

**2019**  
**DIRECTOR**  
**COMPENSATION**  
**STUDY**



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# INTRODUCTION

This represents Steven Hall & Partners' thirteenth 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 2018
- **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

- SH&P reviewed all 600 companies in the study for disclosed limits on director pay
- In 2018, director pay limits were disclosed by:
  - 59% of Top 200 companies
  - 41% of Mid Cap 200 companies
  - 50% of Small Cap 200 companies
- Among the director pay limits disclosed, the majority
  - Only limit the value of equity awards granted to an individual director in a given year
  - Disclose limits as a dollar value
- The majority of limits are within a range of 2x – 5x the limit type (equity, cash, total compensation)

## 2018 Director Compensation Snapshot

	Median Values		
	Top 200	Mid Cap 200	Small Cap 200
Pro Forma Director	\$309,333	\$236,167	\$188,550
<i>1-Year Growth</i>	+2.2%	+3.6%	+7.7%
<i>3-Year Growth*</i>	+7.9%	+10.2%	+14.5%
Audit Chair	\$315,000	\$240,875	\$192,500
<i>2018 vs. 2017</i>	+1.6%	+3.0%	+6.8%
Compensation Chair	\$308,329	\$235,000	\$188,750
<i>2018 vs. 2017</i>	+1.6%	+3.3%	+7.8%
Nom / Gov Chair	\$305,000	\$230,625	\$185,950
<i>2018 vs. 2017</i>	+1.7%	+4.1%	+7.9%
Non-Chair	\$290,000	\$222,704	\$178,500
<i>2018 vs. 2017</i>	+2.8%	+2.6%	+6.4%

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

# STUDY METHODOLOGY

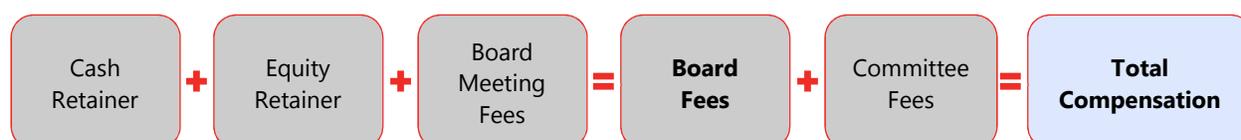
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## Determining Director Compensation

The non-employee director compensation data used in this study was derived from proxy statements filed between June 1, 2018 and May 31, 2019.

## 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 Fees:** 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.

# STUDY METHODOLOGY

## 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

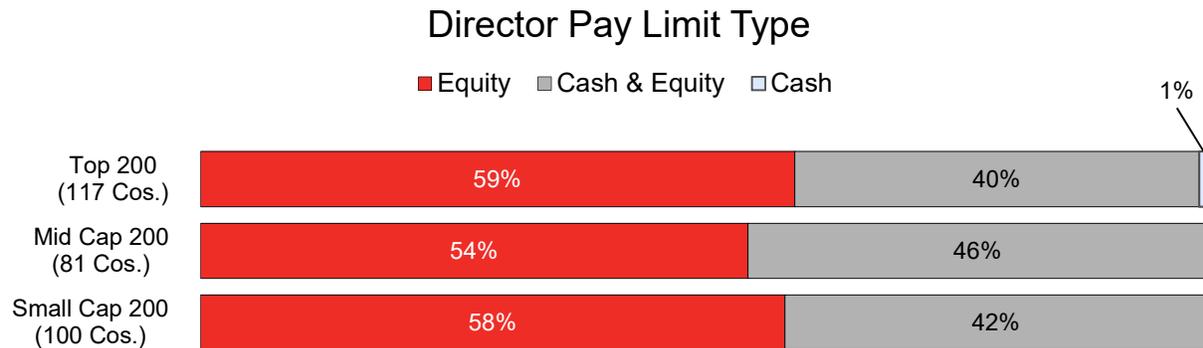
Due to litigation involving director compensation amounts, limits on director pay have increased in prevalence over the last few years.

In 2018, director pay limits were disclosed by:

- 59% of Top 200 companies
- 41% of Mid Cap 200 companies
- 50% of Small Cap 200 companies

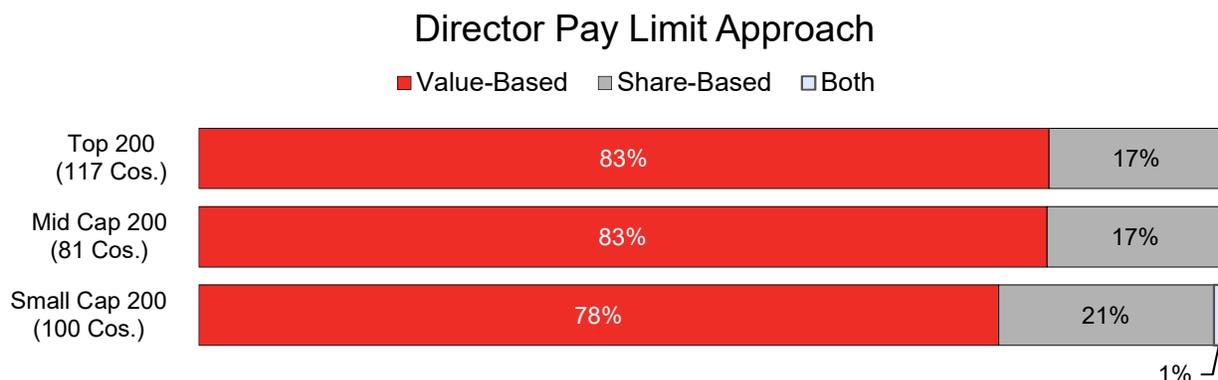
## Director Pay Limit Type

Among the companies that disclose a director pay limit, the majority only place a limit on the value of equity awards that are granted to a director in a given year. The remaining companies place a limit either solely on annual cash compensation or on the aggregate value of both cash and equity paid to a director in a given year.



## Director Pay Limit Approach

Pay limits are generally disclosed as either a dollar value, a number of shares or a combination of the two. The overwhelming majority of companies disclose pay limits for directors as a dollar value.

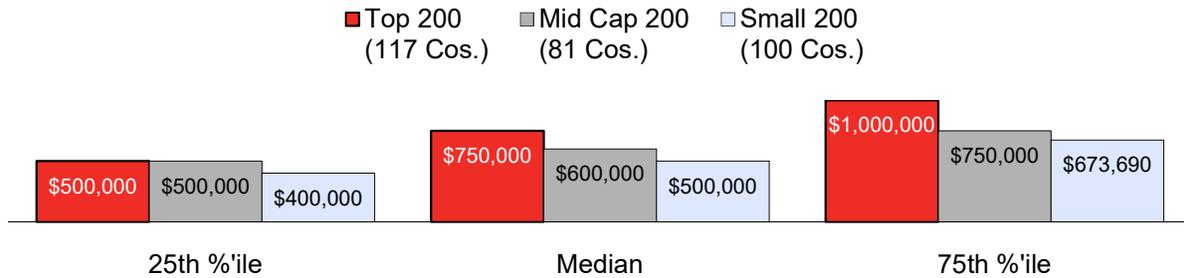


# DIRECTOR PAY LIMITS

## Director Pay Limit Values

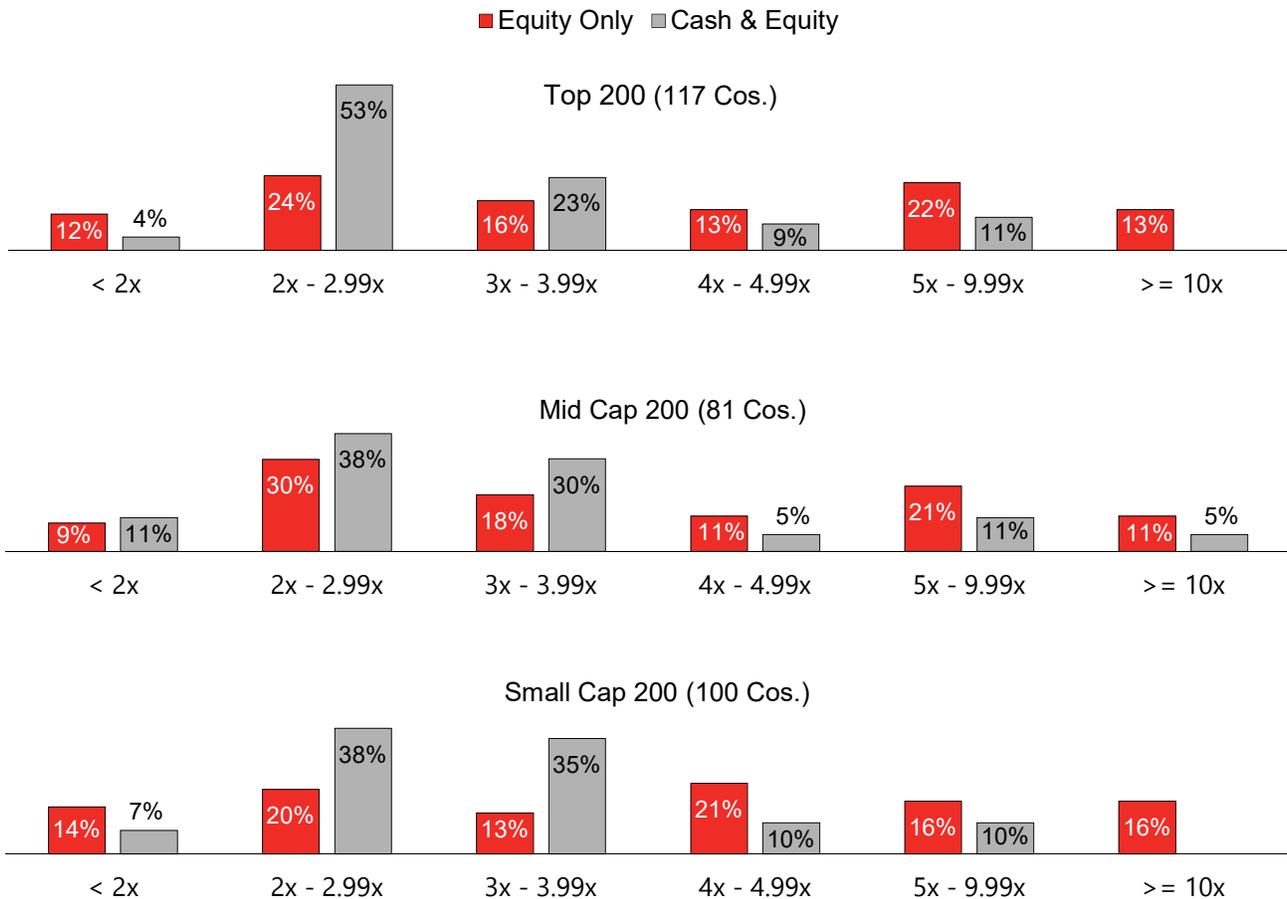
When calculated as a dollar value, director pay limits are generally correlated with company size.

### Director Pay Limit Dollar Value



However, calculating director pay limits as multiples of either the annual equity award or the sum of the annual cash and equity awards shows that, regardless of company size, the majority of limits are within a range of 2x – 5x the limit type.

### Director Pay Limits as a Multiple of Annual Equity Retainer or Annual Cash & Equity Retainers

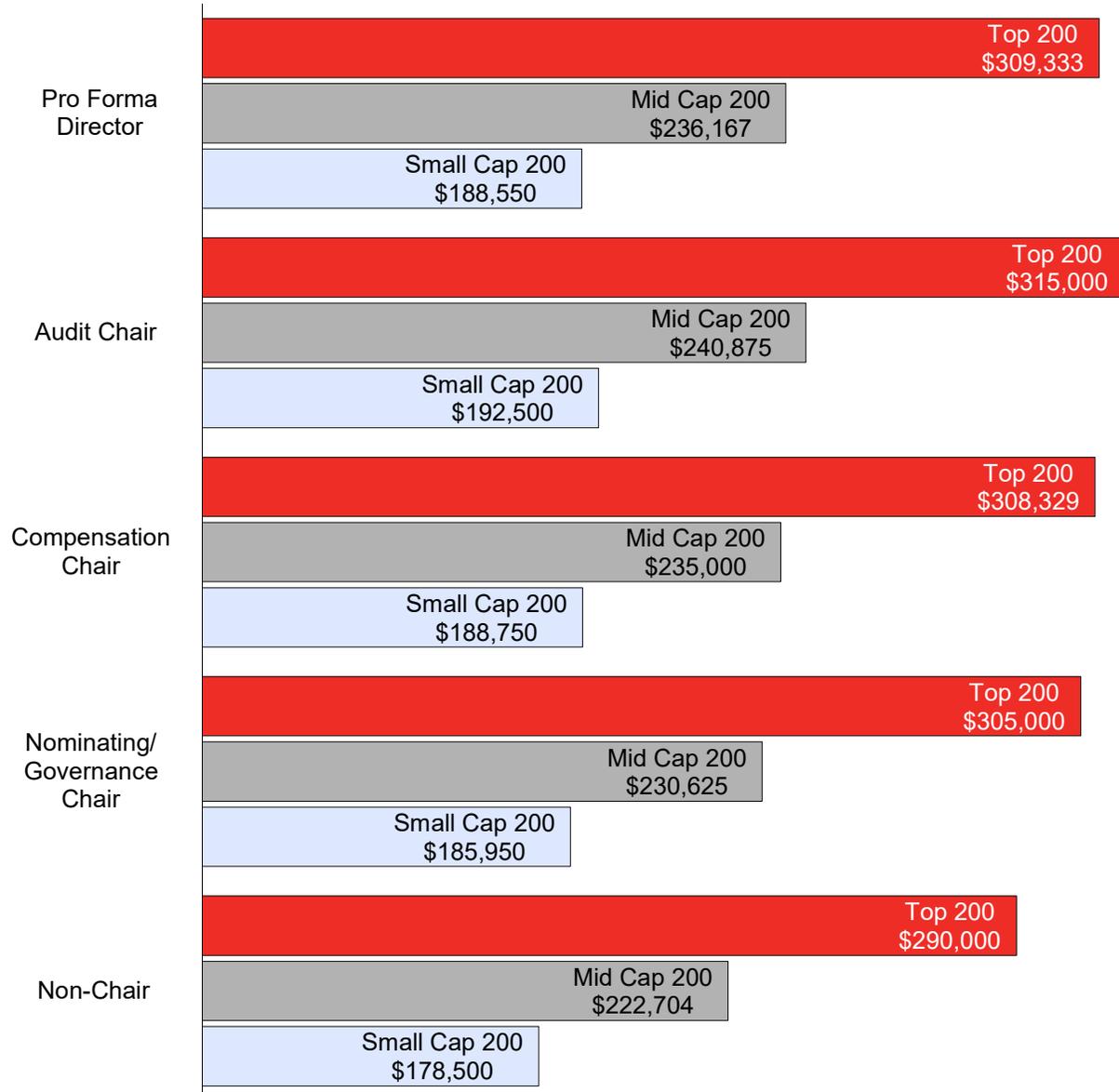


# TOTAL COMPENSATION

## Total Compensation – 2018 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 2018, median total compensation for the Pro Forma Director ranged from \$188,550 at Small Cap companies to \$309,333 at Top 200 companies.

### Median Total Compensation Values



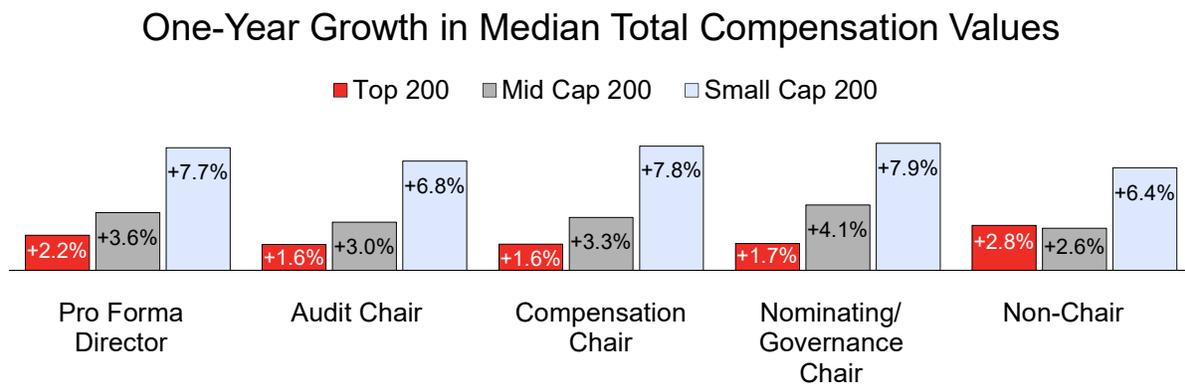
# TOTAL COMPENSATION

## Total Compensation – One Year Growth

One-year growth calculations only include companies that were a part of our study both this year and last year, which represents:

- 80% of Top 200 companies
- 88% of Mid Cap 200 companies
- 89% of Small Cap 200 companies

Year-over-year median total compensation growth for the five straw positions is displayed below:

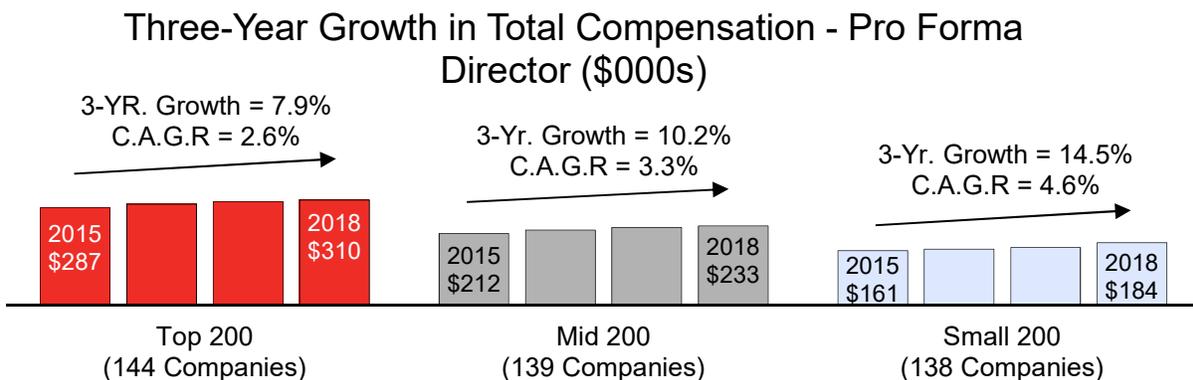


## Total Compensation – Three-Year Growth

Three-year growth calculations only include companies that were a part of our four most recent studies, which represents:

- 72% of Top 200 companies
- 70% of Mid Cap 200 companies
- 69% of Small Cap companies

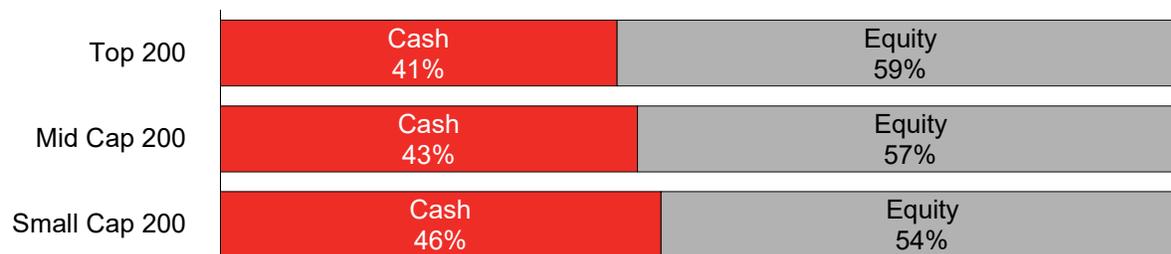
For the companies that were included in our last four studies, three-year total compensation growth for the Pro-Forma Director position in each of the three groups is displayed below:



## Cash versus Equity

Corporate governance best practices call for at least one-half of a director's total compensation to be paid in the form of equity. We find that the majority of companies reviewed exceed this standard. The average cash versus equity mix for each of the three groups is displayed below:

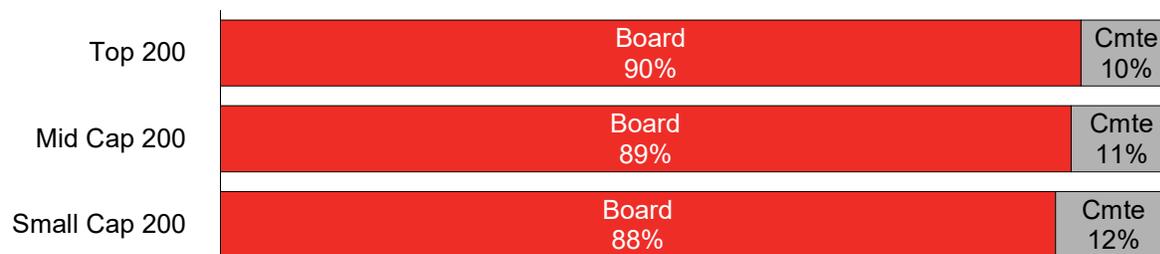
Pro Forma Director Pay Mix - Cash vs. Equity



## Board Fees versus Committee Fees

Board fees account for the majority total compensation for the Pro Forma Director in each of the three groups. The remaining amount is comprised of fees for committee service. The average board versus committee fee mix for each of the three groups is displayed below:

Pro Forma Director Pay Mix - Board vs. Committee Fees



# BOARD RETAINERS

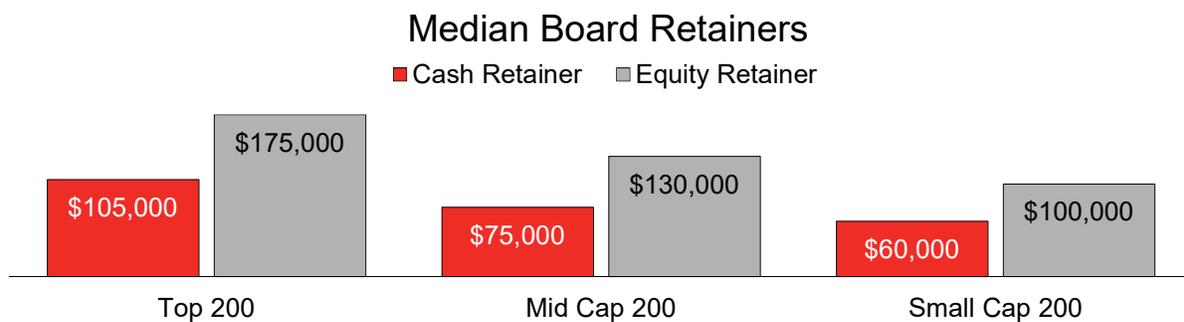
## Board Retainers

Payment of both cash and equity retainers are nearly universal among the companies reviewed. One company from the Top 200 does not provide its directors with any cash or equity retainer for their board service. All other companies contained in the study pay directors a cash retainer, an equity retainer or both cash and equity retainers for service on the board of directors.

### Board Retainer Prevalence

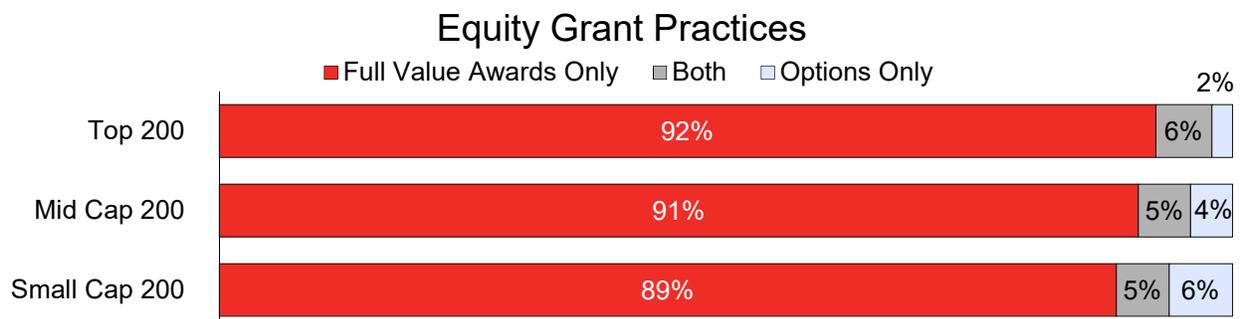
	Cash Retainer	Equity Retainer
Top 200	98%	99%
Mid Cap 200	99%	97%
Small Cap 200	99%	96%

The median values of cash and equity retainers paid to directors in 2018 are displayed below; these values represented slight increases over 2017 values.



## Equity Vehicles Granted

Among companies granting equity, the overwhelming majority grant full value equity awards, such as restricted or common stock. Stock option usage is more prevalent among Small Cap 200 companies than Mid Cap 200 or Top 200 companies.

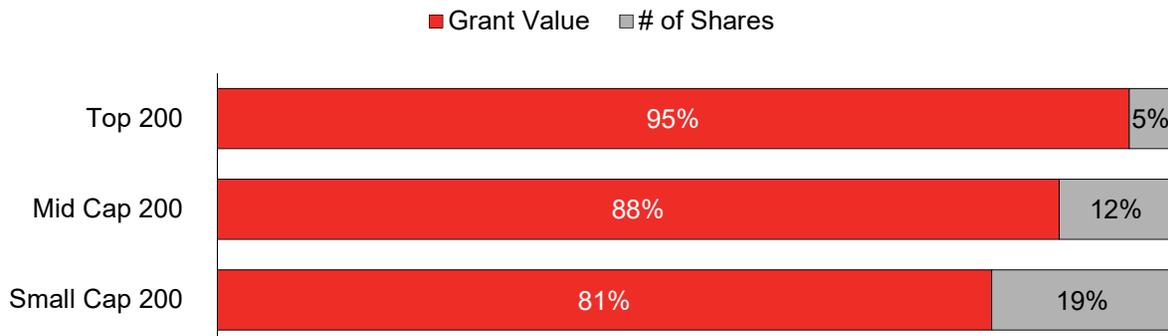


# BOARD RETAINERS

## 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. This practice controls the value of equity-based pay. 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

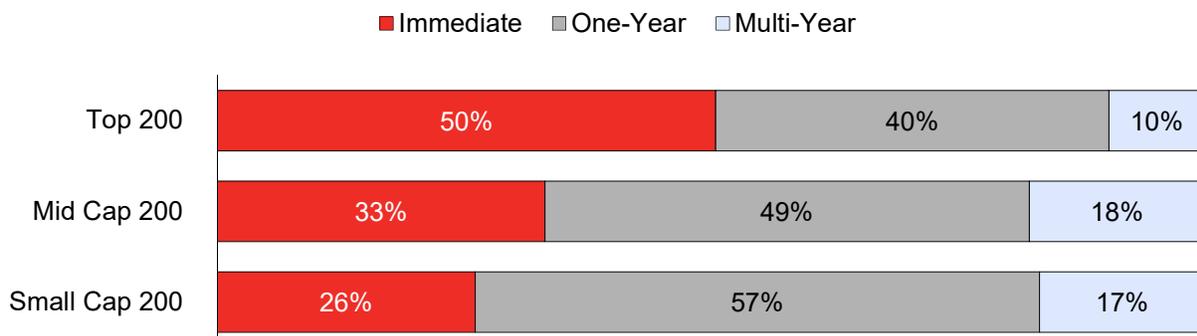


## Vesting

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. Directors received awards that vest either immediately or within one year of grant at:

- 90% of Top 200 companies
- 82% of Mid Cap 200 companies
- 83% of Small Cap 200 companies

### Equity Vesting Schedule Prevalence



# COMMITTEE FEES

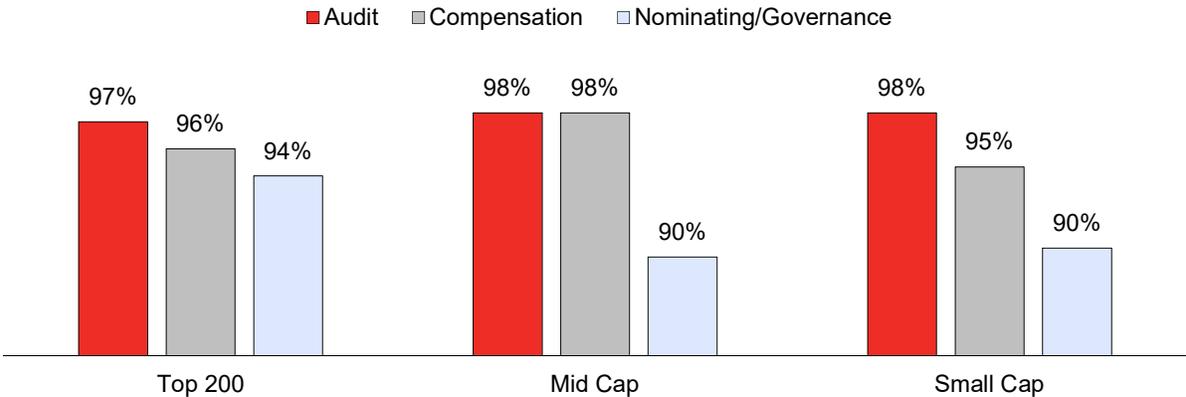
## Additional Committee Fees (Retainer + Meeting Fees)

Additional committee fees include annual chair and member retainers plus any fees received for attendance at committee meetings.

### Committee Chair Fee Prevalence

The overwhelming majority of committee chairs receive additional fees for their service.

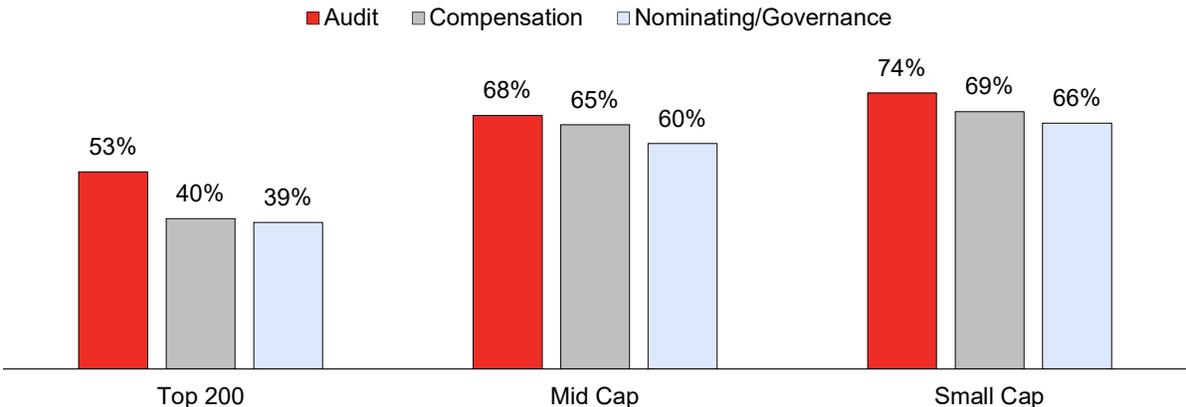
### Prevalence of Committee Chairs Receiving Additional Committee Fees



### Committee Member Fee Prevalence

Committee members are more likely to receive an additional fees at Mid and Small Cap companies compared to companies in the Top 200.

### Prevalence of Committee Members Receiving Additional Committee Fees

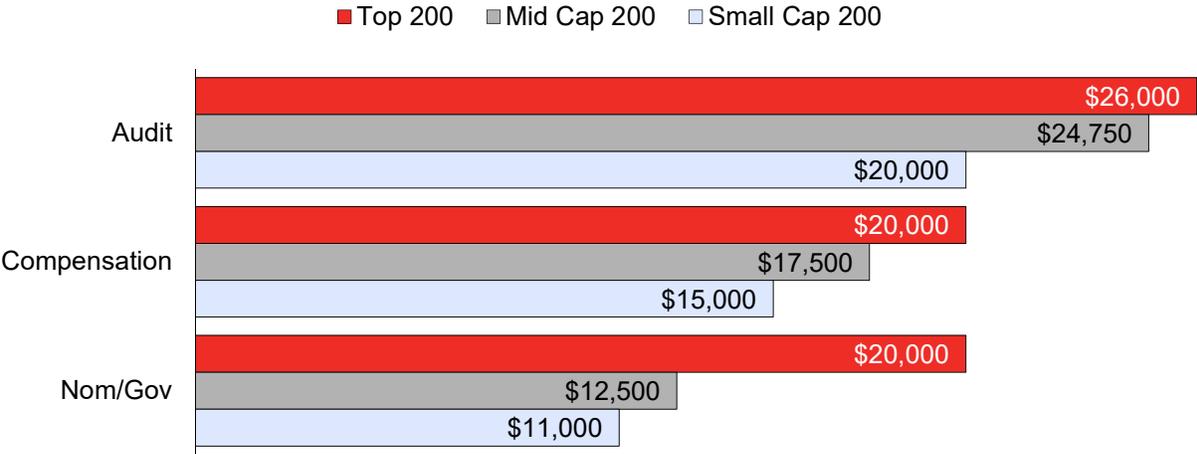


# COMMITTEE FEES

## Committee Chair Total Additional Fees

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

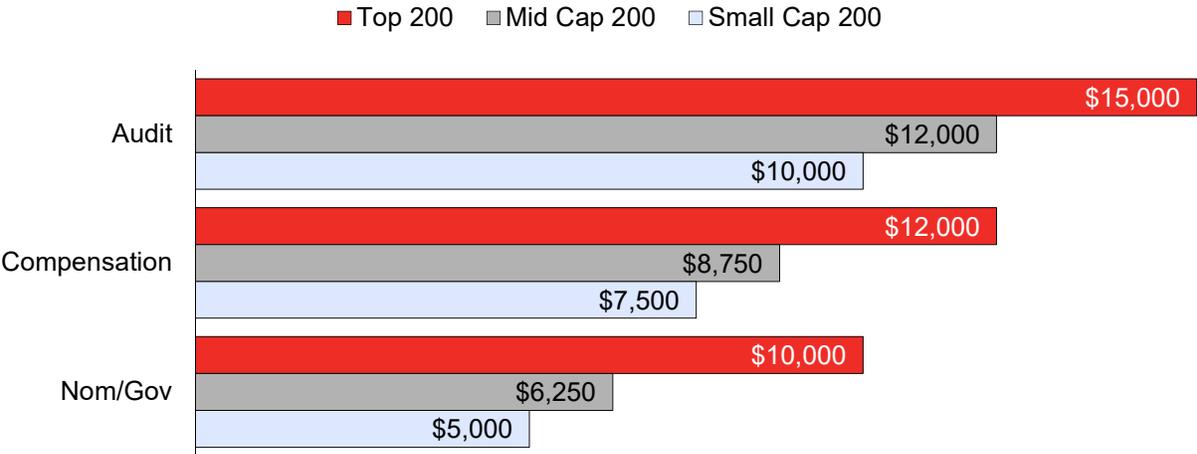
### Median Committee Chair Additional Fees



## Committee Member Total Additional 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



## Meeting Fees

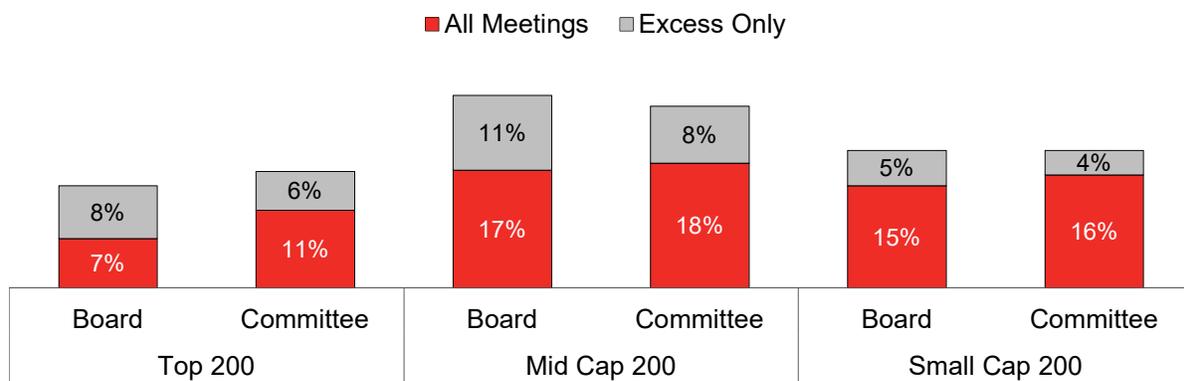
The majority of companies do not pay fees for attendance at board or committee meetings. Over the last ten years, these fees have been phased out as companies look to simplify director compensation programs by moving to retainer-only programs.

Among the companies reviewed, we note two methods of paying directors for meeting attendance:

- Directors receive fees for every meeting
- Directors receive fees for attendance at meetings in excess of a pre-determined number

Companies tend to use the second 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 two to twenty one meetings with eleven meetings being the most common.

### Meeting Fee Prevalence



The median meeting fees for attendance at board and committee meetings have remained consistent for the last several years.

### Median Per Meeting Fee \*



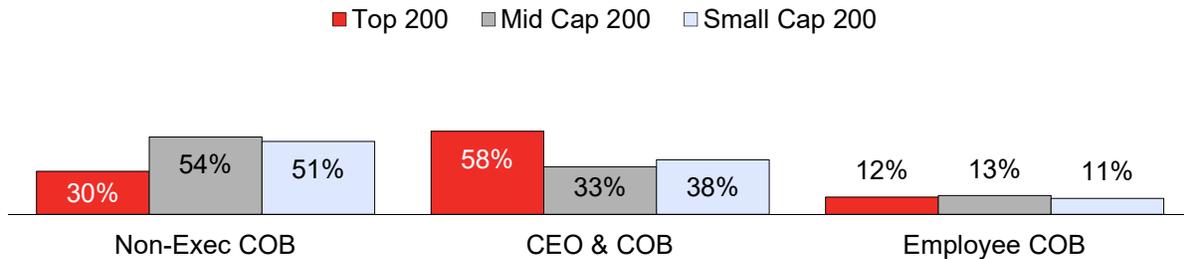
\* Represents fees for meetings attended in person.

# BOARD LEADERSHIP

## Non-Executive Chairperson

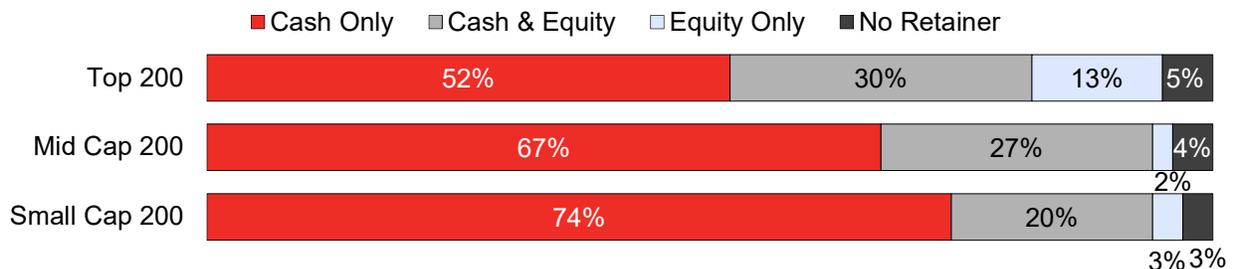
Small Cap and Mid Cap company boards are more likely to be led by a non-executive chair than Top 200 companies. The majority of Top 200 companies are led by a combined Chair and CEO position.

### Non-Executive COB Prevalence



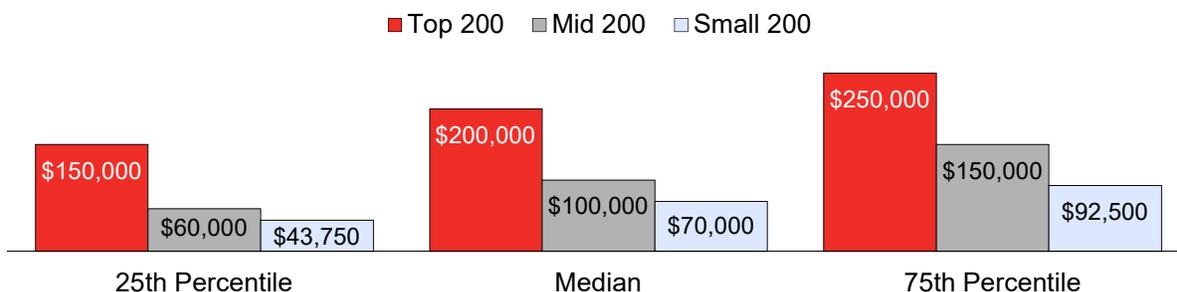
The majority of non-executive chairs are paid an additional fee for their service; more than 95% of chairs in each of the Top 200, Mid Cap and Small Cap groups are paid an additional retainer. The majority of additional retainers are paid solely in cash, but a sizable minority of companies award both 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 2018 ranged from \$70,000 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.

### Non-Executive COB Premium

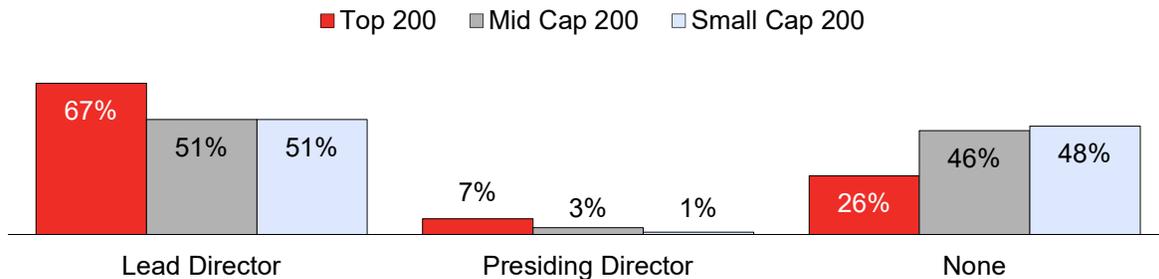


# BOARD LEADERSHIP

## Lead and Presiding Director

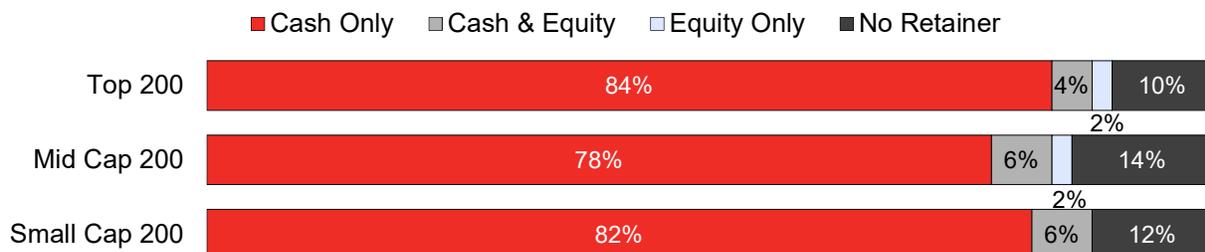
Companies without a non-executive chairperson generally have an independent lead or presiding director. Lead directors are significantly more prevalent than presiding directors.

### Lead/Presiding Director Prevalence



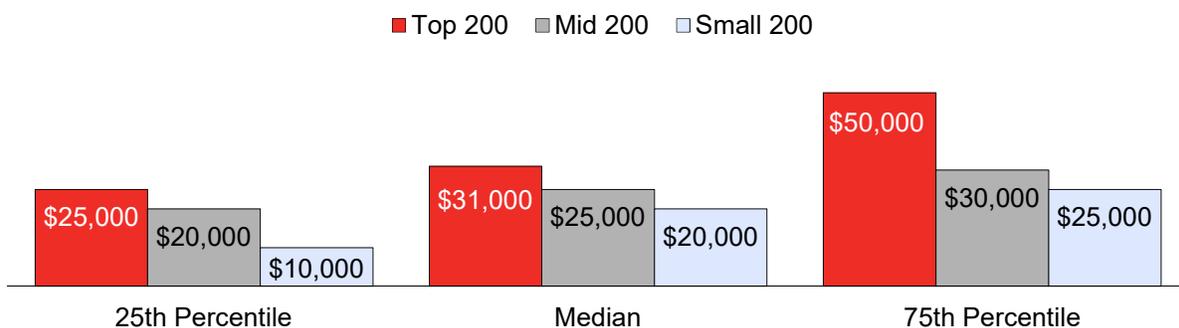
Most lead/presiding directors are paid an additional fee. The majority of these additional fees are paid in cash, with a small minority of companies awarding equity either as the sole component or in conjunction with the cash retainer.

### Lead/Presiding Director Retainer



At median, the additional compensation paid to lead/presiding directors in 2018 ranged from \$20,000 at Small Cap companies to \$31,000 at Top 200 companies.

### Lead/Presiding Director Premium



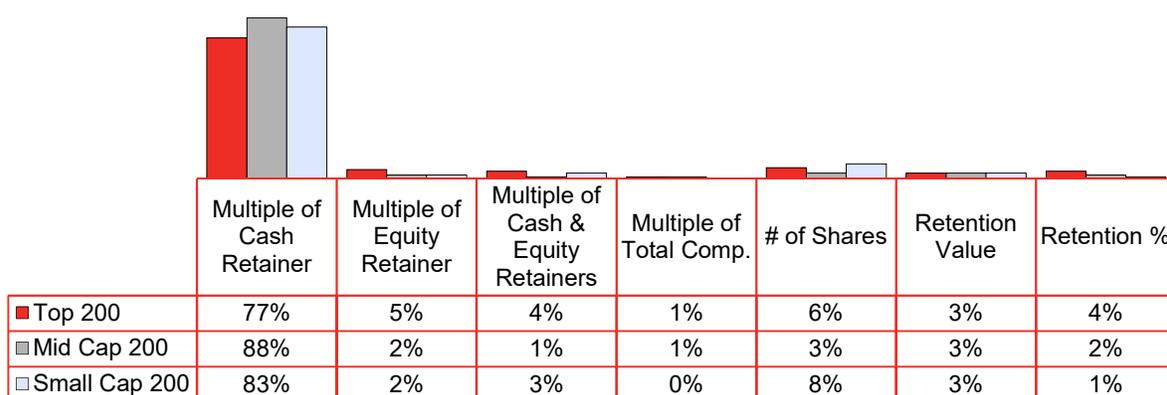
# SHARE OWNERSHIP AND RETENTION GUIDELINES

Ownership and stock retention guidelines have generally increased in prevalence over the last several years. Prevalence of ownership guidelines increased from 2017 levels for the Mid Cap 200 and Small Cap 200 companies, but remained even for Top 200 companies. Ownership guidelines were disclosed by:

- 97% of Top 200 companies
- 93% of Mid Cap companies
- 88% of Small Cap companies

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

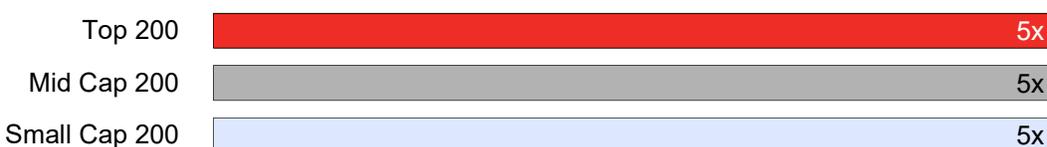


At median, the value of such guidelines (valued on December 31, 2018) equaled:

- \$550,000 at Top 200 companies
- \$350,000 at Mid Cap 200 companies
- \$250,000 at Small Cap 200 companies

Ownership guidelines were calculated as a multiple of annual board cash retainer for each company and the median ownership multiples for each group are displayed below:

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

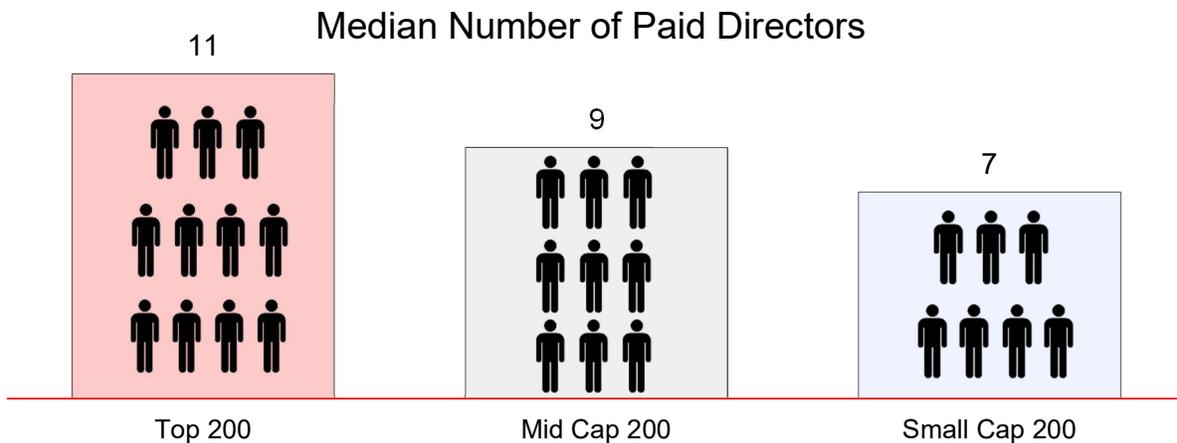


# TOTAL BOARD COMPENSATION

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.

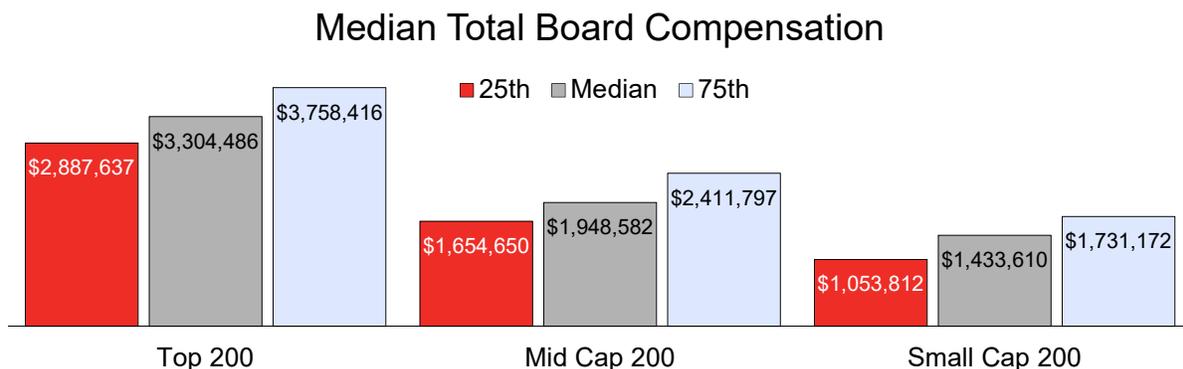


Median number of paid directors ranged from seven at Small Cap companies to eleven at Top 200 companies.



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 \$1.4 million among Small Cap companies to \$3.3 million among Top 200 companies.



## What to expect in 2020

- 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

### Communication Services

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

### Consumer Discretionary

Amazon.com, Inc.	Dish Network Corp	Lennar Corp	Ross Stores, Inc.,
Aptiv Plc	Dollar General Corp	Lowe's Cos Inc.	Starbucks Corp.
Best Buy Co Inc.	Dollar Tree Inc.	Macy's Inc.	Target Corp.
Booking Holdings, Inc.	Ford Motor Co.	Marriott International	Tesla, Inc.
CarMax Inc.	Gap Inc., The	McDonald's Corp	TJX Companies Inc.
Carnival Corp	General Motors Co.	Nike, Inc.	V. F. Corp
Charter Communications, Inc.	Genuine Parts Company	Nordstrom Inc.	Walt Disney Co, The
Comcast Corp.	Home Depot, Inc.	Omnicom Group	Whirlpool Corp
D. R. Horton, Inc.	Kohl's Corp	Quarate Retail, Inc.	

### Consumer Staples

Altria Group Inc.	Estee Launders Companies (The)	Mondelez International Inc.	Tyson Foods, Inc.
Archer-Daniels-Midland Co.	General Mills, Inc.	PepsiCo, Inc.	Walgreens Boots Alliance, Inc.
Coca-Cola Co, The	Kellogg Company	Philip Morris International	Wal-Mart Stores, Inc.
Colgate-Palmolive Co	Kimberly-Clark Corp	Procter & Gamble Co.	
Costco Wholesale Corp	Kroger Co.	SYSCO Corp	

### Energy

Baker Hughes	Exxon Mobil Corp.	Marathon Petroleum Corp.	Valero Energy Corp.
Chevron Corp.	Halliburton Co	Occidental Petroleum Corp	
ConocoPhillips	HollyFrontier Corp	Phillips 66	
EOG Resources, Inc.	Kinder Morgan, Inc.	Schlumberger Ltd.	

### Financials

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

### Health Care

Abbott Laboratories	Biogen, Inc.	Danaher Corporation	Medtronic Plc
AbbVie Inc.	Bristol-Myers Squibb Co	Eli Lilly & Co	Merck & Co. Inc.
Allergan Plc	Cardinal Health, Inc.	Gilead Sciences Inc.	Pfizer Inc.
AmerisourceBergen Corporation	Celgene Corp	HCA Holdings Inc.	Stryker Corp
Amgen Inc.	Centene Corp	Humana Inc.	Thermo Fisher Scientific Inc.
Anthem, Inc.	Cigna Corp	Johnson & Johnson	UnitedHealth Group, Inc.
Becton, Dickenson & Co.	CVS Health Corporation	McKesson Corp	Wellcare Health Plans Inc.

### Industrials

3M Co	Eaton Corp Plc	Jacobs Engineering Group, Inc.	Textron Inc.
American Airlines Group Inc.	Emerson Electric Co.	Johnson Controls Inc.	Union Pacific Corp
Arconic, Inc.	FedEx Corporation	Lockheed Martin Corp	United Continental Holdings
Boeing Co.	Fluor Corp	Northrop Grumman Corp	United Parcel Service, Inc.
C. H. Robinson Worldwide, Inc.	General Dynamics Corp	PACCAR Inc.	United Technologies Corp.
Caterpillar Inc.	General Electric Co.	Parker-Hannifin Corp	Waste Management, Inc.
Cummins Inc.	Honeywell International Inc.	Raytheon Company	
Deere & Company	Illinois Tool Works Inc.	Southwest Airlines Co	
Delta Air Lines Inc.	Ingersoll-Rand Plc	Stanley Black & Decker, Inc.	

### Information Technology

Accenture Plc	Cisco Systems, Inc.	Intel Corp	PayPal Holdings, Inc.
Alphabet Inc.	Cognizant Technology Solutions Corp.	International Business Machines Co.	Qualcomm Incorporated
Apple Inc.	DXC Technology Co.	MasterCard, Inc.	TE Connectivity Ltd
Applied Materials, Inc.	Facebook Inc.	Micron Technology, Inc.	Texas Instruments, Inc.
Automatic Data Processing, Inc.	Hewlett Packard Enterprise Co.	Microsoft Corp.	Visa Inc.
Broadcom Ltd	HP, Inc.	Oracle Corp.	Western Digital Corp.

### Materials

DowDuPont, Inc.	International Paper Co	PPG Industries Inc.
Ecolab, Inc.	Lyondellbasell Industries	Sherwin-Williams Co. (The)
Freeport-McMoRan Inc.	Nucor Corp	WestRock Co

### Real Estate

CBRE Group, Inc.
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### Utilities

American Electric Power	DTE Energy Co.	Exelon Corp	Southern Co, The
Dominion Energy, Inc.	Duke Energy Corp	NextEra Energy Inc.	

# APPENDIX A

## Mid Cap Companies Studied

### Communication Services

Telephone And Data Systems

### Consumer Discretionary

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

Apergy Corp	Nabors Industries Ltd	SM Energy Co	Transocean Ltd
Dril-Quip Inc.	Oceaneering Intl Inc.	Southwestern Energy Company	WPX Energy Inc.
Gulfport Energy Corp	QEP Resources	Superior Energy Services Inc.	

### Financials

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

### Health Care

Acadia Healthcare Company, Inc.	Encompass Health Corporation	Masimo Corp	Teleflex, Inc.
Allscripts Healthcare Solutions Inc.	Healthequity, Inc.	MEDNAX Inc.	West Pharmaceutical Services
Bio-Techne Corp	Hill-Rom Holdings Inc.	NuVasive, Inc.	
Charles River Laboratories Intl	LivaNova Plc	Steris Plc	

### Industrials

Carlisle Cos Inc.	Graco Inc.	Lennox International Inc.	Toro Co
Curtiss-Wright Corp	Granite Construction Inc.	Lincoln Electric Holdings	Trinity Industries Inc.
Deluxe Corp	Hubbell, Inc.	MSA Safety Inc.	Valmont Industries
EMCORE Corporation	ITT, Inc.	MSC Industrial Direct Co. Inc.	Wabtec Corp
Ensc0 Plc	JetBlue Airways Corp	Nordson Corporation	Woodward, Inc.
Esterline Technologies Corp	KBR, Inc.	Old Dominion Freight Line	
GATX Corp	Kirby Corp	Teledyne Technologies Inc.	
Genesee & Wyoming Inc.	Landstar System Inc.	Timken Co	

### Information Technology

ACI Worldwide Inc.	Fair Isaac Corp	Maximus, Inc.	Teradata Corporation
Aarris International Plc	Integrated Device Technology Inc.	National Instruments Corp	Trimble Navigation Ltd
Arrow Electronics, Inc.	Interdigital Inc.	NCR Corporation	Ultimate Software Group Inc.
Belden, Inc.	Jabil Circuit, Inc.	Netscout Systems Inc.	Viasat Inc.
CDK Global, Inc.	Jack Henry & Associates Inc.	Plantronics Inc.	Vishay Intertechnology Inc.
Ciena Corporation	Leidos Holdings, Inc.	PTC, Inc.	Zebra Technologies Corp.
Cognex Corp	Littlefuse, Inc.	Sabre Corp	
Coherent, Inc.	Lumentum Holdings, Inc.	Science Applications Intl Corp	
Cree Inc.	Manhattan Associates Inc.	Synaptics Inc.	

### 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.	Douglas Emmett, Inc.	Hospitality Properties Trust	Life Storage Inc.
American Campus Communities, Inc.	EPR Properties	Jones Lang LaSalle Inc.	National Retail Properties, Inc.
CoreCivic, Inc.	GEO Group, Inc.	Lamar Advertising Co	Potlatch Corporation
Corporate Office Properties Trust	Highwoods Properties Inc.	Liberty Property Trust	Taubman Centers, Inc.

### Utilities

Aqua America Inc.	MDU Resources Group Inc.	ONE Gas Inc.
Atmos Energy Corporation	Northwestern Corp	PNM Resources Inc.
Hawaiian Electric Industries, Inc.	OGE Energy Corp	UGI Corp

# APPENDIX A

## Small Cap Companies Studied

### Communication Services

ATN International Inc	Consolidated Communications	Iridium Communications Inc
Cogent Communications Holdin	E. W. Scripps Co.	Vonage Holdings Corp

### Consumer Discretionary

American Public Education	Dave & Buster's Entertainment, Inc.	Lithia Motors Inc	Red Robin Gourmet Burgers
Barnes & Noble Education, Inc.	Express, Inc.	Monarch Casino & Resort, Inc.	Shoe Carnival, Inc.
Caleres Inc	Francescas Holdings Corp	Monro Muffler Brake, Inc	Superior Industries Intl
Callaway Golf Co.	Gannett Co., Inc.	Motorcar Parts of America, Inc.	Universal Electronics Inc
Career Education Corp.	Genesco Inc	Movado Group Inc	Vera Bradley Inc
Cato Corp	Installed Building Products	New Media Investment Group Inc	
Children's Place Inc, The	Kirkland's Inc	Nutrisystem, Inc.	
Chuy's Holdings Inc	La-Z Boy, Inc.	Oxford Industries Inc	

### Consumer Staples

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

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

### Health Care

Acorda Therapeutics Inc	Corcept Therapeutics, Inc.	Integer Holdings Corp	Merit Medical Systems Inc
AMAG Pharmaceuticals, Inc.	Corvel Corporation	Lannett Company, Inc.	Nextgen Healthcare , Inc.
AMN Healthcare Services, Inc.	Cross Country Healthcare Inc	LHC Group Inc	Omniceil Inc
Angiodynamics Inc	Cryolife, Inc.	Magellan Health Inc	Spectrum Pharmaceuticals, Inc.
Biotelemetry, Inc.	Emergent Biosolutions Inc	Medicines Company	Varex Imaging Corp
Cambrex Corp	Ensign Group, Inc., The	Medpace Holdings, Inc.	
Conmed Corp	HMS Holdings, Inc.	Meridian Bioscience Inc	

### Industrials

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

### Information Technology

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

### Materials

American Vanguard Corp	Koppers Holdings, Inc.	Olympic Steel Inc	Tredegar Corp
Balchem Corp	Materion Corporation	P. H. Glatfelter Co	US Concrete Inc
H. B. Fuller Co.	Myers Industries Inc	Rayonier Advanced Materials	

### Real Estate

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

### Utilities

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

# APPENDIX B

2018 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)	\$17,263	<b>\$25,363</b>	\$57,362	\$1,395	<b>\$2,370</b>	\$4,119	\$454	<b>\$772</b>	\$1,365
<b>Board Fees</b>									
Cash Retainer*	\$90,000	<b>\$105,000</b>	\$125,000	\$60,000	<b>\$75,000</b>	\$90,000	\$45,000	<b>\$60,000</b>	\$70,000
<i>Prevalence</i>		98%			99%			99%	
Equity Retainer*	\$155,000	<b>\$175,000</b>	\$195,000	\$110,000	<b>\$130,000</b>	\$160,750	\$75,000	<b>\$100,000</b>	\$130,000
<i>Prevalence</i>		99%			97%			96%	
Meeting Fee*	\$1,500	<b>\$2,000</b>	\$2,000	\$1,500	<b>\$2,000</b>	\$2,500	\$1,500	<b>\$2,000</b>	\$2,500
<i>Prevalence</i>		15%			29%			20%	
<b>Committee Fees</b>									
Audit Committee									
Chair Retainer*	\$25,000	<b>\$25,000</b>	\$30,000	\$17,500	<b>\$20,000</b>	\$25,000	\$15,000	<b>\$20,000</b>	\$25,000
<i>Prevalence</i>		96%			97%			97%	
Member Retainer*	\$10,000	<b>\$15,000</b>	\$16,000	\$9,000	<b>\$11,000</b>	\$15,000	\$8,000	<b>\$10,000</b>	\$12,500
<i>Prevalence</i>		41%			51%			57%	
Meeting Fee*	\$1,500	<b>\$2,000</b>	\$2,000	\$1,000	<b>\$1,500</b>	\$2,000	\$1,000	<b>\$1,500</b>	\$1,650
<i>Prevalence</i>		17%			27%			20%	
Compensation Committee									
Chair Retainer*	\$20,000	<b>\$20,000</b>	\$25,000	\$15,000	<b>\$15,000</b>	\$20,000	\$10,000	<b>\$15,000</b>	\$20,000
<i>Prevalence</i>		95%			95%			93%	
Member Retainer*	\$10,000	<b>\$10,000</b>	\$15,000	\$7,000	<b>\$8,000</b>	\$10,000	\$6,000	<b>\$7,500</b>	\$10,000
<i>Prevalence</i>		26%			46%			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
<i>Prevalence</i>		17%			28%			20%	
Nominating / Governance Committee									
Chair Retainer*	\$15,000	<b>\$20,000</b>	\$20,000	\$10,000	<b>\$11,000</b>	\$15,000	\$10,000	<b>\$10,000</b>	\$15,000
<i>Prevalence</i>		93%			88%			88%	
Member Retainer*	\$8,000	<b>\$10,000</b>	\$12,500	\$5,000	<b>\$6,000</b>	\$8,000	\$5,000	<b>\$5,500</b>	\$7,500
<i>Prevalence</i>		25%			43%			48%	
Meeting Fee*	\$1,500	<b>\$2,000</b>	\$2,000	\$1,000	<b>\$1,500</b>	\$2,000	\$1,000	<b>\$1,375</b>	\$1,500
<i>Prevalence</i>		17%			24%			19%	
<b>Total Compensation</b>									
Pro Forma Director	\$288,583	<b>\$309,333</b>	\$332,833	\$208,542	<b>\$236,167</b>	\$267,000	\$149,366	<b>\$188,550</b>	\$220,000
<i>Cash / Equity</i>		41% / 59%			43% / 57%			46% / 54%	
Audit Chair	\$290,938	<b>\$315,000</b>	\$335,000	\$213,250	<b>\$240,875</b>	\$273,125	\$154,688	<b>\$192,500</b>	\$225,911
<i>Cash / Equity</i>		44% / 56%			46% / 54%			48% / 52%	
Compensation Chair	\$289,375	<b>\$308,329</b>	\$333,188	\$210,000	<b>\$235,000</b>	\$267,500	\$147,500	<b>\$188,750</b>	\$220,000
<i>Cash / Equity</i>		43% / 57%			45% / 55%			47% / 53%	
Nom / Gov Chair	\$285,000	<b>\$305,000</b>	\$328,500	\$205,000	<b>\$230,625</b>	\$262,500	\$146,556	<b>\$185,950</b>	\$217,000
<i>Cash / Equity</i>		42% / 58%			44% / 56%			46% / 54%	
Non-Chair	\$271,667	<b>\$290,000</b>	\$315,000	\$195,000	<b>\$222,704</b>	\$254,250	\$140,000	<b>\$178,500</b>	\$206,583
<i>Cash / Equity</i>		40% / 60%			42% / 58%			44% / 56%	

\* 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

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