November 2018

2018 Top 250 Report

FW COOK

2018 TOP 250 REPORT

Table of Contents

EXECUTIVE SUMMARY

The prevailing desire among companies to use incentive pay to drive performance continues to have a dominant influence over the long-term incentive design landscape, along with external factors such as proxy advisors and shareholder views of “best practice” incentive design. Long-term incentive practices reflect a continuation of trends observed over the past several years, with nearly universal use of performance awards among the largest 250 companies in 2018. As proxy advisors and shareholders place increased scrutiny on incentive design and a greater emphasis on performance-based pay, companies no longer grapple with the question of whether to grant performance awards, but rather how to design such plans.

The use of stock options continues to decline, balanced by increases in restricted stock and performance award prevalence. For the third consecutive year, stock options are outnumbered by restricted stock grants among the Top 250 companies (57% versus 69%). Additionally, while the prevalence of total shareholder return (“TSR”) as a long-term incentive plan metric continues to creep upward, an increasing number of companies are using TSR in combination with a financial metric to more directly link pay to drivers of long-term shareholder value.

This 46th annual FW Cook Top 250 Report details the long-term incentive practices and trends of the 250 largest companies in the Standard & Poor’s (“S&P”) 500. Notable trends and key findings from this year’s study include the following:

- Companies continue to employ a portfolio strategy for long-term incentives to balance the advantages and drawbacks of each vehicle type, with 90% of the Top 250 companies using two or more grant types.
- Long-term incentive mix continues to be strongly oriented towards performance plans with performance awards representing 55% of total long-term incentives.
- Ninety-four percent of Top 250 companies grant performance awards, with 60% utilizing two or more performance metrics and 91% using a three-year performance period.
- TSR increased in prevalence – now used by 62% of companies vs. 39% of companies in 2010 and 58% in 2018 – and remains the most prevalent performance metric among the Top 250 companies, with almost every company measuring it on a relative basis.
- Financial metrics complement relative TSR at 78% of companies that use relative TSR as a performance metric

Prevalence of Long-term Incentive Grant Types

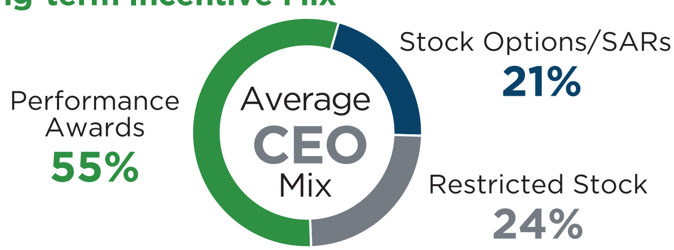
Performance Awards **94%**

Restricted Stock **69%**

Stock Options **57%**

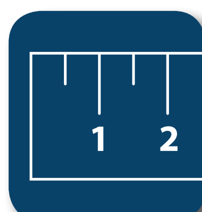
94% **of Top 250 companies use performance awards; stock option use declined and continues to trail restricted stock use**

Long-term Incentive Mix



55% of CEO long-term incentives delivered in Performance Awards (compared to 56% in 2017)

Long-term Incentive Metrics



62% of companies with performance plans use TSR as a performance metric; 91% of TSR usage is on a relative basis, with another 8% on both a relative and absolute basis.

52% of companies with performance plans use a profit metric and 43% use a capital efficiency metric

FW COOK

INTRODUCTION

Overview and Background

Since 1973, FW Cook has published annual reports on long-term incentive grant practices for executives. This report, our 46th edition, presents information on long-term incentives granted to executives at the 250 largest U.S. companies in the S&P 500 Index. This survey is intended to provide information to assist boards of directors and compensation professionals in designing and implementing effective long-term incentive programs that promote long-term success for their companies.

Survey Scope

The report covers the following topics:

- Executive long-term incentive grant types, usage by industry, and number of grant types employed
- Grant type design features, including vesting schedules, stock option term, and stock option expected term
- Key performance plan characteristics, including performance periods, payout maximums, performance metrics, and measurement approaches
- CEO long-term incentive grant value mix

Top 250 Selection

The Top 250 companies, limited to those granting long-term incentives, are selected annually based on market capitalization (i.e., share price multiplied by total common shares outstanding as of March 31, 2018, as reported by S&P's Capital IQ). See the Appendix for a list of companies.

Volatility in the equity markets, corporate transactions, and the ebb and flow of corporate fortunes result in changes in market capitalization and, therefore, turnover in the survey sample. Of the Top 250 companies in 2018, 24 companies (10%) are new to this year's report. As such, trend data are influenced by changes in the survey sample from year-to-year as well as actual changes in grant practices.

INTRODUCTION

The table below profiles the industry sectors represented in the Top 250 in 2018, as defined by S&P's GICS. Health Care companies comprise the largest industry sector in 2018, with 40 companies (16%).

Industry Sector (# of companies) sorted by prevalence	Percent of Companies	Annual Sales ($B)	Market Cap. ($B)	Beta[1] 5-Yr. Average	TSR[2] 1-Year	TSR[2] 5-Year CAGR[3]
Health Care (40)	16%	$19.55	$49.66	0.93	15%	16%
Financials (38)	15%	$13.26	$40.46	1.25	13%	14%
Information Technology (33)	13%	$13.33	$52.42	1.15	30%	23%
Industrials (32)	13%	$23.29	$44.45	1.03	7%	17%
Consumer Discretionary (23)	9%	$22.25	$40.58	0.97	25%	15%
Consumer Staples (23)	9%	$25.90	$41.91	0.71	3%	9%
Energy (15)	6%	$20.62	$47.76	1.01	38%	6%
Utilities (14)	6%	$12.45	$29.01	0.16	2%	10%
Real Estate (12)	5%	$3.55	$30.88	0.43	11%	12%
Communication Services (10)	4%	$41.12	$153.40	1.04	9%	12%
Materials (10)	4%	$14.87	$29.70	1.17	12%	9%
Total Top 250 - Median		**$15.44**	**$42.25**	**0.98**	**13%**	**15%**

[1] Beta is a measure of the volatility of a security in comparison to the market as a whole

[2] TSR = Total Shareholder Return, a measure of stock price and dividend performance

[3] CAGR = Compounded Annual Growth Rate

INTRODUCTION

Source of Data

All information was obtained from public documents filed with the Securities and Exchange Commission ("SEC"), including proxy statements, 10-K and 8-K filings.

Definition of Usage

This report presents the most recently disclosed long-term incentive grant types in use at the Top 250 companies as of mid-2018. A grant type is considered to be in use at a company if grants have been made in the current year or prior year and there is no evidence the grant practice has been discontinued, or if the company indicates the grant type will be awarded prospectively.

Definition of Long-Term Incentive

To be considered a long-term incentive for purposes of this report, a grant must reward performance and/or continued service for a period of one year or more, and cannot be limited by both scope and frequency:

- A grant with limited scope is awarded to only one executive or a very small or select group of executives.
- A grant with limited frequency is an award that is not part of a company's typical grant practices. For example, a grant made as a hiring incentive, replacement of lost benefits upon hiring, or promotional award is not considered a long-term incentive for this report.
- A grant with limited scope but without limited frequency (e.g., annual grants of performance shares made only to the CEO) may be considered a long-term incentive, and vice versa (e.g., one-time grants made to all executives).

.

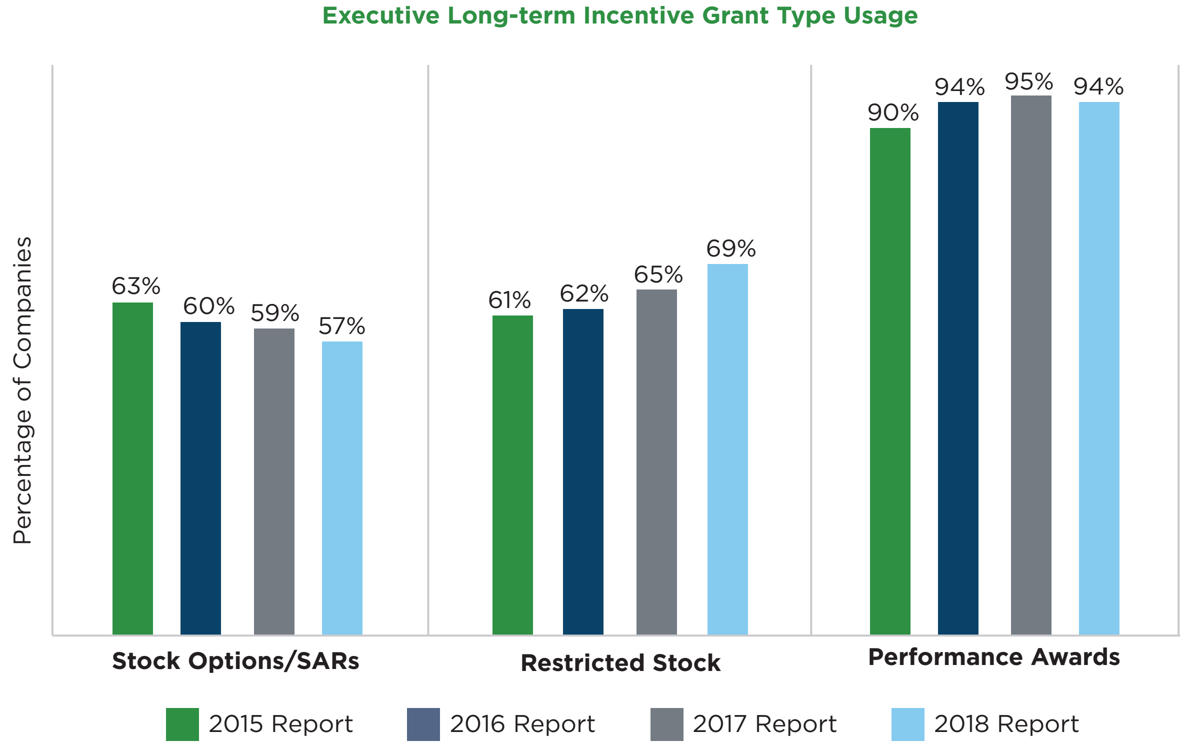
Additional References

Shareholders References to shareholder views were developed from a review of proxy voting guidelines published by large institutional investors.

Proxy Advisors References to proxy advisor views were developed from company-specific Say-on-Pay vote recommendations during the 2018 proxy season and direct conversations with, or a review of proxy voting guidelines published by, Institutional Shareholder Services ("ISS") and Glass Lewis.

EXECUTIVE LONG-TERM INCENTIVE GRANT TYPES AND USAGE

Summary of Grant Types in Use



Stock Options / Stock Appreciation Rights ("SARs") are derivative securities where stock price must appreciate for an executive to receive value. Stock options are rights to purchase company stock at a specified exercise price over a stated term; SARs are rights to receive at exercise the increase between the grant price and the market price of a share of stock.

Once considered the most shareholder-friendly vehicle due to their inherent alignment with shareholder interests, the use of stock options/SARs continues to wane and has been less prevalent than restricted stock for three consecutive years. As regulators and financial institutions become increasingly focused on risk, stock options and SARs are viewed less favorably due to their asymmetric risk profile (they offer only upside gain with no downside risk, only an opportunity cost if the stock price does not appreciate). Other factors influencing the decline of stock options include potential accounting inefficiencies and the views of the proxy advisory firms and certain institutional investors that time-vesting stock options are not "performance-based" – though it is worth noting that some institutional investors prefer the use of time-vesting stock to time-vesting full-value share awards for executives.

Restricted Stock includes actual shares or share units that are earned by continued employment, often referred to as time-based awards. The overall percentage of companies granting restricted stock to senior executives has gradually climbed over the past four years as stock option use has declined. Companies that disclose performance-vesting criteria solely to satisfy Internal Revenue Code ("IRC") Section 162(m) requirements are included as granting restricted stock.

Performance Awards consist of stock-denominated shares or share units (performance shares) and grants of cash or dollar-denominated units (performance units) earned based on performance against predetermined objectives over a defined period. Since 2010, performance awards rank as the most widely used grant type with 94% of the Top 250 granting performance shares, performance units, or a combination of both in 2018. The proliferation of this award type is due in large part to Say-on-Pay, as companies seek to demonstrate a direct relationship between pay and performance.

Of those companies using performance awards, 88% denominate the awards in stock, 5% denominate the awards in cash units, and 7% use a combination of both. Compared to 2017, these levels show a slight but immaterial shift toward the use of cash (the 2017 split was 90% stock, 3% cash, and 7% both).

EXECUTIVE LONG-TERM INCENTIVE GRANT TYPES AND USAGE

Grant Type Usage by Industry

Grant type usage is further examined by industry sector; notable observations include:

- At least 70% of companies in all sectors use performance awards, an affirmation that alignment of pay and performance transcends industry sector and applies to all companies.
- It is not surprising that in the Materials sector, buffeted by commodity price gyrations and among the highest stock price volatility of all sectors, stock options are more prevalent than restricted stock (60% versus 40% usage).
- Conversely, stock option prevalence is lowest among the Utilities, Real Estate and Financials sectors. The combination of low volatility and high dividend yields can discourage granting stock options.

Industry Sector (sorted by prevalence)	**Number of Companies**	**Stock Options/SARs**	**Restricted Stock**	**Performance Awards**
Health Care	40	80%	55%	93%
Financials	38	37%	68%	100%
Information Technology	33	55%	85%	88%
Industrials	32	72%	69%	100%
Consumer Discretionary	23	61%	65%	96%
Consumer Staples	23	74%	65%	91%
Utilities	14	29%	86%	100%
Energy	15	47%	93%	93%
Real Estate	12	17%	58%	92%
Materials	10	60%	40%	100%
Communication Services	10	50%	70%	70%
Top 250	**250**	**57%**	**69%**	**94%**

EXECUTIVE LONG-TERM INCENTIVE GRANT TYPES AND USAGE

Number of Long-term Incentive Grant Types in Use

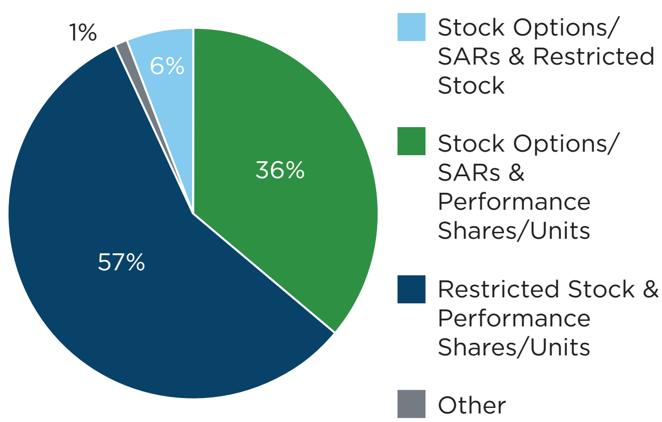
Most companies (90%) continue to employ a portfolio strategy, combining multiple grant types to balance objectives of rewarding stock price appreciation, promoting longer-term financial or strategic performance, and retaining executives.

The percent of Top 250 companies using one grant type decreased to 10% (from 12% in 2017). Of the 10% of companies that rely on a single grant type, 73% grant performance awards (either performance shares or performance units), 12% grant stock options, and 15% grant restricted stock.

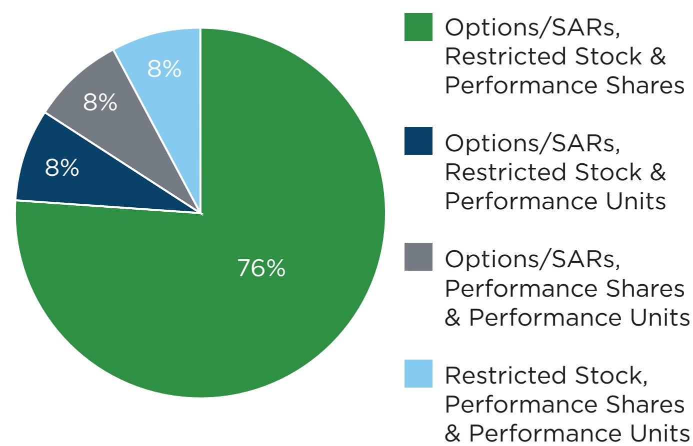
	Percent of Companies Using			
Number of Grant Types	**2015 Report**	**2016 Report**	**2017 Report**	**2018 Report**
1 Type	16%	12%	12%	10%
2 Types	50%	55%	51%	54%
3 Types	33%	32%	36%	35%
4 Types	2%	1%	1%	1%

Among companies using two grant types, the most common approach is to grant a mix of time-vesting and performance-vesting awards (93% prevalence). Just over half of companies (57%) grant a mix of restricted stock and performance awards (either performance shares or performance units), while 36% grant a mix of stock options/SARs and performance awards. Among companies using three grant types, the majority (84%) grant a mix of stock options/SARs, restricted stock, and performance awards (either performance shares or units). The remainder grant both performance shares and performance units, along with either stock options/SARs or restricted stock (split evenly at 8% prevalence).

Vehicle Mix Among Companies Using 2 Vehicles



Vehicle Mix Among Companies Using 3 Vehicles



EXECUTIVE LONG-TERM INCENTIVE GRANT TYPES AND USAGE

Looking at the number of grant types by industry sector, 67% or more of companies in all industry sectors use two or three grant types.

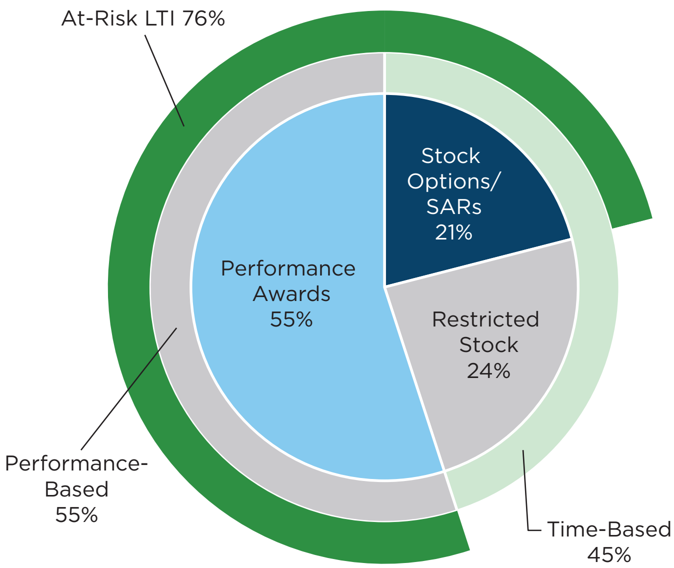
Industry Sector (# companies in each sector)	Grant Types by Sector 1 Type	2 Types	3 Types	4 Types
Health Care (40)	10%	50%	40%	0%
Financials (38)	13%	58%	29%	0%
Information Technology (33)	6%	61%	33%	0%
Industrials (32)	0%	44%	53%	3%
Consumer Discretionary (23)	4%	61%	35%	0%
Consumer Staples (23)	4%	48%	43%	4%
Utilities (14)	14%	57%	29%	0%
Energy (15)	13%	40%	47%	0%
Real Estate (12)	33%	67%	0%	0%
Communication Services (10)	30%	50%	20%	0%
Materials (10)	20%	60%	20%	0%

EXECUTIVE LONG-TERM INCENTIVE GRANT TYPES AND USAGE

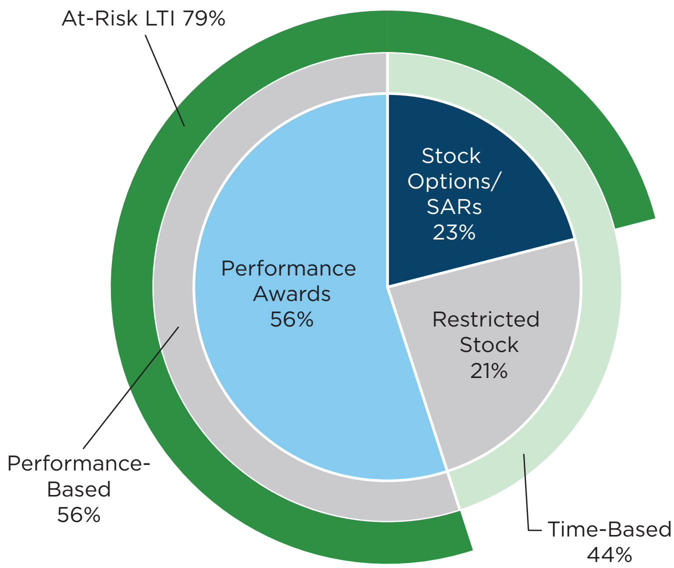
Long-term Incentive Value Mix

On average, performance awards comprised more than half (55%) of a Top 250 CEO's total long-term incentive value in 2018, a figure that has remained relatively flat for the last three years. The remaining value is about evenly split between stock options/SARs at 21% and restricted stock at 24%. As has been the case over the last few years, long-term incentive mix favors performance-based awards as companies continue to adhere to a pay-for-performance philosophy. The influence of proxy advisors and some shareholders who do not view stock options as "performance-based" is evidenced by the continued deemphasis on stock options as part of a CEO's total equity package. While the performance nature of stock options is hotly debated, many companies have conceded that stock options are an award that is "at-risk," but not performance-based per se.

Average Top 250 CEO (2018 Report)



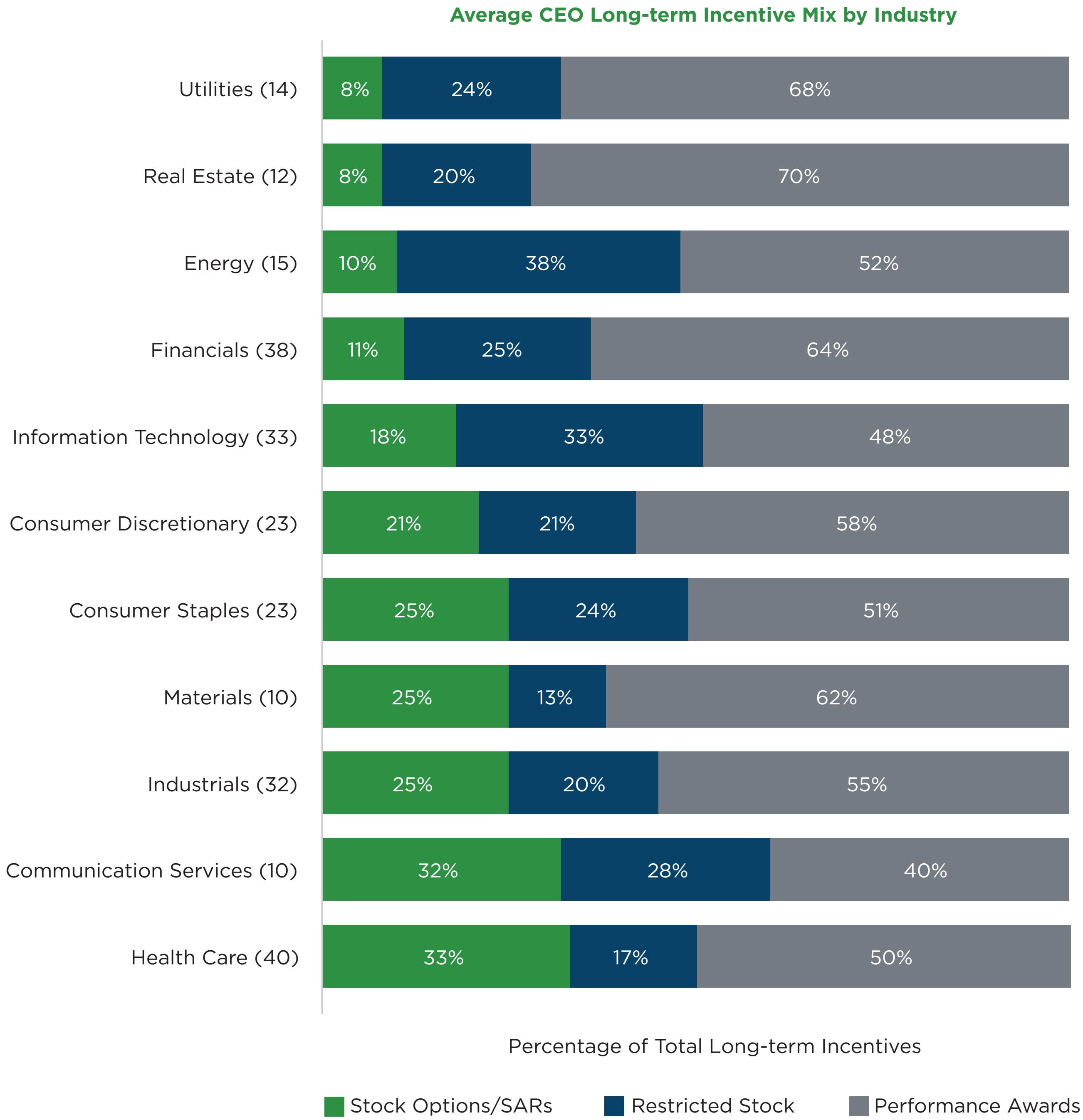
Average Top 250 CEO (2017 Report)



ISS does not endorse a specific grant mix (specifically, a minimum allocation to performance awards), but they do indicate a general preference for performance awards. While not a formal policy, ISS has criticized a CEO's long-term incentive mix for not being sufficiently performance-based if performance awards are less than 50% of total long-term incentive grant value or any reduction in performance-based allocation of total mix (e.g., reduction in performance-based awards from 75% of total long-term incentive mix to 60%).

EXECUTIVE LONG-TERM INCENTIVE GRANT TYPES AND USAGE

The exhibit below illustrates the average CEO long-term incentive mix by industry sector. The industry sectors are sorted by prevalence of stock option/SAR usage.



OTHER LONG-TERM INCENTIVE PRACTICES

Stock Option/SAR Full Term & Expected Term

The full term of a stock option or SAR is the period between the grant date and the expiration date. Typically measured in years, the most common term is ten years for Top 250 companies (87%), although 13% of companies report a shorter term. This practice was consistent across all industry sectors.

Option/SAR Full Term	Percent of Companies Using 2016 Report	2017 Report	2018 Report
10 years	88%	87%	87%
9 years	0%	0%	0%
8 years	1%	2%	2%
7 years	9%	9%	10%
6 years	2%	2%	1%

The Financial Accounting Standards Board ("FASB") requires companies to account for employee stock options based on their expected term as opposed to their full term under Accounting Standards Codification ("ASC") 718. The expected term of a stock option grant is the length of time the option is expected to be outstanding for a participant before it is exercised.

ISS values stock options based on the full term, creating a difference between a company's reported stock option value and ISS' calculated stock option value used in ISS' proprietary CEO Pay for Performance quantitative tests.

The most prevalent expected term used for companies granting stock options is between five and seven years.

Expected Term	# of Companies	Percent of Companies Using 2018 Report
Greater Than 8 Years	4	3%
Greater Than 7 Years to 8 Years	11	8%
Greater Than 6 Years to 7 Years	42	30%
Greater Than 5 Years to 6 Years	44	31%
Greater Than 3 Years to 5 Years	33	23%
Up to 3 Years	2	1%
Not Disclosed	6	4%

OTHER LONG-TERM INCENTIVE PRACTICES

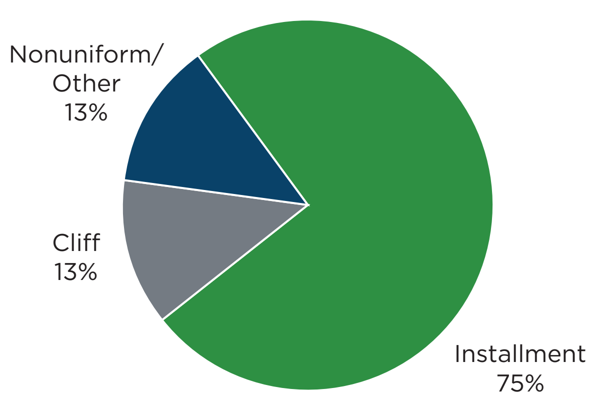
The majority of stock option awards granted have an expected term equal to approximately 55% to 65% of the actual contractual term of the stock option grant.

Expected Term As a % of Full Term	# of Companies	Percent of Companies Using 2018 Report
Greater than 80%	6	4%
Greater than 75% to 80%	4	3%
Greater than 70% to 75%	10	7%
Greater than 65% to 70%	18	13%
Greater than 60% to 65%	29	20%
Greater than 55% to 60%	28	20%
Greater than 50% to 55%	17	12%
Greater than 45% to 50%	13	9%
Up to 45%	10	7%
Not Disclosed	7	5%

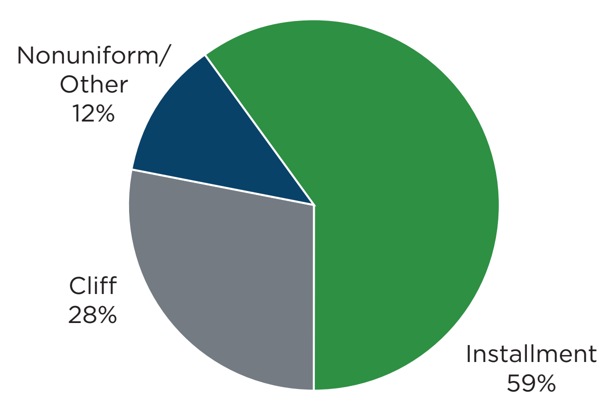
Vesting Schedules

Type of Vesting There are two basic approaches to vesting long-term incentives: uniform "installment" or ratable vesting over a given period, or "cliff" vesting (100% vest at the end of the period). A few companies use a third "nonuniform" approach (for example, one-third annually starting two years after grant). A majority of Top 250 companies utilize an installment vesting approach for stock options/SARs (74%) and restricted stock grants (59%). Restricted stock has been gravitating towards installment vesting and away from cliff vesting, which was previously more prevalent for this grant type. This trend is attributed, in part, to the increasing prevalence and weight of performance awards that cliff vest and to the replacement of stock options (which typically vest in installments) with restricted stock.

Stock Options/SARs



Restricted Stock

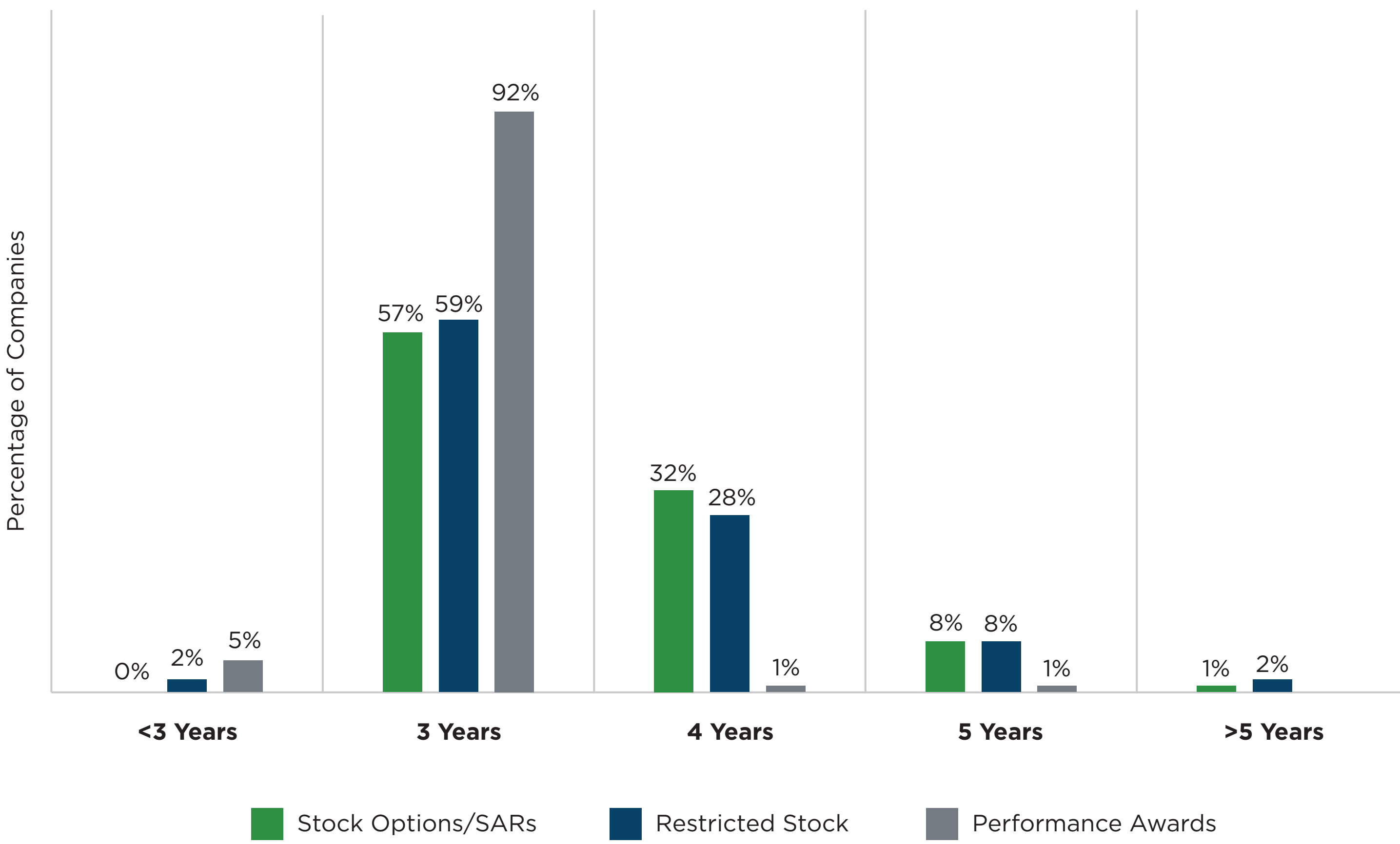


OTHER LONG-TERM INCENTIVE PRACTICES

Vesting Period The most common vesting period for all long-term incentive award types is three years. This corresponds with the minimum vesting period advocated by some large institutional investors, though other investors have since eliminated this policy to provide companies with greater flexibility. Vesting periods of less than three years are rare, as are periods of greater than five years. Time-based awards with short vesting periods provide less "retention glue," which is the intent behind such awards. For restricted stock, vesting periods of three years remain the most prevalent (59%); however, this is a decline from the prior couple of years (60% in 2017 and 65% in 2016) as more companies have moved to an extended vesting period of four years for restricted stock (28% in 2018 and 2017 vs. 24% in 2016).

ISS does not prescribe a minimum vesting period, but it is a consideration in the ISS QualityScore governance model and Equity Plan Scorecard. Similarly, Glass Lewis does not indicate a preferred minimum vesting period, but its policies suggest that stock grants should be subject to minimum vesting and/or holding periods sufficient to ensure sustainable performance and promote retention.

Vesting Period of Award Types



OTHER LONG-TERM INCENTIVE PRACTICES

Performance Metrics

Categories of Performance Measurement Consistent with prior years, TSR and profit-based measures are the most prevalent categories of long-term performance metrics at 62% and 52% of companies, respectively. Since demonstrating alignment between pay and performance is a common predictor for securing Say-on-Pay support, companies are rethinking how to measure performance and set goals (i.e., absolute goals measured against internal targets versus relative goals measured against external benchmarks).

TSR, specifically relative TSR, has remained the metric of choice under Say-on-Pay. For shareholders, there is an elegance to TSR in that it demonstrates the return relative to alternative investments. It is also the predominant definition of corporate performance used by ISS (although financial metrics were introduced to the Financial Performance Assessment portion of ISS' quantitative review in 2018), as well as the sole performance metric required by the SEC under its proposed rules for pay and performance disclosure under Dodd-Frank. Further, relative TSR can serve as a manageable solution to challenges with setting long-term financial/operating goals, particularly in uncertain economic environments.

Critics of TSR as an incentive measure believe that it does not drive performance, that market valuation can become disconnected from financial/operating performance, and that consistently high-performing companies may be disadvantaged when compared against poorer performing companies that exhibit a performance rebound during the measurement period. Perhaps due to the potential drawbacks of using TSR, 78% of Top 250 companies using TSR do so in combination with one or more additional metrics (up from 74% in 2017).

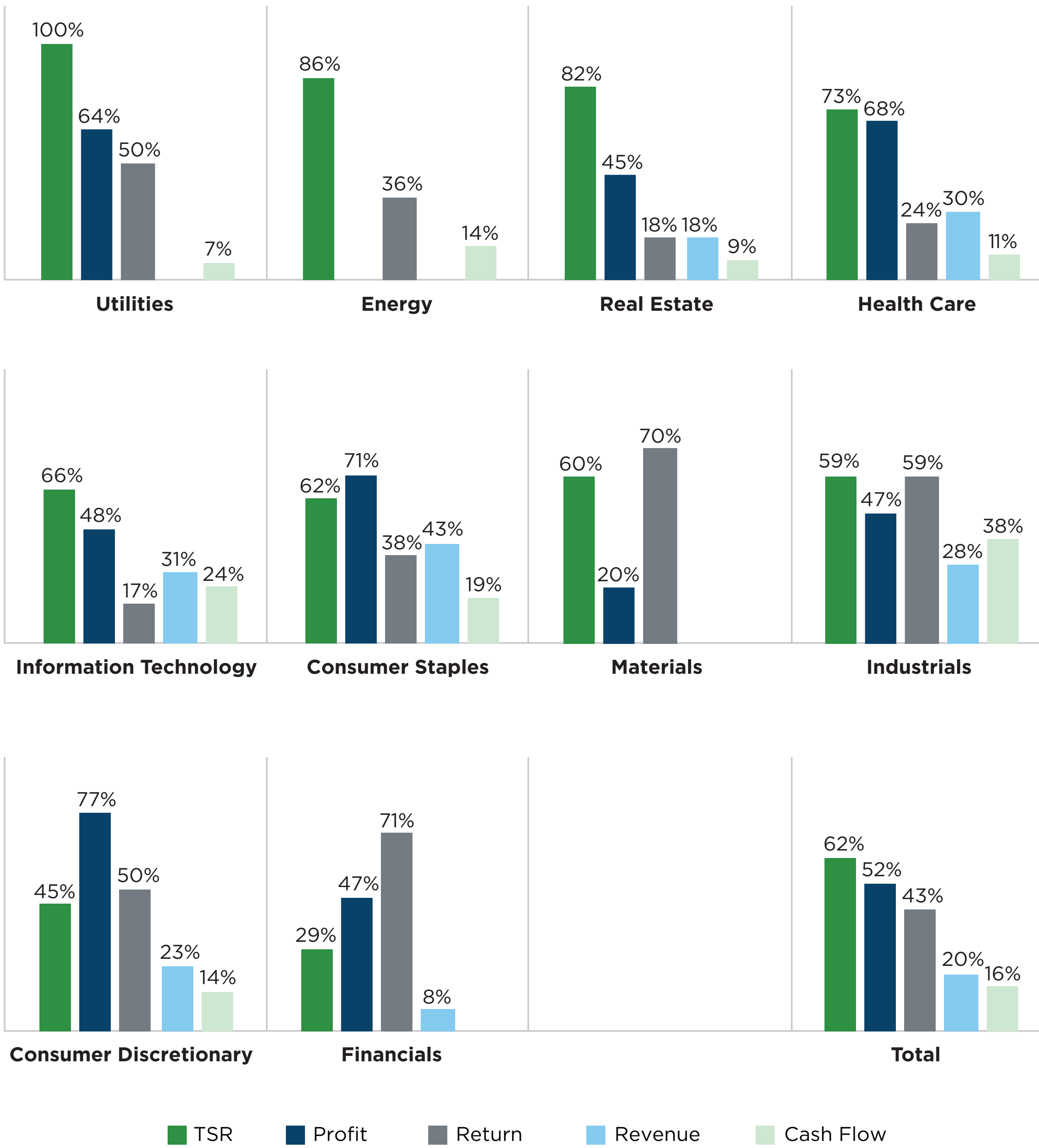
Performance Measure Categories

		Percent of Companies with Performance Awards Using			Performance Measurement Approach 2018 Report		
Category	**Performance Measures**	**2016**	**2017**	**2018**	**Absolute**	**Relative**	**Both**
Total Shareholder Return	Stock Price Appreciation Plus Dividends	56%	60%	**62%**	1%	91%	8%
Profit	EPS, Net Income EBIT, EBITDA Operating/Pretax Profit	49%	49%	**52%**	85%	12%	3%
Capital Efficiency	Return on Equity Return on Assets Return on Capital	40%	42%	**43%**	77%	14%	9%
Revenue	Revenue Organic Revenue	20%	19%	**20%**	85%	13%	2%
Cash Flow	Cash Flow Operating Cash Flow Free Cash Flow	13%	14%	**16%**	95%	5%	0%
Other	Safety, Quality Assurance New Business Individual Performance	14%	16%	**15%**	N/A	N/A	N/A

OTHER LONG-TERM INCENTIVE PRACTICES

Broken down by sector, Utilities, Energy, Real Estate, Health Care, and Information Technology companies tend to follow the general industry practice of favoring TSR followed by profit measures in their long-term incentive plans. On the other end of the spectrum, TSR is relatively uncommon among Financial sector companies. Instead, companies in the Financials sector rely more heavily on return measures (71%), as successful performance in that sector is often viewed as a product of deploying capital efficiently to generate returns.

Performance Metric Prevalence by Industry Sector



Note: Excludes Communication Services (sample of fewer than 10)

OTHER LONG-TERM INCENTIVE PRACTICES

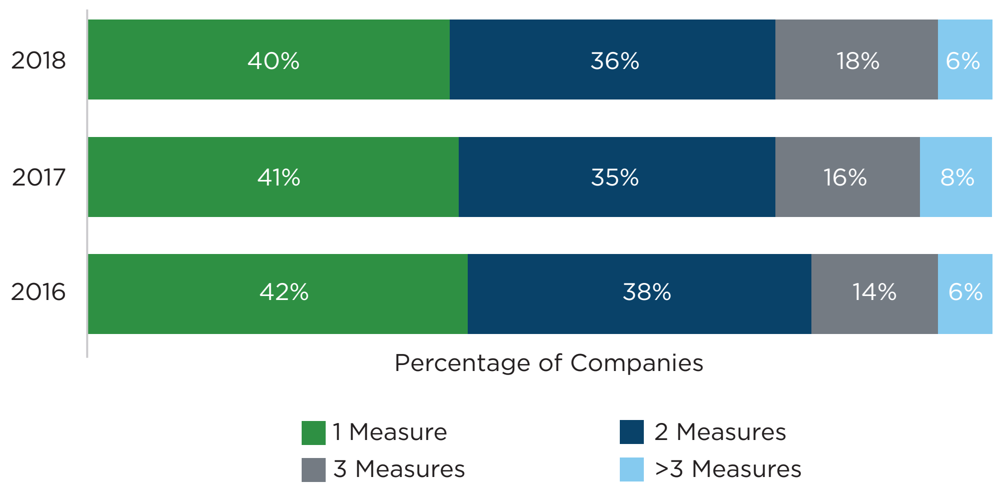
Measurement Approach There are two basic approaches for measuring performance: against an absolute (internal) goal and against a relative (external) benchmark. The relative approach is not readily applicable to all performance metrics as indicated by its low prevalence across performance categories. TSR is the only performance category where more than 14% of Top 250 companies use the relative approach. Market-based metrics, such as TSR, tend to be easier to compare across external benchmarks due to readily available information and consistent definitions.

External benchmark selection (e.g., compensation peer group, custom performance peer group, broad industry or market index) is a key consideration in developing relative performance goals. Proxy advisors, as well as some shareholders, question the appropriateness of comparisons against broad market indices (e.g., S&P 500) when a company has a sufficient number of industry competitors with similar operating characteristics.

Proxy advisors advocate for measuring performance on a relative basis. In fact, relative measurement of pay and TSR performance has been the cornerstone of ISS' CEO Pay for Performance test, and Glass Lewis routinely criticizes the sole use of absolute performance metrics as they may reflect economic factors or industry-wide trends beyond the control of executives.

Number of Measures A majority of Top 250 companies use two or more performance measures (60%), but 40% of companies use a single performance measure, representing the most prevalent category.

Number of Performance Measures



Glass Lewis discourages the use of a single performance measure, even if that metric is relative TSR. They argue that the use of multiple metrics provides a more complete picture of company performance and that a single metric may cause management to focus too much on a narrow range of performance. The risk of putting "all eggs in one basket" and the potential to overemphasize one metric at the expense of other business priorities are concerns shared by some shareholders.

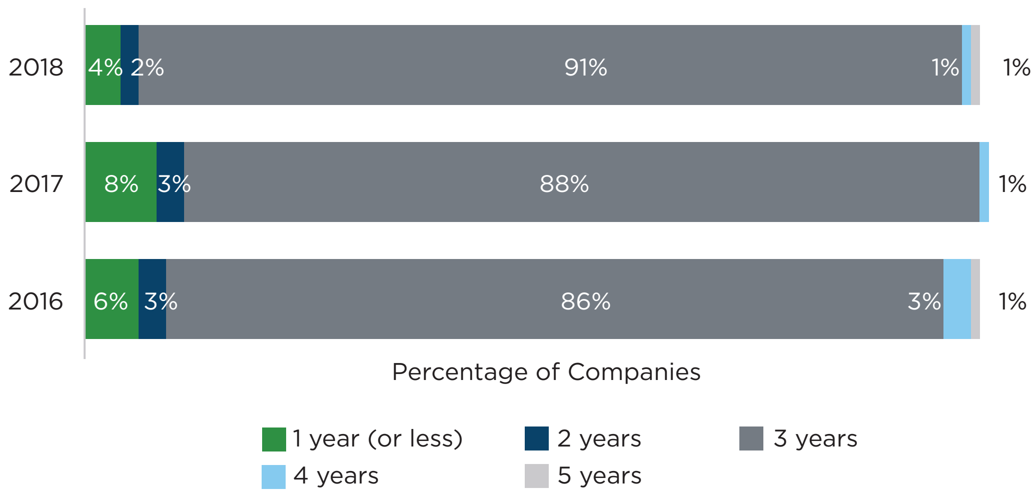
OTHER LONG-TERM INCENTIVE PRACTICES

Performance Measurement Period

Performance is measured over a period of three years in 91% of performance award programs, indicating that most performance periods run in tandem with the award's vesting period. This statistic includes companies that measure performance annually (i.e., reset targets each year over a three-year period). This practice of measuring performance annually is not widespread, in part because proxy advisors criticize it for failing to promote sustained long-term performance (i.e., it operates more like an annual incentive plan).

The three-year performance period balances the challenge inherent in setting long-term performance goals with best practice and external expectations of using multi-year performance periods. Many companies argue that it is challenging to set realistic long-term performance goals due to market volatility and uncertainty. Some shareholders dispute this argument, particularly when a company's peers demonstrate the ability to set cumulative three-year goals and shareholders themselves make investments based on company guidance regarding long-term performance expectations.

Performance Award Period



OTHER LONG-TERM INCENTIVE PRACTICES

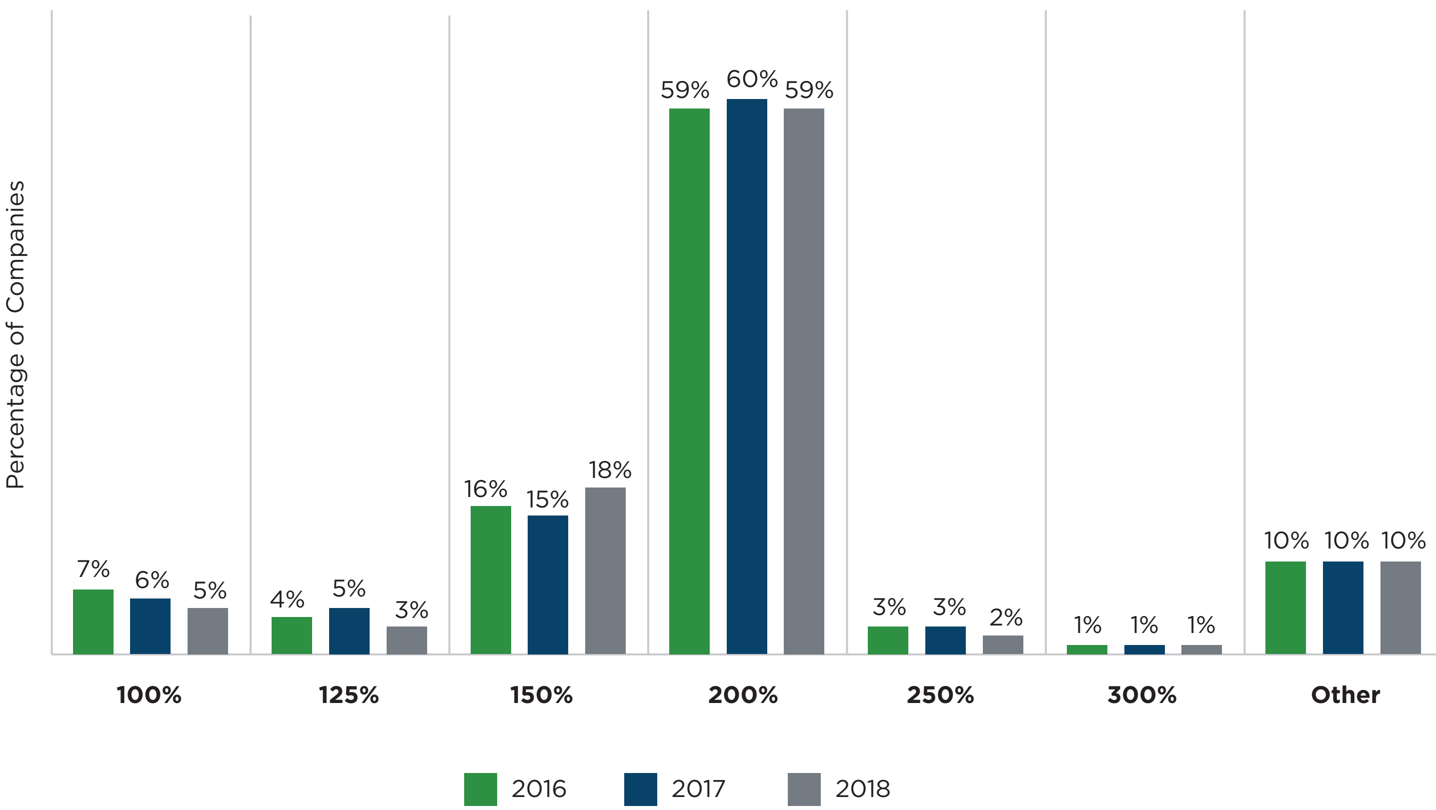
Performance Leverage (Maximum Payout Opportunity)

The most prevalent maximum payout opportunity for long-term performance awards is 200% of target, used by 59% of Top 250 companies. Payout at 150% of target is the next most prevalent maximum payout level (18%).

Our research reveals that the distribution of performance leverage varies by industry sector. Key observations include:

- The most prevalent maximum payout opportunity is 200% of target for all industry sectors except for the Financials sector, where 150% prevails (consistent with 2017).
- Only 21% of Financials report a maximum of 200%. The low prevalence is influenced by the inclusion in this study of large banks subject to reduced long-term incentive plan leverage to mitigate compensation risk as prescribed by the Federal Reserve and other regulatory bodies. Sixty-eight percent of companies in the Financials sector report a maximum payout opportunity of 150% or less.
- The Energy sector represents the other end of practice where all companies that grant performance awards report a maximum of at least 200%, with 79% reporting a maximum payout equal to 200% and the remaining companies (21%) reporting a maximum payout above 200%.

Performance Award Maximum (% of Target)



APPENDIX – COMPANIES IN THE 2018 TOP 250

Communication Services (10 Companies)

AT&T Inc.
CBS Corp.
Charter Communications, Inc. *
Comcast Corp.
Electronic Arts Inc.
Facebook, Inc.
Netflix, Inc.
The Walt Disney Company
Twenty-First Century Fox, Inc.
Verizon Communications Inc.

Consumer Discretionary (23 Companies)

Best Buy Co., Inc. *
Booking Holdings Inc. *
Carnival Corp.
Dollar General Corp.
Dollar Tree, Inc. *
eBay Inc.
Ford Motor Co.
General Motors Co.
Hilton Worldwide Holdings Inc. *
Lowe's Companies Inc.
Marriott International Inc.
McDonald's Corp.
MGM Resorts International *
NIKE, Inc.
O'Reilly Automotive Inc.
Ross Stores Inc.
Royal Caribbean Cruises Ltd.
Starbucks Corp.
Target Corp.
The Home Depot Inc.
The TJX Companies Inc.
V.F. Corp.
YUM! Brands Inc.

Consumer Staples (23 Companies)

Altria Group Inc.
Archer-Daniels-Midland Co.
Brown-Forman Corp. *
Colgate-Palmolive Co.
Constellation Brands Inc.
Costco Wholesale Corp.
General Mills Inc.
Kellogg Co.
Keurig Dr Pepper Inc. *
Kimberly-Clark Corp.
Mondelez International Inc.
Monster Beverage Corp.
Pepsico Inc.
Philip Morris International Inc.
Sysco Corp.
The Coca-Cola Co.
The Estée Lauder Companies Inc.
The Hershey Co.
The Kroger Co.
The Procter & Gamble Co.
Tyson Foods Inc.
Walgreens Boots Alliance Inc.
Wal-Mart Stores Inc.

Energy (15 Companies)

Anadarko Petroleum Corp.
Chevron Corp.
Concho Resources Inc.
ConocoPhillips
EOG Resources Inc.
Exxon Mobil Corp.
Halliburton Co.
Marathon Petroleum Corp.
Occidental Petroleum Corp.
ONEOK, Inc. *
Phillips 66
Pioneer Natural Resources Co.
Schlumberger Ltd.
The Williams Companies Inc.
Valero Energy Corp.

*(*Denotes new company in 2018 Top 250)*

APPENDIX – COMPANIES IN THE 2018 TOP 250

Financials (38 Companies)

Aflac Inc.
American Express Co.
American International Group Inc.
Ameriprise Financial Inc.
Bank of America Corp.
BB&T Corp.
BlackRock Inc.
Capital One Financial Corp.
Citigroup Inc.
Citizens Financial Group, Inc. *
CME Group Inc.
Discover Financial Services
Fifth Third Bancorp
Intercontinental Exchange, Inc.
JPMorgan Chase & Co.
KeyCorp
M&T Bank Corp.
Marsh & McLennan Companies Inc.
MetLife Inc.
Moody's Corp.
Morgan Stanley
Northern Trust Corp.
Prudential Financial Inc.
Regions Financial Corp. *
S&P Global Inc.
State Street Corp.
SunTrust Banks Inc.
Synchrony Financial
T. Rowe Price Group, Inc. *
The Allstate Corp.
The Bank of New York Mellon
The Charles Schwab Corp.
The Goldman Sachs Group Inc.
The PNC Financial Services Group
The Progressive Corp.
The Travelers Companies Inc.
U.S. Bancorp
Wells Fargo & Co.

Healthcare (40 Companies)

Abbott Laboratories
AbbVie Inc.
Aetna Inc.
Agilent Technologies, Inc. *
Alexion Pharmaceuticals Inc.
Align Technology, Inc. *
Amgen Inc.
Anthem Inc.
Baxter International Inc.
Becton, Dickinson and Co.
Biogen Inc.
Boston Scientific Corp.
Bristol-Myers Squibb Co.
Cardinal Health, Inc.
Celgene Corp.
Cerner Corp.
Cigna Corp.
CVS Health Corp.
Danaher Corp.
Edwards Lifesciences Corp.
Eli Lilly and Co.
Express Scripts Holding Co.
Gilead Sciences Inc.
HCA Holdings Inc.
Humana Inc
Illumina Inc.
Intuitive Surgical Inc.
IQVIA Holdings Inc. *
Johnson & Johnson
McKesson Corp.
Merck & Co. Inc.
Mylan N.V. *
Pfizer Inc.
Regeneron Pharmaceuticals Inc.
Stryker Corp.
Thermo Fisher Scientific Inc.
UnitedHealth Group Inc.
Vertex Pharmaceuticals Inc.
Zimmer Biomet Holdings, Inc.
Zoetis Inc.

Industrials (32 Companies)

3M Co.
American Airlines Group Inc.
Caterpillar Inc.
CSX Corp.
Cummins Inc.
Deere & Co.
Delta Air Lines Inc.
Emerson Electric Co.
FedEx Corp.
Fortive Corp.
General Dynamics Corp.
General Electric Co.
Honeywell International Inc.
Illinois Tool Works Inc.
Lockheed Martin Corp.
Norfolk Southern Corp.
Northrop Grumman Corp.
PACCAR Inc
Parker-Hannifin Corp.
Raytheon Co.
Republic Services Inc.
Rockwell Automation Inc.
Rockwell Collins, Inc. *
Roper Technologies Inc.
Southwest Airlines Co.
Stanley Black & Decker Inc.
The Boeing Co.
Union Pacific Corp.
United Continental Holdings Inc.
United Parcel Service Inc.
United Technologies Corp.
Waste Management Inc.

*(*Denotes new company in 2018 Top 250)*

APPENDIX – COMPANIES IN THE 2018 TOP 250

Information Technology (33 Companies)

Adobe Systems Inc.
Amphenol Corp.
Analog Devices Inc.
Apple Inc.
Applied Materials Inc.
Autodesk Inc.
Automatic Data Processing Inc.
Cisco Systems Inc.
Cognizant Technology Solutions Corp.
Corning Inc.
DXC Technology Co. *
Fidelity National Information Services Inc.
Fiserv Inc.
Hewlett Packard Enterprise Co.
HP Inc.
Intel Corp.
International Business Machines Corp.
Intuit Inc.
Lam Research Corp.
Mastercard Inc.
Microchip Technology Incorporated *
Micron Technology Inc.
Microsoft Corp.
NVIDIA Corp.
Oracle Corp.
Paychex Inc.
PayPal Holdings Inc.
QUALCOMM Inc.
Red Hat, Inc. *
Salesforce.com Inc.
Texas Instruments Inc.
Visa Inc.
Western Digital Corp.

Materials (10 Companies)

Air Products and Chemicals Inc.
DowDuPont Inc. *
Ecolab Inc.
Freeport-McMoRan Inc.
International Paper Co.
Newmont Mining Corp. *
Nucor Corp.
PPG Industries Inc.
Praxair Inc.
The Sherwin-Williams Co.

Real Estate (12 Companies)

American Tower Corp.
AvalonBay Communities Inc.
Crown Castle International Corp.
Digital Realty Trust, Inc. *
Equinix Inc.
Equity Residential
Prologis Inc.
Public Storage
SBA Communications Corp. *
Simon Property Group Inc.
Welltower Inc.
Weyerhaeuser Co.

Utilities (14 Companies)

American Electric Power Co. Inc.
Consolidated Edison Inc.
Dominion Energy, Inc.
Duke Energy Corp.
Edison International
Exelon Corp.
NextEra Energy Inc.
PG&E Corp.
PPL Corp.
Public Service Enterprise Group Inc.
Sempra Energy
The Southern Co.
WEC Energy Group Inc.
Xcel Energy Inc.

*(*Denotes new company in 2018 Top 250)*

COMPANY PROFILE

FW Cook is an independent consulting firm specializing in executive and director compensation and related corporate governance matters. Formed in 1973, our firm has served more than 3,000 companies of divergent size and business focus from our offices in New York, Chicago, Los Angeles, San Francisco, Atlanta, Houston and Boston. We currently serve as the independent advisor to the compensation committees at a substantial number of the most prominent companies in the U.S.

Our office locations:

New York
685 Third Avenue
28th Floor
New York, NY 10017
212-986-6330

Chicago
190 LaSalle Street
Suite 2120
Chicago, IL 60603
312-332-0910

Los Angeles
11100 Santa Monica Blvd.
Suite 300
Los Angeles, CA 90025
310-277-5070

San Francisco
135 Main Street
Suite 1750
San Francisco, CA 94105
415-659-0201

Atlanta
3344 Peachtree Road, NE
Suite 1700
Atlanta, GA 30326
404-439-1001

Houston
Two Allen Center
1200 Smith Street
Suite 1100
Houston, TX 77002
713-427-8300

Boston
34 Washington Street
Suite 230
Wellesley Hills, MA 02481
781-591-3400

Website: www.fwcook.com

Authors

This report was authored by Rachel Gibbons, Sarah Lindenberg, and Patrick May with oversight by Erin Bass-Goldberg. Other FW Cook consultants assisted with this report. Questions and comments should be directed to Ms. Gibbons in our New York office at rgibbons@fwcook.com (212) 843-6343, or Ms. Lindenberg in our Boston office at sarah.lindenberg@fwcook.com (781) 591-3401.