

**2018**  
**DIRECTOR**  
**COMPENSATION**  
**STUDY**



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# INTRODUCTION

This represents Steven Hall & Partners' twelfth annual study of compensation paid to non-employee directors. Our review included 600 companies in the following three groups:

- **Top 200** – 200 companies with the largest revenues in fiscal 2017
- **Mid Cap 200** – 200 companies included in the S&P MidCap 400®
- **Small Cap 200** – 200 companies included in the S&P SmallCap 600®

## Director Pay Limits

- New to the study in 2018, SH&P reviewed director pay limits among companies in the Top 200
- A majority of Top 200 companies (54%) disclosed a limit on director pay
  - Most disclosed as a limit on annual equity awards only (69%)
  - Remaining 31% disclose limit on the aggregate value of cash and equity awarded in a given year
- The value of these director compensation limits ranged from \$200,000 to \$27 million
  - The median equaled \$750,000
- Among the companies limiting only the equity retainer
  - Limits ranged from 1.4x to approximately 250x the annual equity retainer value
  - The median equaled 3.5x
- Among companies limiting both cash and equity retainers
  - Limits ranged from 1.1x to approximately 10x the aggregate value of both the annual cash and equity retainers
  - The median equaled 2.9x

## 2017 Snapshot

	Median Values		
	Top 200	Mid Cap 200	Small Cap 200
Pro Forma Director	\$300,000	\$227,417	\$178,018
1-Year Growth	+2.3%	+0.9%	+0.8%
3-Year Growth*	+9.2%	+10.8%	+14.8%
Audit Chair	\$305,625	\$233,000	\$180,398
2017 vs. 2016	+3.0%	+1.8%	+1.1%
Compensation Chair	\$300,000	\$227,750	\$177,500
2017 vs. 2016	+1.7%	+0.7%	+1.7%
Nom / Gov Chair	\$297,750	\$221,750	\$173,180
2017 vs. 2016	+3.0%	+0.8%	+1.6%
Non-Chair	\$283,333	\$215,000	\$168,070
2017 vs. 2016	+3.0%	+2.1%	+2.3%

\* Growth calculated among companies included in our previous four studies.

## Criteria for Selecting Companies

This study examined compensation paid to non-employee directors at 600 companies publicly traded on United States securities exchanges. These 600 companies are comprised of three groups of 200 companies:

- **Top 200** – 200 companies with the largest revenues in fiscal 2017
- **Mid Cap 200** – 200 companies included in the S&P MidCap 400®
- **Small Cap 200** – 200 companies included in the S&P SmallCap 600®

	Revenue (\$ mil)				
	Min	Max	25th %ile	Median	75th %ile
Top 200	\$10,530 - \$500,343		\$18,887	<b>\$28,358</b>	\$54,110
Mid Cap	\$331 - \$14,251		\$1,253	<b>\$2,219</b>	\$3,850
Small Cap	\$45 - \$10,087		\$420	<b>\$672</b>	\$1,282

## GICS Sectors

All three groups include companies representing each of the eleven sectors in the Global Industry Classification Standard (GICS).

	# of Companies by GICS Sector		
	Top 200	Mid Cap 200	Small Cap 200
Consumer Discretionary	38	31	30
Consumer Staples	21	9	7
Energy	12	12	8
Financials	23	33	30
Health Care	30	14	26
Industrials	30	28	33
Information Technology	25	33	35
Materials	8	14	11
Real Estate	0	16	10
Telecomm. Svcs.	5	1	5
Utilities	8	9	5

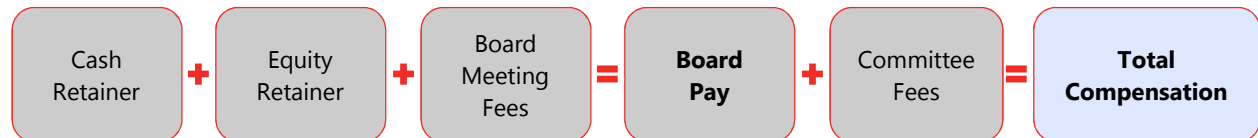
For a list of companies reviewed please see Appendix A.

## Determining Director Compensation

The non-employee director compensation data used in this study was derived from proxy statements filed between June 1, 2017 and May 31, 2018.

### *Components of Director Compensation Reviewed*

Total compensation paid to directors consists of the following components:



**Cash Retainer:** Annual cash payment made to directors for board service.

**Equity Retainer:** Annual equity grants made to directors for board service. Awards may be delivered in a variety of equity vehicles, including stock options, restricted stock, deferred stock and shares of common stock.

**Board Meeting Fees:** Payments made for attendance at board meetings. Represents fees paid per board meeting multiplied by number of board meetings disclosed in the proxy. All meetings are assumed to be attended in person.

**Board Pay:** The sum of cash retainer, equity retainer, and board meeting fees.

**Committee Fees:** Additional compensation paid to directors for service on a committee of the board of directors, either as a member or chairperson. Includes any additional annual cash or equity retainers and fees paid on a per meeting basis, multiplied by the actual number of committee meetings as disclosed in the proxy.

**Total Compensation:** The sum of board pay and committee fees.

### Summary Statistics

Unless otherwise stated, all references to market practices or pay levels refer to median data.

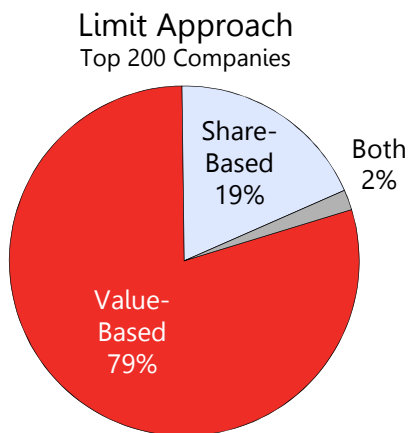
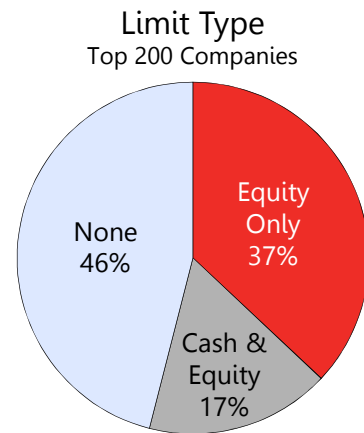
## Straw Directors

To facilitate comparisons among companies, we have created five hypothetical “straw” directors.

Straw Director	Description of Roles	Definition of Compensation
Pro Forma Director	Director is a chair of one committee and a member of one other committee.	Board pay plus committee fees. Committee fees reflect the average pay for audit, compensation, and nominating/governance committee chairs <u>plus</u> the average compensation paid to members of those committees.
Audit Committee Chair	Director is chair of audit and member of one other committee.	Board pay plus committee fees. Committee fees reflect the fees paid to the chair of the respective committee <u>plus</u> the average compensation paid to members of the remaining two committees.
Compensation Committee Chair	Director is chair of compensation and member of one other committee.	
Nominating/Governance Committee Chair	Director is chair of nominating/governance and member of one other committee.	
Non-Chair	Director is a member of two committees and chair of none.	Board pay plus committee fees. Committee fees reflect the average pay for audit, compensation and nominating/governance members multiplied by two.

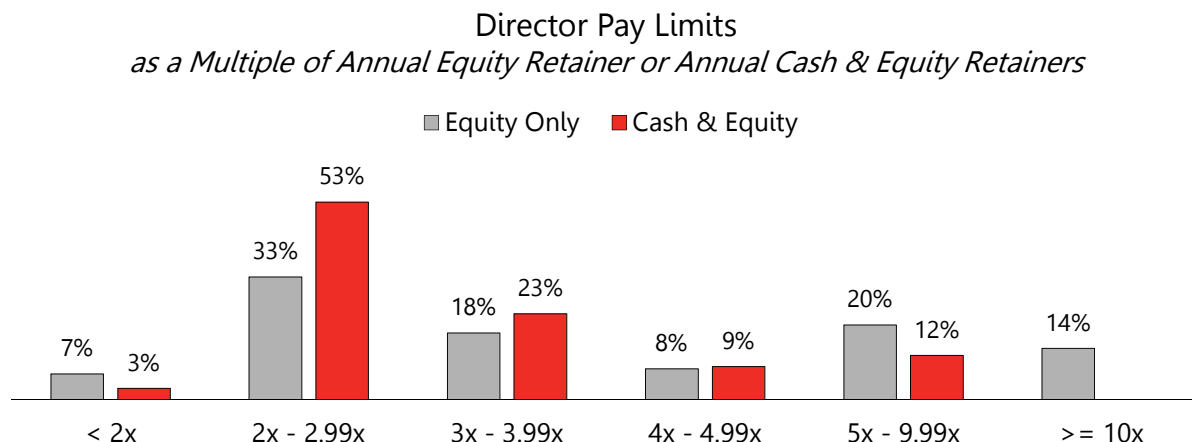
# DIRECTOR PAY LIMITS

New to the study in 2018, SH&P reviewed director pay limits among companies in the Top 200. In part due to previous litigation involving director compensation amounts, pay limits for directors have increased in prevalence over the last few years. In 2017, a majority of Top 200 companies (54%) disclosed a limit on director pay. Among the 108 companies that disclosed a director pay limit, 74 (69%) only place a limit on the value of equity awards that may be granted to a director in any given year, while the remaining 34 companies (31%) place a limit on the aggregate value of both cash and equity awarded in a given year.



Pay limits are disclosed as a set dollar value by a significant majority of the companies in the Top 200 (79%). The remaining companies either disclose the limit as a number of shares (19%) or use both approaches and set a limit on cash fees as a dollar value and a limit on equity awards as a number shares (2%).

The value of these director compensation limits ranged from \$200,000 to \$27 million. The median value equaled \$750,000. Among the companies limiting only the equity retainer, limits ranged from 1.4x to approximately 250x the annual equity retainer value. The median equaled 3.5x. Among companies limiting both cash and equity retainers, limits ranged from 1.1x to approximately 10x the aggregate value of both the annual cash and equity retainers. The median equaled 2.9x. For both type of limits, the most popular limit value was 2x – 2.99x.

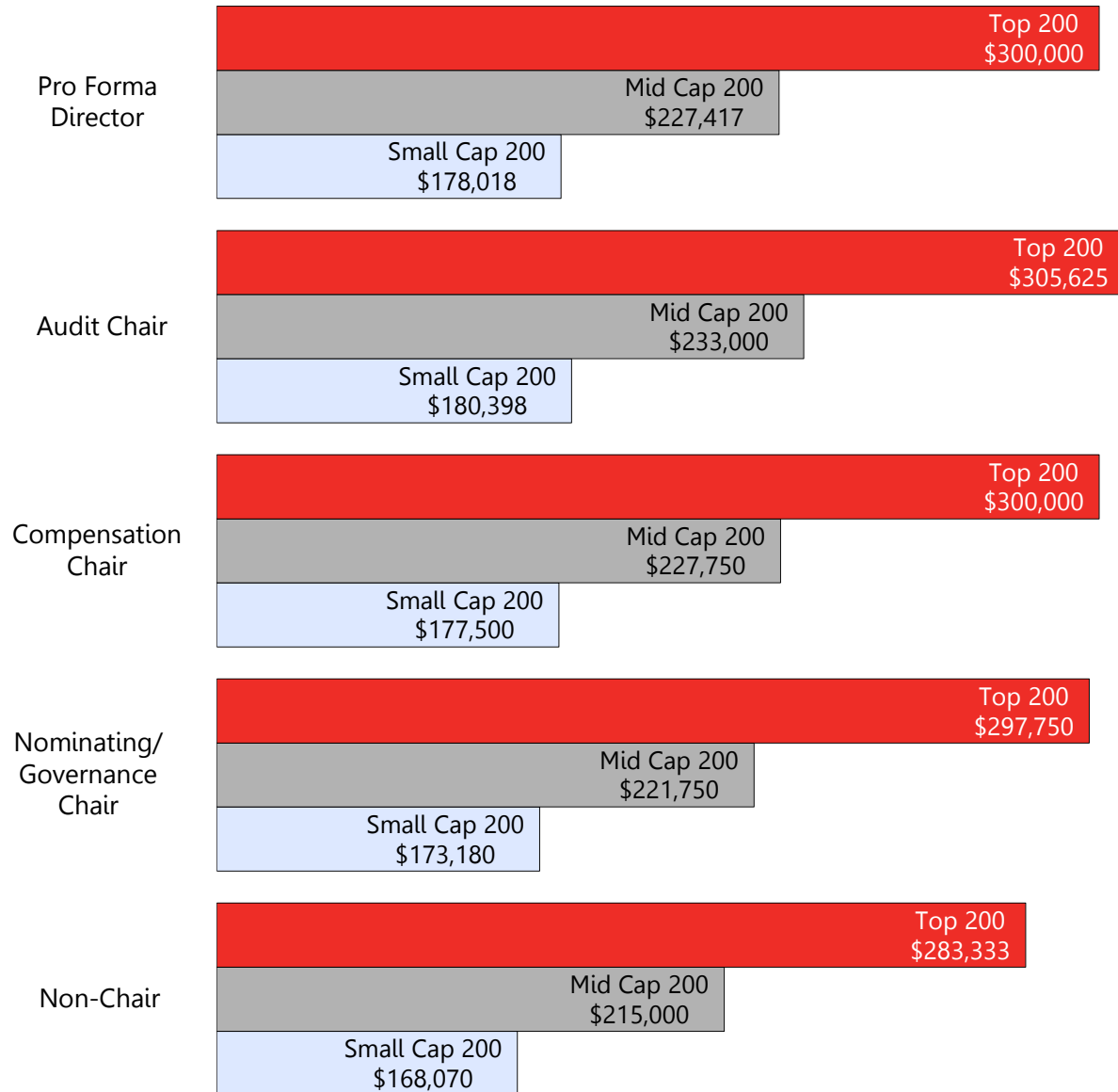


# TOTAL COMPENSATION

## Total Compensation – 2017 Values

Among the three groups studied, the Top 200 pays the highest compensation to directors, followed by Mid Cap 200 and Small Cap 200 companies, respectively. In 2017, median total compensation for the Pro Forma Director ranged from \$178,018 at Small Cap companies to \$300,000 at Top 200 companies.

Median Total Compensation Values

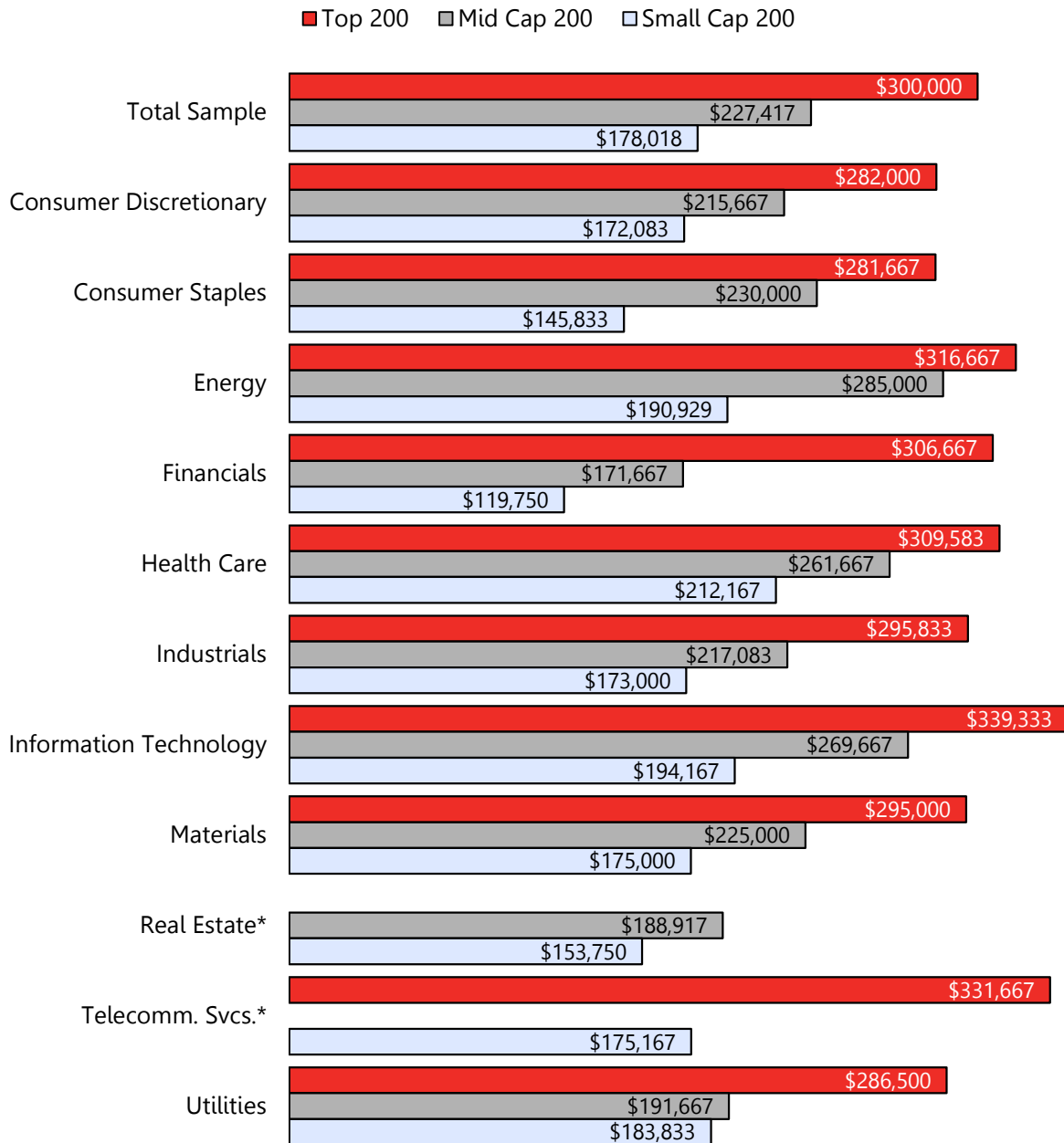




# TOTAL COMPENSATION

In general, companies in the Energy, Information Technology, and Health Care industries pay the highest compensation to directors while companies in the Consumer Discretionary, Consumer Staples, and Utilities industries tend to pay less.

## Median Total Compensation - Pro Forma Director



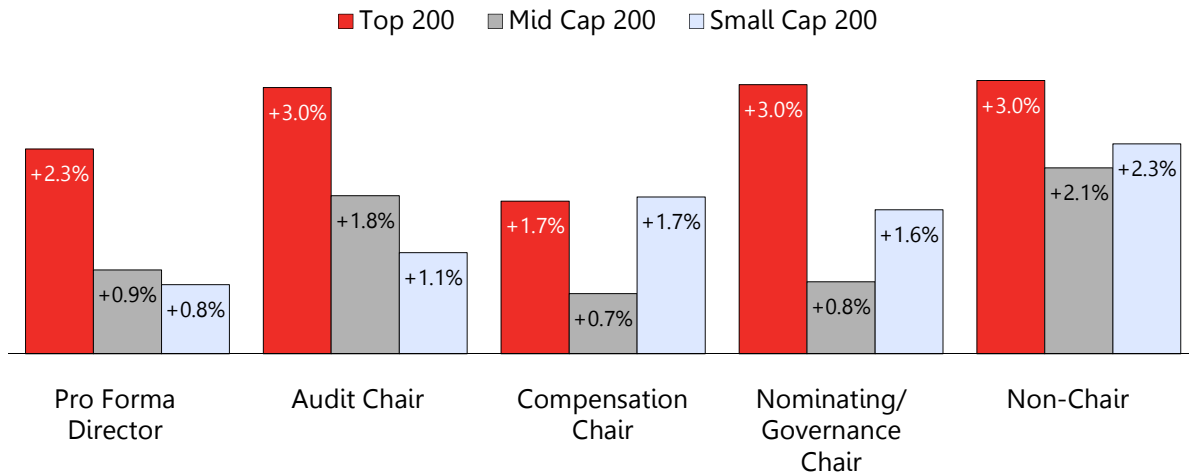
\* Median data for Top 200 Real Estate and Mid Cap Telecommunication Services not available due to insufficient number of companies.

# TOTAL COMPENSATION

## Total Compensation – One Year Growth

In 2017, median total compensation for the Pro Forma director position among increased +2.3% among Top 200 companies, +0.9% among Mid Cap 200 companies and +0.8% among Small Cap 200 companies over 2016 levels. One-year growth calculations only include companies included in our study both this year and last year, which includes 97% of Top 200 companies, 88% of Mid Cap 200 companies and 90% of Small Cap 200 companies.

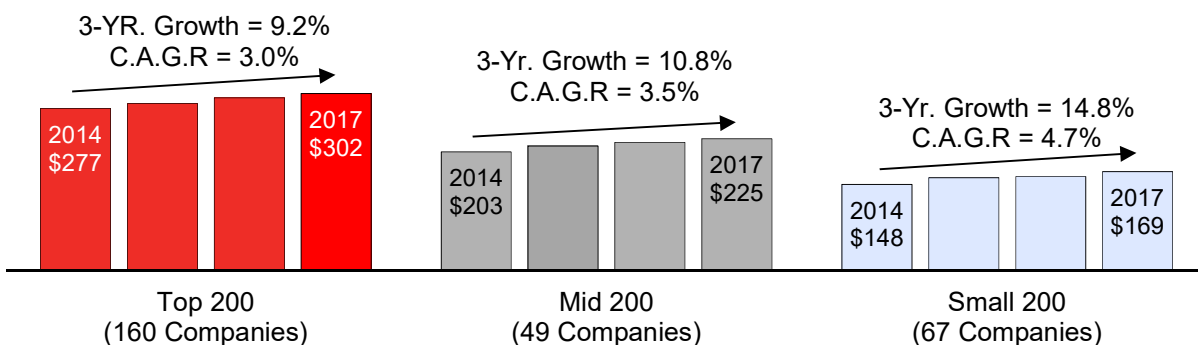
One-Year Growth in Median Total Compensation Values



## Total Compensation – Three-Year Growth

For the companies that were included in our last four studies, three-year total compensation for the Pro-Forma Director position increased 9.2% among Top 200 companies, 10.8% among Mid Cap 200 companies and 14.8% among Small Cap 200 companies. Compounded annual growth rates ranged from 3.0% to 4.7%. SH&P's director compensation review expanded to 600 companies in 2015 and 80% of the Top 200 group has been included in all four studies while 25% and 34% of the Mid Cap and Small Cap groups were included in all four studies.

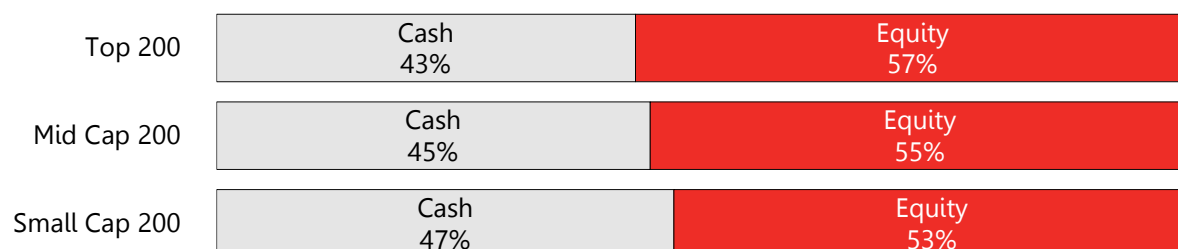
Three-Year Growth in Total Compensation - Pro Forma Director (\$000s)



## Cash versus Equity

Best practice calls for at least one-half of total compensation to be paid in the form of equity. The average mix among Top 200, Mid Cap 200 and Small Cap 200 companies exceed this mark with equity compensation representing 57%, 55% and 53% of total compensation, respectively.

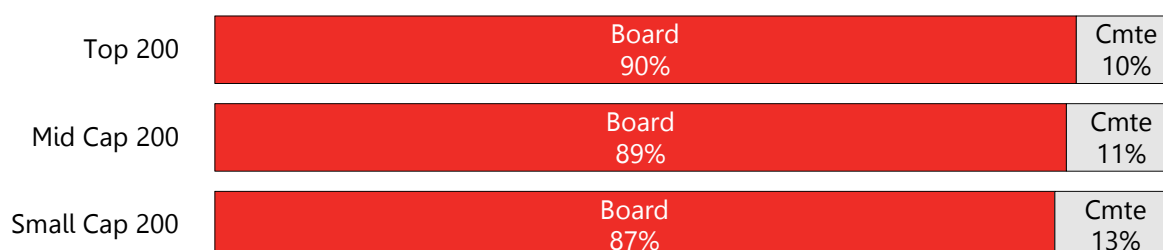
Pro Forma Director Pay Mix, Cash vs. Equity



## Board Fees versus Committee Fees

Board fees account for between 87% and 90% of total compensation for the Pro Forma Director. The remaining amount is comprised of fees for committee service.

Pro Forma Director Pay Mix, Board vs. Committee Fees

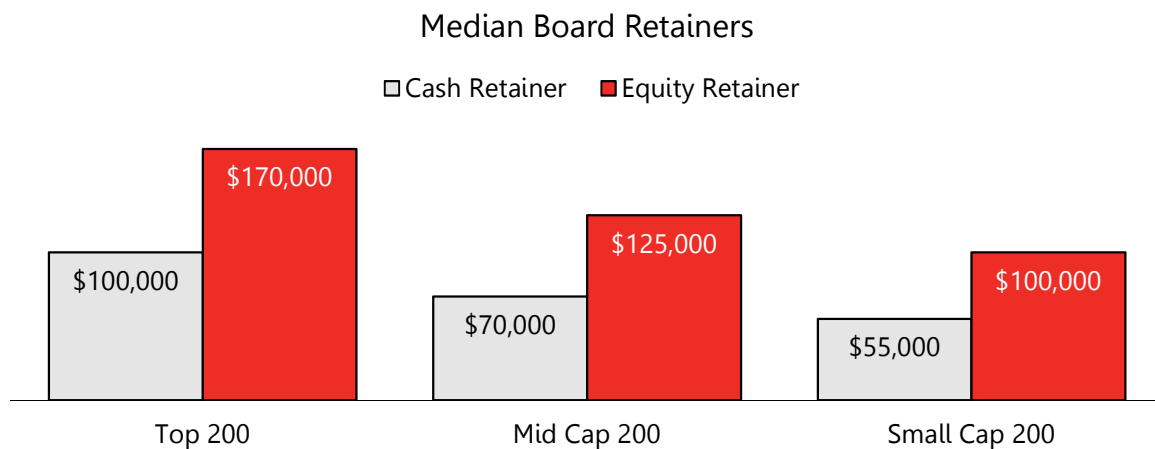


# BOARD RETAINERS

## Board Retainers

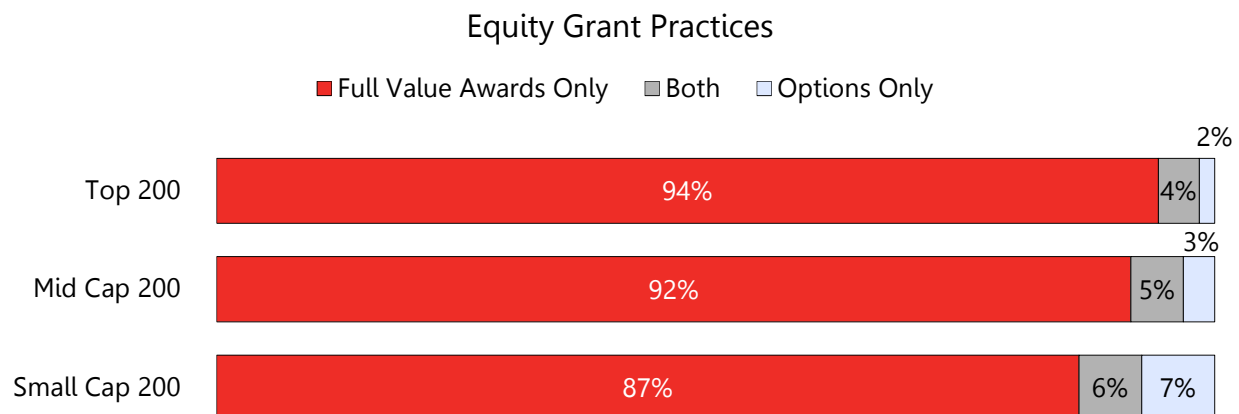
Median cash retainers for board service in 2017 equaled \$100,000 for Top 200 companies, \$70,000 for Mid Cap 200 companies and \$55,000 for Small Cap 200 companies. Payment of cash retainers remains nearly universal; between 98% and 99% of companies in all three groups paid cash retainers in 2017.

Median equity retainers for board service in 2017 equaled \$170,000 for Top 200 companies, \$125,000 for Mid Cap 200 companies and \$100,000 for Small Cap 200 companies. These values represented slight increases over 2016 values. Prevalence of equity retainers is slightly lower than that of cash retainers; 98% of Top 200 companies, 95% of Mid Cap 200 companies and 95% of Small Cap 200 companies awarded equity to directors in 2017.



## Equity Vehicles Granted

Among companies granting equity, the overwhelming majority grant full value equity awards, such as restricted or common stock. Prevalence of full value awards ranged from 93% of Small Cap 200 companies to 98% of Top 200 companies. Stock option usage is more prevalent among Small Cap 200 companies (7%) than Mid Cap 200 (3%) or Top 200 companies (2%).

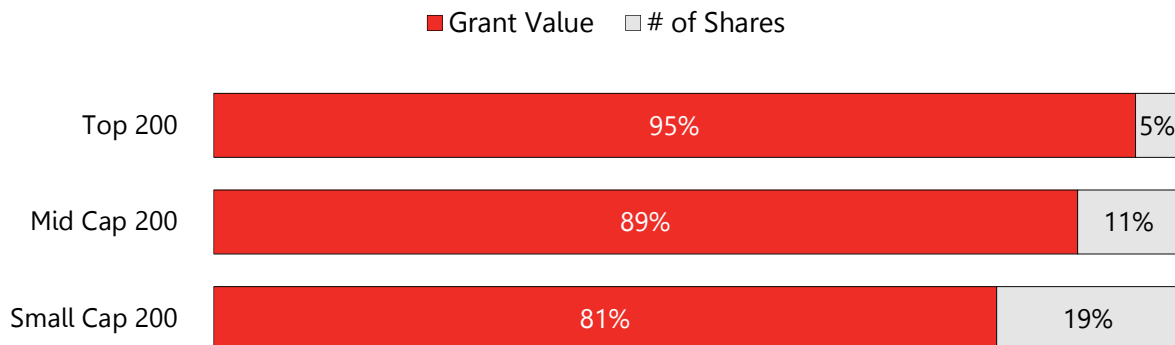


# BOARD RETAINERS

## Equity Retainer Denominations – Shares Versus Grant Value

The majority of companies granted equity awards based on the grant date value of the award instead of a fixed number of shares. As shown below, larger companies are more likely to base equity awards on grant value than number of shares. We anticipate the prevalence of this practice to increase among smaller companies as they seek greater control of director pay levels by limiting volatility due to stock price fluctuations and dilution to shareholders.

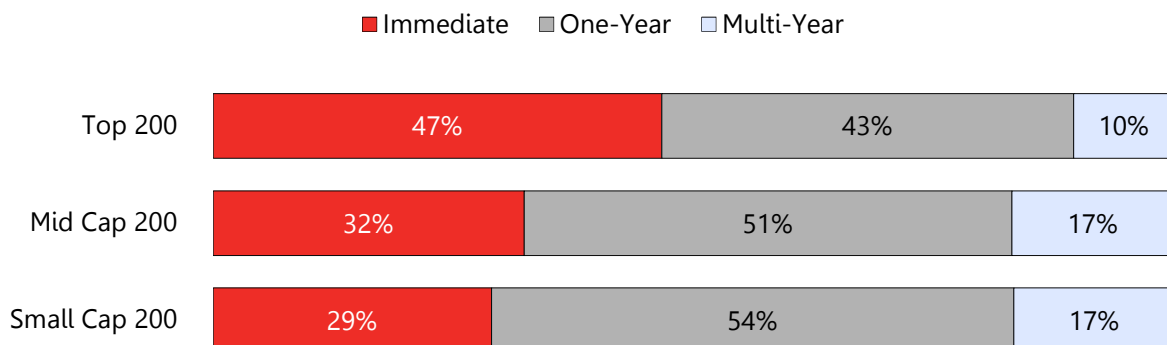
# of Shares vs. Grant Value Denominated Equity Awards



## Vesting

Most companies grant equity with immediate or one-year vesting provisions. Extended vesting schedules are not viewed as a best practice. Current thinking is that directors should be free to resign from their positions at any time, and not be forced to continue serving on the board to receive shares from past awards. Among the Top 200, 90% of companies granted awards to directors that vest either immediately or within one year of grant, compared to 83% of both Mid Cap 200 and Small Cap 200 companies.

Equity Vesting Schedule Prevalence

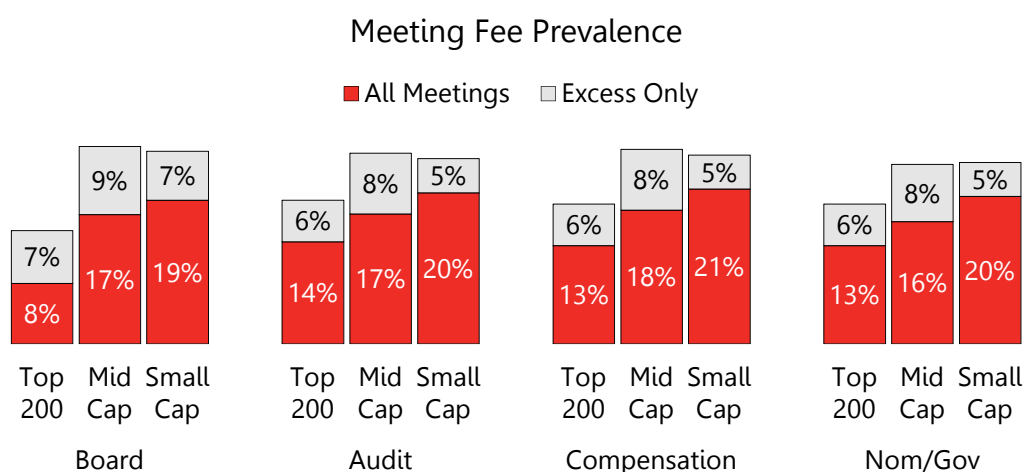


## Meeting Fees

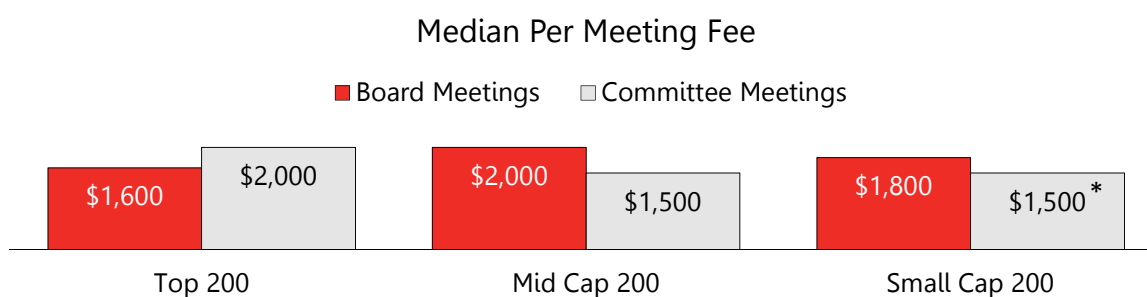
The majority of companies do not pay fees for attendance at board or committee meetings. Paying meeting attendance fees has become a minority practice as companies seek to simplify director compensation programs.

Prevalence of paying board meetings fees ranged from 15% among Top 200 companies to 26% among Mid Cap companies. Committee meeting fee prevalence was similar to, or slightly higher than board meeting fee prevalence.

Included in the prevalence numbers are a small number of companies that use a hybrid approach to meeting fees, in which directors receive fees for attendance at meetings in excess of a pre-determined number. Companies tend to use this approach when they are interested in eliminating meeting fees but remain concerned about unpredictable increases in future workloads. Thresholds for the commencement of paid meeting fees among these companies range from five to twenty five meetings with eleven meetings being the most common.



Among those paying board meeting fees, median meeting fees equaled \$1,800 at Small Cap companies, \$2,000 for Mid Cap companies, and \$1,600 for Top 200 companies. Median committee meeting fees equaled \$1,500 at Mid Cap companies, \$2,000 among Top 200 companies, and ranged from \$1,250 to \$1,500 at Small Cap companies, depending on committee.

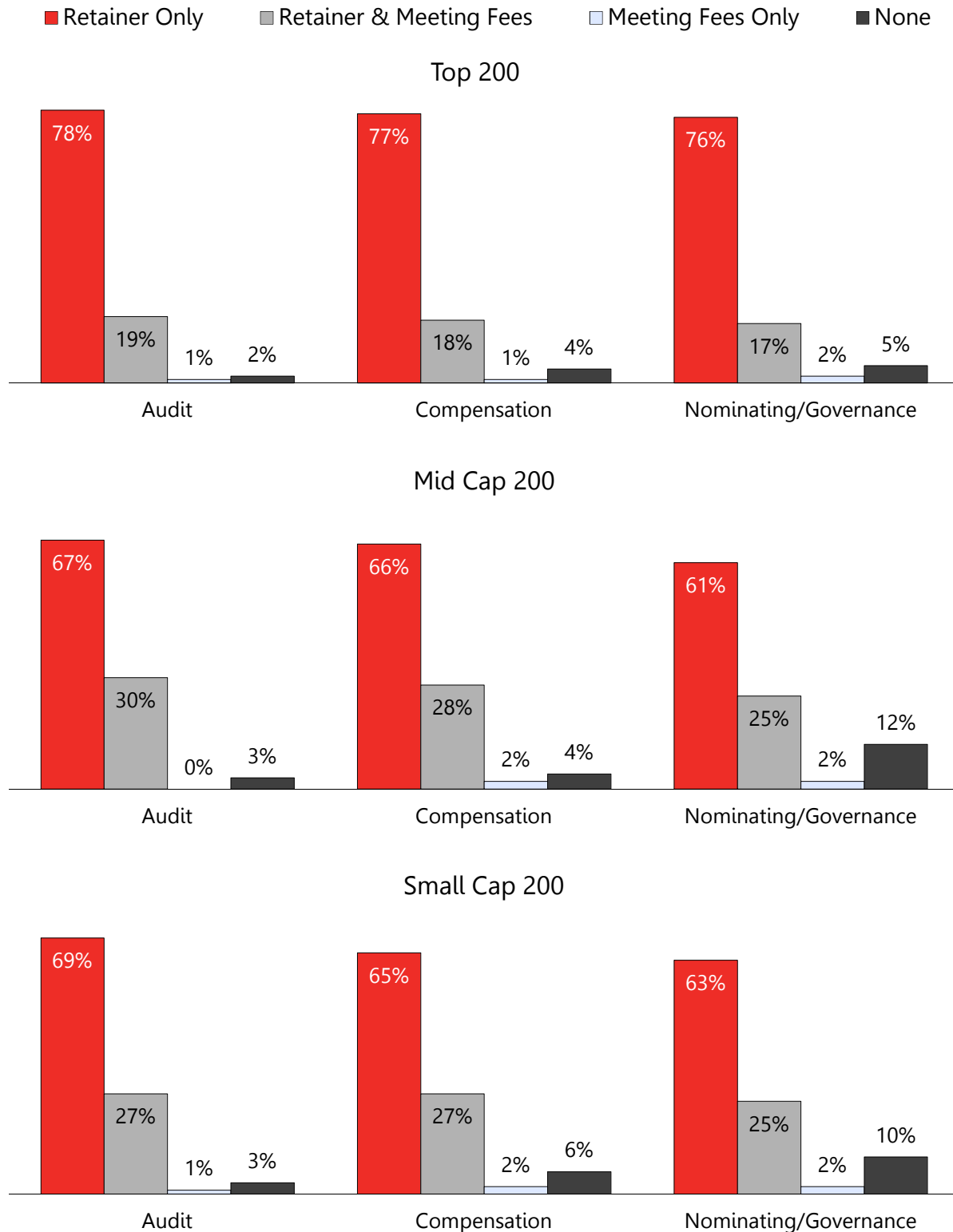


\* Represents Audit Committee median.

# COMMITTEE FEES

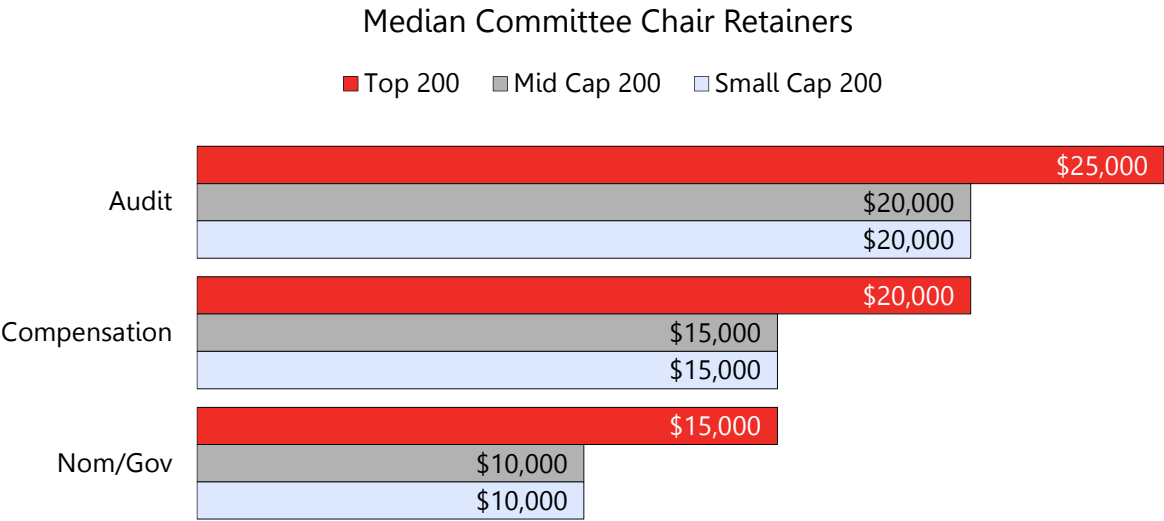
## Committee Chair Fees

The overwhelming majority of committee chairs receive additional fees for their service. For most companies, these fees are comprised solely of an annual retainer.



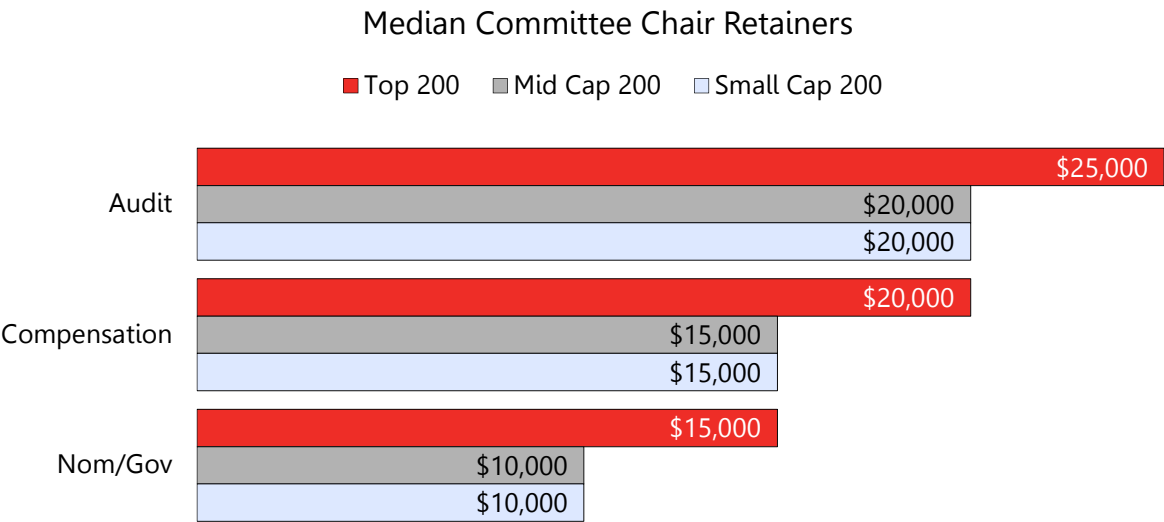
## Committee Chair Retainers

At median, audit committee chairs continue to receive the highest committee retainers followed by chairs of the compensation and nominating/governance committees.



## Committee Chair Total Additional Fees (Retainer + Meeting Fees)

Total additional committee fees include annual retainers and meeting attendance fees. Due to the low prevalence of committee meetings fees, there no difference from the amounts reported above.

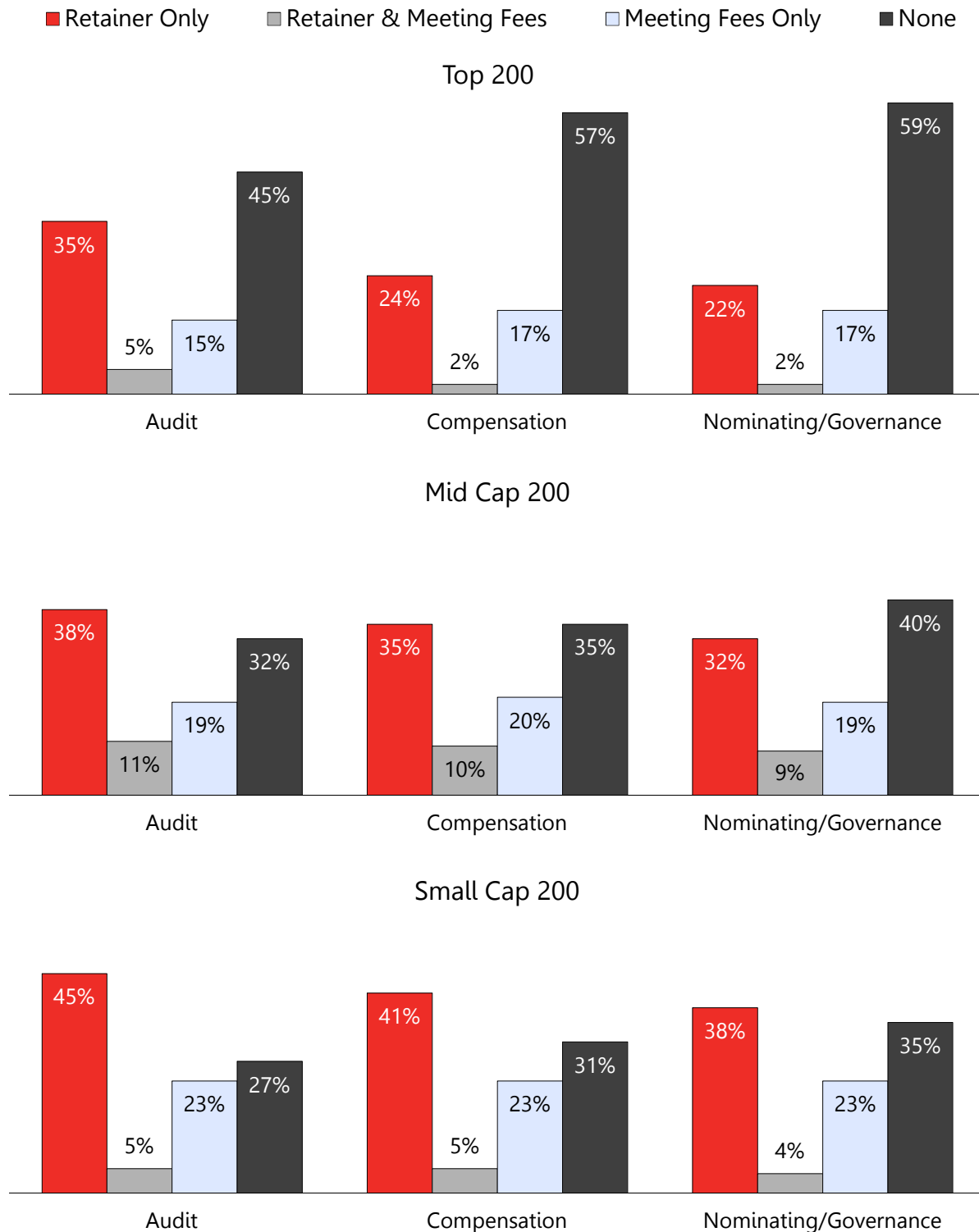




# COMMITTEE FEES

## Committee Member Fees

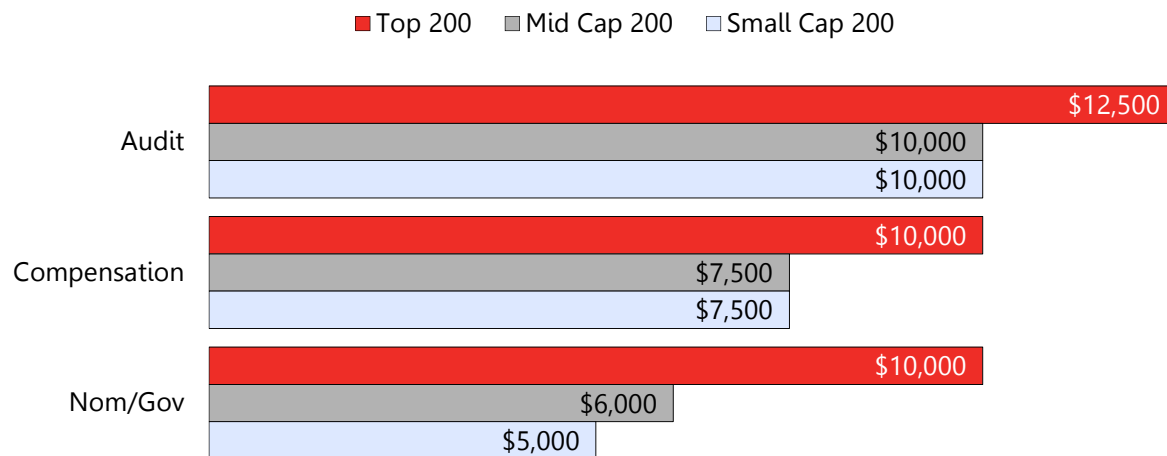
Audit committee members are more likely to receive an additional fee than compensation or nominating/governance committee members. Committee members receive either an annual retainer or fees for meeting attendance, but generally not both.



## Committee Member Retainers

As shown on the previous page, annual retainers for committee members are far less prevalent than annual retainers for committee chairs. Among companies paying annual retainers for committee membership, medians ranged from \$5,000 to \$12,500.

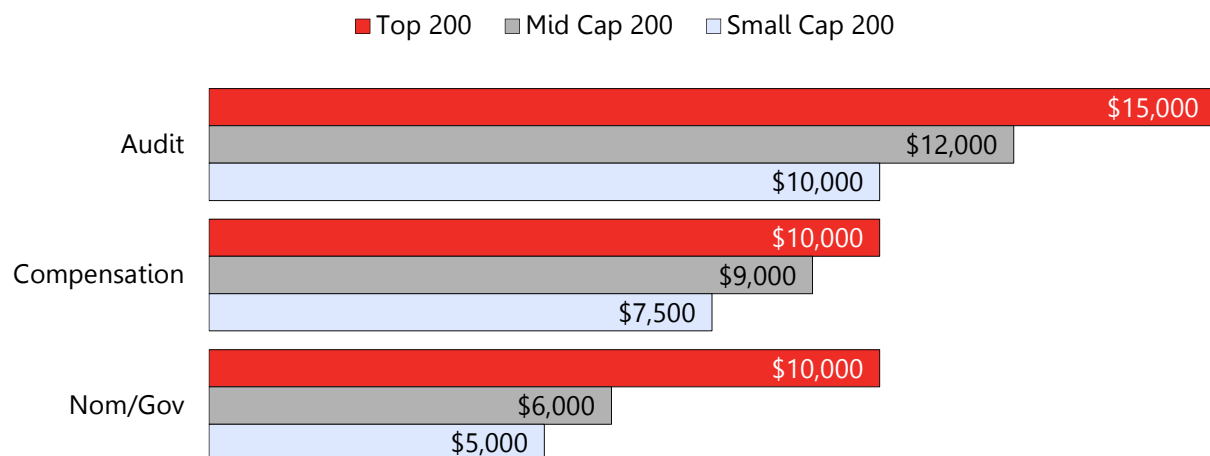
Median Committee Member Retainers



## Committee Member Total Additional Fees (Retainer + Meeting Fees)

Among companies providing additional fees for committee members, audit committee members are the highest paid followed by compensation and nominating/governance committee members.

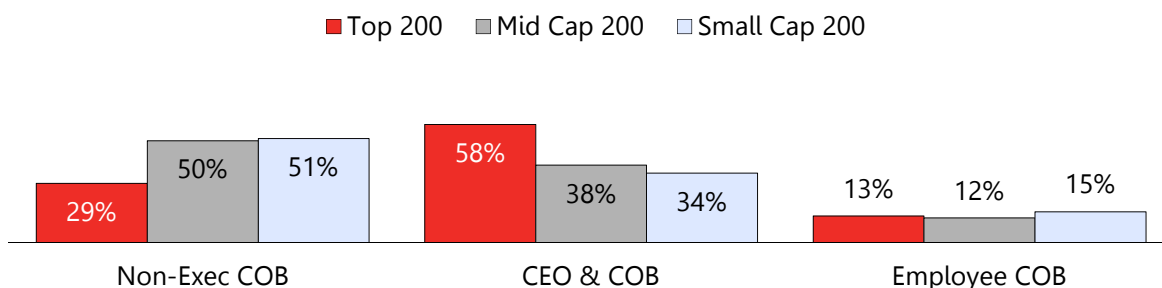
Median Committee Member Additional Fees



## Non-Executive Chairperson

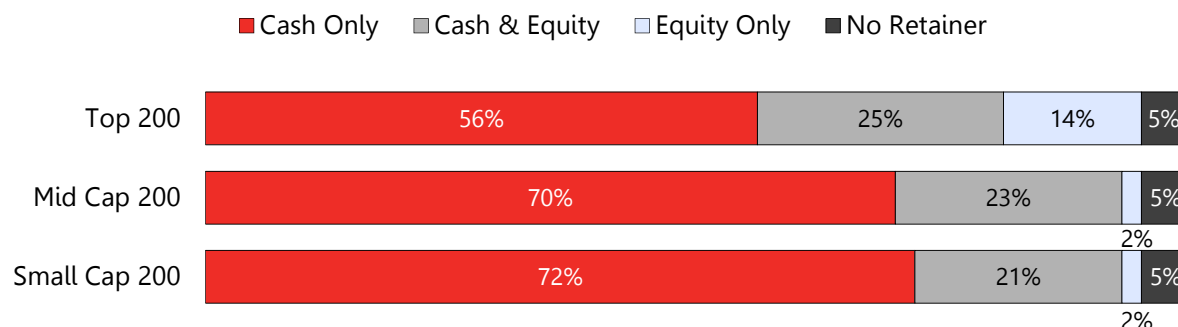
Small Cap and Mid Cap company boards are more likely to be led by a non-executive chair than Top 200 companies. The majority of Top 200 companies are led by a combined Chair and CEO position.

Non-Executive COB Prevalence



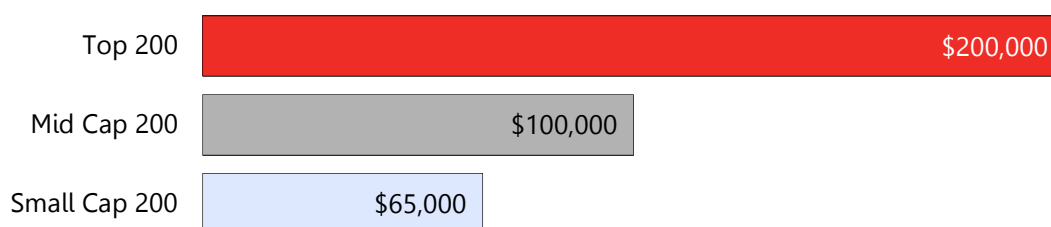
The majority of non-executive chairs are paid an additional fee for their service; 5% of chairs in each of the Top 200, Mid Cap and Small Cap groups are not paid an additional retainer. The majority of additional retainers are paid solely in cash. A sizable minority of companies award both additional cash and equity retainers to the non-executive chair.

Non-Executive COB Retainer



At median, the total additional compensation paid to non-executive chairpersons in 2017 ranged from \$65,000 at Small Cap companies to \$200,000 at Top 200 companies. The median fee among Top 200 companies has remained at \$200,000 since 2011.

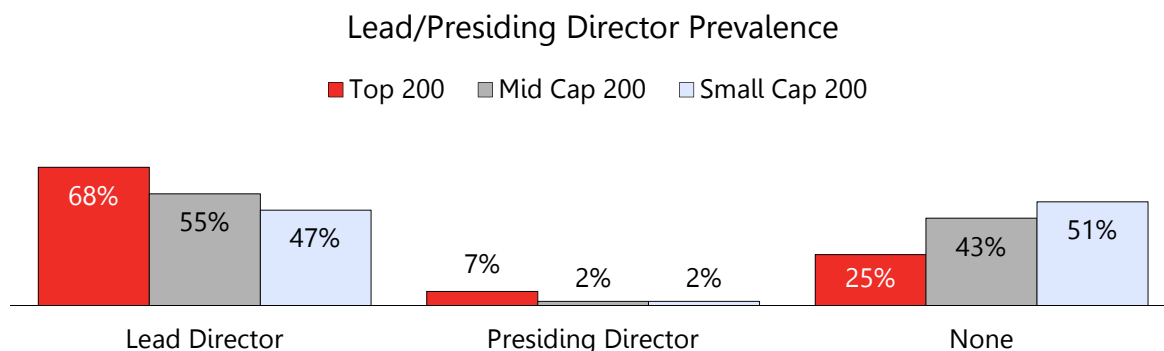
Median Non-Executive COB Premium



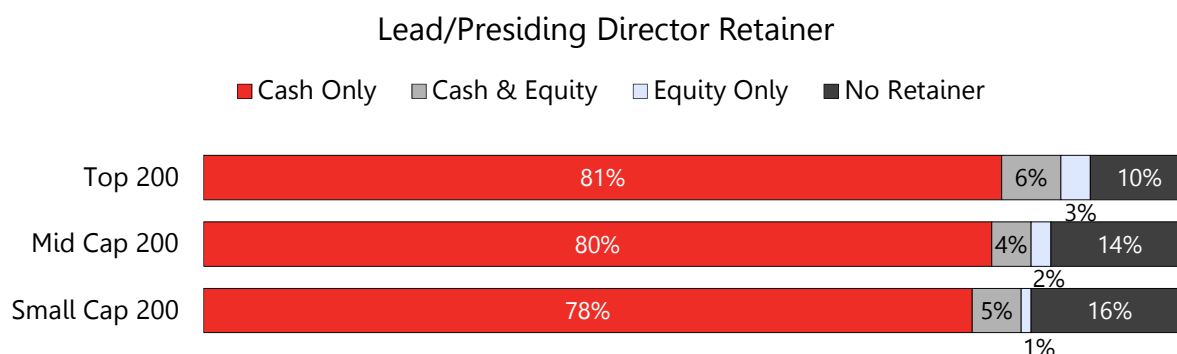
# BOARD LEADERSHIP

## Lead and Presiding Director

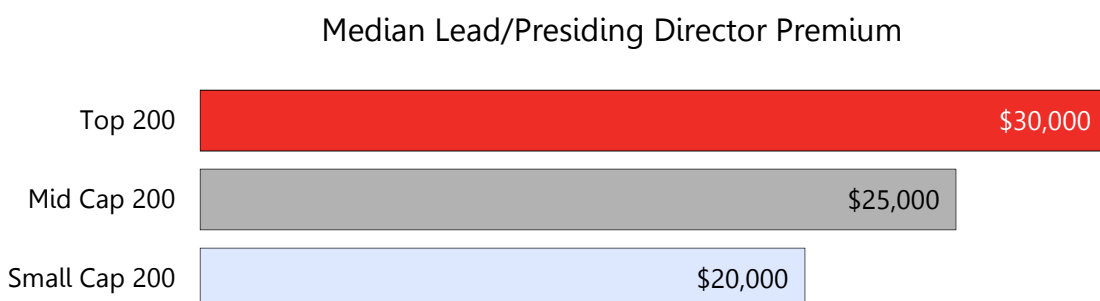
Companies without a non-executive chairperson generally have an independent lead or presiding director. Lead directors are significantly more prevalent than presiding directors.



Most lead/presiding directors are paid an additional fee. The majority of these additional fees are paid in cash, with a small minority of companies awarding equity either as the sole component or in conjunction with the cash retainer.



At median, the additional compensation paid to lead/presiding directors in 2017 ranged from \$20,000 at Small Cap companies to \$30,000 at Top 200 companies.

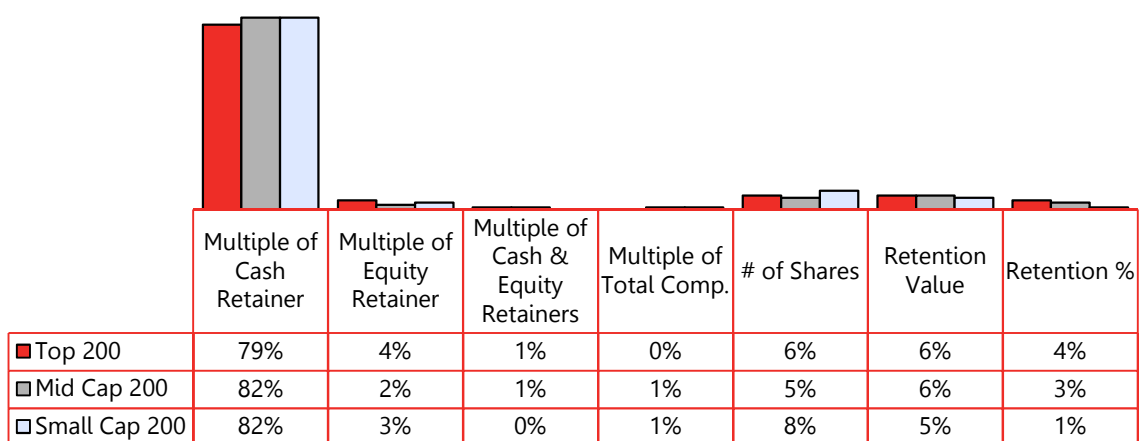


# SHARE OWNERSHIP AND RETENTION GUIDELINES

Ownership and stock retention guidelines have increased in prevalence over the last several years. In 2017, the majority of companies studied required some level of stock ownership by directors. Prevalence of ownership guidelines equaled 86% at Small Cap companies, 92% at Mid Cap companies and 97% at Top 200 companies, representing an increase in prevalence for the Small Cap group over 2016. The prevalence of ownership guidelines remained consistent at the Top 200 and Mid Cap groups compared to 2016.

The majority of ownership requirements were stipulated as a multiple of the annual board cash retainer, although sizeable minorities defined the requirement as a fixed dollar value or a fixed number of shares.

Share Ownership and Retention Guideline Definitions



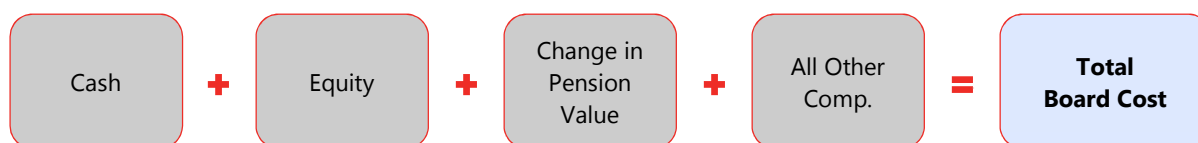
At median, the value of such guidelines (valued on December 31, 2017) equaled \$225,000 at Small Cap companies, \$350,000 at Mid Cap companies, and \$500,000 at Top 200 companies. If the ownership guidelines are calculated as a multiple of annual board cash retainer for each company, median multiples equal 4x cash retainer at Small Cap companies and 5x cash retainer at Mid Cap and Top 200 companies.

Median Share Ownership Guideline as a Multiple of Annual Board Cash Retainer



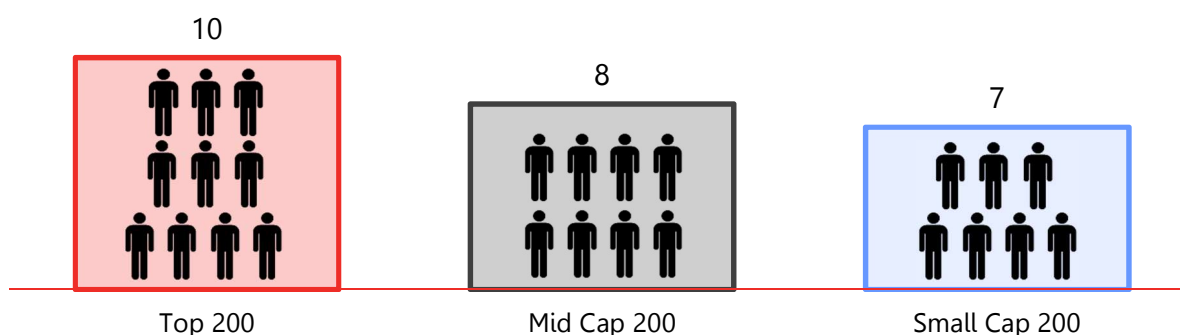
# TOTAL BOARD COMPENSATION

Total board compensation reflects the sum of all four fee components (cash, equity, pension value changes, and all other compensation amounts), as reported in the director compensation table of the most recent proxy statement. Certain exclusions were made for fees paid for duties unrelated to board service, such as consulting fees and payments made pursuant to previous employment by the company.



Median number of paid directors ranged from seven at Small Cap companies to ten at Top 200 companies.

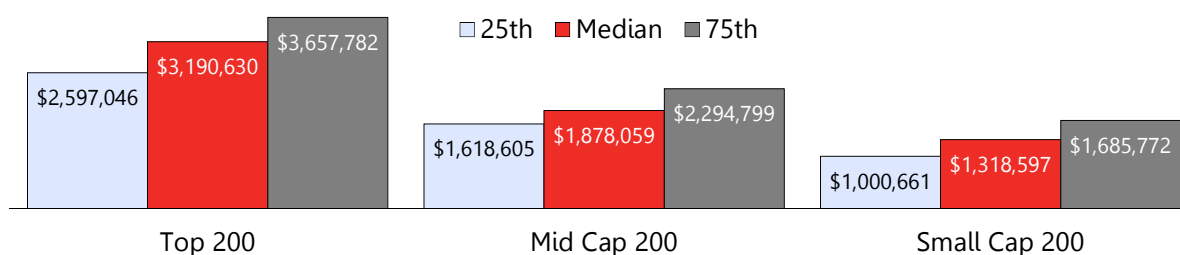
Median Number of Paid Directors



Size of the organization continues to be an important factor in total board compensation. Higher total board compensation amounts at larger companies reflect the fact that these organizations pay higher fees and have more directors than smaller companies.

Among the companies reviewed, median total board compensation ranged from \$1.3 million among Small Cap companies to \$3.2 million among Top 200 companies.

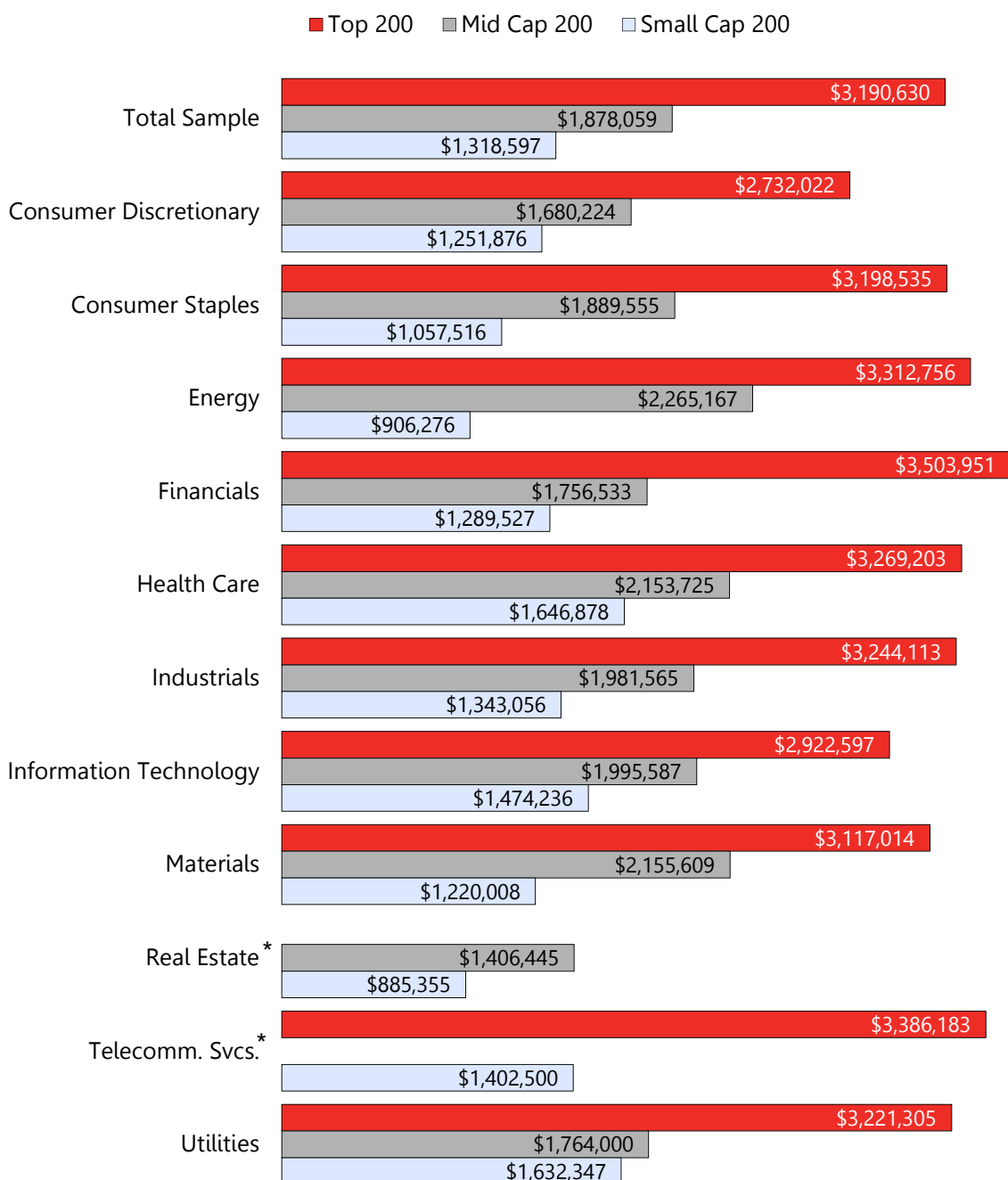
Median Total Board Compensation



# TOTAL BOARD COMPENSATION

While there is still some variation in director fees among different industries, competition for quality directors has pressured companies in the historically lower paying industries, such as Utilities, to raise their fees to be market competitive.

Median Total Board Compensation By GICS Sector



\* Median data for Top 200 Real Estate and Mid Cap Telecommunication Services not available due to insufficient number of companies.

## What to expect in 2019

- Modest increases of +2% to +5% in director compensation levels
  - The majority of companies review director compensation programs annually to ensure that the program remains competitive. This approach also facilitates the ability to make modest increases when needed, thus avoiding big increases which might invite unwanted scrutiny from outside constituencies
- Increased scrutiny on director pay and governance practices
  - Institutional Shareholder Services (ISS) includes a relative director pay assessment to its governance risk scoring system
  - Increased shareholder votes on director compensation plans
  - Increased used of limits in director compensation plans
- Increase in share ownership guideline prevalence and guideline value
  - Guideline values will increase as both a dollar amount and as a multiple of annual cash retainer reflecting the desire for directors to have significant equity holdings

## Things to consider when conducting an annual review of director compensation

- Is the current director compensation program competitive with regards to compensation levels and mix of cash and equity?
  - Does it allow the company to attract and retain high quality director candidates?
  - Are modifications to the director compensation program sustainable, appropriate and reflective of projected market increases and company growth?
  - Is the program's structure aligned with the current best practice of delivering at least half of total value to directors in the form of equity?
- How will modifications to the director compensation program affect total board cost?



# APPENDIX A

## Top 200 Companies Studied

### Consumer Discretionary

Amazon.com, Inc.	Dollar General Corp	Liberty Global Plc	Sears Holdings Corp
Aramark	Dollar Tree Inc	Lowe's Cos Inc	Starbucks Corp.
Autonation Inc	Ford Motor Co.	Macy's Inc	Target Corp.
Best Buy Co Inc	Gap Inc, The	Marriott International	Time Warner Inc
Carmax Inc	General Motors Co.	McDonald's Corp	TJX Companies Inc
Carnival Corp	Genuine Parts Company	Newell Brands, Inc.	Twenty-First Century Fox, Inc.
Charter Communications, Inc.	Goodyear Tire & Rubber Co	Nike, Inc.	Walt Disney Co, The
Comcast Corp.	Home Depot, Inc.	Nordstrom Inc	Whirlpool Corp
Core-Mark Holding Co., Inc.	Kohls Corp	Omnicom Group	
Dish Network Corp	Lear Corp	Penske Automotive Group Inc	

### Consumer Staples

Altria Group Inc	General Mills, Inc	Philip Morris International	US Foods Holding Corp.
Archer-Daniels-Midland Co.	Kimberly-Clark Corp	Procter & Gamble Co.	Walgreens Boots Alliance, Inc.
Bunge Ltd	Kraft Heinz Co, The	Rite Aid Corporation	Wal-Mart Stores, Inc.
Coca-Cola Co, The	Kroger Co.	SUPERVALU, Inc	
Colgate-Palmolive Co	Mondelez International Inc	SYSCO Corporation	
Costco Wholesale Corporation	PepsiCo, Inc.	Tyson Foods, Inc.	

### Energy

Andeavor	Conocophillips	Marathon Petroleum Corp.	Schlumberger Ltd.
Baker Hughes	Exxon Mobil Corp.	PBF Energy, Inc.	Valero Energy Corp.
Chevron Corp.	Halliburton Co	Phillips 66	World Fuel Services Corp

### Financials

Aflac Inc	Berkshire Hathaway, Inc.	JPMorgan Chase & Co.	Prudential Financial Inc
Allstate Corp	Capital One Financial Corp	Lincoln National Corp	Synchrony Financial
American Express Co	Citigroup, Inc.	Metlife, Inc.	Travelers Cos Inc, The
American International Group, Inc.	Chubb Ltd	Morgan Stanley	Us Bancorp
Bank of America Corp.	Goldman Sachs Group Inc	PNC Financial Services Group	Wells Fargo & Co.
Bank Of New York Mellon Corp	Hartford Financial Svcs Grp	Progressive Corp	

### Health Care

Abbott Laboratories	Cardinal Health, Inc.	Express Scripts Holding Co.	Molina Healthcare Inc
Abbvie Inc	Centene Corp	Gilead Sciences Inc	Pfizer Inc.
AETNA INC.	Cigna Corp	HCA Holdings Inc	Tenet Healthcare Corp
Allergan Plc	Community Health Systems Inc	Humana Inc	Thermo Fisher Scientific Inc
AmerisourceBergen Corporation	CVS Health Corporation	Johnson & Johnson	UnitedHealth Group, Inc.
Amgen Inc	Danaher Corporation	McKesson Corp	Wellcare Health Plans Inc
Anthem, Inc.	Davita Healthcare Partners	Medtronic PLC	
Bristol-Myers Squibb Co	Eli Lilly & Co	Merck & Co. Inc.	

### Industrials

3M Co	Eaton Corp Plc	Johnson Controls Inc.	Union Pacific Corp
AECOM	FedEx Corporation	Lockheed Martin Corp	United Continental Holdings
American Airlines Group Inc	Fluor Corp	Manpowergroup Inc	United Parcel Service, Inc.
Boeing Co.	General Dynamics Corp	Northrop Grumman Corp	United Technologies Corp.
Caterpillar Inc	General Electric Co.	PACCAR Inc.	Waste Management, Inc.
Cummins Inc	Honeywell International Inc	Raytheon Company	XPO Logistics Inc.
Deere & Company	Illinois Tool Works Inc.	Southwest Airlines Co	
Delta Air Lines Inc	Ingersoll-Rand PLC	Textron Inc.	

### Information Technology

Accenture Plc	Cisco Systems, Inc.	Intel Corp	SYNNEX Corporation
Alphabet Inc.	Cognizant Technology Solutions Corp.	International Business Machines Co.	Tech Data Corp
Apple Inc.	DXC Technology Co.	Jabil, Inc.	Visa Inc.
Arrow Electronics Inc	Facebook Inc	Micron Technology, Inc.	Western Digital Corp.
Avnet, Inc.	Flextronics Intl Ltd	Microsoft Corp.	
Broadcom Ltd	Hewlett Packard Enterprise Co.	Oracle Corp.	
CDW Corp.	Hewlett-Packard Co.	Qualcomm Incorporated	

### Materials

DowDuPont, Inc.	International Paper Co	Monsanto Company	PPG Industries Inc
Freemport-McMoran Inc	Lyondellbasell Industries	Nucor Corp	WestRock Co

### Telecomm. Svcs.

AT&T, Inc.	Sprint Corp	Verizon Communications, Inc.	
Centurylink Inc	T-Mobile Us Inc		

### Utilities

AES Corp	Duke Energy Corp	FirstEnergy Corp	PG&E Corp
American Electric Power	Exelon Corp	Nextera Energy Inc	Southern Co, The

# APPENDIX A

## Mid Cap Companies Studied

### Consumer Discretionary

Aaron's Inc	Dana Holding Corp	Murphy USA	Tempur Sealy International Inc.
Adtalem Global Education, Inc.	Dillard's, Inc.	NVR Inc	Texas Roadhouse Inc
AMC Networks Inc	Dunkin' Brands Group Inc	Office Depot Inc	Thor Industries Inc
American Eagle Outfitters, Inc.	Helen of Troy Ltd	Polaris Industries Inc	Toll Brothers, Inc.
Bed Bath & Beyond, Inc.	Intl Speedway Corp	Pool Corp	Tri Pointe Group Inc
Carter's, Inc.	John Wiley & Sons	Sally Beauty Holdings, Inc.	Tupperware Brands Corp
Cheesecake Factory, Inc.	KB Home	Service Corp International	Urban Outfitters, Inc.
Cracker Barrel Old Country Store, Inc	Live Nation Entertainment Inc	Skechers USA, Inc.	

### Consumer Staples

Casey's General Stores Inc	Flowers Foods Inc	Tootsie Roll Industries	
Edgewell Personal Care Co	Ingredion Inc.	Treehouse Foods Inc	
Energizer Holdings Inc	Post Holdings Inc	United Natural Foods, Inc.	

### Energy

Dril-Quip Inc	HollyFrontier Corp	QEP Resources	Southwestern Energy Company
Energen Corp	Nabors Industries Ltd	Rowan Companies Plc	Superior Energy Services Inc
Gulfport Energy Corp	Oceaneering Intl Inc	SM Energy Co	WPX Energy Inc

### Financials

Alleghany Corp	Eaton Vance Corp	Old Republic Intl Corp	SVB Financial Group
Aspen Insurance Holdings Ltd	FactSet Research Systems, Inc.	Pacwest Bancorp	Synovus Financial Corp
Associated Banc-Corp	Federated Investors Inc	Pinnacle Financial Partners	TCF Financial Corp
Chemical Financial Corporation	First American Financial	Primerica, Inc.	Trustmark Corp
Brown & Brown Inc	Hancock Holding Co	Prosperity Bancshares Inc	Webster Financial Corp
CNO Financial Group, Inc.	Hanover Insurance Group, Inc.	Reinsurance Group Of America	WR Berkley Corp
Commerce Bancshares, Inc.	Marketaxess Holdings Inc	RenaissanceRe Holdings Ltd	
Cullen/Frost Bankers, Inc.	Mercury General Corp	SEI Investments Co	
East West Bancorp Inc	MSCI Inc.	SLM Corp	

### Health Care

Abiomed Inc	Charles River Laboratories Intl	MEDNAX Inc	Teleflex, Inc.
Acadia Healthcare Company, Inc.	Halyard Health Inc	NuVasive, Inc.	West Pharmaceutical Services
Allscripts Healthcare Solutions Inc	Hill-Rom Holdings Inc	Owens & Minor, Inc.	
Bio-Techne Corp	LifePoint Health Inc	Steris Plc	

### Industrials

Carlisle Cos Inc	Graco Inc	Lennox International Inc	Teledyne Technologies Inc
Curtiss-Wright Corp	Granite Construction Inc	Lincoln Electric Holdings	Timken Co
Deluxe Corp	Jetblue Airways Corp	MSA Safety Inc	Toro Co
EMCORE Corporation	KBR, Inc.	MSC Industrial Direct Co. Inc.	Trinity Industries Inc
Esterline Technologies Corp	Kirby Corp	Nordson Corporation	Valmont Industries
GATX Corp	KLX Inc	Old Dominion Freight Line	Wabtec Corp
Genesee & Wyoming Inc	Landstar System Inc	Orbital ATK, Inc.	Woodward, Inc.

### Information Technology

3D Systems Corp	DST Systems Inc	National Instruments Corp	Trimble Navigation Ltd
ACI Worldwide Inc	Fair Isaac Corp	NCR Corporation	Ultimate Software Group Inc
Arris International Plc	Integrated Device Technology Inc	Netscout Systems Inc	Verifone Systems Inc
Belden Inc	Interdigital Inc	Plantronics Inc	Viasat Inc
CDK Global Inc	Jack Henry & Associates Inc	PTC, Inc.	Vishay Intertechnology Inc
Ciena Corporation	Keysight Technologies Inc	Science Applications Intl Corp	Zebra Technologies Corp.
Cognex Corp	Knowles Corp	Synaptics Inc	
Cree Inc	Leidos Holdings, Inc.	Take-Two Interactive Software, Inc.	
Diebold Inc	Manhattan Associates Inc	Teradata Corporation	

### Materials

AptarGroup Inc	Commercial Metals Co	Royal Gold Inc	United States Steel Corp
Bemis Co Inc	Greif, Inc.	Sensient Technologies Corp	Worthington Industries, Inc
Cabot Corp.	Olin Corp	Silgan Holdings Inc	
Carpenter Technology Corp.	PolyOne Corporation	Sonoco Products Co	

### Real Estate

Alexander & Baldwin Inc	DCT Industrial Trust Inc	Highwoods Properties Inc	Life Storage Inc
American Campus Communities, Inc.	Douglas Emmett, Inc.	Jones Lang LaSalle Inc	National Retail Properties, Inc.
CoreCivic, Inc.	Education Realty Trust, Inc.	Lamar Advertising Co	Potlatch Corporation
Corporate Office Properties Trust	EPR Properties	Liberty Property Trust	Taubman Centers, Inc.

### Telecomm. Svcs.

Telephone And Data Systems

### Utilities

Aqua America Inc	MDU Resources Group Inc	PNM Resources Inc	
Atmos Energy Corporation	OGE Energy Corp	UGI Corp	
Hawaiian Electric Inds	ONE Gas Inc	Vectren Corp	

# APPENDIX A

## Small Cap Companies Studied

### Consumer Discretionary

American Public Education	Finish Line, The	Monro Muffler Brake, Inc	Shoe Carnival, Inc.
Boyd Gaming Corp	Five Below	Motorcar Parts of America, Inc.	Sleep Number Corp.
Caleres Inc	Francescas Holdings Corp	Movado Group Inc	Superior Industries Intl
Career Education Corp.	Gannett Co., Inc.	New Media Investment Group Inc	Universal Electronics Inc
Cato Corp	Genesco Inc	Nutrisystem, Inc.	Vera Bradley Inc
Children's Place Inc, The	Installed Building Products	Oxford Industries Inc	World Wrestling Entertainment, Inc.
Chuy's Holdings Inc	Kirkland's Inc	Perry Ellis International	
Dave & Buster's Entertainment, Inc.	Lithia Motors Inc	Red Robin Gourmet Burgers	

### Consumer Staples

Andersons Inc, The	Calavo Growers Inc	Medifast Inc	WD-40 Company
B&G Foods, Inc.	Inter Parfums, Inc.	Universal Corp	

### Energy

Carrizo Oil & Gas Inc	Green Plains Inc	Pioneer Energy Services Corp	Seacor Holdings Inc
ERA Group Inc	Helix Energy Solutions Group	Rex American Resources Corp	SRC Energy, Inc.

### Financials

American Equity Investment Life Holding	Encore Capital Group Inc	LegacyTexas Financial Group, Inc.	ServisFirst Bancshares, Inc.
Ameris Bancorp	Financial Engines Inc	Northfield Bancorp Inc	Simmons First Natl Corp
Banner Corporation	First Midwest Bancorp Inc	Northwest Bancshares Inc	Tompkins Financial Corp
Boff Holding, Inc.	Greenhill & Co Inc	Old National Bancorp	United Community Banks
Boston Private Finl Holding	HCI Group Inc	Piper Jaffray Cos	Universal Insurance Holdings
Central Pacific Financial Co	Horace Mann Educators	Provident Financial Services	Walker & Dunlop Inc
Community Bank System, Inc.	INTL FCSStone Inc	RLI Corp	
Dime Community Bancshares	Investment Technology Group	Selective Insurance Group	

### Health Care

Aceto Corp.	Corvel Corporation	HMS Holdings, Inc.	Meridian Bioscience Inc
Acorda Therapeutics Inc	Cross Country Healthcare Inc	ICU Medical Inc	Merit Medical Systems Inc
AMAG Pharmaceuticals, Inc.	Depomed Inc	Integer Holdings Corp	Nektar Therapeutics
Angiodynamics Inc	Emergent Biosolutions Inc	Lannett Company, Inc.	Omniceil Inc
Cambrex Corp	Ensign Group, Inc., The	LHC Group Inc	Quality Systems Inc
Chemed Corp	Haemonetics Corp	Magellan Health Inc	
Conmed Corp	Healthequity Inc	Medicines Company	

### Industrials

Aaon Inc	Exponent, Inc.	Mobile Mini Inc	Skywest Inc
Aerojet Rocketdyne Holdings	Federal Signal Corp	Moog Inc	SPX Corp
Aerovironment Inc	Forward Air Corp	Multi-Color Corp	Team, Inc
Azz Inc	Griffon Corp	MYR Group Inc	Trex Company Inc
Brady Corporation	Interface Inc	Orion Group Holdings Inc	TrueBlue Inc
Cubic Corp	Kaman Corp	Powell Industries Inc	Veritiv Corp
Echo Global Logistics Inc	Korn/Ferry International	Resources Connection Inc	
Esco Technologies Inc	Marten Transport Ltd	RR Donnelley & Sons Co	
Essendant Inc	Mercury Systems Inc	Saia Inc	

### Information Technology

8x8, Inc.	DHI Group Inc	MicroStrategy, Inc.	Rambus Inc
Adtran Inc	Diodes Incorporated	Netgear Inc	Rogers Corp
Advanced Energy Industries, Inc.	Electro Scientific Inds Inc	OSI Systems, Inc.	Semtech Corp
Agilysys Inc	Fabrinet	Park Electrochemical Corp	Stamps.Com Inc
Anixter International Inc	Harmonic Inc	Perficient Inc	Sykes Enterprises, Incorporated
Badger Meter Inc	Itron Inc	Plexus Corp	TTM Technologies, Inc.
Cray Inc	Kulicke & Soffa Industries	Power Integrations Inc	Virtusa Corporation
CTS Corp	Liquidity Services Inc	Progress Software Corporation	Xperi Corporation
Daktronics, Inc	Methode Electronics, Inc.	Quinstreet Inc	

### Materials

A Schulman Inc	Flotek Industries Inc	Olympic Steel Inc	Tredegar Corp
American Vanguard Corp	Materion Corporation	P. H. Glatfelter Co	US Concrete Inc
Balchem Corp	Myers Industries Inc	Rayonier Advanced Materials	

### Real Estate

Acadia Realty Trust	Cedar Realty Trust Inc	HFF Inc	Summit Hotel Properties Inc
Agree Realty Corp	Four Corners Property Trust, Inc.	Kite Realty Group Trust	
CBL & Associates Properties, Inc.	Government Properties Income	Retail Opportunity Investments Corp.	

### Telecomm. Svcs.

ATN International Inc	Cogent Communications Holdin	Iridium Communications Inc	
Cincinnati Bell Inc	Consolidated Communications		

### Utilities

American States Water Co	California Water Service Grp	Spire Inc	
Avista Corp	South Jersey Industries		

# APPENDIX B

2017 Director Compensation									
	Top 200			Mid Cap 200			Small Cap 200		
	25th %ile	Median	75th %ile	25th %ile	Median	75th %ile	25th %ile	Median	75th %ile
Revenues (\$ million)	\$18,887	<b>\$28,358</b>	\$54,110	\$1,253	<b>\$2,219</b>	\$3,850	\$420	<b>\$672</b>	\$1,282
<b>Board Fees</b>									
Cash Retainer*	\$90,000	<b>\$100,000</b>	\$120,000	\$60,000	<b>\$70,000</b>	\$80,000	\$45,000	<b>\$55,000</b>	\$67,000
Prevalence		99%			99%			98%	
Equity Retainer*	\$147,500	<b>\$170,000</b>	\$185,000	\$100,000	<b>\$125,000</b>	\$155,000	\$70,000	<b>\$100,000</b>	\$120,000
Prevalence		98%			95%			95%	
Meeting Fee*	\$1,500	<b>\$1,600</b>	\$2,000	\$1,500	<b>\$2,000</b>	\$2,125	\$1,500	<b>\$1,800</b>	\$2,500
Prevalence		15%			30%			28%	
<b>Committee Fees</b>									
Audit Committee									
Chair Retainer*	\$20,000	<b>\$25,000</b>	\$30,000	\$15,000	<b>\$20,000</b>	\$25,000	\$15,000	<b>\$20,000</b>	\$25,000
Prevalence		98%			97%			97%	
Member Retainer*	\$10,000	<b>\$12,500</b>	\$15,000	\$9,500	<b>\$10,000</b>	\$15,000	\$8,000	<b>\$10,000</b>	\$12,500
Prevalence		40%			50%			51%	
Meeting Fee*	\$1,500	<b>\$2,000</b>	\$2,000	\$1,000	<b>\$1,500</b>	\$2,000	\$1,000	<b>\$1,500</b>	\$1,500
Prevalence		20%			30%			28%	
Compensation Committee									
Chair Retainer*	\$20,000	<b>\$20,000</b>	\$25,000	\$12,500	<b>\$15,000</b>	\$20,000	\$10,000	<b>\$15,000</b>	\$17,500
Prevalence		96%			95%			93%	
Member Retainer*	\$10,000	<b>\$10,000</b>	\$15,000	\$6,250	<b>\$7,500</b>	\$10,000	\$6,000	<b>\$7,500</b>	\$10,000
Prevalence		26%			45%			46%	
Meeting Fee*	\$1,500	<b>\$2,000</b>	\$2,000	\$1,000	<b>\$1,500</b>	\$2,000	\$1,000	<b>\$1,500</b>	\$1,500
Prevalence		19%			30%			28%	
Nominating / Governance Committee									
Chair Retainer*	\$15,000	<b>\$15,000</b>	\$20,000	\$10,000	<b>\$10,000</b>	\$15,000	\$7,500	<b>\$10,000</b>	\$14,000
Prevalence		94%			87%			89%	
Member Retainer*	\$7,500	<b>\$10,000</b>	\$10,250	\$5,000	<b>\$6,000</b>	\$8,000	\$5,000	<b>\$5,000</b>	\$7,500
Prevalence		24%			41%			43%	
Meeting Fee*	\$1,500	<b>\$2,000</b>	\$2,000	\$1,000	<b>\$1,500</b>	\$2,000	\$1,000	<b>\$1,250</b>	\$1,500
Prevalence		19%			27%			27%	
<b>Total Compensation</b>									
Pro Forma Director	\$279,583	<b>\$300,000</b>	\$326,667	\$193,625	<b>\$227,417</b>	\$258,750	\$143,708	<b>\$178,018</b>	\$207,583
Cash / Equity		43% / 57%			45% / 55%			47% / 53%	
Audit Chair	\$280,000	<b>\$305,625</b>	\$330,000	\$197,500	<b>\$233,000</b>	\$262,895	\$148,563	<b>\$180,398</b>	\$212,750
Cash / Equity		45% / 55%			47% / 53%			50% / 50%	
Compensation Chair	\$280,000	<b>\$300,000</b>	\$326,250	\$192,500	<b>\$227,750</b>	\$260,000	\$142,938	<b>\$177,500</b>	\$206,188
Cash / Equity		44% / 56%			46% / 54%			48% / 52%	
Nom / Gov Chair	\$275,000	<b>\$297,750</b>	\$320,000	\$191,500	<b>\$221,750</b>	\$254,663	\$137,375	<b>\$173,180</b>	\$204,125
Cash / Equity		44% / 56%			45% / 55%			47% / 53%	
Non-Chair	\$260,000	<b>\$283,333</b>	\$303,250	\$183,333	<b>\$215,000</b>	\$245,083	\$134,083	<b>\$168,070</b>	\$195,083
Cash / Equity		41% / 59%			43% / 57%			46% / 54%	
* Represents median of non-zero values.									

## **How does your company compare?**

We welcome the opportunity to further discuss this study and provide additional pay level data that is specific to your industry and organization size.

Please contact us at [shp@shallpartners.com](mailto:shp@shallpartners.com) for more information.

## About Steven Hall & Partners

Steven Hall & Partners is an independent compensation consulting firm, specializing exclusively in the areas of executive compensation, board compensation, non-profit compensation and related governance issues. By focusing solely on this critical and complex segment of the human resources arena, we are able to provide our clients with the highest quality expertise and best counsel available on a practical basis. For more information, please visit [www.shallpartners.com](http://www.shallpartners.com) and follow us on Twitter at [@SHallPartners](https://twitter.com/SHallPartners).

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