

A night-time photograph of the Houston skyline. In the foreground, a stone wall with a fountain flows with water. Behind the wall, several skyscrapers are illuminated with warm yellow lights, contrasting with the cool blue tones of the twilight sky. The buildings are partially obscured by dark silhouettes of trees.

SpencerStuart

2016

Houston Board Index

ABOUT SPENCER STUART BOARD SERVICES

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

Privately held since 1956, we focus on delivering knowledge, insight and results through the collaborative efforts of a team of experts — now spanning 56 offices, 30 countries and more than 50 practice specialties. Boards and leaders consistently turn to Spencer Stuart to help address their evolving leadership needs in areas such as senior-level executive search, board recruitment, board effectiveness, succession planning, in-depth senior management assessment and many other facets of organizational effectiveness.

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

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

In addition to our work with clients, Spencer Stuart has long played an active role in corporate governance by exploring — both on our own and with other prestigious institutions — key concerns of boards and innovative solutions to the challenges facing them. Publishing the *Spencer Stuart Board Index (SSBI)*, now in its 31st edition, is just one of our many ongoing efforts.

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

- » The New York Stock Exchange (NYSE) Annual Boardroom Summit & Peer Exchange hosted by NYSE Governance Services
- » The Global Board Leaders' Summit hosted by the National Association of Corporate Directors
- » The Global Institutes sponsored by the WomenCorporateDirectors (WCD) Foundation
- » The Corporate Governance Conference at Northwestern University's Kellogg School of Management
- » The New Directors Program, a unique two-year development program designed to provide first-time, non-executive directors with an exclusive forum for peer dialogue on key issues and "unwritten rules" of corporate boards, produced in partnership with the Boston Consulting Group, Frederick W. Cook & Co., Gibson Dunn, Lazard and PricewaterhouseCoopers

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Introduction

A large, stylized green number '15%' is displayed, representing the percentage of female independent directors.

Percentage of female
directors among all
independent directors

Spencer Stuart's Houston office is pleased to present its 2016 *Houston Board Index*, which examines trends in board composition, practices and compensation among Houston's leading companies. The 83 companies included in this year's index were featured in the *Houston Chronicle's* "List of Top 100 Largest Companies," have their headquarters in the Houston area, and are publicly traded on one of the major stock exchanges (NYSE or NASDAQ).

Our analyses are based on data from the companies' 2016 proxy filings and supplementary research. Throughout the survey, we draw comparisons between this year's results and those reported in prior years. Where relevant, we also compare Houston board practices to those of the S&P 500, as reported in the 2016 *Spencer Stuart Board Index*.

Among the highlights of this year's *Houston Board Index*:

Women in the boardroom: Houston companies added seven new female independent directors in the 2016 proxy year, but still trail the S&P 500 in the percentage of female directors (15% vs. 21%). Seventy-seven percent of Houston companies have at least one female director, and 18% have two or more. This compares to 99% and 77%, respectively, for S&P 500 companies.

A large, stylized green number '50' is displayed, representing the number of new independent directors added in 2016.

New independent directors

New perspectives: Thirty-six of the 83 companies in the index added new independent directors in 2016, for a total of 50 new independent directors. This compares to 65 in 2015. Since 2005, the number of new independent directors has ranged from a low of 25 in 2008 to a high of 75 in 2005.

Mandatory retirement: Sixty-six percent of Houston boards have a mandatory retirement age, compared with 73% of the S&P 500. In 2006, just 25% of companies included in the *Houston Board Index* reported having a mandatory retirement age.

Separation of chairman and CEO roles: Sixty percent of Houston companies separate the chairman and chief executive officer roles. In comparison, 48% of S&P 500 companies separate the chairman and chief executive officer roles.

60%

Boards separating the
chairman and CEO

Cash retainers: The average cash retainer decreased slightly to \$76,884 in 2016, but is 87% higher than the average retainer in 2006. The Houston average trails the S&P 500 average retainer of \$118,521; however, the average retainer (\$110,750) for Houston companies with revenue of more than \$10 billion is comparable to the S&P 500 average.

Editor's note:

Data for the *Houston Board Index* were obtained from Equilar, a leading independent provider of executive and board compensation data and analysis, supplemented with Spencer Stuart research. The data were derived from the most recent proxies as of June 15, 2016. Data for the S&P 500 were derived from proxies filed between May 15, 2015 and May 15, 2016. This year's index includes 83 companies. In order to provide readers with more comparable data, the following master limited partnerships were excluded from this year's report: Archrock Partners, Boardwalk Pipeline Partners, Buckeye Partners, Crestwood Equity Partners, CVR Refining, Enbridge Energy Partners, Enterprise Products Partners, Genesis Energy, Midcoast Energy Partners, Plains All American Pipeline, Plains GP Holdings, Spectra Energy Partners, Sunoco, Western Gas Partners, Western Gas Equity Partners and Westlake Chemical Partners. Furmanite was also excluded from this year's report as a result of its sale to Team.

Board Composition

MOST HOUSTON BOARDS HAVE NINE OR FEWER MEMBERS

- » Houston boards have an average of 8.9 directors, down slightly from last year's average of 9. S&P 500 companies, in contrast, average 10.8 directors, unchanged from last year.
- » Sixty-four percent of Houston boards have nine or fewer members, compared with 63% last year. Thirty-six percent of Houston companies have 10 or more board members, compared to 38% last year.
- » Houston's larger companies tend to have larger boards. Seventy-four percent of companies with revenue in excess of \$10 billion have 10 or more members, nearly the same as 73% last year.

Board Size

Number of Directors	Houston Board Breakdown by Company Revenues					
	Overall Houston	>\$10B	\$5B to \$10B	\$2B to \$5B	\$1B to \$2B	<\$1B
7 or Fewer	24%	0%	15%	24%	22%	56%
8 to 9	40%	27%	23%	52%	56%	31%
10 to 11	24%	27%	54%	19%	17%	13%
12 or more	12%	47%	8%	5%	6%	0%
Average Board Size	8.9	10.9	9.6	8.7	9.6	7.4

Note: Columns may not add to 100% due to rounding.

FEWER NEW INDEPENDENT DIRECTORS ADDED TO HOUSTON BOARDS THAN LAST YEAR

- » Fifty new independent directors were added to Houston boards during the 2016 proxy year, down from 65 in 2015. In recent years, the number of new independent directors has ranged from a high of 75 in 2005 to a low of 25 in 2008. Overall, 7% of independent directors are new to Houston boards, compared with 8% for the S&P 500.
- » Sixteen percent of Houston boards added two or more independent directors, down from 20% last year.
- » Forty-three percent of Houston boards added at least one new independent director, down from 45% in 2015. Since 2005, the number of boards adding at least one new independent director has ranged from a low of 16% in 2008 to a high of 48% in 2005.

- » Seventy-nine percent of Houston directors are independent, substantively unchanged from the past four years. By comparison, 85% of S&P 500 directors are independent.
- » The number of Houston boards with more than one inside director declined slightly to 48%, down from 49% in 2015. Having more than one inside director was much more common in the pre-Sarbanes-Oxley era. For example, in 2000, 74% of Houston boards had more than one inside director.

AVERAGE BOARD TENURE REMAINS STEADY AT JUST MORE THAN 8 YEARS

- » The average tenure of Houston directors is 8.2 years, comparable to 8.3 years for the S&P 500. This is down slightly from the average tenure of 8.4 years among Houston boards in 2015.
- » The longest-serving Houston director, Robert Waltrip, has served on the Service Corporation International board for 54 years.
- » Forty-nine of 739 (7%) Houston directors have served on their respective boards for more than 20 years, an increase from 6% last year.
- » Sixty-five percent of Houston directors have served less than the average director tenure (8.2 years in 2016), up from 54% in 2015.

MORE WOMEN ON HOUSTON BOARDS, BUT REPRESENTATION LAGS THE S&P 500

- » There is no question that there are a growing number of women on Houston boards, although there is still room for improvement. The overall percentage of female directors increased to 15%, slightly up from 14% in 2015. In 2011, just 8% of Houston company directors were women.
- » Women are still underrepresented on Houston boards compared to the S&P 500, where 21% of directors are women.
- » Among new independent directors, 14% are women, which represents a decrease from 22% last year. In stark contrast, 32% of independent directors added this year to S&P 500 company boards are female.
- » Seventy-seven percent of Houston companies now have at least one female director, up from 71% last year. Just 18% of Houston companies have two or more women, compared to 27% last year. Even with the increase in female independent directors since last year, Houston lags the S&P 500, where women sit on 99% of boards, and 77% of boards have two or more women.
- » Six Houston companies have three women directors: FMC Technologies, LyondellBasell Industries, Occidental Petroleum, Schlumberger, Stage Stores and Sysco Corporation. Fifteen Houston companies have two or more women on the board, down from 22 companies in 2015, but an increase from 10 companies in 2011.

- » Among the 28 companies with revenues of \$5 billion or more, 93% have at least one female board member, compared with 87% in 2015 and 90% in 2014. In 2011, 68% of companies in this revenue range had female directors.
- » At the other end of the spectrum, 50% of companies with revenues less than \$1 billion have female representation on their boards, down from 60% last year, but a significant increase over 27% in 2011. However, even with the one-year decline, female board representation has accelerated rapidly at companies with less than \$2 billion in revenue over the last 10 years.

Female Director Representation

	Houston Board Breakdown by Company Revenues					
	% of Companies with at Least One Female Director	>\$10B	\$5B to \$10B	\$2B to \$5B	\$1B to \$2B	<\$1B
2016	77%	100%	92%	71%	78%	50%
2015	71%	100%	64%	60%	64%	60%
2014	71%	100%	75%	55%	62%	67%
2013	61%	69%	79%	57%	56%	50%
2012	54%	69%	70%	62%	36%	41%
2011	49%	82%	50%	61%	41%	27%
2010	49%	70%	64%	58%	36%	35%
2009	46%	77%	43%	50%	33%	27%
2008	45%	77%	44%	48%	39%	24%
2007	40%	60%	44%	28%	35%	11%
2006	43%	86%	48%	43%	11%	35%

MANDATORY RETIREMENT AGES INCREASINGLY COMMON

- » This year, 66% of Houston companies report having a mandatory retirement age, up from 59% last year. While this percentage continues to climb, it is still much lower than the S&P 500, where 73% of boards have a mandatory retirement age. In 2006, only 23 companies (25%) included in the *Houston Board Index* reported having a mandatory retirement age.
- » The average mandatory retirement age is 73.7 for Houston boards. Mandatory retirement ages range from 70 to 80.

AVERAGE AGE OF HOUSTON DIRECTORS RISES SLIGHTLY

- » The average age of outside directors is 63.5 years, compared to 63 last year.
- » The oldest boards have an average age of 71 — EOG Resources and Diamond Offshore Drilling. The board with the youngest average age is Conn's, with an average age of 51.

Average Age of Directors

Houston Board Breakdown by Company Revenues						
	Overall Houston	>\$10B	\$5B to \$10B	\$2B to \$5B	\$1B to \$2B	<\$1B
Average Age	63.5	63	63.4	62.9	64.3	63.9

Board Organization and Process

DECLASSIFICATION OF BOARDS INCREASES, BUT STILL TRAILS S&P 500

- » Declassifying, or moving to one-year terms, has been on the rise among Houston boards over the past several years. In 2016, 67% of Houston boards are declassified, a modest increase from 66% in 2015. In 2012, 54% of Houston boards had one-year terms. By contrast, 92% of boards in the S&P 500 are declassified.

Term Length

Length of Term	Houston #	Houston %	S&P 500 %
1 year	56	67%	92%
3 years	27	33%	8%
Total boards	83	100%	100%

UNLIKE S&P 500, MOST HOUSTON BOARDS SPLIT CHAIRMAN AND CEO ROLES

- » In 2016, 60% of Houston companies separate the chairman and CEO roles, down six percentage points from last year. Nevertheless, Houston boards are more likely to adopt that structure than companies in the S&P 500, where just 48% of companies separate the roles.

Chair/CEO Split

Houston Boards Separating the Chairman and CEO Roles – Name of Chairman	
Apache Corporation – John Lowe	Marathon Oil Corporation – Dennis Reilley
Archrock – Gordon Hall	Mattress Firm Holding – Stephen Stagner
Atwood Oceanics – George Dotson	McDermott International – Gary Luquette
Benchmark Electronics – David Scheible	Memorial Resource Development – Tony Weber
Bristow Group – Thomas Knudson	MRC Global – Rhys Best
Calpine Corporation – Jack Fusco	Newpark Resources – David Anderson
Cameron International – Jack Moore	Now – Merrill Miller
Cardtronics – Dennis Lynch	NRG Energy – Howard Cosgrove
Chicago Bridge & Iron – Richard Flury	Occidental Petroleum - Eugene Batchelder
CenterPoint Energy – Milton Carroll	Oceaneering International – John Huff
Comfort Systems USA – Franklin Myers	Oil States International – Mark Papa
Crown Castle International Corp. – J. Martin Landis	Par Petroleum - Melyvn Klein
CVR Energy – Carl Icahn	Patterson-UTI Energy – Mark Siegel
Diamond Offshore Drilling – James Tisch	Quanta Services – Bruce Ranck
Dril-Quip – John Lovoi	Southwestern Energy – Steven Mueller
Dynegy – Patrick Wood	Stage Stores – William Montgoris
Frank's International – Michael Kearney	Sterling Construction – Milton Scott
Group 1 Automotive – John Adams	Stewart Information Services – Thomas Apel
Huntsman Corporation – Jon Huntsman	Sysco Corporation – Jacquelyn Ward
Integrated Electrical Services – David Gendell	Targa Resources Corp. – James Whalen
KBR – Loren Carroll	Tetra Technologies – William Sullivan
Kinder Morgan – Richard Kinder	Waste Management – Robert Reum
Kirby Corp. – Joseph Pyne	Westlake Chemical Corporation – James Chao
Kraton Performance Polymers – Dan Smith	Willbros Group – S. Miller Williams
LyondellBasell Industries – Robert Gwin	

LEAD/PRESIDING DIRECTORS COMMON, ESPECIALLY WHEN CHAIRMAN/CEO ROLES ARE COMBINED

- » The majority of Houston boards — 53% — have a lead or presiding director, a decline from 62% last year. By comparison, 87% of all S&P 500 companies report having a lead or presiding director, down slightly from 89% in 2015.
- » Of the 33 companies combining the chairman and CEO roles, all but four (Powell Industries, C&J Energy Services, Adams Resources & Energy and American National Insurance) have a named lead or presiding director.

Houston Boards Reporting a Named Lead or Presiding Director

Presiding Directors (11) Name of Presiding Director	Lead Director (32) Name of Lead Director	
CenterPoint Energy Peter Wareing	Anadarko Petroleum Corporation Paulett Eberhart	Kinder Morgan Michael Morgan
CVR Energy Stephen Mongillo	Baker Hughes Larry Nichols	LGI Homes Bryan Sansbury
DXP Enterprises Timothy Halter	Cabot Oil & Gas Corporation Robert Kelley	Mattress Firm Holding William Watts
EOG Resources Charles Crisp	Calpine Corp. Frank Cassidy	Nabors Industries John Yearwood
EP Energy Thomas Hix	Camden Property Trust Lewis Levy	National Oilwell Varco Greg Armstrong
Kirby Corporation Richard Alario	Cameron International Corporation Bruce Wilkinson	Newfield Exploration Company Steven Nance
NCI Building Systems Gary Forbes	Conn's Bob Martin	Noble Energy Michael Cawley
Parker Drilling Company Richard Paterson	ConocoPhillips Richard Auchinleck	Oasis Petroleum Michael McShane
Prosperity Bancshares James Bouligny	Diamond Offshore Drilling Edward Grebow	Patterson-UTI Energy Curtis Huff
Southwestern Energy Company Catherine Kehr	DistributionNOW Wayne Richards	Phillips 66 Glenn Tilton
Targa Resources Charles Crisp	FMC Technologies Clarence Cazalot	Quanex Building Products Joseph Rupp
	Forum Energy Technologies Franklin Myers	Schlumberger Peter Currie
	Halliburton Company J. Martin Landis	Service Corporation Anthony Coelho
	Helix Energy Solutions Group William Transier	Spectra Energy Anthony Comper
	Huntsman Corporation Nolan Archibald	Superior Energy Services James Funk
	Insperty Austin Young	Waste Connections Michael Harlan

HOUSTON BOARDS MEET SLIGHTLY MORE OFTEN THAN LAST YEAR

- » The average number of board meetings for Houston companies was 7.6, versus 7.4 last year. The average S&P 500 board met 8.1 times, unchanged from 2015.
- » The number of reported meetings ranged from as few as two to as many as 17. The most common number of meetings was four.
- » Twenty-two of 83 companies (27%, up from 21% in 2015) reported holding 10 or more board meetings.

Number of Board Meetings

	Houston Board Breakdown by Company Revenues					
Number of Meetings	Overall Houston	>\$10B	\$5B to \$10B	\$2B to \$5B	\$1B to \$2B	<\$1B
7 or fewer	58%	67%	31%	60%	61%	69%
8 to 10	22%	33%	31%	15%	22%	6%
11 to 13	13%	0%	31%	15%	6%	19%
14 or More	7%	0%	8%	10%	11%	6%

AUDIT, COMPENSATION AND NOMINATING/GOVERNANCE COMMITTEES ARE STANDARD PRACTICE

- » All Houston boards have the NYSE-mandated audit committee and all have a compensation committee.
- » All but three boards (Diamond Offshore Drilling, Forum Energy Technologies and Memorial Resource Development) have a nominating, governance, or nominating and governance committee. Diamond Offshore Drilling and Memorial Resource Development are not required to have such a committee because they are controlled companies. Forum Energy Technologies has a combined nominating, governance and compensation committee.
- » Other more common committees include the executive committee and the finance committee.

Committee Summary

Company	Committee Details
Adams Resources & Energy	Audit; Compensation; Governance
American National Insurance	Audit; Compensation; Nominating; Executive
Anadarko Petroleum	Audit; Compensation; Governance; Executive
Apache	Audit; Compensation; Governance; Other
Archrock	Audit; Compensation; Governance
Atwood Oceanics	Audit; Compensation; Governance
Baker Hughes	Audit; Compensation; Governance; Executive; Finance
Benchmark Electronics	Audit; Compensation; Governance
Bristow Group	Audit; Compensation; Governance; Other
C&J Energy Services	Audit; Compensation; Governance
Cabot Oil & Gas	Audit; Compensation; Governance; Executive; Environment, Health & Safety
Calpine	Audit; Compensation; Governance; Other
Camden Property Trust	Audit; Compensation; Governance; Executive
Cameron International	Audit; Compensation; Governance
Cardtronics	Audit; Compensation; Governance; Finance
CenterPoint Energy	Audit; Compensation; Governance; Equity

Company	Committee Details
Chicago Bridge & Iron	Audit; Compensation; Governance; Nominating; Strategy
Comfort Systems USA	Audit; Compensation; Governance
Conn's	Audit; Compensation; Governance; Compliance/Regulatory
ConocoPhillips	Audit; Compensation; Nominating; Executive; Public Policy
Crown Castle International	Audit; Compensation; Governance; Strategy
CVR Energy	Audit; Compensation; Governance
Diamond Offshore Drilling	Audit; Compensation; Executive
DistributionNOW	Audit; Compensation; Governance
Dril-Quip	Audit; Compensation; Governance
DXP Enterprises	Audit; Compensation; Governance
Dynegy	Audit; Compensation; Governance; Finance
EOG Resources	Audit; Compensation; Governance
EP Energy	Audit; Compensation; Governance
FMC Technologies	Audit; Compensation; Governance
Forum Energy Technologies	Audit; Compensation
Frank's International	Audit; Compensation; Governance
Group 1 Automotive	Audit; Compensation; Governance; Finance
Halliburton	Audit; Compensation; Governance; Environment, Health & Safety
Helix Energy Solutions Group	Audit; Compensation; Governance
Huntsman Corporation	Audit; Compensation; Governance; Litigation
Insperity	Audit; Compensation; Governance; Strategy
Integrated Electrical Services	Audit; Compensation; Governance
KBR	Audit; Compensation; Governance; Environment, Health & Safety
Kinder Morgan	Audit; Compensation; Governance; Environment, Health & Safety
Kirby	Audit; Compensation; Governance
Kraton Performance Polymers	Audit; Compensation; Governance; Executive; Other; M&A
LGI Homes	Audit; Compensation; Governance
LyondellBasell Industries	Audit; Compensation; Governance; Environment, Health & Safety
Marathon Oil	Audit; Compensation; Governance; Environment, Health & Safety
Mattress Firm Holding	Audit; Compensation; Governance
McDermott International	Audit; Compensation; Governance; Finance
Memorial Resource Development	Audit
MRC Global	Audit; Compensation; Governance
Nabors Industries Ltd	Audit; Compensation; Governance; Executive; Strategy; Technology
National Oilwell Varco	Audit; Compensation; Governance
NCI Building Systems	Audit; Compensation; Governance; Executive; Other
Newfield Exploration	Audit; Compensation; Governance; Strategy
Newpark Resources	Audit; Compensation; Governance
Noble Energy	Audit; Compensation; Governance; Environment; Health & Safety
NRG Energy	Audit; Compensation; Governance; Compliance/Regulatory; Finance; Other
Oasis Petroleum	Audit; Compensation; Governance
Occidental Petroleum	Audit; Compensation; Governance; Finance; Search; Environment, Health & Safety
Oceaneering International	Audit; Compensation; Governance
Oil States International	Audit; Compensation; Governance

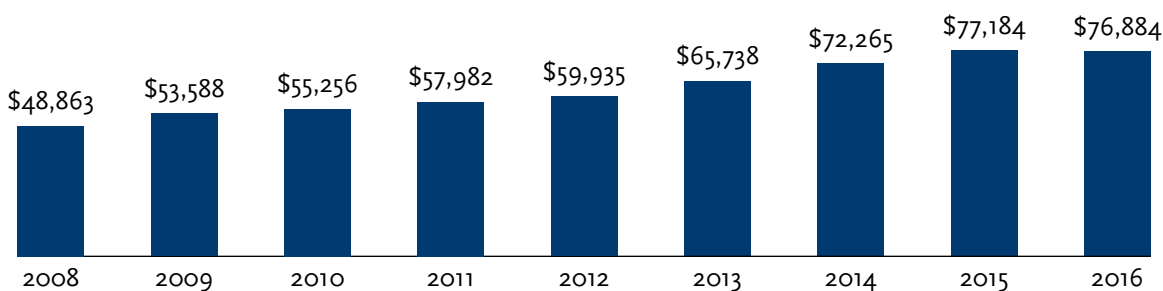
Company	Committee Details
Par Pacific Holdings	Audit; Compensation; Governance; Executive
Parker Drilling	Audit; Compensation; Governance
Patterson UTI Energy	Audit; Compensation; Governance; Executive
Phillips 66	Audit; Compensation; Governance; Executive; Public Policy
Powell Industries	Audit; Compensation; Governance
Prosperity Bancshares	Audit; Compensation; Governance; Strategy
Quanex Building Products	Audit; Compensation; Governance; Executive
Quanta Services	Audit; Compensation; Governance; Finance
Schlumberger	Audit; Compensation; Governance; Finance; Technology
Service Corporation International	Audit; Compensation; Governance; Executive; Finance
Southwestern Energy	Audit; Compensation; Governance; Finance; Strategy; Environment, Health & Safety
Spectra Energy	Audit; Compensation; Governance; Finance
Stage Stores	Audit; Compensation; Governance
Sterling Construction	Audit; Compensation; Governance
Stewart Information Services	Audit; Compensation; Governance; Executive; Other
Superior Energy Services	Audit; Compensation; Governance
Sysco	Audit; Compensation; Governance; Executive; Finance; Public Policy
Targa Resources	Audit; Compensation; Governance; Conflict of Interest
Tetra Technologies	Audit; Compensation; Governance
Waste Connections	Audit; Compensation; Governance
Waste Management	Audit; Compensation; Governance; Other
Westlake Chemical	Audit; Compensation; Governance; Strategy
Willbros Group	Audit; Compensation; Governance; Executive; Finance

Board Compensation

CASH RETAINERS DECLINE SLIGHTLY

- » The average cash retainer for Houston boards is \$76,884 this year, a slight decrease from the average 2015 retainer of \$77,184, but an 87% increase since 2006 when the average retainer was \$41,209. Despite the increases, the Houston average is far below the S&P 500 average of \$118,521.

Average Cash Retainer



- » Houston's larger companies are the exception. The average retainer (\$110,750) for Houston companies with revenue of more than \$10 billion is comparable to the S&P 500 average.
- » Only two of the 83 Houston boards do not report paying a cash retainer to directors. In lieu of a cash retainer, DXP Enterprises and Prosperity Bancshares award significant shares of common stock, plus meeting fees.

Board Cash Retainers

	Houston Board Breakdown by Company Revenues*				
	>\$10B	\$5B to \$10B	\$2B to \$5B	\$1B to \$2B	<\$1B
Minimum	\$45,000	\$50,000	\$40,000	\$35,000	\$30,000
Maximum	\$200,000	\$150,000	\$100,000	\$90,000	\$125,000
Average	\$110,750	\$93,231	\$68,302	\$93,231	\$58,000

*Among companies that provide a cash retainer.

AUDIT COMMITTEE CHAIR RETAINERS SIGNIFICANTLY OUTPACE THOSE OF OTHER COMMITTEES

- » Retainers paid to Houston audit committee chairs continue to dwarf the retainers paid to chairs of other committees. On average, audit committee chair retainers are 46% higher than the retainers paid to other committee chairs. And the audit committee chair retainer has grown 67% since 2006 — from \$12,312 to \$20,548 in 2016.
- » Despite the increases, the average Houston audit committee chair retainer still trails the S&P 500 average of \$24,989.
- » The Houston average for all other committee chairs is \$14,081 in 2016, unchanged from \$14,049 in 2015 but 14% higher than the 2011 average of \$12,323.

Committee Chair Cash Retainers

	% of Houston Boards Paying this type of Compensation	Houston Average	S&P 500 Average
All Committee Chairs	92%	\$14,081	\$18,143
Audit Committee Chairs	94%	\$20,548	\$24,989

2006 – 2016 Comparison

Snapshot – 2006 versus 2016

	2006	2016	% Change
Average age of independent directors	60	63.5	6%
Percent of directors who are female	7%	15%	114%
Percentage of new directors who are female	10%	14%	40%
Percentage of boards declassified	55%	67%	22%
Percentage of directors who are independent	82%	79%	-4%
Companies with combined chairman and CEO	64%	40%	-37%
Named lead or presiding director	59%	53%	-10%
Average board size	8.6	8.9	3%
Number of board meetings	7.5	7.6	1%
Average annual cash retainer	\$41,209	\$76,884	87%

HOW DOES YOUR BOARD MEASURE UP?

How does your board compare in size and composition to Houston's top companies? Use the following index to see how your board measures up to these companies, as well as to companies in the S&P 500. (Note that in some cases, the averages mask wide variations among individual companies.)

We hope you find this tool to be a useful benchmark. If you have any questions, please contact us. Consultants within our Board Practice can help you assess, analyze and determine the best course of action to evolve your board. We are happy to discuss emerging governance best practices.

Board Index of Largest Houston Companies

	Average	Highest	Lowest	Your Board
Number of directors	8.9	12	4	
Number of committees	3.8	6	2	
Number of meetings per year	7.6	17	2	
Independent directors per committee	1.9	4.5	1.0	
Percentage of independent directors	79%	100%	25%	
Percentage of female directors	15%	38%	0%	
Average age of independent directors	63.5	71	51	

INSTRUCTIONS:

1. Calculate the totals and averages for the above measures for your board.
2. To benchmark your board against the index, complete the information in the space provided and compare.
3. For objective counsel on your board composition and practice, or on board evaluation and director searches, please contact us at 1.713.225.1621.

Comparative Board Data

Comparative Board Data

COMPANY TICKER REVENUE (\$ MILLIONS)	NUMBER OF DIRECTORS					PRESIDING (P) OR LEADING (L) DIRECTOR	CHAIRMAN AND CEO COMBINED	MANDATORY RETIREMENT AGE	TERM LENGTH	NUMBER OF BOARD MEETINGS	NUMBER OF COMMITTEES	BOARD COMPENSATION					DIRECTOR ADDITIONS
	TOTAL	NEW INDEPENDENT	FEMALE	NEW FEMALE								CASH RETAINER	VALUE OF ANNUAL EQUITY AWARDS	AUDIT COMMITTEE CHAIR RETAINER	COMPENSATION COMMITTEE CHAIR RETAINER	LEAD DIRECTOR ANNUAL RETAINER	
Phillips 66 PSX \$100,949.0	8	7	0	2	0	L	Y	75	3	8	5	\$115,000	\$170,000	\$25,000	\$20,000	\$165,000	
Sysco SYT \$48,680.8	12	10	2	3	0			a	1	4	6	\$100,000	\$160,000	\$25,000	\$20,000	N/A	Joshua Frank Nelso Peltz
Schlumberger SLB \$35,475.0	10	9	0	3	0	L	Y	70	1	5	5	\$100,000	\$212,873	\$20,000	\$20,000	N/A	
LyondellBasell Industries LYB \$32,735.0	12	12	1	3	0				75	3	5	\$115,000	\$170,000	\$27,500	\$27,500	N/A	Lincoln Benet
ConocoPhillips COP \$30,935.0	11	10	0	2	0	L	Y	72	1	5	5	\$115,000	\$220,000	\$25,000	\$20,000	\$150,000	
Halliburton HAL \$23,633.0	12	10	0	2	0	L	Y	72	1	6	4	\$115,000	\$185,000	\$20,000	\$20,000	\$140,000	
Baker Hughes BHI \$15,742.0	13	12	0	2	0	L	Y	74	1	9	5	\$100,000	\$175,000	\$20,000	\$15,000	\$115,000	
National Oilwell Varco NOV \$14,757.0	9	8	2	1	0	L	Y	72	1	6	3	\$75,000	\$175,043	\$30,000	\$15,000	\$100,000	James Hackett William Thomas
NRG Energy NRG \$14,674.0	13	11	0	1	0				75	1	5	\$101,250	\$123,750	\$15,750	\$9,000	N/A	
Kinder Morgan KMI \$14,403.0	15	12	0	1	0	L		None	1	9	4	\$200,000	\$0	None	None	N/A	
Waste Management WM \$12,961.0	10	9	1	2	1				72	1	7	\$110,000	\$140,000	\$25,000	\$20,000	N/A	Kathleen Mazzarella
Chicago Bridge & Iron CBI \$12,929.5	12	8	0	2	0				72	3	5	\$110,000	\$175,000	\$20,000	\$20,000	N/A	
Occidental Petroleum OXY \$12,699.0	11	9	0	3	0				75	1	6	\$125,000	\$225,000	N/A	N/A	N/A	
Group 1 Automotive GPI \$10,632.5	8	6	0	1	0				72.5	1	10	\$45,000	\$110,000	\$25,000	\$15,000	N/A	
Huntsman HUN \$10,299.0	8	6	0	1	0	L			75	1	9	\$135,000	\$135,000	\$50,000	\$30,000	\$185,000	
Cameron International CAM \$8,782.0	11	9	0	1	0	L			72	1	12	\$50,000	\$250,000	\$20,000	\$15,000	\$75,000	
EOG Resources EOG \$8,757.4	7	6	0	1	0	P	Y	80	1	8	3	\$140,000	\$140,000	N/A	N/A	N/A	
Anadarko Petroleum APC \$8,698.0	11	10	1	1	0	L	Y	72	1	7	4	\$110,000	\$250,000	\$25,000	\$25,000	\$145,000	Sean Gourley

COMPANY TICKER REVENUE (\$ MILLIONS)	NUMBER OF DIRECTORS					PRESIDING (P) OR LEADING (L) DIRECTOR	CHAIRMAN AND CEO COMBINED	MANDATORY RETIREMENT AGE	TERM LENGTH	NUMBER OF BOARD MEETINGS	NUMBER OF COMMITTEES	BOARD COMPENSATION					DIRECTOR ADDITIONS
	TOTAL	NEW INDEPENDENT	FEMALE	NEW FEMALE								CASH RETAINER	VALUE OF ANNUAL EQUITY AWARDS	AUDIT COMMITTEE CHAIR RETAINER	COMPENSATION COMMITTEE CHAIR RETAINER	LEAD DIRECTOR ANNUAL RETAINER	
Quanta Services PWR \$7,572.4	10	9	2	1	0			73	1	13	4	\$75,000	\$140,000	\$30,000	\$25,000	N/A	Doyle Beneby David McClanahan
CenterPoint Energy CNP \$7,386.0	9	7	0	2	0	P		73	1	7	4	\$90,000	\$120,253	\$20,000	\$20,000	N/A	
Targa Resources TRGP \$6,658.6	10	6	3	1	0	P		None	3	11	4	\$76,000	\$100,000	\$20,000	\$15,000	N/A	Waters Davis Robert Evans Michael Heim
Calpine CPN \$6,472.0	7	6	0	1	0	L		75	1	4	4	\$76,000	\$100,000	\$34,000	\$24,000	\$101,000	
Apache APA \$6,366.0	11	10	1	2	0			75	1	16	4	\$100,000	\$200,000	\$20,000	\$20,000	N/A	Dan Rabun
FMC Technologies FTI \$6,362.7	12	11	1	3	1	L	Y	73	1	9	3	\$60,000	\$250,000	\$20,000	\$15,000	\$110,000	Kay Priestly
Marathon Oil MRO \$5,861.0	8	7	1	1	0			72	1	8	4	\$150,000	\$175,000	\$25,000	\$25,000	N/A	Gaurdie Banister
CVR Energy CVI \$5,432.5	8	3	0	0	0	P		None	1	5	3	\$75,000	\$0	\$5,000	\$5,000	N/A	
Spectra Energy SE \$5,234.0	11	10	0	2	0	L	Y	74	1	12	4	\$110,000	\$125,000	\$20,000	\$20,000	\$140,000	
KBR KBR \$5,096.0	10	9	1	1	1			75	1	9	4	\$100,000	\$110,000	\$15,000	\$15,000	N/A	Ann Pickard
MRC Global MRC \$4,528.6	10	7	2	1	1			73	1	12	3	\$60,000	\$120,000	\$15,000	\$15,000	\$80,000	Barbara Duganier Robert Wood
Westlake Chemical WLK \$4,463.3	8	5	0	1	0			75	3	7	4	\$100,000	\$102,154	\$17,500	\$15,000	N/A	
Dynegy DYN \$3,870.0	7	6	0	1	0			None	1	14	4	\$75,000	\$110,000	\$25,000	\$20,000	N/A	
Nabors Industries Ltd NBR \$3,791.7	7	6	0	0	0	L	Y	72	1	5	6	\$90,000	\$226,950	\$90,000	\$45,000	\$135,000	
Crown Castle International CCI \$3,663.9	12	10	1	1	0			None	1	4	4	\$75,000	\$125,000	\$20,000	\$15,000	N/A	Anthony Malone
Noble Energy NBL \$3,133.0	11	10	1	1	0	L	Y	75	1	17	4	\$75,000	\$150,000	\$15,000	\$15,000	\$95,000	James Craddock
Southwestern Energy SWN \$3,133.0	8	7	0	1	0	P		75	1	7	6	\$50,833	\$153,795	\$28,000	\$21,000	\$70,833	
McDermott International MDR \$3,070.3	9	8	1	1	0			72	1	10	4	\$75,000	\$119,999	\$20,000	\$20,000	\$95,000	Erich Kaeser

Comparative Board Data

COMPANY TICKER REVENUE (\$ MILLIONS)	NUMBER OF DIRECTORS					PRESIDING (P) OR LEADING (L) DIRECTOR	CHAIRMAN AND CEO COMBINED	MANDATORY RETIREMENT AGE	TERM LENGTH	NUMBER OF BOARD MEETINGS	NUMBER OF COMMITTEES	BOARD COMPENSATION					DIRECTOR ADDITIONS
	TOTAL	NEW INDEPENDENT	FEMALE	NEW FEMALE								CASH RETAINER	VALUE OF ANNUAL EQUITY AWARDS	AUDIT COMMITTEE CHAIR RETAINER	COMPENSATION COMMITTEE CHAIR RETAINER	LEAD DIRECTOR ANNUAL RETAINER	
Oceaneering International OII \$3,062.8	6	4	0	0	0			None	3	10	3	\$80,000	\$209,600	\$15,000	\$8,000	N/A	
American National Insurance ANAT \$3,017.5	7	5	0	1	0		Y	None	1	5	4	\$40,000	\$78,563	\$8,000	N/A	N/A	
DistributionNOW DNOV \$3,010.0	9	7	0	1	0	L		72	3	4	3	\$70,000	\$120,005	\$20,000	\$15,000	\$90,000	
Service Corporation International SCI \$2,986.4	11	8	0	1	0	L	Y	75	3	4	5	\$75,000	\$284,200	\$15,000	\$10,000	N/A	
Superior Energy Services SPN \$2,774.6	8	6	1	1	1	L		75	1	4	3	\$100,000	\$200,000	\$20,000	\$15,000	\$125,000	Janiece Longoria
Insperty NSP \$2,603.6	9	7	1	2	0	L	Y	None	3	13	4	\$61,000	\$90,000	\$21,000	\$12,000	\$70,000	John Morphy
Mattress Firm Holding MFRM \$2,541.7	9	6	2	0	0	L		None	3	11	3	\$60,000	\$50,000	\$35,000	\$15,000	N/A	Christopher Hadley Anil Seetharaman
Benchmark Electronics \$2,540.9	8	7	1	2	0			72	1	7	3	\$60,000	\$125,000	\$15,000	\$10,000	N/A	Paul Tufano
Diamond Offshore Drilling DO \$2,419.4	11	6	0	0	0	L		None	1	7	3	\$50,000	\$47,932	\$15,000	\$10,000	\$60,000	
Kirby Corp KEX \$2,147.5	9	7	1	1	1	P		72	3	7	3	\$75,000	\$167,500	\$27,500	\$22,500	\$95,000	Anne-Marie Ainsworth
Waste Connections WCN \$2,117.3	5	4	0	0	0	L	Y	None	3		3	\$60,000	\$150,000	\$15,000	\$10,000	N/A	
Par Pacific Holdings PARR \$2,066.3	9	6	1	0	0			None	1	9	4	\$62,500	\$62,500	\$20,000	\$15,000	N/A	Walter Dods
Stewart Information Services STC \$2,033.9	9	7	0	1	0			80	1	4	5	\$40,000	\$60,000	\$15,000	\$10,000	N/A	
Adams Resources & Energy AE \$1,944.3	8	6	1	1	0		Y	None	1	10	3	\$60,000	\$0	\$5,000	\$2,500	N/A	Richard Jenner
EP Energy Corp EPE \$1,908.0	12	3	0	0	0	P	Y	72	3	8	3	\$70,000	\$175,000	\$15,000	\$15,000	N/A	
Patterson UTI Energy PTEN \$1,891.3	7	5	0	1	0	L		None	1	8	4	\$35,000	\$96,966	\$15,000	\$15,000	\$55,000	

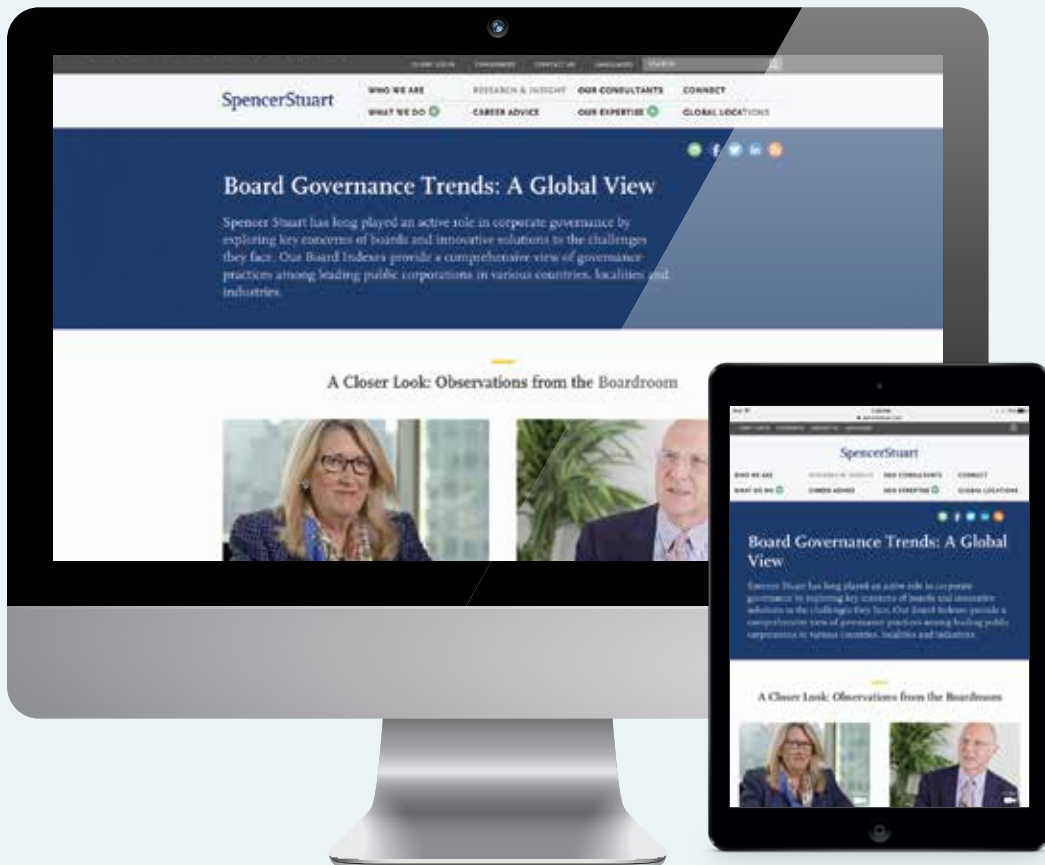
COMPANY TICKER REVENUE (\$ MILLIONS)	NUMBER OF DIRECTORS					PRESIDING (P) OR LEADING (L) DIRECTOR	CHAIRMAN AND CEO COMBINED	MANDATORY RETIREMENT AGE	TERM LENGTH	NUMBER OF BOARD MEETINGS	NUMBER OF COMMITTEES	BOARD COMPENSATION					DIRECTOR ADDITIONS
	TOTAL	NEW INDEPENDENT	FEMALE	NEW FEMALE								CASH RETAINER	VALUE OF ANNUAL EQUITY AWARDS	AUDIT COMMITTEE CHAIR RETAINER	COMPENSATION COMMITTEE CHAIR RETAINER	LEAD DIRECTOR ANNUAL RETAINER	
C&J Energy Services CJES \$1,748.9	5	3	2	0	0	P	Y	None	3	7	3	\$50,000	\$120,000	\$15,000	\$10,000	N/A	Sheldon Erikson James Trimble
Bristow Group BRS \$1,715.5	10	9	1	1	0			75	1	14	4	\$90,000	\$125,000	\$20,000	\$20,000	N/A	Biggs Porter
Conn's CONN \$1,613.2	8	6	2	1	0	L	Y	72	1	14	4	\$70,000	\$75,000	\$15,000	\$10,000	\$90,000	James Haworth Oded Shein
Stage Stores SSI \$1,604.4	9	8	0	3	0			75	1	4	3	\$60,000	\$100,000	\$20,000	\$15,000	N/A	
Comfort Systems USA FIX \$1,580.5	9	7	0	1	0			72	1	5	3	\$60,000	\$125,000	\$20,000	\$10,000	N/A	
NCI Building Systems NCS \$1,563.7	11	7	1	1	0	P	Y	78	3	4	5	\$35,000	\$60,000	\$15,000	\$10,000	N/A	Matthew Espe
Newfield Exploration NFX \$1,557.0	9	8	2	2	0	L	Y	72	1	5	4	\$75,000	\$200,000	\$25,000	\$20,000	\$150,000	Roger Plank James Kent Wells
Atwood Oceanics ATW \$1,395.9	8	7	0	1	0			b	1	4	3	\$60,000	\$150,000	\$15,000	\$15,000	N/A	
Cabot Oil & Gas COG \$1,357.2	6	5	2	1	1	L	Y	73	1	6	5	\$75,000	\$200,000	\$15,000	\$15,000	\$95,000	Dorothy Ables Robert Boswell
DXP Enterprises DXPE \$1,247.0	4	3	1	0	0	P	Y	None	1	4	3	N/A	\$75,000	N/A	N/A	N/A	Glenn Robinson
Cardtronics CATM \$1,200.3	8	7	0	2	0			None	3	4	4	\$60,000	\$130,000	\$20,000	\$20,000	N/A	
TETRA Technologies TTI \$1,130.1	9	8	2	0	0			None	1	6	3	\$50,000	\$100,000	\$15,000	\$10,000	N/A	Stephen Snider Joe Winkler
Oil States International OIS \$1,100.0	8	7	0	1	0			None	3	8	3	\$50,000	\$125,000	\$17,500	\$10,000	N/A	
Forum Energy Technologies FET \$1,073.7	10	9	0	1	0	L	Y	72	3	4	2	\$70,000	\$125,000	\$20,000	\$15,000	\$90,000	
Kraton Performance Polymers KRA \$1,034.6	9	8	0	2	0			None	3	12	6	\$80,000	\$80,000	\$17,500	\$12,500	N/A	
Archrock AROC \$998.1	8	7	1	2	0			75	1	13	3	\$50,000	\$125,000	\$15,000	\$15,000	N/A	Wendell Brooks
Frank's International FI \$974.6	9	5	2	0	0			75	1	6	3	\$50,000	\$150,000	\$30,000	\$15,000	\$70,000	Michael McMahon Alexander Vriesendorp

Comparative Board Data

COMPANY TICKER REVENUE (\$ MILLIONS)	NUMBER OF DIRECTORS					PRESIDING (P) OR LEADING (L) DIRECTOR	CHAIRMAN AND CEO COMBINED	MANDATORY RETIREMENT AGE	TERM LENGTH	NUMBER OF BOARD MEETINGS	NUMBER OF COMMITTEES	BOARD COMPENSATION					DIRECTOR ADDITIONS
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Willbros Group WG \$909.0	7	6	0	0	0			70	3	12	5	\$75,000	\$75,000	\$20,000	\$10,000	N/A	
Camden Property Trust CPT \$892.9	10	8	0	1	0	L	Y	75	1	6	4	\$55,000	\$100,000	\$15,000	\$10,000	\$80,000	
Dril-Quip DRQ \$844.3	5	4	1	0	0			None	3	5	3	\$75,000	\$111,987	\$15,000	\$10,000	N/A	Steven Newman
Oasis Petroleum OAS \$789.7	7	5	0	0	0	L	Y	None	3	11	3	\$60,000	\$119,000	\$17,000	\$15,000	N/A	
Prosperity Bancshares PB \$743.7	11	7	1	1	0	P	Y	None	3	4	4	N/A	\$52,350	N/A	N/A	N/A	Jack Lord
Memorial Resource Development MRD \$732.2	7	3	0	1	0			N/A	1	6	1	\$125,000	\$125,000	\$7,500		N/A	
Parker Drilling PKD \$712.2	9	7	1	0	0	P	Y	None	3	5	3	\$30,000	\$96,551	\$12,000	\$12,000	\$42,000	Peter Fontana
Helix Energy Solutions Group HLX \$695.8	8	6	0	1	0	L	Y	None	3	4	3	\$55,000	\$175,000	\$15,000	\$10,000	\$80,000	
Newpark Resources NR \$676.9	7	6	0	0	0			75	1	10	3	\$55,000	\$150,000	\$30,000	\$20,000	N/A	
Powell Industries POWL \$661.9	8	7	2	1	0		Y	75	3	4	3	\$40,000	\$67,080	\$12,000	\$8,000	N/A	Stephen Seale Richard Williams
Quanex Building Products NX \$645.5	6	5	0	1	0	L	Y	72	3	6	4	\$55,000	\$0	\$15,000	\$10,000	\$75,000	
LGI Homes LGIH \$630.2	6	5	0	0	0	L	Y	None	1	6	3	\$50,000	\$50,000	\$10,000	\$10,000	\$60,000	
Sterling Construction STRL \$623.6	6	5	0	1	0			None	1	17	3	\$30,000	\$50,000	\$25,000	\$15,000	N/A	
Integrated Electrical Services IESC \$573.9	4	4	0	0	0			None	1	2	3	\$65,000	\$0	\$25,000	\$10,000	N/A	

Data for the *Houston Board Index* were obtained from Equilar, a leading independent provider of executive and board compensation data and analysis.

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