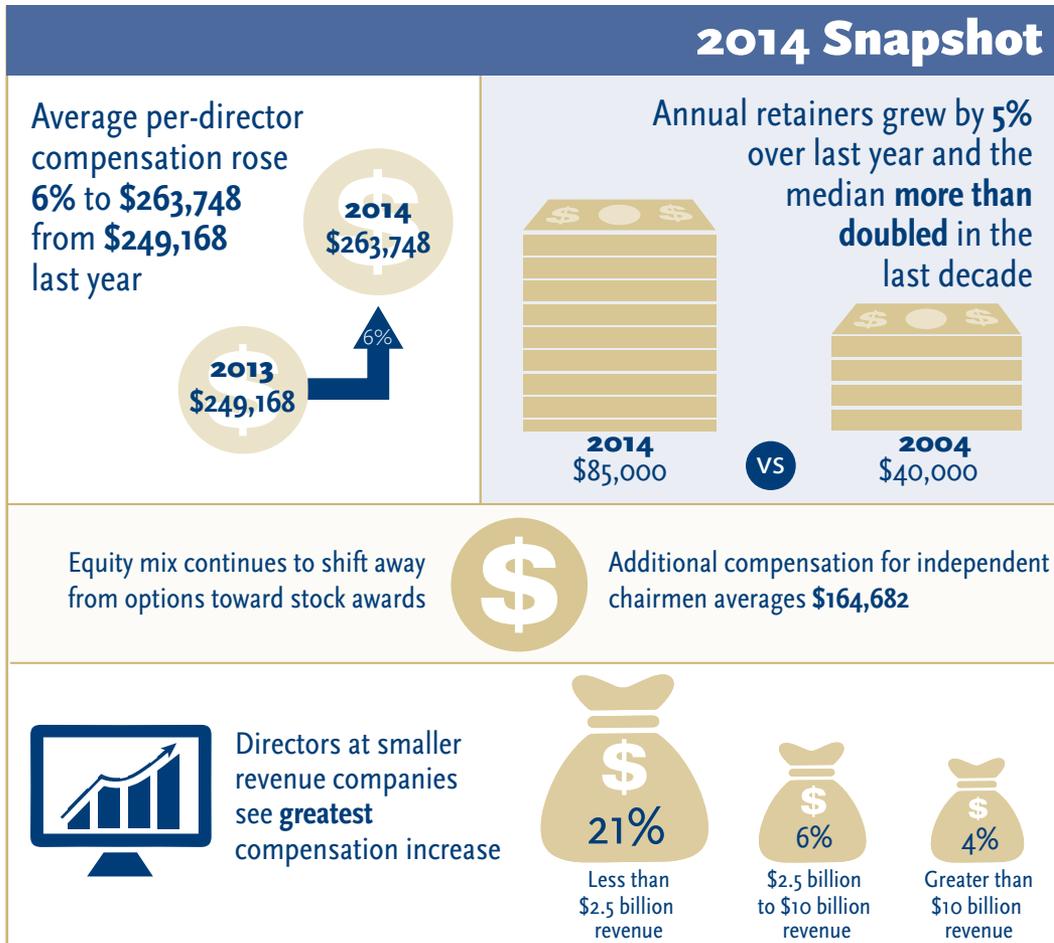
- > Public and private pension funds, institutional investors and activist shareholders were most likely to raise governance concerns with boards; according to survey respondents, 31% of the contacts made about governance issues came from public or private pension funds, 25% came from other institutional shareholders and 18% from activist investors.
- > 20% of formal investor inquiries were related to “say on pay” and another 16% of the inquiries were related to CEO compensation.
- > Another top issue for investors was the disclosure of political contributions and activities, which accounted for 20% of the inquiries. 19% of investor inquiries were related to board chair independence. Director tenure was raised as an issue in 12% of the shareholder inquiries.
- > 62% of survey respondents said management or the board proactively reached out to the company’s large institutional investors and shareholders during 2013. The most common topics were say on pay (47%) and CEO compensation (29%), followed by the director slate (17%) and chairman independence (15%). Survey respondents also wrote in more than 20 additional topics, including general governance, business performance and sustainability.

#### Issues Formally Raised by Shareholders in 2014

Say on pay	20%
Disclosure of political contributions/activities	20%
Independent board chair	19%
CEO compensation	16%
Director tenure	12%
Repeal of classified board	7%
Director nominations	6%

#### Sources of Shareholder Contacts

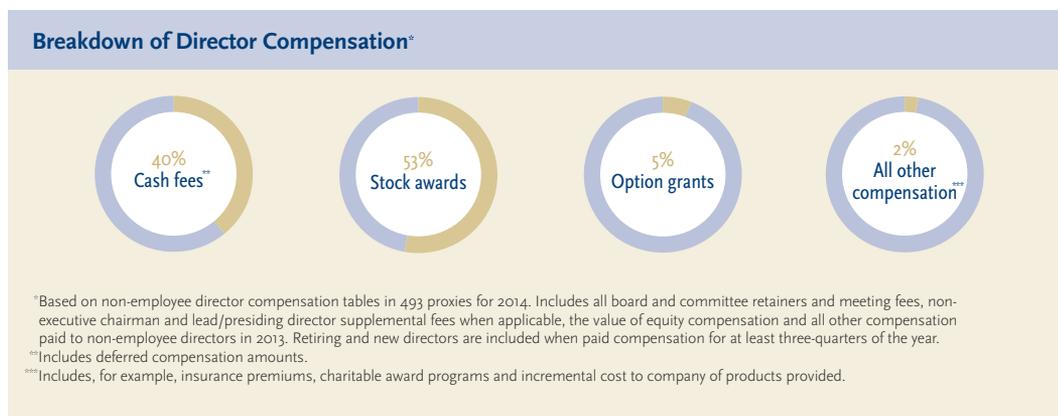
Public/private pension fund	31%
Other institutional	25%
Activist shareholder	18%
Mutual fund	12%
Individual	8%
Hedge fund	3%
Other	3%



## Director compensation grows by 6%

- > The average total compensation for S&P 500 directors is \$263,748, 6% higher than the 2013 average. For boards with nine independent directors, the average annual cost for director compensation is just over \$2.3 million.
- > When compensation for the independent chairman is excluded, the average total compensation per director falls to \$259,216.
- > More than half of director compensation comes in the form of equity. Stock grants represent 53% of average director compensation, a slight increase from 52% in 2013. Stock options fell as a share of compensation from 6% last year to 5%.
- > Compensation provided in the form of cash payments represents 40% of total compensation.
- > 74% of boards have deferred compensation plans.

# Director Compensation



Changes in Non-employee Director Compensation	% of boards paying this type		Average paid		% change in value
	2014	2009	2014	2009	2009-14
Type of compensation					
Board retainer*	99.6%	99.6%	\$107,383	\$75,893	41%
Board meeting fee	25%	43%	\$2,229	\$2,122	5%
Committee chair retainer	95%	89%	\$14,110	\$11,377	24%
Committee member retainer	39%	36%	\$8,411	\$7,441	13%
Committee member meeting fee	27%	45%	\$1,715	\$1,579	9%
Stock option program	18%	37%	n/a	n/a	n/a
Stock grants paid in addition to retainer	76%	79%	n/a	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.

## Annual board retainers have more than doubled in 10 years

- > The average annual retainer for S&P 500 directors is \$107,383, which represents an increase of 116% since 2004, when the average was \$49,727. In that 10-year period, one-year increases have ranged from as little as 1% to as much as 14%. The average annual retainer increased by 5% from 2013.
- > The median annual retainer is now \$85,000, up from \$60,000 five years ago and \$40,000 in 2004.
- > 43% of boards pay \$100,000 or more, up from 18% in 2009 and just 8% in 2004. Two boards pay the highest retainer amount of \$300,000; both of these companies pay the retainer partly in equity, and neither provides meeting attendance fees.
- > 14% of S&P 500 boards today pay a retainer of \$200,000 or more, compared with 5% in 2009 and 1% in 2004. Ten years ago, eight boards (2%) had retainers between \$150,000 and \$199,000, compared with 35 (7%) today.

- > The change in retainer values is also evident on the other end of the spectrum. 6% of boards today have retainers less than \$50,000, compared with 23% five years ago and 58% 10 years ago. Two companies provide no retainer; one of these pays \$900 per meeting and the other, a \$15,000 per-meeting fee (not to exceed \$60,000 per year).
- > Of the 210 companies that disclosed the timing of their retainer payments, 73% pay on a quarterly basis, 13% pay annually, 7% monthly and 7% semiannually.



### One-quarter of boards compensate for meeting attendance

- > 25% of S&P 500 boards pay board meeting fees today. Meeting fees have been declining as a component of director compensation for many years. In 2009, 43% of S&P 500 boards provided meeting fees and 66% did in 2004.
- > The average board meeting attendance fee is \$2,229, a 3% increase from 2013. 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.
- > 42% of boards that provide meeting attendance fees pay \$1,500 or less per meeting, and 56% pay \$2,000 or more.
- > Among the 123 boards that compensate directors for board meetings, 35 boards (28%) pay a lower fee for telephonic meetings. The average telephonic meeting fee is \$1,192, 8% more than in 2013 and 2% less than in 2009. Three boards only pay a telephonic board meeting fee.
- > Among the boards that pay meeting fees, four boards pay an additional fee for special board meetings, defined as meetings in excess of regularly scheduled board meetings. Eight other boards pay only for attendance at special board meetings. The average special board meeting fee is \$1,875.

# Director Compensation

- > 24 (5%) of all S&P 500 boards pay an excess board meeting fee when the number of meetings per year exceeds a pre-defined level, ranging from four to 15. The average fee is \$1,852.

## Almost all boards provide additional compensation to committee chairs

- > 95% of S&P 500 boards today provide a retainer to committee chairmen, compared with 77% in 2004 and 89% in 2009.
- > Of the 471 boards that do, 86% pay a larger retainer to the audit committee chair, and 52% pay more to the compensation committee chair. On average, retainers paid to audit committee chairs and compensation committee chairs are 68% and 37% higher, respectively, than retainers paid to other committee chairs.
- > The smallest chair retainer is \$3,000, while the highest committee chair retainer — paid to an audit chair — is \$100,000.
- > The average retainer for all committee chairs is \$14,110, a 5% increase from last year's average of \$13,446. The average retainers for audit committee chairs and compensation committee chairs are \$23,723 and \$19,268, respectively.

## Average retainer for committee members increases by 1%

- > 39% of boards pay a retainer to committee members. Of the 194 boards that provide retainers for committee member service, 86% provide a different retainer for audit committee service and 32% provide a different retainer for compensation committee service.
- > The average committee member retainer across all committees increased by 1% to \$8,411.
- > Retainers for audit committee members average \$11,961, a 2% increase. The average retainer for compensation committee members increased 2% to \$11,242. The average retainers paid to audit and compensation committee members are 42% and 34% higher, respectively, than the average amount paid to members of other committees.

Committee Retainers	Average committee retainers		% of boards paying this type	
	2014	2009	2014	2009
All committee chairs	\$14,110	\$11,337	95%	89%
Compensation committee chairs	\$19,268	\$15,721	52%	28%
Audit committee chairs	\$23,723	\$19,746	86%	84%
All committee members	\$8,411	\$7,441	39%	36%
Compensation committee members	\$11,242	\$10,663	32%	19%
Audit committee members	\$11,961	\$11,337	86%	85%

### About one-quarter of boards now pay committee meeting fees

- > 27% of S&P 500 boards pay committee meeting fees, down from 45% in 2009 and 63% in 2004. The average committee meeting fee is \$1,715, virtually unchanged from last year.
- > 14% of the 136 boards that provide committee meeting fees pay a higher amount for audit committee meetings. The \$2,287 average audit committee meeting fee is 33% higher than the average for all committees. Just four companies pay a higher meeting fee for compensation committee meetings, averaging \$2,500. This represents a 46% premium over the average for all committee meetings.
- > 26% of the boards providing committee meeting fees pay a different amount for telephonic meetings, \$1,006 on average. Two boards pay a higher fee for telephonic audit committee meetings, averaging \$1,259.
- > Only seven boards (1%) pay meeting fees to committee chairs, compared with 16% 10 years ago. The average meeting fee is \$2,379.

### Stock grants are the main source of equity compensation

- > 76% of boards provide equity in the form of stock grants in addition to paying a cash retainer, compared with 50% a decade ago. The average targeted dollar value of annual stock grants is \$147,722.
- > By comparison, stock options for directors have become much less common. 18% of S&P 500 companies now offer option plans, compared with 68% in 2004. The average targeted value of annual stock option grants is \$70,324.
- > More than half of boards, 56%, allow directors to choose to receive their compensation in cash, stock or stock units, but only 5% provide stock options as an alternative. Eight boards, 2% of the total, pay director retainers fully in stock.
- > 91% of boards disclose having share ownership guidelines for directors, which are meant to align directors' interests with those of stockholders. Typically, these guidelines require directors to own a certain number of shares or multiple of the retainer value within a specified number of years.

Equity Compensation	% of S&P 500 boards		
	2014	2009	2004
Stock option program exists	18%	37%	68%
Equity paid in addition to retainer	76%	79%	50%
Equity paid as a part of retainer	21%	15%	24%
Director can elect to receive compensation in cash, stock or stock units	56%	56%	59%
Director can elect to receive compensation in stock options	5%	6%	9%
Retainer paid fully in stock	2%	3%	2%

# Director Compensation

## **Additional compensation for special committee service**

- > Fourteen boards (3%) reported providing additional compensation to directors serving on a special committee. Compensation came in the form of an additional retainer for special committee chairmen and members, ranging from \$5,000 to \$55,000.
- > Of the seven boards that reported the purpose of the special committee, four were charged with a CEO search or succession planning, one convened for capital planning purposes, one addressed shareholder demands and one provided temporary advisory services.

## **Fees for independent chairmen see small decrease; many more boards compensate lead/presiding director**

- > 96% of the 138 S&P 500 boards with independent chairmen pay those directors an additional fee, which ranges from \$40,000 to \$765,000 and averages \$164,682. The average is down 4% from 2013, when the average premium for the independent chair was \$171,620. The median premium paid to independent chairmen is \$150,000.
- > Among the 446 S&P 500 boards with a lead or presiding director, 61% provide additional compensation to directors in those roles, compared with 42% of boards five years ago.
- > Retainers are more prevalent and larger in amount for lead directors (48%) than for presiding directors (13%), reflecting the additional responsibilities of the lead director role. The average lead director premium is \$29,932 versus \$24,831 for presiding directors. The difference between the premiums paid for lead and presiding directors increased since last year, as the average premium for lead directors grew by nearly 8% while the premium for presiding directors fell by 6%.
- > Overall, compensation for lead and presiding directors ranges from a minimum of \$5,000 to a maximum of \$125,000 and averages \$28,690.

## **Large spread in average director compensation across industries**

- > The difference in average director compensation between the industries with the highest and lowest averages was \$115,429. On average, directors in the healthcare sector received \$340,055 in compensation, 24% higher than the S&P 500 average. Directors serving in the utilities sector, by contrast, received \$224,626 on average, 15% less than the overall average.
- > Average director compensation increased 7% or less over last year in most industry sectors, except for the healthcare industry, which saw a 16% increase. The consumer discretionary sector saw an increase of 7%, while director compensation rose by 5% in the consumer staples, industrials and utilities sectors.
- > Cash fees as a share of total compensation ranged from a low of 31% in the healthcare industry to a high of 47% in the utilities sector.

- > Stock awards now account for more than half of director compensation on average, and range from 47% in the materials sector to 60% among energy companies.
- > Option grants have fallen to 5% of average director compensation value, from 6% in 2013. Options do not represent a meaningful share of director compensation in the financials or utilities sectors, but represent 11% of director compensation among healthcare companies — still a decrease from 15% in 2013.

**Average Compensation per Non-employee Director by Industry\***

Industry	Total average compensation	% of total compensation			
		Cash fees**	Stock awards	Option grants	All other compensation***
Consumer discretionary	\$247,311	41%	48%	8%	3%
Consumer staples	\$261,887	39%	55%	5%	1%
Energy	\$312,240	35%	60%	3%	2%
Financials	\$230,288	45%	51%	2%	2%
Healthcare	\$340,055	31%	56%	11%	2%
Industrials	\$248,290	46%	49%	3%	2%
Information technology	\$294,946	33%	57%	9%	1%
Materials	\$237,501	46%	47%	4%	3%
Telecommunication services	\$243,156	45%	50%	3%	2%
Utilities	\$224,626	47%	50%	0%	3%
<b>Average</b>	<b>\$263,748</b>	<b>40%</b>	<b>53%</b>	<b>5%</b>	<b>2%</b>

\*Based on non-employee director compensation tables in 493 proxies for 2014. Includes all board and committee retainers and meeting fees, non-executive chairman and lead/presiding director supplemental fees when applicable, the value of equity compensation and all other compensation paid to non-employee directors in fiscal year 2013. 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 the incremental cost to the company of products provided to directors.

**Western director compensation 11% higher than S&P 500 average**

- > Total average director compensation rose in all regions.
  - Average per-director compensation in the West increased by 10%, after an 8% decline last year. The West still has the highest average director compensation at \$292,685.
  - The Southwest has the second highest average at \$283,404, a 9% increase from last year.
  - The smallest increase among the regions was 4% for Southeast boards, which have the second-lowest director compensation average of all regions.
- > The spread between the highest- and lowest-paying regions has grown since last year. This year the difference between the regions with the highest and lowest average director compensation was \$54,799, compared with \$39,050 in 2013 and \$68,661 in 2012.

# Director Compensation

## Directors of smaller companies see greatest gain in compensation

- > Average director compensation ranges from a low of \$249,663 for companies with revenues between \$2.5 billion and \$10 billion to a high of \$282,111 for companies with revenues of \$2.5 billion or less.
- > Average director compensation rose by 6% among companies in the \$2.5 billion to \$10 billion revenue range and by 21% for companies with revenues of less than \$2.5 billion.

### Average Director Compensation by Region and by Sales

By region		By sales	
West	\$292,685	Less than \$2.5 billion	\$282,111
Southwest	\$283,404	\$2.5-10 billion	\$249,663
Northeast	\$267,793	Greater than \$10 billion	\$272,931
Northwest	\$256,904		
Southeast	\$250,880		
Midwest	\$237,886		

## COMPARATIVE BOARD DATA

*Methodology:* Based on the S&P 500 as of May 19, 2014. Company sales data obtained from Hoovers also as of May 19, 2014. Industry/sector categories obtained from CapitalIQ. All remaining data were culled from the most recent proxies released between May 16, 2013, and May 19, 2014. Total average compensation per non-employee director is based on non-employee director compensation tables included in 493 proxies. The number includes all board and committee retainers and meeting fees, supplemental non-executive chairman and lead/presiding director fees, the value of equity compensation, and all other compensation paid in fiscal year 2013. Retiring and new non-employee directors are included when paid compensation for at least three-quarters of fiscal year 2013.

# Comparative Board Data

	COMPANY SALES (\$ IN MILLIONS)	NUMBER OF DIRECTORS		INDEPENDENT DIRECTORS			BOARD FEES (\$)					PERCENTAGE OF TOTAL COMPENSATION			
		TOTAL	INDEPENDENT DIRECTORS	AVERAGE AGE	RETIREMENT AGE	MEETINGS PER YEAR <sup>a</sup>	BOARD RETAINER	MEETING ATTENDANCE FEE	ANNUAL BOARD FEES <sup>b</sup>	AVERAGE COMPENSATION PER NON-EMPLOYEE DIRECTOR	CASH	STOCK	OPTIONS	ALL OTHER	
<b>CONSUMER DISCRETIONARY</b>															
<i>Advertising</i>															
The Interpublic Group of Companies	7,122.3	9	8	65	74	6	100,000 <sup>c</sup>	—	100,000	275,388	40%	54%	0%	6%	
Omnicom Group	14,584.5	13	11	70	—	11	75,000 <sup>cd</sup>	2,000	97,000	264,909	53%	47%	0%	0%	
<i>Apparel Retail</i>															
The Gap	16,148.0	10	9	60	72	7	75,000 <sup>c</sup>	—	75,000	251,295	40%	56%	0%	4%	
L Brands	10,773.0	12	8	69	—	5	180,000 <sup>e</sup>	—	180,000	232,578	51%	49%	0%	0%	
Ross Stores	9,230.4	8	6	61	—	5	175,000 <sup>e</sup>	1,500	182,500	209,054	40%	60%	0%	0%	
The TJX Companies	27,422.7	10	8	61	75	8	50,000 <sup>c</sup>	1,500	62,000	250,771	38%	62%	0%	0%	
Urban Outfitters	3,086.6	7	5	64	—	4	100,000 <sup>f</sup>	—	100,000	293,400	34%	0%	66%	0%	
<i>Apparel, Accessories &amp; Luxury Goods</i>															
Coach	5,075.4	9	7	56	—	6	75,000 <sup>cd,f</sup>	—	75,000	234,596	36%	32%	32%	0%	
Fossil	3,260.0	11	8	60	—	4	52,500 <sup>c</sup>	1,500	58,500	195,913	39%	61%	0%	0%	
Michael Kors Holdings Limited	2,181.7	9	5	64	—	4	60,000 <sup>c</sup>	1,500	66,000	233,483	36%	64%	0%	0%	
PVH Corporation	8,186.4	12	10	59	72	6	70,000 <sup>c</sup>	—	70,000	229,619	41%	59%	0%	0%	
Ralph Lauren Corporation	6,944.8	13	9	68	—	5	60,000 <sup>cf</sup>	—	60,000	191,046	48%	26%	26%	0%	
Under Armour	2,332.1	9	6	63	75	8	55,000 <sup>cd</sup>	—	55,000	136,692	45%	55%	0%	0%	
V.F. Corporation	11,419.6	12	11	62	72	7	60,000 <sup>cd,f</sup>	1,500	70,500	215,647	44%	28%	28%	0%	
<i>Auto Parts &amp; Equipment</i>															
BorgWarner	7,436.6	11	10	65	72	5	80,000 <sup>c</sup>	1,500	87,500	222,307	53%	47%	0%	0%	
Delphi Automotive	16,463.0	11	10	66	75	6	250,000 <sup>de</sup>	—	250,000	280,527	40%	60%	0%	0%	
Johnson Controls	42,730.0	11	10	61	72	7	245,000 <sup>de</sup>	—	245,000	247,944	48%	52%	0%	0%	
<i>Automobile Manufacturers</i>															
Ford Motor Company	146,917.0	16	13	63	72	9	250,000 <sup>de,g</sup>	—	250,000	283,644	90%	0%	0%	10%	
General Motors Company	155,427.0	12	9	65	72	10	200,000 <sup>de</sup>	—	200,000	220,865	97%	0%	0%	3%	
<i>Automotive Retail</i>															
AutoNation	17,517.6	10	8	56	—	14	50,000 <sup>f</sup>	—	50,000	415,996	15%	0%	85%	0%	
AutoZone	9,147.5	11	10	58	75	5	200,000 <sup>eh</sup>	—	200,000	207,980	100%	0%	0%	0%	
CarMax	12,574.3	10	9	64	—	4	165,000 <sup>ef</sup>	1,500	171,000	201,007	47%	25%	25%	3%	
O'Reilly Automotive	6,649.2	9	5	66	78	4	40,000 <sup>c</sup>	2,500	50,000	164,629	62%	38%	0%	0%	
<i>Broadcasting</i>															
CBS Corporation	15,284.0	14	9	73	—	7	100,000 <sup>cd,i</sup>	—	100,000	294,159	40%	58%	0%	2%	
Discovery Communications	5,535.0	11	9	65	—	13	80,000 <sup>cf</sup>	—	80,000	224,957	46%	26%	26%	2%	
Scripps Networks Interactive	2,530.8	12	11	57	70	12	50,000 <sup>cd,f</sup>	2,500	80,000	255,011	40%	30%	29%	1%	
<i>Cable &amp; Satellite</i>															
Cablevision Systems Corporation	6,232.2	17	7	73	—	9	60,000 <sup>c</sup>	2,000	78,000	196,225	43%	56%	0%	1%	
Comcast Corporation	64,657.0	12	9	64	72	7	100,000 <sup>cd</sup>	—	100,000	308,182	45%	55%	0%	0%	
DIRECTV	31,754.0	12	11	65	—	4	215,000 <sup>de</sup>	—	215,000	259,606	43%	50%	0%	7%	
Time Warner Cable	29,795.0	13	11	66	—	17	90,000 <sup>cd</sup>	—	90,000	255,339	46%	54%	0%	0%	
<i>Casinos &amp; Gaming</i>															
International Game Technology	2,341.6	9	8	56	72	19	100,000 <sup>cd</sup>	—	100,000	332,039	39%	61%	0%	0%	
Wynn Resorts Limited	5,620.9	8	6	67	—	7	60,000 <sup>f</sup>	1,500	70,500	389,198	35%	65%	0%	0%	

	COMPANY SALES (\$ IN MILLIONS)	NUMBER OF DIRECTORS		INDEPENDENT DIRECTORS			BOARD FEES (\$)					PERCENTAGE OF TOTAL COMPENSATION			
		TOTAL	INDEPENDENT DIRECTORS	AVERAGE AGE	RETIREMENT AGE	MEETINGS PER YEAR <sup>a</sup>	BOARD RETAINER	MEETING ATTENDANCE FEE	ANNUAL BOARD FEES <sup>b</sup>	AVERAGE COMPENSATION PER NON-EMPLOYEE DIRECTOR	CASH	STOCK	OPTIONS	ALL OTHER	
<b>Computer &amp; Electronics Retail</b>															
Best Buy Co.	42,410.0	11	10	61	75	6	75,000 <sup>c,d</sup>	–	75,000	288,919	31%	69%	0%	0%	
GameStop Corporation	9,039.5	11	8	60	72	9	140,000 <sup>c</sup>	–	140,000	305,861	18%	37%	0%	45%	
<b>Consumer Electronics</b>															
Garmin	2,631.9	6	4	66	–	5	50,000 <sup>c</sup>	1,500	57,500	160,435	44%	56%	0%	0%	
Harman International Industries	4,297.8	10	8	66	75	10	70,000 <sup>c</sup>	1,500	85,000	241,862	44%	56%	0%	0%	
<b>Department Stores</b>															
Kohl's Corporation	19,031.0	10	8	66	72	5	100,000 <sup>c</sup>	–	100,000	225,002	56%	44%	0%	0%	
Macy's	27,931.0	10	9	64	74	7	70,000 <sup>c,d</sup>	–	70,000	248,034	37%	54%	0%	9%	
Nordstrom	12,540.0	12	9	60	72	5	85,000 <sup>c,d</sup>	–	85,000	281,278	35%	60%	0%	5%	
<b>Distributors</b>															
Genuine Parts Company	14,077.8	13	9	64	72	4	50,000 <sup>c</sup>	1,250	55,000	217,990	29%	71%	0%	0%	
<b>Education Services</b>															
Graham Holdings Company	3,487.9	11	8	63	75	6	150,000	–	150,000	87,333	100%	0%	0%	0%	
<b>Footwear</b>															
NIKE	25,313.0	12	9	62	72	5	85,000 <sup>d,f</sup>	–	85,000	282,193	32%	0%	63%	5%	
<b>General Merchandise Stores</b>															
Dollar General Corporation	17,504.2	7	6	58	76	6	75,000 <sup>c,f</sup>	–	75,000	208,554	39%	28%	33%	0%	
Dollar Tree	7,840.3	11	8	63	–	7	180,000 <sup>d,i</sup>	–	180,000	208,875	83%	14%	0%	3%	
Family Dollar Stores	10,391.5	11	10	65	–	8	50,000 <sup>c</sup>	1,500	62,000	151,746	51%	49%	0%	0%	
Target Corporation	72,596.0	11	10	57	72	5	260,000 <sup>d,e</sup>	–	260,000	304,593	23%	73%	4%	0%	
<b>Home Furnishing Retail</b>															
Bed Bath & Beyond	11,504.0	9	6	63	–	11	100,000 <sup>c,d</sup>	–	100,000	202,917	56%	44%	0%	0%	
<b>Home Furnishings</b>															
Leggett & Platt	3,746.0	11	8	66	72	5	175,000 <sup>d,e</sup>	–	175,000	225,298	29%	63%	0%	8%	
Mohawk Industries	7,348.8	8	5	66	75	5	80,000 <sup>c,d</sup>	–	80,000	229,164	59%	41%	0%	0%	
<b>Home Improvement Retail</b>															
The Home Depot	78,812.0	11	10	57	72	6	280,000 <sup>d,e,g</sup>	–	280,000	294,500	21%	78%	0%	1%	
Lowe's Companies	53,417.0	11	10	63	72	6	80,000 <sup>c,d</sup>	–	80,000	240,956	37%	63%	0%	0%	
The Sherwin-Williams Company	10,185.5	9	8	60	72	7	95,000 <sup>c,d</sup>	–	95,000	228,127	47%	53%	0%	0%	
<b>Homebuilding</b>															
D.R. Horton	6,259.3	6	4	62	75	5	– <sup>c,f</sup>	15,000 <sup>j</sup>	60,000	299,637	25%	60%	15%	0%	
Lennar Corporation	5,935.1	9	8	67	–	6	90,000 <sup>e,f</sup>	–	90,000	229,379	37%	54%	7%	2%	
PulteGroup	5,679.6	9	8	58	75	7	235,000 <sup>e</sup>	–	235,000	252,857	45%	55%	0%	0%	
<b>Hotels, Resorts &amp; Cruise Lines</b>															
Carnival Corporation	15,456.0	9	7	63	75	6	40,000 <sup>c</sup>	5,000	70,000	242,189	48%	50%	0%	2%	
Marriott International	12,784.0	11	8	63	72	4	75,000 <sup>c,d</sup>	–	75,000	216,511	38%	59%	0%	3%	
Starwood Hotels & Resorts Worldwide	6,115.0	11	10	61	72	5	80,000 <sup>c,e,h,k</sup>	–	80,000	245,388	17%	74%	0%	9%	
Wyndham Worldwide Corporation	5,009.0	7	6	64	75	5	210,000 <sup>c,d,e</sup>	–	210,000	404,173	33%	51%	0%	16%	
<b>Household Appliances</b>															
Whirlpool Corporation	18,769.0	12	10	60	72	8	120,000 <sup>c</sup>	–	120,000	265,515	48%	50%	0%	2%	

# Comparative Board Data

	COMPANY SALES (\$ IN MILLIONS)	NUMBER OF DIRECTORS		INDEPENDENT DIRECTORS			BOARD FEES (\$)					PERCENTAGE OF TOTAL COMPENSATION			
		TOTAL	INDEPENDENT	AVERAGE AGE	RETIREMENT AGE	MEETINGS PER YEAR <sup>a</sup>	BOARD RETAINER	MEETING ATTENDANCE FEE	ANNUAL BOARD FEES <sup>b</sup>	AVERAGE COMPENSATION PER NON-EMPLOYEE DIRECTOR	CASH	STOCK	OPTIONS	ALL OTHER	
<i>Housewares &amp; Specialties</i>															
Newell Rubbermaid	5,692.5	12	11	62	72	6	100,000 <sup>c</sup>	–	100,000	247,268	49%	51%	0%	0%	
<i>Internet Retail</i>															
Amazon.com	74,452.0	9	8	65	–	4	260,000 <sup>e,h</sup>	–	260,000	260,000	0%	100%	0%	0%	
Expedia	4,771.3	10	5	63	–	5	45,000 <sup>c,d</sup>	–	45,000	319,513	22%	78%	0%	0%	
NetFlix	4,374.6	7	5	57	–	6	– <sup>f,h,i</sup>	–	in options 100%	352,987	5%	0%	95%	0%	
The Priceline Group	6,793.3	10	8	60	–	7	50,000 <sup>c</sup>	–	50,000	323,478	23%	77%	0%	0%	
TripAdvisor	944.7	11	6	45	–	7	50,000 <sup>c,d</sup>	–	50,000	266,489	25%	75%	0%	0%	
<i>Leisure Products</i>															
Hasbro	4,082.2	14	13	63	72	8	85,000 <sup>c,d</sup>	–	85,000	305,056	24%	60%	0%	16%	
Mattel	6,484.9	11	10	60	72	5	100,000 <sup>c,d</sup>	–	100,000	251,408	46%	48%	0%	6%	
<i>Motorcycle Manufacturers</i>															
Harley-Davidson	5,899.9	12	10	64	75	5	100,000 <sup>c,d</sup>	–	100,000	218,333	50%	50%	0%	0%	
<i>Movies &amp; Entertainment</i>															
Time Warner	22,120.0	12	11	64	75	9	145,000 <sup>c,d,f</sup>	–	145,000	250,213	50%	34%	16%	0%	
Twenty-First Century Fox	27,675.0	12	7	54	–	8	250,000 <sup>e,g</sup>	–	250,000	271,857	44%	8%	48%	0%	
Viacom	13,794.0	13	8	64	–	6	100,000 <sup>c,d</sup>	–	100,000	285,031	47%	53%	0%	0%	
The Walt Disney Company	45,041.0	10	9	58	–	6	100,000 <sup>c,d</sup>	–	100,000	284,956	43%	53%	0%	4%	
<i>Publishing</i>															
Gannett Co.	5,161.4	10	9	59	–	10	175,000 <sup>d,e</sup>	–	175,000	226,685	25%	61%	10%	4%	
<i>Restaurants</i>															
Chipotle Mexican Grill	3,214.6	9	7	62	–	4	135,000 <sup>e</sup>	2,000	143,000	160,578	47%	53%	0%	0%	
Darden Restaurants	8,551.9	13	12	60	73	8	85,000 <sup>c,d,i</sup>	–	85,000	241,295	49%	41%	0%	10%	
McDonald's Corporation	28,105.7	13	12	65	–	9	100,000 <sup>c,d</sup>	–	100,000	259,098	42%	54%	0%	4%	
Starbucks Corporation	14,892.2	12	11	60	75	9	240,000 <sup>d,i</sup>	–	240,000	238,654	6%	74%	20%	0%	
Yum! Brands	13,084.0	11	8	62	72	7	170,000 <sup>ce,f,h,k</sup>	–	170,000	217,312	4%	77%	16%	3%	
<i>Specialized Consumer Services</i>															
H&R Block	2,905.9	10	9	59	–	10	180,000 <sup>e,g</sup>	2,000 <sup>m</sup>	200,000	246,506	41%	57%	0%	2%	
<i>Specialty Stores</i>															
PetSmart	6,916.6	10	9	61	72	6	75,000 <sup>c,d</sup>	– <sup>n</sup>	79,000	205,804	31%	69%	0%	0%	
Staples	23,114.3	12	11	60	72	6	75,000 <sup>c</sup>	–	75,000	266,641	29%	71%	0%	0%	
Tiffany & Co.	4,031.1	10	7	67	72	6	75,000 <sup>cf</sup>	–	75,000	234,899	36%	32%	31%	1%	
Tractor Supply Co.	5,164.8	9	8	63	72	7	65,000 <sup>c</sup>	–	65,000	168,202	50%	50%	0%	0%	
<i>Tires &amp; Rubber</i>															
The Goodyear Tire & Rubber Company	19,540.0	12	10	61	72	9	115,000 <sup>c,d</sup>	–	115,000	254,119	51%	47%	0%	2%	
<b>TOTAL CONSUMER DISCRETIONARY</b>															
Average		10.7	8.5	62.3	73.1	7.0	114,428		116,726	247,311	41%	48%	8%	3%	
Median		11.0	9.0	63.0	72.0	6.0	90,000		92,500	246,506					

	COMPANY SALES (\$ IN MILLIONS)	NUMBER OF DIRECTORS		INDEPENDENT DIRECTORS			BOARD FEES (\$)					PERCENTAGE OF TOTAL COMPENSATION			
		TOTAL	INDEPENDENT DIRECTORS	AVERAGE AGE	RETIREMENT AGE	MEETINGS PER YEAR <sup>a</sup>	BOARD RETAINER	MEETING ATTENDANCE FEE	ANNUAL BOARD FEES <sup>b</sup>	AVERAGE COMPENSATION PER NON-EMPLOYEE DIRECTOR	CASH	STOCK	OPTIONS	ALL OTHER	
<b>CONSUMER STAPLES</b>															
<i>Agricultural Products</i>															
Archer-Daniels-Midland Company	89,804.0	12	11	60	70	6	250,000 <sup>d,e</sup>	—	250,000	259,765	37%	63%	0%	0%	
<i>Brewers</i>															
Molson Coors Brewing Company	4,206.1	13	8	58	—	6	100,000 <sup>c,d</sup>	—	100,000	237,958	48%	42%	0%	10%	
<i>Distillers &amp; Vintners</i>															
Brown-Forman Corporation	2,849.0	10	4	60	71	7	115,000 <sup>d,e,g</sup>	5,000	150,000	208,041	70%	30%	0%	0%	
Constellation Brands	4,867.7	11	9	61	70	8	70,000 <sup>c,f</sup>	2,500	90,000	221,097	46%	32%	22%	0%	
<i>Drug Retail</i>															
CVS Caremark Corporation	126,761.0	9	8	56	72	12	280,000 <sup>d,e</sup>	—	280,000	299,835	25%	75%	0%	0%	
Walgreen Co.	72,217.0	13	10	60	72	10	85,000 <sup>c,d</sup>	—	85,000	303,894	39%	53%	0%	8%	
<i>Food Distributors</i>															
Sysco Corporation	44,411.2	10	8	68	—	9	100,000 <sup>c,d</sup>	—	100,000	300,572	38%	62%	0%	0%	
<i>Food Retail</i>															
The Kroger Co.	98,375.0	13	11	65	72	7	85,000 <sup>c</sup>	—	85,000	258,628	36%	63%	0%	1%	
Whole Foods Market	12,917.0	11	9	61	—	7	37,496 <sup>c,f</sup>	6,897	85,775	244,900	37%	23%	40%	0%	
<i>Household Products</i>															
The Clorox Company	5,623.0	11	10	64	72	6	95,000 <sup>c,d</sup>	—	95,000	227,734	46%	54%	0%	0%	
Colgate-Palmolive Company	17,420.0	10	9	62	72	8	50,000 <sup>c,d,f,k</sup>	—	50,000	281,321	24%	59%	16%	1%	
Kimberly-Clark Corporation	21,152.0	12	11	63	72	6	90,000 <sup>c</sup>	—	90,000	256,500	35%	64%	0%	1%	
The Procter & Gamble Company	84,167.0	11	10	60	70	12	110,000 <sup>c,d</sup>	—	110,000	280,225	43%	57%	0%	0%	
<i>Hypermarkets &amp; Super Centers</i>															
Costco Wholesale Corporation	105,156.0	14	8	71	—	5	30,000 <sup>c</sup>	1,000	35,000	315,921	12%	88%	0%	0%	
Wal-Mart Stores	476,294.0	14	9	62	75	6	75,000 <sup>c,d</sup>	—	75,000	287,905	37%	61%	0%	2%	
<i>Packaged Foods &amp; Meats</i>															
Campbell Soup Company	8,052.0	15	14	65	72	8	218,000 <sup>d,e,g</sup>	—	218,000	256,571	50%	50%	0%	0%	
ConAgra Foods	15,491.4	11	10	64	72	12	85,000 <sup>c</sup>	—	85,000	239,017	34%	63%	0%	3%	
General Mills	17,774.1	13	12	67	74	6	75,000 <sup>c,d</sup>	—	75,000	291,630	28%	62%	0%	10%	
The Hershey Company	7,146.1	11	10	62	72	9	100,000 <sup>c,d</sup>	—	100,000	235,000	47%	51%	0%	2%	
Hormel Foods Corporation	8,751.7	11	9	60	72	7	70,000 <sup>c,d</sup>	—	70,000	252,399	33%	64%	0%	3%	
The J.M. Smucker Company	5,897.7	13	8	62	72	4	75,000 <sup>c,d</sup>	—	75,000	194,063	46%	54%	0%	0%	
Kellogg Company	14,792.0	12	10	65	72	8	100,000 <sup>c,d</sup>	—	100,000	259,178	40%	60%	0%	0%	
Keurig Green Mountain	4,358.1	11	10	60	75	10	165,000 <sup>d,e,f</sup>	2,000	185,000	197,738	39%	37%	24%	0%	
Kraft Foods Group	18,218.0	11	9	60	75	7	110,000 <sup>c</sup>	—	110,000	248,241	48%	50%	0%	2%	
McCormick & Company	4,123.4	10	9	59	72	7	70,000 <sup>c,f</sup>	—	70,000	232,378	38%	42%	20%	0%	
Mead Johnson Nutrition Company	4,200.7	12	9	63	72	11	100,000 <sup>c</sup>	—	100,000	291,154	44%	55%	0%	1%	
Mondelez International	35,299.0	12	11	64	75	9	110,000 <sup>c</sup>	—	110,000	267,978	45%	54%	0%	1%	
Tyson Foods	34,374.0	9	7	61	72	6	80,000 <sup>c,d</sup>	—	80,000	216,233	41%	58%	0%	1%	
<i>Personal Products</i>															
Avon Products	9,955.0	10	9	63	72	10	190,000 <sup>d,e</sup>	—	190,000	253,857	48%	49%	0%	3%	
The Estee Lauder Companies	10,181.7	15	9	60	—	5	150,000 <sup>c,e,f</sup>	—	150,000	260,164	35%	27%	38%	0%	

# Comparative Board Data

COMPANY SALES (\$ IN MILLIONS)	NUMBER OF DIRECTORS		INDEPENDENT DIRECTORS			BOARD FEES (\$)					PERCENTAGE OF TOTAL COMPENSATION			
	TOTAL	INDEPENDENT DIRECTORS	AVERAGE AGE	RETIREMENT AGE	MEETINGS PER YEAR <sup>a</sup>	BOARD RETAINER	MEETING ATTENDANCE FEE	ANNUAL BOARD FEES <sup>b</sup>	AVERAGE COMPENSATION PER NON-EMPLOYEE DIRECTOR	CASH	STOCK	OPTIONS	ALL OTHER	
<b>Soft Drinks</b>														
The Coca-Cola Company	46,854.0	15	13	66	74	5	250,000 <sup>d,e,g</sup>	—	250,000	263,444	22%	75%	0%	3%
Coca-Cola Enterprises	8,212.0	12	11	60	72	6	230,000 <sup>d,e</sup>	—	230,000	243,894	49%	50%	0%	1%
Dr Pepper Snapple Group	5,997.0	9	8	64	70	7	100,000 <sup>c</sup>	—	100,000	239,375	42%	58%	0%	0%
Monster Beverage Corporation	2,246.4	8	5	69	—	9	180,000 <sup>e</sup>	—	180,000	194,989	38%	62%	0%	0%
PepsiCo	66,415.0	13	12	63	72	7	100,000 <sup>c,d</sup>	—	100,000	209,284	27%	72%	0%	1%
<b>Tobacco</b>														
Altria Group	17,663.0	11	10	64	75	8	100,000 <sup>c,d</sup>	—	100,000	301,251	40%	53%	0%	7%
Lorillard	6,950.0	7	6	64	—	10	250,000 <sup>e</sup>	—	250,000	248,432	45%	55%	0%	0%
Phillip Morris International	31,217.0	10	7	66	—	6	125,000 <sup>c,d</sup>	—	125,000	333,803	48%	52%	0%	0%
Reynolds American	8,236.0	14	11	61	72	12	60,000 <sup>c,d</sup>	1,500	78,000	399,244	36%	63%	0%	1%
<b>TOTAL CONSUMER STAPLES</b>														
Average		11.5	9.3	62.6	72.3	7.8	119,628		123,379	261,887	39%	55%	5%	1%
Median		11.0	9.0	62.0	72.0	7.0	100,000		100,000	256,500				
<b>ENERGY</b>														
<b>Coal &amp; Consumable Fuels</b>														
CONSOL Energy	3,299.7	12	9	69	75	11	120,000 <sup>c,d</sup>	—	120,000	236,850	45%	55%	0%	0%
Peabody Energy Corporation	7,013.7	12	11	66	75	7	110,000 <sup>c,d</sup>	—	110,000	252,068	47%	52%	0%	1%
<b>Integrated Oil &amp; Gas</b>														
Chevron Corporation	228,848.0	12	10	63	72	6	150,000 <sup>c,d,i</sup>	—	150,000	372,983	34%	60%	4%	2%
Exxon Mobil Corporation	438,255.0	12	11	65	72	11	110,000 <sup>c</sup>	—	110,000	333,045	34%	66%	0%	0%
Hess Corporation	22,284.0	14	13	64	75	12	110,000 <sup>c</sup>	—	110,000	307,909	43%	57%	0%	0%
Occidental Petroleum Corporation	25,736.0	11	10	65	75	16	125,000 <sup>c</sup>	—	125,000	549,432	24%	75%	0%	1%
<b>Oil &amp; Gas Drilling</b>														
Diamond Offshore Drilling	2,920.4	11	6	69	—	5	50,000 <sup>f</sup>	1,500	57,500	169,667	40%	34%	0%	26%
Ensco	4,919.8	9	8	62	70	15	100,000 <sup>c</sup>	—	100,000	340,624	27%	73%	0%	0%
Helmerich & Payne	3,387.6	10	8	65	—	5	70,000 <sup>d,f</sup>	—	70,000	173,931	44%	0%	56%	0%
Nabors Industries	6,248.6	7	6	65	72	5	50,000 <sup>c,i</sup>	—	50,000	427,393	26%	68%	6%	0%
Noble Corporation	4,234.3	8	7	57	72	6	50,000 <sup>c,d</sup>	2,000	62,000	321,086	11%	89%	0%	0%
Rowan Companies	1,579.3	10	8	66	—	6	80,000 <sup>c</sup>	—	80,000	305,587	35%	65%	0%	0%
Transocean Ltd.	9,484.0	11	10	58	72	8	90,000 <sup>c</sup>	— <sup>o</sup>	100,000	412,464	30%	62%	0%	8%
<b>Oil &amp; Gas Equipment &amp; Services</b>														
Baker Hughes	22,364.0	11	10	67	72	7	100,000 <sup>c,i</sup>	—	100,000	283,228	42%	56%	0%	2%
Cameron International Corporation	9,838.4	11	10	64	72	7	50,000 <sup>c,d</sup>	2,500	67,500	339,025	26%	74%	0%	0%
FMC Technologies	7,126.2	12	11	65	73	5	60,000 <sup>c,d</sup>	—	60,000	338,782	19%	80%	0%	1%
Halliburton Company	29,402.0	11	10	64	72	9	100,000 <sup>c,d</sup>	—	100,000	325,637	30%	46%	0%	24%
National Oilwell Varco	22,869.0	10	8	60	72	5	75,000 <sup>c,f</sup>	1,500	82,500	260,575	35%	63%	0%	2%
Schlumberger Limited	46,459.0	11	10	63	70	6	100,000 <sup>c</sup>	—	100,000	346,972	48%	48%	0%	4%

	COMPANY SALES (\$ IN MILLIONS)	NUMBER OF DIRECTORS		INDEPENDENT DIRECTORS			BOARD FEES (\$)					PERCENTAGE OF TOTAL COMPENSATION			
		TOTAL	INDEPENDENT DIRECTORS	AVERAGE AGE	RETIREMENT AGE	MEETINGS PER YEAR <sup>a</sup>	BOARD RETAINER	MEETING ATTENDANCE FEE	ANNUAL BOARD FEES <sup>b</sup>	AVERAGE COMPENSATION PER NON-EMPLOYEE DIRECTOR	CASH	STOCK	OPTIONS	ALL OTHER	
<i>Oil &amp; Gas Exploration &amp; Production</i>															
Anadarko Petroleum Corporation	14,581.0	9	8	60	72	8	70,000 <sup>c,d</sup>	2,000	86,000	379,660	33%	66%	0%	1%	
Apache Corporation	16,054.0	9	8	60	75	10	150,000 <sup>c,d,k</sup>	–	150,000	286,781	47%	52%	0%	1%	
Cabot Oil & Gas Corporation	1,746.3	7	6	69	73	6	75,000 <sup>c</sup>	–	75,000	290,887	29%	69%	0%	2%	
Chesapeake Energy Corporation	17,506.0	9	8	63	80	11	100,000 <sup>c</sup>	–	100,000	417,909	22%	78%	0%	0%	
ConocoPhillips	58,248.0	10	9	62	72	7	115,000 <sup>c,d</sup>	–	115,000	320,593	42%	53%	0%	5%	
Denbury Resources	2,517.1	10	9	62	70	9	80,000 <sup>c,d</sup>	–	80,000	352,667	32%	65%	0%	3%	
Devon Energy Corporation	10,397.0	10	8	63	73	7	70,000 <sup>c</sup>	2,000	84,000	339,848	32%	68%	0%	0%	
EOG Resources	14,487.1	8	6	69	80	6	140,000 <sup>c,d,f</sup>	–	140,000	311,241	45%	45%	9%	1%	
EQT Corporation	1,862.0	11	10	64	74	6	50,500 <sup>c,d</sup>	1,500	59,500	264,133	31%	61%	0%	8%	
Marathon Oil Corporation	14,959.0	9	8	61	72	10	150,000 <sup>c</sup>	–	150,000	340,000	47%	52%	0%	1%	
Murphy Oil Corporation	5,390.1	11	9	62	72	7	60,000 <sup>c</sup>	2,000	74,000	349,771	33%	64%	0%	3%	
Newfield Exploration Company	1,789.0	11	10	64	72	10	75,000 <sup>c</sup>	–	75,000	282,285	29%	71%	0%	0%	
Noble Energy	5,015.0	10	9	62	75	9	75,000 <sup>c,f</sup>	2,000	93,000	304,472	41%	33%	26%	0%	
Pioneer Natural Resources Company	3,489.5	11	9	63	–	13	275,000 <sup>e</sup>	–	275,000	289,804	9%	90%	0%	1%	
QEP Resources	2,935.8	10	9	62	72	8	70,000 <sup>c</sup>	–	70,000	255,833	32%	68%	0%	0%	
Range Resources Corporation	1,862.7	9	7	66	–	10	50,000 <sup>c,d,f</sup>	1,000	60,000	351,742	21%	58%	21%	0%	
Southwestern Energy Company	3,371.1	8	6	63	75	8	50,000 <sup>c,f</sup>	1,500	62,000	294,796	31%	45%	21%	3%	
<i>Oil &amp; Gas Refining &amp; Marketing</i>															
Marathon Petroleum Corporation	100,255.0	12	11	66	72	8	150,000 <sup>c</sup>	–	150,000	317,722	54%	45%	0%	1%	
Phillips 66	174,809.0	8	6	64	72	6	115,000 <sup>c,d</sup>	–	115,000	308,786	40%	55%	0%	5%	
Tesoro Corporation	37,601.0	10	9	64	75	10	235,000 <sup>d,e,g</sup>	–	235,000	279,908	50%	49%	0%	1%	
Valero Energy Corporation	138,074.0	11	9	64	75	7	115,000 <sup>c</sup>	–	115,000	282,303	43%	57%	0%	0%	
<i>Oil &amp; Gas Storage &amp; Transportation</i>															
Kinder Morgan	14,070.0	11	8	64	–	9	200,000 <sup>d</sup>	–	200,000	181,072	70%	29%	0%	1%	
ONEOK	14,602.7	11	9	64	73	10	195,000 <sup>d,e</sup>	–	195,000	205,556	34%	66%	0%	0%	
Spectra Energy Corporation	5,518.0	10	9	63	74	11	225,000 <sup>e</sup>	–	225,000	260,742	53%	46%	0%	1%	
The Williams Companies	6,860.0	12	11	62	75	12	250,000 <sup>e</sup>	–	250,000	309,896	44%	52%	0%	4%	
<b>TOTAL ENERGY</b>															
Average		10.3	8.8	63.7	73.3	8.4	110,011		113,364	312,240	35%	60%	3%	2%	
Median		10.5	9.0	64.0	72.0	8.0	100,000		100,000	309,341					

## FINANCIALS

### Asset Management & Custody Banks

Ameriprise Financial	11,199.0	10	9	65	75	7	205,000 <sup>d,e</sup>	–	205,000	270,549	41%	43%	0%	16%
The Bank of New York Mellon Corporation	15,326.0	13	12	67	75	12	110,000 <sup>c,d</sup>	–	110,000	247,130	50%	45%	0%	5%
BlackRock	10,180.0	18	14	64	75	8	75,000 <sup>c,d,e</sup>	1,500	87,000	266,599	19%	81%	0%	0%
Franklin Resources	7,985.0	10	7	63	75	5	85,000 <sup>c,d</sup>	–	85,000	216,893	42%	55%	0%	3%
Invesco	4,644.0	9	8	67	73	10	120,000 <sup>c</sup>	–	120,000	254,925	63%	37%	0%	0%

# Comparative Board Data

	COMPANY SALES (\$ IN MILLIONS)	NUMBER OF DIRECTORS		INDEPENDENT DIRECTORS			BOARD FEES (\$)					PERCENTAGE OF TOTAL COMPENSATION			
		TOTAL	INDEPENDENT DIRECTORS	AVERAGE AGE	RETIREMENT AGE	MEETINGS PER YEAR <sup>a</sup>	BOARD RETAINER	MEETING ATTENDANCE FEE	ANNUAL BOARD FEES <sup>b</sup>	AVERAGE COMPENSATION PER NON-EMPLOYEE DIRECTOR	CASH	STOCK	OPTIONS	ALL OTHER	
<i>Asset Management &amp; Custody Banks (continued)</i>															
Legg Mason	2,741.8	14	13	66	72	12	50,000 <sup>ck</sup>	2,000 <sup>p</sup>	64,000	237,965	55%	44%	0%	1%	
Northern Trust Corporation	4,100.1	11	10	60	72	10	100,000 <sup>cd</sup>	—	100,000	212,445	52%	47%	0%	1%	
State Street Corporation	10,295.0	12	11	62	75	8	75,000 <sup>cd</sup>	1,500	87,000	281,418	36%	58%	0%	6%	
T. Rowe Price Group	3,484.2	12	9	66	72	8	100,000 <sup>cd,fq</sup>	—	100,000	305,044	33%	56%	8%	3%	
<i>Consumer Finance</i>															
American Express Company	34,932.0	13	10	60	72	10	90,000 <sup>cd</sup>	—	90,000	292,460	39%	53%	0%	8%	
Capital One Financial Corporation	24,176.0	10	8	61	70	12	80,000 <sup>c</sup>	—	80,000	284,846	32%	64%	0%	4%	
Discover Financial Services	9,370.0	11	10	61	—	11	75,000 <sup>c</sup>	—	75,000	227,244	45%	55%	0%	0%	
<i>Diversified Banks</i>															
Bank of America Corporation	101,697.0	15	13	63	72	16	80,000 <sup>cd</sup>	—	80,000	283,341	35%	65%	0%	0%	
Citigroup	92,543.0	14	12	64	72	19	75,000 <sup>cd</sup>	—	75,000	315,250	57%	43%	0%	0%	
Comerica	2,610.0	9	8	57	72	8	45,000 <sup>cd</sup>	1,500	57,000	153,013	58%	42%	0%	0%	
JPMorgan Chase & Co.	106,283.0	11	10	63	72	13	75,000 <sup>cd</sup>	—	75,000	292,714	47%	53%	0%	0%	
U.S. Bancorp	21,059.0	14	13	66	72	8	90,000 <sup>cd</sup>	—	90,000	238,877	45%	55%	0%	0%	
Wells Fargo & Company	88,069.0	14	13	64	70	9	75,000 <sup>cd</sup>	2,000	93,000	274,256	47%	52%	0%	1%	
<i>Diversified REITs</i>															
Vornado Realty Trust	2,503.7	9	7	73	—	7	75,000 <sup>c</sup>	—	75,000	180,665	51%	49%	0%	0%	
<i>Healthcare REITs</i>															
HCP	2,099.9	7	6	68	—	11	75,000 <sup>cd</sup>	—	75,000	253,473	37%	63%	0%	0%	
Health Care REIT	2,880.6	10	9	64	75	6	80,000 <sup>c</sup>	— <sup>r</sup>	83,000	189,475	50%	50%	0%	0%	
Ventas	2,751.8	10	8	63	75	11	75,000 <sup>cd</sup>	— <sup>s</sup>	79,500	199,400	50%	50%	0%	0%	
<i>Hotel &amp; Resort REITs</i>															
Host Hotels & Resorts	5,166.0	9	7	63	—	5	180,000 <sup>de</sup>	—	180,000	210,814	40%	43%	0%	17%	
<i>Industrial REITs</i>															
ProLogis	1,750.5	10	9	64	72	4	84,000 <sup>c</sup>	—	84,000	223,949	43%	56%	0%	1%	
<i>Insurance Brokers</i>															
Aon plc	11,815.0	12	11	67	—	6	105,000 <sup>cd</sup>	—	105,000	286,143	40%	58%	0%	2%	
Marsh & McLennan Companies	12,261.0	12	11	64	75	11	100,000 <sup>cd</sup>	—	100,000	246,708	51%	49%	0%	0%	
<i>Investment Banking &amp; Brokerage</i>															
The Charles Schwab Corporation	5,539.0	12	10	68	—	7	100,000 <sup>cd,fi</sup>	—	100,000	276,669	46%	25%	28%	1%	
E*TRADE Financial Corporation	1,961.8	11	10	61	—	13	50,000 <sup>c</sup>	2,500	82,500	210,813	76%	24%	0%	0%	
The Goldman Sachs Group	40,874.0	13	10	61	75	15	75,000 <sup>ce,h,k</sup>	—	75,000	521,115	7%	91%	0%	2%	
Morgan Stanley	36,848.0	15	12	64	72	13	75,000 <sup>cd</sup>	—	75,000	348,118	28%	72%	0%	0%	
<i>Life &amp; Health Insurance</i>															
AFLAC	23,939.0	13	9	65	75	4	115,000 <sup>cd,fi,q</sup>	—	115,000	266,654	47%	19%	34%	0%	
Lincoln National Corporation	11,969.0	11	10	68	75	4	232,000 <sup>de,g</sup>	—	232,000	278,871	35%	45%	15%	5%	
MetLife	68,199.0	11	10	62	72	8	260,000 <sup>e</sup>	—	260,000	283,606	52%	46%	0%	2%	
Principal Financial Group	9,289.5	11	10	63	72	11	205,000 <sup>de</sup>	2,500	230,000	236,692	51%	49%	0%	0%	
Prudential Financial	41,461.0	12	10	64	74	10	300,000 <sup>de</sup>	—	300,000	256,250	53%	47%	0%	0%	
Torchmark Corporation	3,771.9	11	9	64	74	5	190,000 <sup>cd,ef,i</sup>	—	190,000	210,472	43%	57%	0%	0%	
Unum Group	10,353.8	13	12	65	72	7	95,000 <sup>cd</sup>	—	95,000	228,739	44%	52%	0%	4%	

	COMPANY SALES (\$ IN MILLIONS)	NUMBER OF DIRECTORS		INDEPENDENT DIRECTORS			BOARD FEES (\$)				PERCENTAGE OF TOTAL COMPENSATION			
		TOTAL	INDEPENDENT DIRECTORS	AVERAGE AGE	RETIREMENT AGE	MEETINGS PER YEAR <sup>a</sup>	BOARD RETAINER	MEETING ATTENDANCE FEE	ANNUAL BOARD FEES <sup>b</sup>	AVERAGE COMPENSATION PER NON-EMPLOYEE DIRECTOR	CASH	STOCK	OPTIONS	ALL OTHER
<i>Multi-line Insurance</i>														
American International Group	68,678.0	14	13	64	75	13	250,000 <sup>d,e</sup>	–	250,000	302,398	69%	30%	0%	1%
Assurant	9,047.7	11	10	63	73	9	100,000 <sup>c,d</sup>	–	100,000	225,075	54%	44%	0%	2%
Genworth Financial	9,403.0	10	9	64	73	9	230,000 <sup>d,e,g</sup>	–	230,000	237,857	35%	60%	0%	5%
The Hartford Financial Services Group	26,236.0	10	9	61	75	9	65,000 <sup>c,d</sup>	2,500	87,500	275,923	45%	54%	0%	1%
Loews Corporation	15,053.0	13	11	67	–	7	100,000 <sup>f</sup>	–	100,000	179,485	65%	35%	0%	0%
<i>Multi-sector Holdings</i>														
Berkshire Hathaway	182,150.0	13	9	67	–	3	–	900	2,700	2,982	100%	0%	0%	0%
Leucadia National Corporation	10,429.5	9	6	64	–	13	120,000 <sup>f</sup>	1,000	133,000	169,318	91%	0%	9%	0%
<i>Office REITs</i>														
Boston Properties	2,135.5	11	8	66	75	9	60,000 <sup>c,d</sup>	1,500	73,500	207,468	44%	56%	0%	0%
<i>Property &amp; Casualty Insurance</i>														
ACE Limited	19,261.0	14	13	63	74	6	230,000 <sup>d,e</sup>	–	230,000	295,074	40%	57%	0%	3%
The Allstate Corporation	34,507.0	11	10	62	72	8	90,000 <sup>c,d</sup>	–	90,000	258,209	39%	61%	0%	0%
The Chubb Corporation	13,947.0	14	13	64	74	8	60,000 <sup>c,d</sup>	2,000	76,000	254,641	46%	51%	0%	3%
Cincinnati Financial Corporation	4,531.0	15	10	59	73	4	80,000 <sup>e</sup>	4,500	98,000	182,200	51%	47%	0%	2%
The Progressive Corporation	18,170.9	10	9	62	80	11	225,000 <sup>e,h</sup>	–	225,000	244,262	0%	100%	0%	0%
The Travelers Companies	26,191.0	12	11	65	74	6	110,000 <sup>c,d</sup>	–	110,000	282,329	43%	57%	0%	0%
XL Group	7,541.2	10	9	67	–	8	100,000 <sup>c,d,f</sup>	– <sup>i</sup>	101,500	288,966	48%	52%	0%	0%
<i>Real Estate Services</i>														
CBRE Group	7,184.8	10	9	67	75	4	75,000 <sup>c,d</sup>	–	75,000	159,894	53%	47%	0%	0%
<i>Regional Banks</i>														
BB&T Corporation	10,444.0	18	15	63	72	12	60,000 <sup>c</sup>	1,500	78,000	154,790	62%	38%	0%	0%
Fifth Third Bancorp	7,200.0	12	11	61	70	15	50,000 <sup>c,d</sup>	2,000	80,000	257,770	52%	43%	0%	5%
Huntington Bancshares	2,858.6	11	9	61	–	16	35,000 <sup>c,d</sup>	2,000	67,000	180,132	60%	40%	0%	0%
KeyCorp	4,386.0	12	11	58	72	8	40,000 <sup>c,d</sup>	1,500	52,000	157,042	49%	51%	0%	0%
M&T Bank Corporation	4,822.5	14	11	71	–	18	85,000 <sup>d</sup>	2,000	121,000	149,600	44%	56%	0%	0%
The PNC Financial Services Group	16,872.0	15	14	67	72	12	60,000 <sup>c,d</sup>	1,500 <sup>u</sup>	75,000	301,419	40%	43%	0%	17%
Regions Financial Corporation	5,665.0	13	12	64	72	14	145,000 <sup>d,e</sup>	1,500	166,000	201,231	55%	45%	0%	0%
SunTrust Banks	8,602.0	11	10	65	72	5	60,000 <sup>c</sup>	–	60,000	219,930	45%	55%	0%	0%
Zions Bancorporation	2,278.8	9	7	65	72	17	35,000 <sup>c,d</sup>	1,500	60,500	159,223	54%	44%	0%	2%
<i>Residential REITs</i>														
Apartment Investment and Management Company	974.1	7	6	67	–	4	– <sup>e,h,i</sup>	1,000	4,000 plus stock	175,165	12%	88%	0%	0%
AvalonBay Communities	1,462.9	9	8	64	72	6	60,000 <sup>c,d</sup>	–	60,000	244,872	23%	55%	0%	22%
Equity Residential	2,387.7	11	9	59	72	5	160,000 <sup>e,f,i</sup>	–	160,000	179,918	45%	35%	20%	0%
Essex Property Trust	613.7	13	11	65	–	19	30,000 <sup>f,q</sup>	1,000	49,000	106,281	42%	29%	29%	0%
<i>Retail REITs</i>														
General Growth Properties	2,527.4	9	8	54	–	7	175,000 <sup>c,d</sup>	–	175,000	182,000	46%	54%	0%	0%
Kimco Realty Corporation	946.7	9	7	71	–	8	50,000 <sup>c,d,f</sup>	–	50,000	232,959	38%	51%	11%	0%
The Macerich Co.	1,029.5	11	8	65	–	6	60,000 <sup>c,d</sup>	–	60,000	174,975	55%	45%	0%	0%
Simon Property Group	5,170.1	10	7	67	–	6	70,000 <sup>c</sup>	2,000	82,000	196,500	55%	45%	0%	0%

# Comparative Board Data

COMPANY SALES (\$ IN MILLIONS)	NUMBER OF DIRECTORS		INDEPENDENT DIRECTORS		BOARD FEES (\$)						PERCENTAGE OF TOTAL COMPENSATION			
	TOTAL	INDEPENDENT DIRECTORS	AVERAGE AGE	RETIREMENT AGE	MEETINGS PER YEAR <sup>a</sup>	BOARD RETAINER	MEETING ATTENDANCE FEE	ANNUAL BOARD FEES <sup>b</sup>	AVERAGE COMPENSATION PER NON-EMPLOYEE DIRECTOR	CASH	STOCK	OPTIONS	ALL OTHER	
<i>Specialized Finance</i>														
CME Group	2,936.3	24	18	62	–	8	100,000 <sup>d,e</sup>	1,500	112,000	137,347	45%	55%	0%	0%
Intercontinental Exchange	1,795.0	14	13	66	75	10	85,000 <sup>c,d</sup>	–	85,000	266,754	29%	71%	0%	0%
McGraw-Hill Companies	4,875.0	12	9	65	72	10	70,000 <sup>c,d</sup>	1,500	85,000	195,455	54%	46%	0%	0%
Moody's Corporation	2,972.5	9	8	63	–	6	75,000 <sup>c</sup>	–	75,000	227,505	39%	60%	0%	1%
The Nasdaq OMX Group	3,211.0	11	9	59	–	17	80,000 <sup>c,d</sup>	1,500	105,500	252,409	42%	58%	0%	0%
<i>Specialized REITs</i>														
Plum Creek Timber Company	1,340.0	10	9	64	–	4	60,000 <sup>c,d</sup>	2,000	68,000	209,792	44%	56%	0%	0%
Public Storage	1,981.7	8	5	63	70	4	40,000 <sup>f</sup>	–	40,000	176,757	31%	0%	69%	0%
<i>Thriffs &amp; Mortgage Finance</i>														
Hudson City Bancorp	1,400.3	9	7	69	75	19	50,000 <sup>c</sup>	1,500	78,500	245,415	57%	31%	0%	12%
People's United Financial	1,337.6	11	8	68	76	12	24,000 <sup>c,d</sup>	950	38,400	188,107	50%	50%	0%	0%
<b>TOTAL FINANCIALS</b>														
<b>Average</b>		<b>11.7</b>	<b>9.9</b>	<b>64.1</b>	<b>73.2</b>	<b>9.3</b>	<b>100,390</b>		<b>106,271</b>	<b>230,288</b>	<b>45%</b>	<b>51%</b>	<b>2%</b>	<b>2%</b>
<b>Median</b>		<b>11.0</b>	<b>10.0</b>	<b>64.0</b>	<b>72.5</b>	<b>8.0</b>	<b>80,000</b>		<b>86,000</b>	<b>236,692</b>				
<b>HEALTHCARE</b>														
<i>Biotechnology</i>														
Alexion Pharmaceuticals	1,551.3	8	7	68	–	7	80,000 <sup>c,f</sup>	–	80,000	453,135	24%	51%	25%	0%
Amgen	18,676.0	12	11	64	72	6	100,000 <sup>c,f</sup>	–	100,000	385,340	34%	52%	8%	6%
Biogen Idec	6,932.2	11	10	59	75	15	50,000 <sup>c</sup>	2,500	87,500	408,143	28%	72%	0%	0%
Celgene Corporation	6,493.9	9	8	68	–	6	75,000 <sup>c,f</sup>	–	75,000	833,119	12%	44%	44%	0%
Gilead Sciences	11,201.7	10	9	71	–	4	75,000 <sup>c,d,f</sup>	–	75,000	421,019	28%	36%	36%	0%
Regeneron Pharmaceuticals	2,104.7	12	9	69	–	6	55,000 <sup>f</sup>	–	55,000	1,418,207	5%	95%	0%	0%
Vertex Pharmaceuticals	1,212.0	10	8	57	–	10	50,000 <sup>f</sup>	–	50,000	823,373	9%	91%	0%	0%
<i>Healthcare Technology</i>														
Cerner Corporation	2,910.7	9	7	68	75	4	66,000 <sup>c</sup>	–	66,000	317,383	27%	73%	0%	0%
<i>Healthcare Distributors</i>														
AmerisourceBergen Corporation	87,959.2	10	9	64	75	7	100,000 <sup>c,d</sup>	–	100,000	245,194	45%	54%	0%	1%
Cardinal Health	101,093.0	12	11	61	75	11	90,000 <sup>c</sup>	–	90,000	238,738	40%	60%	0%	0%
McKesson Corporation	137,609.0	9	8	68	75	10	75,000 <sup>c</sup>	1,500	90,000	288,324	42%	52%	0%	6%
Patterson Companies	3,637.2	8	6	63	75	4	62,000 <sup>c,f</sup>	–	62,000	170,227	41%	59%	0%	0%
<i>Healthcare Equipment</i>														
Abbott Laboratories	21,848.0	11	10	62	72	7	126,000 <sup>c,d</sup>	–	126,000	262,349	51%	43%	0%	6%
Baxter International	15,259.0	13	12	67	72	9	65,000 <sup>c,f</sup>	2,000	83,000	278,858	41%	40%	15%	4%
Becton, Dickinson and Company	8,054.0	14	13	65	72	8	85,000 <sup>c,d</sup>	–	85,000	254,798	33%	66%	0%	1%
Boston Scientific Corporation	7,143.0	11	10	63	–	6	75,000 <sup>c,d,i</sup>	–	75,000	276,105	37%	63%	0%	0%
C.R. Bard	3,049.5	11	9	66	74	6	50,000 <sup>c,d</sup>	1,650	59,900	241,904	40%	29%	0%	31%
CareFusion Corporation	3,550.0	9	8	63	–	14	100,000 <sup>c</sup>	–	100,000	273,178	43%	57%	0%	0%
Covidien	10,235.0	10	9	60	72	8	100,000 <sup>c</sup>	–	100,000	283,622	39%	56%	0%	5%
Edwards Lifesciences Corporation	2,045.5	8	7	69	–	7	40,000 <sup>c,d,fi</sup>	–	40,000	255,740	9%	87%	4%	0%

	COMPANY SALES (\$ IN MILLIONS)	NUMBER OF DIRECTORS		INDEPENDENT DIRECTORS			BOARD FEES (\$)					PERCENTAGE OF TOTAL COMPENSATION			
		TOTAL	INDEPENDENT DIRECTORS	AVERAGE AGE	RETIREMENT AGE	MEETINGS PER YEAR <sup>a</sup>	BOARD RETAINER	MEETING ATTENDANCE FEE	ANNUAL BOARD FEES <sup>b</sup>	PER NON-EMPLOYEE DIRECTOR	AVERAGE COMPENSATION PER NON-EMPLOYEE	CASH	STOCK	OPTIONS	ALL OTHER
<i>Healthcare Equipment (continued)</i>															
Intuitive Surgical	2,265.1	9	7	64	–	7	50,000 <sup>f</sup>	–	50,000	320,343	20%	0%	80%	0%	
Medtronic	16,590.0	11	10	61	72	6	80,000 <sup>c</sup>	–	80,000	230,269	39%	61%	0%	0%	
St. Jude Medical	5,501.0	8	7	61	75	5	100,000 <sup>c,d</sup>	–	100,000	246,117	40%	60%	0%	0%	
Stryker Corporation	9,021.0	9	8	58	–	10	60,000 <sup>c,f</sup>	–	60,000	330,287	48%	27%	25%	0%	
Varian Medical Systems	2,942.9	10	8	59	75	5	45,000 <sup>c,d,f</sup>	2,000	55,000	275,192	28%	36%	36%	0%	
Zimmer Holdings	4,623.4	9	8	59	72	6	95,000 <sup>c,d,e,g</sup>	–	95,000	270,122	33%	64%	0%	3%	
<i>Healthcare Facilities</i>															
Tenet Healthcare Corporation	11,102.0	9	8	67	75	15	95,000 <sup>c,d</sup>	– <sup>v</sup>	119,000	350,781	50%	50%	0%	0%	
<i>Healthcare Services</i>															
DaVita Healthcare Partners	11,764.1	10	8	61	75	16	24,000 <sup>c,e,f</sup>	8,000	152,000	515,619	10%	20%	70%	0%	
Express Scripts Holding Co	104,098.8	11	10	63	75	6	30,000 <sup>c,f</sup>	2,000	42,000	262,545	24%	38%	38%	0%	
Laboratory Corporation of America Holdings	5,808.3	9	8	58	–	14	90,000 <sup>c</sup>	–	90,000	254,681	39%	61%	0%	0%	
Quest Diagnostics	7,146.0	9	8	65	–	11	35,000 <sup>c,d,i</sup>	1,500	51,500	307,848	27%	39%	34%	0%	
<i>Healthcare Supplies</i>															
DENTSPLY International	2,950.8	11	10	65	75	6	45,000 <sup>c,d,f</sup>	1,500 <sup>w</sup>	53,500	198,450	34%	33%	33%	0%	
<i>Life Sciences Tools &amp; Services</i>															
Agilent Technologies	6,782.0	8	7	67	72	7	90,000 <sup>c,d</sup>	–	90,000	293,888	40%	60%	0%	0%	
PerkinElmer	2,166.2	8	7	62	72	9	80,000 <sup>c,f</sup>	–	80,000	245,014	37%	41%	22%	0%	
Thermo Fisher Scientific	13,090.3	11	10	59	72	11	100,000 <sup>c,d</sup>	–	100,000	281,258	43%	54%	0%	3%	
Waters Corporation	1,904.2	9	8	60	72	7	55,000 <sup>c,d,f</sup>	1,500	65,500	308,450	26%	43%	31%	0%	
<i>Managed Healthcare</i>															
Aetna	47,294.6	12	10	67	76	11	85,000 <sup>c,d</sup>	–	85,000	291,424	32%	55%	0%	13%	
CIGNA Corporation	32,380.0	11	10	63	72	7	275,000 <sup>d,e</sup>	–	275,000	319,258	43%	56%	0%	1%	
Humana	41,313.0	10	9	57	73	8	85,000 <sup>c,d</sup>	–	85,000	275,039	39%	51%	0%	10%	
UnitedHealth Group	122,489.0	11	9	69	–	10	125,000 <sup>c,d</sup>	–	125,000	331,528	50%	45%	0%	5%	
WellPoint	71,023.5	10	9	64	72	15	85,000 <sup>c</sup>	–	85,000	309,374	43%	53%	0%	4%	
<i>Pharmaceuticals</i>															
Actavis	18,791.0	12	10	65	–	9	65,000 <sup>c</sup>	4,000	101,000	344,416	33%	65%	0%	2%	
AbbVie	8,677.6	9	8	63	75	11	126,000 <sup>c,d,i</sup>	–	126,000	262,202	51%	44%	0%	5%	
Allergan	6,300.4	10	9	63	73	5	60,000 <sup>c,d,i</sup>	2,500	72,500	425,782	23%	63%	14%	0%	
Bristol-Myers Squibb Company	16,385.0	11	10	63	75	7	90,000 <sup>c,d</sup>	–	90,000	313,333	38%	55%	0%	7%	
Eli Lilly & Company	23,113.1	14	13	62	72	8	100,000 <sup>c,d</sup>	–	100,000	271,790	41%	53%	0%	6%	
Forest Laboratories	3,646.9	11	9	58	–	15	110,000 <sup>c,f</sup>	2,500	147,500	311,048	52%	24%	24%	0%	
Hospira	4,002.8	11	10	65	–	7	65,000 <sup>c,d</sup>	–	65,000	329,567	32%	68%	0%	0%	
Johnson & Johnson	71,312.0	12	11	64	72	8	110,000 <sup>c</sup>	–	110,000	278,218	44%	52%	0%	4%	
Merck & Co.	44,033.0	12	11	63	72	7	100,000 <sup>c,d</sup>	–	100,000	280,904	40%	60%	0%	0%	
Mylan	6,909.1	13	10	60	72	17	75,000 <sup>c,f</sup>	–	75,000	293,530	32%	51%	17%	0%	
Pfizer	51,584.0	12	11	64	73	6	137,500 <sup>c,d</sup>	–	137,500	315,531	58%	39%	0%	3%	
Zoetis	4,561.0	9	7	63	–	6	240,000 <sup>e,g</sup>	–	240,000	229,286	39%	61%	0%	0%	
<b>TOTAL HEALTHCARE</b>															
Average		10.4	9.0	63.4	73.4	8.5	83,814		91,184	340,055	31%	56%	11%	2%	
Median		10.0	9.0	63.0	73.0	7.0	80,000		85,000	291,424					

# Comparative Board Data

	NUMBER OF DIRECTORS		INDEPENDENT DIRECTORS			BOARD FEES (\$)					PERCENTAGE OF TOTAL COMPENSATION			
	COMPANY SALES (\$ IN MILLIONS)	TOTAL	INDEPENDENT DIRECTORS	AVERAGE AGE	RETIREMENT AGE	MEETINGS PER YEAR <sup>a</sup>	BOARD RETAINER	MEETING ATTENDANCE FEE	ANNUAL BOARD FEES <sup>b</sup>	AVERAGE COMPENSATION PER NON-EMPLOYEE DIRECTOR	CASH	STOCK	OPTIONS	ALL OTHER
<b>INDUSTRIALS</b>														
<i>Aerospace &amp; Defense</i>														
The Boeing Company	86,623.0	11	10	62	74	8	120,000 <sup>c,d</sup>	–	120,000	302,625	43%	50%	0%	7%
General Dynamics Corporation	31,218.0	12	10	64	72	10	70,000 <sup>c,d,f</sup>	3,000	100,000	317,894	61%	19%	19%	1%
Honeywell International	39,055.0	12	11	62	72	7	80,000 <sup>c,d,f</sup>	2,500	97,500	297,940	67%	13%	13%	7%
L-3 Communications Holdings	12,629.0	11	10	69	–	12	106,000 <sup>c,d</sup>	–	106,000	247,915	49%	48%	0%	3%
Lockheed Martin Corporation	45,358.0	12	11	65	75	9	260,000 <sup>d,e,i</sup>	–	260,000	277,328	51%	42%	5%	2%
Northrop Grumman Corporation	24,661.0	11	10	66	72	10	245,000 <sup>d,e</sup>	–	245,000	264,799	48%	49%	0%	3%
Precision Castparts Corporation	9,616.0	8	7	63	71	12	80,000 <sup>c,d</sup>	–	80,000	221,000	43%	57%	0%	0%
Raytheon Company	23,706.0	10	8	65	74	8	85,000 <sup>c,d</sup>	1,500	97,000	264,344	50%	48%	0%	2%
Rockwell Collins	4,610.0	10	8	65	72	10	100,000 <sup>c,d</sup>	–	100,000	259,764	42%	56%	0%	2%
Textron	12,104.0	11	10	67	75	6	215,000 <sup>d,e,g</sup>	–	215,000	256,781	57%	39%	0%	4%
United Technologies Corporation	62,626.0	12	11	66	72	7	260,000 <sup>d,e,g</sup>	–	260,000	282,306	14%	85%	0%	1%
<i>Air Freight &amp; Logistics</i>														
C.H. Robinson Worldwide	12,752.1	10	9	59	–	4	80,000 <sup>c,d</sup>	–	80,000	143,889	65%	35%	0%	0%
Expeditors International of Washington	6,080.3	11	7	64	–	8	30,000 <sup>c</sup>	1,000	38,000	249,276	20%	80%	0%	0%
FedEx Corporation	44,287.0	11	10	59	72	7	80,000 <sup>f</sup>	2,000	94,000	240,301	46%	0%	54%	0%
United Parcel Service	55,438.0	13	11	62	72	5	100,000 <sup>c</sup>	–	100,000	259,880	38%	62%	0%	0%
<i>Airlines</i>														
Delta Air Lines	37,773.0	14	11	64	72	9	85,000 <sup>c</sup>	–	85,000	252,717	50%	45%	0%	5%
Southwest Airlines Co.	17,699.0	10	9	67	75	6	70,000 <sup>c</sup>	1,500	79,000	195,947	49%	51%	0%	0%
<i>Building Products</i>														
Allegion Public Limited Company	4,043.5	6	5	60	70	1	210,000 <sup>c</sup>	–	210,000	n/a	n/a	n/a	n/a	n/a
Masco Corporation	8,173.0	10	8	63	72	6	180,000 <sup>e</sup>	1,500	189,000	243,365	59%	39%	0%	2%
<i>Construction &amp; Engineering</i>														
Fluor Corporation	27,351.6	13	12	63	72	6	115,000 <sup>c</sup>	–	115,000	268,803	46%	50%	0%	4%
Jacobs Engineering Group	11,818.4	11	9	64	–	7	88,000 <sup>c,f</sup>	–	88,000	236,248	38%	30%	32%	0%
Quanta Services	6,522.8	10	9	61	73	6	65,000 <sup>c</sup>	–	65,000	262,119	42%	58%	0%	0%
<i>Construction, Farm Machinery &amp; Heavy Trucks</i>														
Caterpillar	55,656.0	12	11	61	72	7	250,000 <sup>d,e</sup>	–	250,000	260,259	60%	38%	0%	2%
Deere & Company	37,795.4	11	10	65	72	5	120,000 <sup>c,d</sup>	–	120,000	230,272	47%	52%	0%	1%
Joy Global	5,012.7	8	7	66	–	7	85,000 <sup>c</sup>	1,500	95,500	208,095	59%	41%	0%	0%
PACCAR	17,123.8	11	9	61	72	4	75,000 <sup>c,d</sup>	7,500	105,000	225,264	55%	45%	0%	0%
<i>Construction Machinery &amp; Heavy Trucks</i>														
Cummins	17,301.0	8	7	62	72	5	250,000 <sup>e</sup>	–	250,000	223,588	47%	51%	0%	2%
<i>Diversified Support Services</i>														
Cintas Corporation	4,316.5	9	6	62	73	4	46,000 <sup>c,d,f</sup>	3,150	58,600	152,753	46%	27%	27%	0%
Iron Mountain	3,025.9	11	10	60	75	7	70,000 <sup>c,d</sup>	–	70,000	234,361	40%	59%	0%	1%

	COMPANY SALES (\$ IN MILLIONS)	NUMBER OF DIRECTORS		INDEPENDENT DIRECTORS			BOARD FEES (\$)				PERCENTAGE OF TOTAL COMPENSATION			
		TOTAL	INDEPENDENT DIRECTORS	AVERAGE AGE	RETIREMENT AGE	MEETINGS PER YEAR <sup>a</sup>	BOARD RETAINER	MEETING ATTENDANCE FEE	ANNUAL BOARD FEES <sup>b</sup>	AVERAGE COMPENSATION PER NON-EMPLOYEE DIRECTOR	CASH	STOCK	OPTIONS	ALL OTHER
<i>Electrical Components &amp; Equipment</i>														
AMETEK	3,594.1	8	7	67	75	6	70,000 <sup>c,d,f</sup>	–	70,000	186,997	41%	30%	28%	1%
Eaton Corporation	22,046.0	12	11	61	72	4	132,500 <sup>c,d</sup>	–	132,500	285,644	54%	46%	0%	0%
Emerson Electric Company	24,669.0	12	10	61	72	11	205,000 <sup>e</sup>	1,500	221,500	246,348	47%	51%	0%	2%
Rockwell Automation	6,351.9	10	9	62	72	7	150,000 <sup>c,d,e</sup>	–	150,000	208,157	44%	53%	0%	3%
<i>Environmental &amp; Facilities Services</i>														
Republic Services	8,417.2	10	9	63	–	5	80,000 <sup>c</sup>	–	80,000	338,961	35%	65%	0%	0%
Stericycle	2,142.8	9	7	67	–	5	125,000 <sup>f,h,k</sup>	–	125,000	156,296	0%	100%	0%	0%
Waste Management	13,983.0	8	7	65	72	8	105,000 <sup>c</sup>	–	105,000	n/a	n/a	n/a	n/a	
<i>Human Resource &amp; Employment Services</i>														
Robert Half International	4,245.9	6	4	63	–	6	40,000 <sup>c</sup>	1,500	49,000	282,562	23%	77%	0%	0%
<i>Industrial Conglomerates</i>														
3M Company	30,871.0	9	8	65	72	7	260,000 <sup>d,e</sup>	–	260,000	274,722	48%	51%	0%	1%
Danaher Corporation	19,118.0	10	7	64	72	9	100,000 <sup>c,d,f</sup>	–	100,000	232,145	33%	42%	25%	0%
General Electric Company	146,045.0	17	16	61	75	14	250,000 <sup>d,e,g</sup>	–	250,000	272,037	18%	69%	0%	13%
Roper Industries	3,238.1	8	7	65	74	5	42,500 <sup>c</sup>	2,000	52,500	549,669	10%	90%	0%	0%
<i>Industrial Machinery</i>														
Dover Corporation	8,729.8	12	11	65	75	11	240,000 <sup>e</sup>	–	240,000	233,143	52%	48%	0%	0%
Flowserve Corporation	4,954.6	11	10	62	72	12	60,000 <sup>c,d</sup>	–	60,000	218,044	43%	57%	0%	0%
Illinois Tool Works	14,135.0	12	11	61	75	5	135,000 <sup>c,d</sup>	–	135,000	264,025	57%	43%	0%	0%
Ingersoll-Rand	12,350.5	11	10	67	75	7	285,000 <sup>e</sup>	– <sup>x</sup>	287,500	262,727	100%	0%	0%	0%
Pall Corporation	2,648.1	11	10	60	76	5	55,000 <sup>c,d</sup>	–	55,000	228,914	33%	66%	0%	1%
Parker-Hannifin Corporation	13,015.7	12	11	61	75	5	120,000 <sup>c</sup>	–	120,000	232,151	52%	48%	0%	0%
Pentair Ltd.	7,479.7	10	9	59	72	5	123,000 <sup>c,f</sup>	–	123,000	265,563	59%	20%	20%	1%
Snap-on	3,056.5	9	8	62	75	8	85,000 <sup>c,d</sup>	–	85,000	230,975	39%	52%	0%	9%
Stanley Black & Decker	11,001.2	10	9	64	72	6	125,000 <sup>c,d</sup>	–	125,000	262,562	52%	47%	0%	1%
Xylem	3,837.0	11	9	61	72	7	100,000 <sup>c,d</sup>	–	100,000	205,992	53%	47%	0%	0%
<i>Office Services &amp; Supplies</i>														
Pitney Bowes	3,869.4	10	9	63	72	10	75,000 <sup>c</sup>	–	75,000	144,807	75%	23%	0%	2%
<i>Railroads</i>														
CSX Corporation	12,026.0	13	12	63	72	6	75,000 <sup>c,d</sup>	–	75,000	284,782	29%	59%	0%	12%
Kansas City Southern	2,369.3	9	7	63	75	5	50,000 <sup>c,d</sup>	4,000	70,000	199,623	48%	45%	0%	7%
Norfolk Southern Corporation	11,245.0	13	11	60	72	7	50,000 <sup>c</sup>	–	50,000	286,119	35%	60%	0%	5%
Union Pacific Corporation	21,963.0	11	10	67	75	6	250,000 <sup>d,e,g</sup>	–	250,000	263,198	100%	0%	0%	0%
<i>Research &amp; Consulting Services</i>														
The Dun & Bradstreet Corporation	1,655.2	9	8	57	72	11	70,000 <sup>c,d,f</sup>	–	70,000	233,698	41%	51%	0%	8%
Equifax	2,303.9	10	9	62	72	6	75,000 <sup>c,d</sup>	–	75,000	223,860	40%	60%	0%	0%
Nielsen Holdings NV	5,703.0	9	5	60	–	10	80,000 <sup>c,d</sup>	–	80,000	212,125	0%	100%	0%	0%
<i>Security &amp; Alarm Services</i>														
The ADT Corporation	3,309.0	8	7	61	72	13	80,000 <sup>c</sup>	–	80,000	264,227	41%	59%	0%	0%
Tyco International	10,647.0	11	9	62	72	7	100,000 <sup>c</sup>	–	100,000	246,395	47%	51%	0%	2%
<i>Trading Companies &amp; Distributors</i>														
Fastenal Company	3,326.1	9	7	58	74	4	55,000	4,000	71,000	100,000	100%	0%	0%	0%
W.W. Grainger	9,437.8	10	9	62	75	5	85,000 <sup>c,d</sup>	–	85,000	249,669	37%	62%	0%	1%

# Comparative Board Data

	COMPANY SALES (\$ IN MILLIONS)	NUMBER OF DIRECTORS		INDEPENDENT DIRECTORS			BOARD FEES (\$)					PERCENTAGE OF TOTAL COMPENSATION			
		TOTAL	INDEPENDENT DIRECTORS	AVERAGE AGE	RETIREMENT AGE	MEETINGS PER YEAR <sup>a</sup>	BOARD RETAINER	MEETING ATTENDANCE FEE	ANNUAL BOARD FEES <sup>b</sup>	AVERAGE COMPENSATION PER NON-EMPLOYEE DIRECTOR	CASH	STOCK	OPTIONS	ALL OTHER	
<b>Trucking</b>															
Ryder System	6,419.3	11	10	61	72	6	65,000 <sup>c,d</sup>	–	65,000	245,537	44%	53%	0%	3%	
<b>TOTAL INDUSTRIALS</b>															
Average		10.5	9.0	62.8	73.0	7.1	119,031		122,572	248,290	46%	49%	3%	2%	
Median		11.0	9.0	62.5	72.0	7.0	86,500		100,000	247,155					
<b>INFORMATION TECHNOLOGY</b>															
<b>Application Software</b>															
Adobe Systems	4,055.2	13	12	61	72	8	60,000 <sup>c,d</sup>	–	60,000	273,881	29%	64%	7%	0%	
Autodesk	2,273.9	10	9	58	–	8	75,000 <sup>c,d</sup>	–	75,000	400,482	23%	77%	0%	0%	
Citrix Systems	2,918.4	9	8	58	–	12	40,000 <sup>c</sup>	–	40,000	326,931	23%	77%	0%	0%	
Intuit	4,171.0	9	6	60	75	5	60,000 <sup>c,d</sup>	–	60,000	381,434	32%	68%	0%	0%	
salesforce.com	4,071.0	11	8	64	–	8	50,000 <sup>c</sup>	–	50,000	657,513	14%	86%	0%	0%	
<b>Communications Equipment</b>															
Cisco Systems	48,607.0	12	10	59	70	7	75,000 <sup>c,d</sup>	–	75,000	320,061	36%	64%	0%	0%	
F5 Networks	1,481.3	8	7	58	–	11	50,000 <sup>c</sup>	–	50,000	300,196	26%	74%	0%	0%	
Harris Corporation	5,111.7	13	12	64	72	9	55,000 <sup>c,d</sup>	2,000	73,000	237,784	49%	50%	0%	1%	
Juniper Networks	4,669.1	11	8	61	75	10	55,000 <sup>c,f</sup>	–	55,000	315,295	29%	71%	0%	0%	
Motorola Solutions	8,696.0	8	7	62	72	6	100,000 <sup>c,d</sup>	–	100,000	255,910	33%	66%	0%	1%	
QUALCOMM	24,866.0	14	12	67	–	8	100,000 <sup>c,d</sup>	–	100,000	363,689	35%	55%	0%	10%	
<b>Data Processing &amp; Outsourced Services</b>															
Alliance Data Systems Corporation	4,319.1	8	7	68	75	6	65,000 <sup>c,d</sup>	1,500	74,000	235,542	28%	71%	0%	1%	
Automatic Data Processing	11,310.1	10	9	59	72	5	220,000 <sup>d,e,g</sup>	–	220,000	232,000	39%	58%	0%	3%	
Computer Sciences Corporation	12,998.0	9	8	62	72	8	90,000 <sup>c</sup>	–	90,000	291,540	39%	56%	0%	5%	
Fidelity National Information Services	6,070.7	10	7	63	–	6	80,000 <sup>c,f</sup>	2,000	92,000	469,409	44%	29%	27%	0%	
Fiserv	4,814.0	9	8	60	75	4	60,000 <sup>c,d,f</sup>	–	60,000	219,610	36%	32%	32%	0%	
MasterCard	8,346.0	13	11	58	72	5	100,000 <sup>c</sup>	–	100,000	282,624	44%	55%	0%	1%	
Paychex	2,518.9	9	7	63	–	5	70,000 <sup>c,f</sup>	–	70,000	207,795	52%	24%	24%	0%	
Total System Services	2,132.4	14	12	67	75	8	70,000 <sup>c,f</sup>	–	70,000	189,217	50%	30%	20%	0%	
Visa	11,778.0	11	10	63	–	10	100,000 <sup>c</sup>	–	100,000	326,495	43%	54%	0%	3%	
The Western Union Company	5,542.0	11	10	63	74	8	85,000 <sup>c,d,f,i,k,q</sup>	–	85,000	272,556	38%	36%	20%	6%	
Xerox Corporation	21,435.0	10	9	63	70	6	195,000 <sup>e,g</sup>	–	195,000	207,222	37%	63%	0%	0%	
<b>Electronic Components</b>															
Amphenol Corporation	4,614.7	8	7	69	72	4	70,000 <sup>c,d</sup>	–	70,000	214,494	39%	61%	0%	0%	
Corning	7,819.0	12	9	62	74	21	60,000 <sup>c,d</sup>	1,750	96,750	270,748	53%	46%	0%	1%	
<b>Electronic Equipment &amp; Instruments</b>															
FLIR Systems	1,496.4	10	8	63	75	7	70,000 <sup>c,f</sup>	1,500	80,500	243,738	37%	31%	32%	0%	
<b>Electronic Manufacturing Services</b>															
Jabil Circuit	18,336.9	9	7	64	–	4	58,000 <sup>c</sup>	–	58,000	224,743	33%	67%	0%	0%	
TE Connectivity	13,280.0	12	11	61	72	6	250,000 <sup>e</sup>	–	250,000	261,168	38%	56%	0%	6%	

	COMPANY SALES (\$ IN MILLIONS)	NUMBER OF DIRECTORS		INDEPENDENT DIRECTORS			BOARD FEES (\$)					PERCENTAGE OF TOTAL COMPENSATION			
		TOTAL	INDEPENDENT DIRECTORS	AVERAGE AGE	RETIREMENT AGE	MEETINGS PER YEAR <sup>a</sup>	BOARD RETAINER	MEETING ATTENDANCE FEE	ANNUAL BOARD FEES <sup>b</sup>	AVERAGE COMPENSATION PER NON-EMPLOYEE DIRECTOR	CASH	STOCK	OPTIONS	ALL OTHER	
<i>Home Entertainment Software</i>															
Electronic Arts	3,575.0	9	7	53	72	10	50,000 <sup>c,d,i</sup>	—	50,000	181,819	20%	60%	20%	0%	
<i>Internet Software &amp; Services</i>															
Akamai Technologies	1,577.9	12	9	60	—	10	300,000 <sup>e,f,g</sup>	—	300,000	271,234	21%	79%	0%	0%	
Facebook	7,872.0	8	6	56	70	7	50,000 <sup>c</sup>	—	50,000	444,374	13%	87%	0%	0%	
Google	59,825.0	10	7	60	—	8	75,000 <sup>c</sup>	—	75,000	430,484	18%	82%	0%	0%	
VeriSign	965.1	7	6	70	—	6	40,000 <sup>c</sup>	—	40,000	324,129	26%	74%	0%	0%	
Yahoo!	4,680.4	9	7	61	—	15	80,000 <sup>c,d,i</sup>	—	80,000	330,316	9%	72%	19%	0%	
<i>IT Consulting &amp; Other Services</i>															
Accenture	30,394.3	12	11	65	75	5	90,000 <sup>c,d</sup>	—	90,000	289,494	36%	64%	0%	0%	
Cognizant Technology Solutions Corporation	8,843.2	9	7	66	—	9	40,000 <sup>c,f</sup>	—	40,000	269,446	26%	37%	37%	0%	
International Business Machines Corporation	99,751.0	13	11	66	72	9	250,000 <sup>d,e,g</sup>	—	250,000	305,747	84%	0%	0%	16%	
Teradata Corporation	2,692.0	9	8	67	—	7	50,000 <sup>c,d</sup>	—	50,000	312,841	12%	88%	0%	0%	
<i>Semiconductor Equipment</i>															
Applied Materials	7,509.0	12	10	62	70	9	65,000 <sup>c,d</sup>	—	65,000	290,523	33%	67%	0%	0%	
KLA-Tencor Corporation	2,842.8	10	9	64	72	7	75,000 <sup>c</sup>	2,500	92,500	233,078	48%	52%	0%	0%	
Lam Research Corporation	3,598.9	11	9	59	75	4	60,000 <sup>c</sup>	—	60,000	240,692	30%	67%	0%	3%	
<i>Semiconductors</i>															
Altera Corporation	1,732.6	9	8	63	—	7	50,000 <sup>c,f</sup>	—	50,000	212,526	32%	68%	0%	0%	
Analog Devices	2,633.7	10	8	65	—	14	60,000 <sup>c,f</sup>	—	60,000	261,579	34%	33%	33%	0%	
Avago Technologies Limited	2,520.0	9	8	61	70	10	60,000 <sup>c,i</sup>	—	60,000	268,703	29%	43%	28%	0%	
Broadcom Corporation	8,305.0	9	7	63	—	10	75,000 <sup>c</sup>	—	75,000	382,805	22%	78%	0%	0%	
First Solar	3,309.0	11	9	63	—	10	225,000 <sup>e</sup>	—	225,000	247,310	46%	54%	0%	0%	
Intel Corporation	52,708.0	10	8	60	72	11	80,000 <sup>c,d</sup>	—	80,000	318,288	29%	70%	0%	1%	
Linear Technology Corporation	1,282.2	7	5	71	—	6	60,000 <sup>c</sup>	1,500	69,000	173,190	45%	55%	0%	0%	
Microchip Technology	1,931.2	5	4	67	—	8	59,850 <sup>c</sup>	2,850	82,650	151,613	49%	51%	0%	0%	
Micron Technology	9,073.0	8	7	58	70	5	100,000 <sup>c,d</sup>	—	100,000	359,973	33%	67%	0%	0%	
Nvidia Corporation	4,130.2	10	9	61	—	13	75,000 <sup>f,i,q</sup>	—	75,000	319,841	23%	34%	43%	0%	
Texas Instruments	12,205.0	11	10	60	70	9	80,000 <sup>c,d,f</sup>	—	80,000	291,219	32%	34%	34%	0%	
Xilinx	2,382.5	8	7	66	—	6	60,000 <sup>c</sup>	—	60,000	233,238	34%	66%	0%	0%	
<i>Systems Software</i>															
CA	4,643.0	11	10	61	75	7	275,000 <sup>e,g,h</sup>	—	275,000	305,527	24%	72%	0%	4%	
Microsoft Corporation	77,849.0	9	7	62	75	10	250,000 <sup>d,e</sup>	—	250,000	265,352	43%	57%	0%	0%	
Oracle Corporation	37,180.0	11	7	67	—	7	52,500 <sup>f</sup>	3,000 <sup>y</sup>	70,500	586,418	24%	0%	76%	0%	
Red Hat	1,534.6	9	8	63	75	10	50,000 <sup>c,d</sup>	—	50,000	265,497	17%	83%	0%	0%	
Symantec Corporation	6,676.0	10	9	57	—	10	50,000 <sup>c,d</sup>	—	50,000	295,479	30%	70%	0%	0%	
<i>Technology Hardware, Storage &amp; Peripherals</i>															
Apple	170,910.0	8	7	65	75	7	50,000 <sup>c</sup>	—	50,000	341,683	26%	73%	0%	1%	
EMC Corporation	23,222.0	11	9	63	—	6	50,000 <sup>c</sup>	3,000	68,000	327,701	27%	73%	0%	0%	
Hewlett-Packard Company	112,298.0	12	9	58	—	9	275,000 <sup>d,e,i</sup>	—	275,000	294,583	22%	64%	13%	1%	
NetApp	6,332.4	12	10	63	70	8	60,000 <sup>d,f,i,q</sup>	—	60,000	309,017	23%	12%	65%	0%	
SanDisk Corporation	6,170.0	8	6	64	70	7	50,000 <sup>c,f</sup>	—	50,000	280,628	31%	33%	36%	0%	

# Comparative Board Data

	COMPANY SALES (\$ IN MILLIONS)	NUMBER OF DIRECTORS		INDEPENDENT DIRECTORS			BOARD FEES (\$)					PERCENTAGE OF TOTAL COMPENSATION			
		TOTAL	INDEPENDENT	AVERAGE AGE	RETIREMENT AGE	MEETINGS PER YEAR <sup>a</sup>	BOARD RETAINER	MEETING ATTENDANCE FEE	ANNUAL BOARD FEES <sup>b</sup>	AVERAGE COMPENSATION PER NON-EMPLOYEE DIRECTOR	CASH	STOCK	OPTIONS	ALL OTHER	
<i>Technology Hardware, Storage &amp; Peripherals (continued)</i>															
Seagate Technology Public Limited Company	14,351.0	12	10	64	—	5	80,000 <sup>c</sup>	—	80,000	337,137	31%	69%	0%	0%	
West Digital Corporation	15,351.0	12	11	63	72	5	75,000 <sup>cd</sup>	—	75,000	324,717	42%	58%	0%	0%	
<b>TOTAL INFORMATION TECHNOLOGY</b>															
<b>Average</b>		<b>10.1</b>	<b>8.4</b>	<b>62.5</b>	<b>72.6</b>	<b>8.0</b>	<b>92,037</b>		<b>94,717</b>	<b>294,946</b>	<b>33%</b>	<b>57%</b>	<b>9%</b>	<b>1%</b>	
<b>Median</b>		<b>10.0</b>	<b>8.0</b>	<b>63.0</b>	<b>72.0</b>	<b>8.0</b>	<b>70,000</b>		<b>74,500</b>	<b>290,009</b>					
<b>MATERIALS</b>															
<i>Aluminum</i>															
Alcoa	23,032.0	12	11	65	75	7	230,000 <sup>d</sup>	—	230,000	247,317	98%	0%	0%	2%	
<i>Commodity Chemicals</i>															
LyondellBasell Industries N.V.	44,062.0	11	9	61	—	4	225,000 <sup>e</sup>	—	225,000	258,905	46%	53%	0%	1%	
<i>Construction Materials</i>															
Vulcan Materials	2,770.7	11	10	65	74	6	45,000 <sup>cd</sup>	5,000	75,000	188,715	52%	48%	0%	0%	
<i>Diversified Chemicals</i>															
The Dow Chemical Company	57,080.0	10	8	62	72	6	115,000 <sup>c</sup>	—	115,000	265,705	49%	51%	0%	0%	
E.I. du Pont de Nemours and Company	36,144.0	12	11	62	72	11	230,000 <sup>e</sup>	—	230,000	250,151	48%	52%	0%	0%	
Eastman Chemical Company	9,350.0	12	10	63	70	6	100,000 <sup>cd</sup>	—	100,000	247,074	46%	30%	0%	24%	
FMC Corporation	3,874.8	10	9	60	72	8	75,000 <sup>cd</sup>	—	75,000	216,584	18%	77%	0%	5%	
<i>Diversified Metals &amp; Mining</i>															
Freeport McMoRan Copper & Gold	20,921.0	15	11	69	—	6	75,000 <sup>cd</sup>	3,000	93,000	419,044	56%	16%	26%	2%	
<i>Fertilizers &amp; Agricultural Chemicals</i>															
CF Industries Holdings	5,474.7	8	7	64	74	7	100,000 <sup>c</sup>	—	100,000	211,045	43%	57%	0%	0%	
Monsanto Company	14,861.0	12	11	61	75	6	235,000 <sup>d,e,g</sup>	—	235,000	251,767	45%	54%	0%	1%	
The Mosaic Company	9,974.1	11	9	59	72	10	90,000 <sup>ck</sup>	—	90,000	267,445	37%	62%	0%	1%	
<i>Forest Products</i>															
Weyerhaeuser Company	8,529.0	10	9	63	72	10	180,000 <sup>de</sup>	—	180,000	198,346	47%	53%	0%	0%	
<i>Gold</i>															
Newmont Mining Corporation	8,322.0	9	8	63	75	10	115,000 <sup>c</sup>	—	115,000	301,583	57%	43%	0%	0%	
<i>Industrial Gases</i>															
Air Products & Chemicals	10,180.4	12	11	63	72	16	80,000 <sup>cd</sup>	—	80,000	230,705	47%	52%	0%	1%	
Airgas	5,072.5	11	9	65	72	7	40,000 <sup>f</sup>	—	40,000	185,759	35%	65%	0%	0%	
Praxair	11,925.0	11	10	65	72	6	100,000 <sup>cd</sup>	—	100,000	269,685	40%	56%	0%	4%	
<i>Metal &amp; Glass Containers</i>															
Ball Corporation	8,468.1	10	8	66	—	5	85,000 <sup>c</sup>	— <sup>z</sup>	85,000	248,228	34%	52%	0%	14%	
Owens-Illinois	6,967.0	12	10	64	—	9	67,500 <sup>cd</sup>	2,000	85,500	190,736	55%	45%	0%	0%	

	COMPANY SALES (\$ IN MILLIONS)	NUMBER OF DIRECTORS		INDEPENDENT DIRECTORS		MEETINGS PER YEAR <sup>a</sup>	BOARD FEES (\$)				PERCENTAGE OF TOTAL COMPENSATION			
		TOTAL	INDEPENDENT	AVERAGE AGE	RETIREMENT AGE		BOARD RETAINER	MEETING ATTENDANCE FEE	ANNUAL BOARD FEES <sup>b</sup>	AVERAGE COMPENSATION PER NON-EMPLOYEE DIRECTOR	CASH	STOCK	OPTIONS	ALL OTHER
<b>Paper Packaging</b>														
Avery Dennison Corporation	6,140.0	11	10	60	72	7	90,000 <sup>c,d</sup>	—	90,000	210,453	46%	51%	0%	3%
Bemis Company	5,029.8	11	10	64	75	5	85,000 <sup>c,d</sup>	—	85,000	193,589	40%	59%	0%	1%
MeadWestvaco Corporation	5,389.0	9	8	65	72	8	75,000 <sup>c</sup>	—	75,000	192,500	47%	52%	0%	1%
Sealed Air Corporation	7,690.8	10	9	66	75	10	185,000 <sup>d,e</sup>	—	185,000	184,439	39%	61%	0%	0%
<b>Paper Products</b>														
International Paper Company	29,080.0	11	10	64	72	9	230,000 <sup>d,e</sup>	—	230,000	255,290	24%	73%	0%	3%
<b>Specialty Chemicals</b>														
Ecolab	13,253.4	14	13	61	72	7	100,000 <sup>c,d,f</sup>	—	100,000	237,573	47%	31%	22%	0%
International Flavors & Fragrances	2,952.9	12	11	64	72	6	225,000 <sup>e,g</sup>	—	225,000	206,977	51%	46%	0%	3%
PPG Industries	15,108.0	9	8	63	72	9	230,000 <sup>d,e</sup>	—	230,000	242,798	50%	48%	0%	2%
Sigma-Aldrich Corporation	2,704.0	10	9	61	72	11	80,000 <sup>c,f</sup>	— <sup>aa</sup>	84,000	310,612	30%	26%	44%	0%
<b>Steel</b>														
Allegheny Technologies	4,043.5	10	9	65	72	7	160,000 <sup>e</sup>	2,500	177,500	217,512	55%	43%	0%	2%
Nucor Corporation	19,052.0	9	8	63	72	6	75,000 <sup>c,d</sup>	—	75,000	211,142	38%	62%	0%	0%
United States Steel Corporation	17,424.0	13	12	64	74	9	200,000 <sup>d,e,g</sup>	—	200,000	209,500	45%	54%	0%	1%
<b>TOTAL MATERIALS</b>														
Average		10.9	9.6	63.3	72.7	7.8	130,750		133,667	237,501	46%	47%	4%	3%
Median		11.0	9.5	63.5	72.0	7.0	100,000		100,000	234,139				
<b>TELECOMMUNICATION SERVICES</b>														
<b>Integrated Telecommunication Services</b>														
AT&T	128,752.0	13	12	63	72	9	95,000 <sup>c,d</sup>	2,000	113,000	319,659	48%	47%	0%	5%
CenturyLink	18,095.0	13	11	62	75	10	65,000 <sup>c</sup>	2,000	85,000	247,195	49%	51%	0%	0%
Frontier Communications Corporation	4,761.6	11	9	61	—	16	180,000 <sup>d,e,k</sup>	—	180,000	161,665	39%	61%	0%	0%
Verizon Communications	120,550.0	11	10	59	72	19	100,000 <sup>c</sup>	— <sup>ab</sup>	124,000	296,349	45%	54%	0%	1%
Windstream Corporation	5,988.1	9	8	63	75	13	85,000 <sup>c,d</sup>	—	85,000	238,926	58%	42%	0%	0%
<b>Wireless Telecommunication Services</b>														
American Tower Corporation	3,361.4	9	8	62	—	10	75,000 <sup>c,f</sup>	—	75,000	211,908	40%	30%	30%	0%
Crown Castle International Corp.	3,022.4	11	9	63	—	8	75,000 <sup>c</sup>	—	75,000	221,483	37%	60%	0%	3%
<b>TOTAL TELECOMMUNICATION SERVICES</b>														
Average		11.0	9.6	61.9	73.5	12.1	96,429		105,286	243,156	45%	50%	3%	2%
Median		11.0	9.0	62.0	73.5	10.0	85,000		85,000	238,926				

# Comparative Board Data

COMPANY SALES (\$ IN MILLIONS)	NUMBER OF DIRECTORS		INDEPENDENT DIRECTORS			BOARD FEES (\$)					PERCENTAGE OF TOTAL COMPENSATION			
	TOTAL	INDEPENDENT DIRECTORS	AVERAGE AGE	RETIREMENT AGE	MEETINGS PER YEAR <sup>a</sup>	BOARD RETAINER	MEETING ATTENDANCE FEE	ANNUAL BOARD FEES <sup>b</sup>	AVERAGE COMPENSATION PER NON-EMPLOYEE DIRECTOR	CASH	STOCK	OPTIONS	ALL OTHER	
<b>UTILITIES</b>														
<i>Utilities</i>														
The AES Corporation	15,891.0	12	10	64	72	13	80,000 <sup>c,d,e</sup>	—	80,000	294,910	33%	66%	0%	1%
AGL Resources	4,617.0	15	14	66	75	6	190,000 <sup>d,e</sup>	—	190,000	196,856	37%	63%	0%	0%
Ameren Corporation	5,838.0	12	10	63	72	8	55,000 <sup>c,d</sup>	2,000	71,000	208,860	54%	45%	0%	1%
American Electric Power Company	15,357.0	12	11	61	72	8	97,000 <sup>c,d</sup>	—	97,000	275,102	49%	51%	0%	0%
CenterPoint Energy	8,106.0	9	7	60	73	10	50,000 <sup>c</sup>	2,000	70,000	247,768	45%	49%	0%	6%
CMS Energy Corporation	6,566.0	11	10	66	75	8	95,000 <sup>c,d</sup>	—	95,000	195,077	55%	40%	0%	5%
Consolidated Edison	12,354.0	12	10	63	72	11	90,000 <sup>c,d</sup>	—	90,000	241,000	54%	44%	0%	2%
Dominion Resources	13,120.0	11	9	62	72	11	190,000 <sup>d,e</sup>	2,000	212,000	263,438	45%	46%	0%	9%
DTE Energy Company	9,661.0	13	12	65	75	7	70,000 <sup>c,d</sup>	2,000	84,000	211,999	52%	47%	0%	1%
Duke Energy Corporation	24,598.0	15	14	66	71	10	200,000 <sup>d,e</sup>	2,000	220,000	304,124	57%	41%	0%	2%
Edison International	12,581.0	12	11	64	72	9	65,000 <sup>c</sup>	2,000	83,000	261,443	43%	42%	0%	15%
Entergy Corporation	11,390.9	11	10	67	74	18	50,000 <sup>c</sup>	1,500	77,000	238,853	47%	44%	0%	9%
Exelon Corporation	24,888.0	15	13	65	75	7	50,000 <sup>c</sup>	2,000	64,000	237,496	55%	42%	0%	3%
FirstEnergy Corporation	14,917.0	14	13	64	72	11	207,000 <sup>d,e</sup>	—	207,000	232,800	46%	52%	0%	2%
Integrus Energy Group	5,634.6	11	10	64	72	6	80,000 <sup>c,d</sup>	—	80,000	166,250	52%	48%	0%	0%
NextEra Energy	15,136.0	11	10	63	72	6	200,000 <sup>e</sup>	2,000	212,000	232,150	44%	56%	0%	0%
NiSource	5,657.3	11	10	62	—	5	190,000 <sup>e</sup>	—	190,000	212,137	48%	51%	0%	1%
Northeast Utilities	7,301.2	13	12	66	75	7	100,000 <sup>c</sup>	—	100,000	220,413	55%	45%	0%	0%
NRG Energy	11,295.0	16	14	63	—	8	190,000 <sup>c,e,g</sup>	—	190,000	215,462	50%	50%	0%	0%
Pepco Holdings	4,666.0	10	9	62	72	9	115,000 <sup>d,e</sup>	2,000	133,000	164,250	60%	40%	0%	0%
PG&E Corporation	15,598.0	11	10	64	72	7	60,000 <sup>c,d</sup>	1,750	72,250	213,751	50%	49%	0%	1%
Pinnacle West Capital Corporation	3,454.6	11	10	66	—	7	95,000 <sup>c,d</sup>	—	95,000	205,289	43%	44%	0%	13%
PPL Corporation	11,860.0	12	11	64	75	6	195,000 <sup>d,e,g</sup>	2,000	207,000	234,521	44%	55%	0%	1%
Public Service Enterprise Group	9,968.0	10	9	65	72	7	70,000 <sup>c,d</sup>	—	70,000	209,537	46%	53%	0%	1%
SCANA Corporation	4,495.0	10	9	59	70	8	170,000 <sup>d,e</sup>	—	170,000	175,375	42%	58%	0%	0%
Sempra Energy	10,557.0	13	12	66	75	6	85,000 <sup>c,d</sup>	—	85,000	243,346	37%	45%	0%	18%
Southern Company	17,087.0	13	12	63	72	9	100,000 <sup>c,d</sup>	—	100,000	213,854	51%	49%	0%	0%
TECO Energy	2,851.3	9	7	69	75	7	65,000 <sup>c,d</sup>	— <sup>ac</sup>	66,500	154,828	58%	37%	0%	5%
Wisconsin Energy Corporation	4,519.0	9	8	63	72	6	75,000 <sup>c,d</sup>	—	75,000	177,098	46%	45%	0%	9%
Xcel Energy	10,914.9	11	10	61	72	6	80,000 <sup>c,d</sup>	—	80,000	233,244	21%	79%	0%	0%
<b>TOTAL UTILITIES</b>														
Average		11.8	10.6	63.9	72.9	8.2	111,967		118,858	224,626	47%	50%	0%	3%
Median		11.5	10.0	64.0	72.0	7.5	92,500		92,500	217,937				
<b>TOTAL S&amp;P 500</b>														
Average		10.8	9.1	63.1	73.0	8.1	107,383		111,593	263,748	40%	53%	5%	2%
Median		11.0	9.0	63.0	72.0	7.0	85,000		90,000	255,011				

## FOOTNOTES

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- a Includes regular and special meetings; includes telephonic meetings and unanimous written consent when compensation is provided.
- b Retainer plus meeting fees assuming full attendance (excludes committee and special fees).
- c Equity (stock or stock units) is paid in addition to stated retainer.
- d Directors can elect to receive cash compensation fully or partially in stock.
- e Equity (stock or stock units) is paid as part of retainer.
- f Stock option program exists.
- g Equity portion of retainer paid in deferred stock.
- h Retainer paid 100% in stock.
- i Directors can elect to receive cash and/or stock compensation in stock options.
- j Not to exceed \$60,000 per year.
- k Directors can elect to receive equity retainer fully or partially in cash.
- l Dollar value equivalent for retainer not provided in proxy.
- m Subject to a maximum of 10 board meetings per fiscal year.
- n Per-meeting fee of \$2,000 for meetings in excess of four per year. Annual board fees include two excess meetings at \$2,000 each.
- o Per-meeting fee of \$2,500 for meetings in excess of four per year. Annual board fees include four excess meetings at \$2,500 each.
- p Per-meeting fee of \$2,000 for in-person meetings and \$1,000 per telephonic meeting beginning with the sixth meeting in the year. Annual board fees include seven in-person meetings at \$2,000 each.
- q Directors can elect to receive stock in lieu of stock option grant.
- r Per-meeting fee of \$1,500 for meetings in excess of four per year. Annual board fees include two excess meetings at \$1,500 each.
- s Per-meeting fee of \$1,500 for board meetings in excess of eight per year. Annual board fees include three excess meetings at \$1,500 each.
- t Per-meeting fee of \$1,500 for special meetings. Annual board fees include one special meeting at \$1,500.
- u Per-meeting fee of \$750 for quarterly scheduled telephonic meetings. Annual board fees include four telephonic meetings at \$750 each.
- v Per-meeting fee of \$3,000 for meetings in excess of seven per year. Annual board fees include eight excess board meetings at \$3,000 each.
- w Per-meeting fee of \$1,000 for telephonic meetings. Annual board fees include one telephonic meeting at \$1,000.
- x Per-meeting fee of \$2,500 for meetings in excess of six per year. Annual board fees include one excess meeting at \$2,500.
- y Per-meeting fee of \$2,000 for special meetings. Annual board fees include three special meetings at \$2,000 each.
- z Board retainer includes \$15,000 annual incentive cash achieved for 2013.
- aa Per-meeting fee of \$2,000 for meetings in excess of nine per year. Annual board fees include two excess board meetings at \$2,000 each.
- ab Per-meeting fee of \$2,000 for meetings held on any other date except the day before or the day of a regularly scheduled board meeting. Annual board fees include 12 meetings at \$2,000 each.
- ac Per-meeting fee of \$750 for meetings in excess of five per year. Annual board fees include two excess board meetings at \$750 each.

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<b>Brussels</b> T 32 2.732.26.25	<b>Milan</b> T 39.02.771251	<b>Singapore</b> T 65.6586.1186
<b>Buenos Aires</b> T 54.11.4310.9100	<b>Minneapolis/St. Paul</b> T 1.612.313.2000	<b>Stamford</b> T 1.203.324.6333
<b>Calgary</b> T 1.403.538.8658	<b>Montreal</b> T 1.514.288.3377	<b>Stockholm</b> T 46. 8.5348015 0
<b>Chicago</b> T 1.312.822.0080	<b>Moscow</b> T 7 495.797.36.37	<b>Sydney</b> T 61.2.9240.0100
<b>Copenhagen</b> T 45 3334.6700	<b>Mumbai</b> T 91.22.6616.1414	<b>Tokyo</b> T 81 3.5223.9510
<b>Dallas</b> T 1.214.672.5200	<b>Munich</b> T 49 (0) 89.45.55.53.0	<b>Toronto</b> T 1.416.361.0311
<b>Dubai</b> T 971.4.426.6500	<b>New Delhi</b> T 91.12.4485.4444	<b>Vienna</b> T 43.1.36.88.700.0
<b>Frankfurt</b> T 49 (0) 69.61.09.27.0	<b>New York</b> T 1.212.336.0200	<b>Warsaw</b> T 48.22.321.02.00
<b>Geneva</b> T 41.22.312.36.38	<b>Orange County</b> T 1.949.930.8000	<b>Washington, D.C.</b> T 1.202.639.8111
<b>Hong Kong</b> T 852.2521.8373	<b>Paris</b> T 33 (0) 1.53.57.81.23	<b>Zurich</b> T 41.44.257.17.17
<b>Houston</b> T 1.713.225.1621	<b>Philadelphia</b> T 1.215.814.1600	
<b>Istanbul</b> T 90 212.315.0400	<b>Prague</b> T 420.221.411.341	
<b>Johannesburg</b> T 27.11.557.5300	<b>Rome</b> T 39.06.802071	

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