



# 2021 Top 250 Report

# 2021 TOP 250 REPORT

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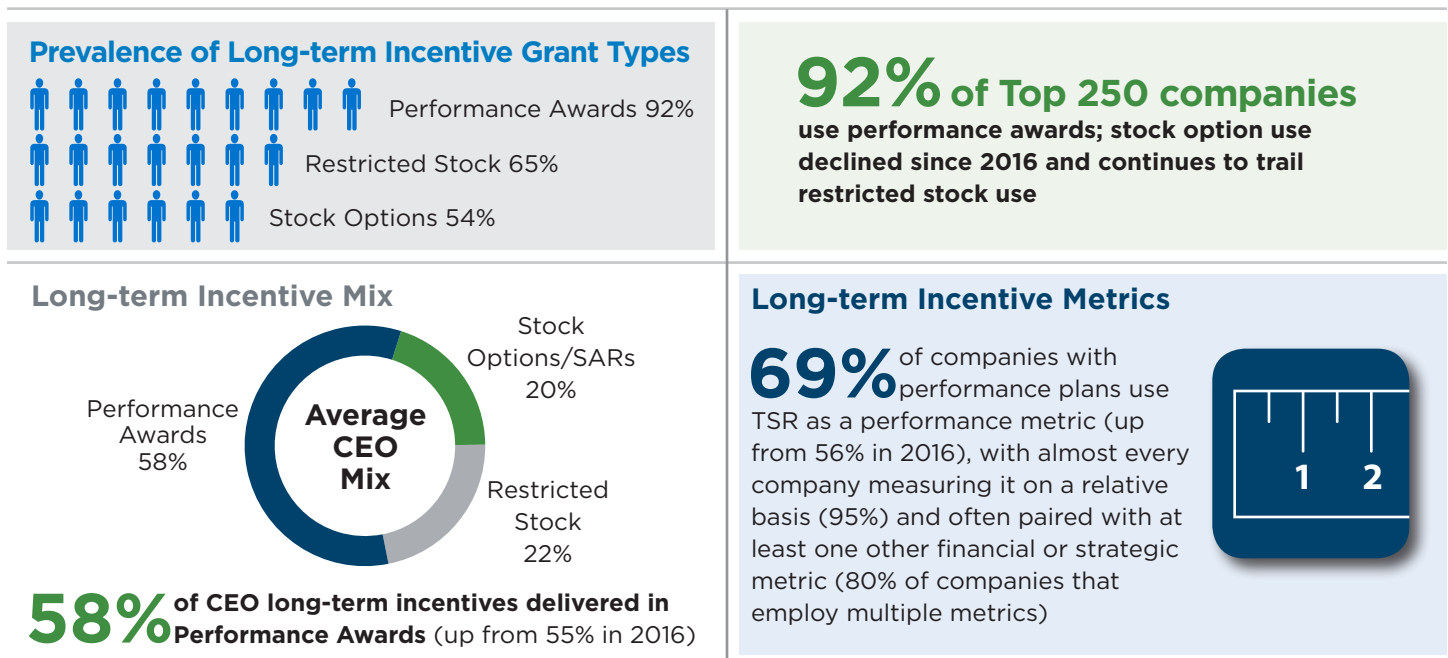
# EXECUTIVE SUMMARY

This 49th annual FW Cook Top 250 Report details the long-term incentive practices and trends of the 250 largest companies in the S&P 500. This study focuses on understanding how long-term incentive (“LTI”) programs are currently designed, how they have evolved over the past several years, and any new developments. LTI programs were compared versus a 2- and 5-year lookback period (compared to FW Cook’s 2019 and 2016 reports, respectively) as the base years. The 2-year perspective is provided to understand design trends stemming from the extraordinary COVID-19-related market volatility in 2020. The 5-year perspective is to highlight longer-term shifts in LTI practices.

Long-term incentive practices generally reflect a continuation of trends observed over the past several years, with some aspects clarified and refined by the impact of COVID-19. Key findings from the report include the following:

- Long-term incentive mix continues to be strongly oriented towards performance plans, with performance awards representing 58% of total long-term incentives on average.
- Total Shareholder Return (“TSR”) continues to increase in prevalence – now used by 69% of companies vs. 56% in 2016 – and remains the most common performance metric among the Top 250 companies, with 95% of companies that use it measuring it on a relative basis (up from 86% in 2016).
- Beyond TSR, an increased number of companies evaluate financial metrics on a relative basis rather than on an absolute basis due to market volatility and challenges in multi-year goal setting. More companies began using broad or industry-relevant indices for comparisons to enhance sample size and reduce impact of volatility/M&A activity associated with a smaller sample size.
- Median threshold and maximum performance goals remain relatively constant from 2019, even with individual companies setting broader performance ranges in response to the COVID-19 pandemic. Based on available disclosure of FY21 goals, there is some early indication of companies setting wider performance ranges.
- An increasing number of companies that use relative TSR performance goals set targets above median (29% in 2021 vs. 23% in 2019), likely in response to proxy advisory firms’ view that target earnout should require above-median performance.

Given the COVID-19 recovery world, it will be interesting to see which trends are temporary and which are here to stay.



Note that additional statistics are provided in the Appendix of this report.

# INTRODUCTION

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## Overview and Background

Since 1973, FW Cook has published annual reports on long-term incentive grant practices for executives. This report, our 49th edition, presents information on long-term incentives granted to executives at the 250 largest U.S. companies in the S&P 500 Index. It is intended to inform boards of directors and compensation professionals in designing and implementing effective long-term incentive programs that promote long-term success for their companies by supporting strategic objectives and aligning pay delivery with performance.

## Survey Scope

The report covers the following topics:

- Executive long-term incentive grant vehicle prevalence.
- CEO long-term incentive grant value mix.
- Key performance plan characteristics, including performance metrics, performance periods, performance/funding slope leverage, and measurement approaches.

## 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.

## Top 250 Company Selection

The Top 250 companies, limited to those granting long-term incentives, are selected annually based on market capitalization (share price multiplied by total common shares outstanding). The sample was determined based on using market capitalization as of March 31, 2021 (as reported by S&P’s Capital IQ). See the Appendix for a list of the companies reviewed.

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 2021, 30 companies (12%) are new to this year’s report. While some turnover is due to merger and acquisition activity, the majority of the changes are due to fluctuations in market capitalization between December 31, 2019 and March 31, 2021 (the dates used to determine the 2020 and 2021 Top 250 companies lists).

The following table profiles the industry sectors represented in the Top 250 for 2021, defined by S&P Dow Jones and Morgan Stanley Capital International (“MSCI”)’s Global Industrial Classification System (“GICS”).

# INTRODUCTION

| Industry Sector<br>(# of companies) | Percent<br>of 2021<br>Top 250 | Median Market Data |               |                                 |                    |            |                               |
|-------------------------------------|-------------------------------|--------------------|---------------|---------------------------------|--------------------|------------|-------------------------------|
|                                     |                               | (\$Bil)            |               | (6/30/21)<br>Market<br>Capital. | TSR <sup>(1)</sup> |            |                               |
|                                     |                               | Net<br>Sales       | Net<br>Income |                                 | Year-to-<br>Date   | 1-Year     | 5-Year<br>CAGR <sup>(2)</sup> |
| Information Technology (41)         | 16%                           | \$14.46            | \$2.49        | \$92.80                         | 14%                | 30%        | 77%                           |
| Health Care (39)                    | 16%                           | \$20.25            | \$1.81        | \$69.09                         | 15%                | 19%        | 52%                           |
| Industrials (37)                    | 15%                           | \$17.46            | \$1.50        | \$53.11                         | 15%                | 21%        | 33%                           |
| Financials (31)                     | 12%                           | \$18.26            | \$3.14        | \$69.84                         | 25%                | 19%        | 48%                           |
| Consumer Discretionary (26)         | 10%                           | \$20.85            | \$1.78        | \$44.37                         | 11%                | 18%        | 45%                           |
| Consumer Staples (21)               | 8%                            | \$28.69            | \$2.70        | \$48.28                         | 6%                 | 14%        | 24%                           |
| Utilities (12)                      | 5%                            | \$12.85            | \$1.69        | \$41.19                         | 1%                 | 14%        | 12%                           |
| Communication Services (12)         | 5%                            | \$57.76            | \$2.59        | \$193.03                        | 5%                 | 15%        | 42%                           |
| Materials (12)                      | 5%                            | \$14.02            | \$0.87        | \$44.12                         | 13%                | 15%        | 38%                           |
| Energy (10)                         | 4%                            | \$41.86            | -\$3.34       | \$42.20                         | 46%                | 4%         | 1%                            |
| Real Estate (9)                     | 4%                            | \$4.61             | \$1.06        | \$52.61                         | 22%                | 23%        | 37%                           |
| <b>Total Top 250 - Median</b>       | <b>—</b>                      | <b>\$16.66</b>     | <b>\$1.97</b> | <b>\$58.50</b>                  | <b>15%</b>         | <b>19%</b> | <b>39%</b>                    |

Source: S&P Capital IQ (net sales and net income represents 10-K results; all other data measured as of 6/30/2021)

<sup>(1)</sup> TSR = Total Shareholder Return, a measure of stock price and dividend performance; calculated up through 6/30/2021

<sup>(2)</sup> CAGR = Compounded Annual Growth Rate

## Definition of Long-Term Incentive

This report presents the most recently disclosed long-term incentive grant types in use at the Top 250 companies as of mid-2021. A grant type is considered used at a company if grants were made in the current 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 in the future.

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 to a very small or select group of executives.
- A grant with limited frequency is an award that is not part of a company's regular grant practice. For example, a grant made as a hiring incentive, replacement of compensation forfeited from prior employer, or a promotional award is not considered a long-term incentive for this report.
- A grant with limited scope but without limited frequency (annual grants of performance shares made only to the CEO) may be considered a long-term incentive, and vice versa (one-time grants made to all executives).

# INTRODUCTION

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## Definitions

### Award Vehicles

Long-Term Incentive award vehicles are defined as including the following (lists not exhaustive):

- Stock Options/Stock Appreciation Rights (“SARs”) are derivative securities where stock price must appreciate for them to deliver value. Stock options are rights to purchase company stock at a specified exercise price over a stated term; SARs are rights to receive the increase between the grant price and the market price of a share of stock at exercise.
- Restricted Stock includes actual shares or share units that are earned for continued employment, often referred to as time-based awards.
- 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 of more than one year, including long-term incentives with one-year performance periods and additional time-vesting requirements.

### Types of Metrics

Performance Metric Categories are defined as including the following (non-exhaustive):

- Total Shareholder Return: Stock Price Appreciation Plus Dividends
- Profit: EPS, Net Income, EBIT, EBITDA, Operating/Pretax Profit
- Capital Efficiency: Return on Equity, Return on Assets, Return on Capital
- Revenue: Revenue, Organic Revenue, Sales
- Cash Flow: Cash Flow, Operating Cash Flow, Free Cash Flow
- Other: Safety, Quality Assurance, New Business, Individual Performance

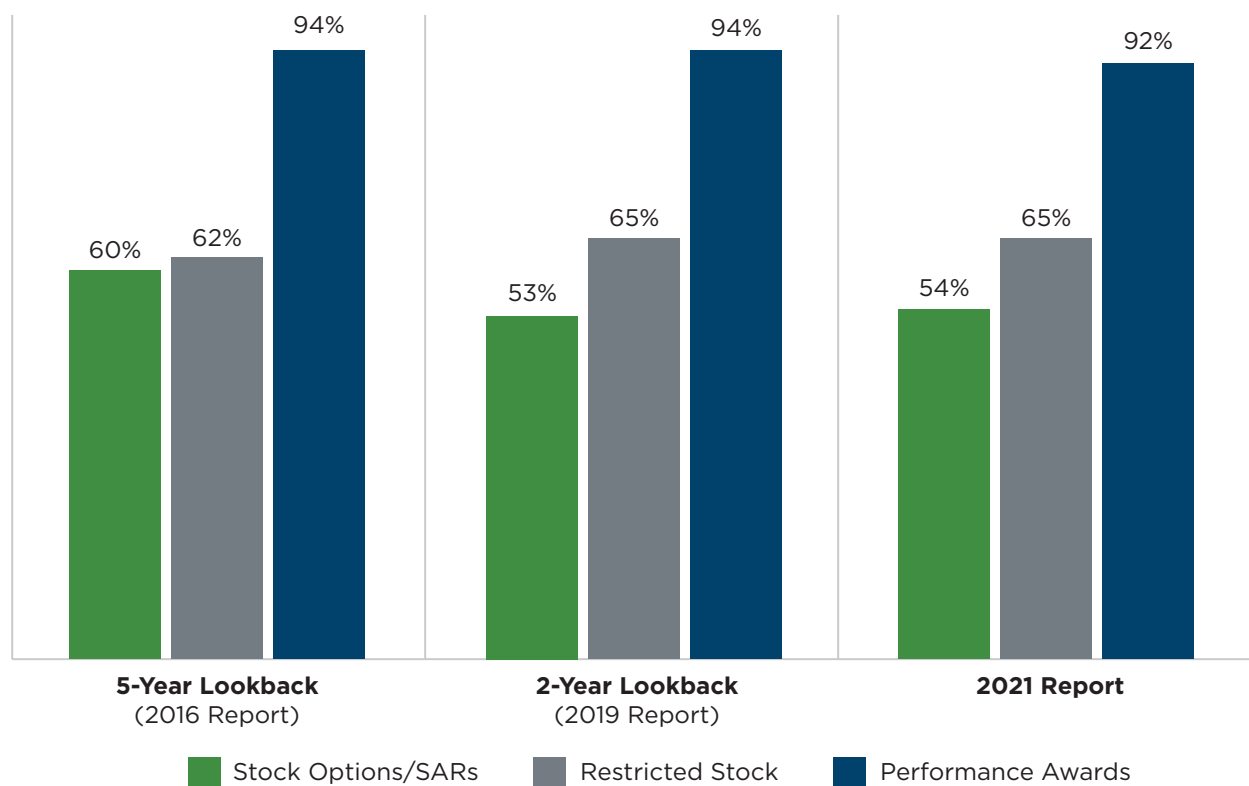
# EXECUTIVE LONG-TERM INCENTIVE GRANT TYPES AND PREVALENCE

## Which Long-Term Incentive Vehicles Remain in Favor?

Most companies continue to employ a portfolio strategy for LTI to balance the benefits and drawbacks of each type of vehicle (e.g., retention through all three vehicles, aligning executive pay to key metrics through PSUs, and driving absolute stock price growth through stock options).

- **Performance awards:** Performance-based full-value awards remain almost universally used (**92% in 2021**, down 2% points since 2019 and 2016).
- **Restricted stock:** Time-based full-value awards continue to be used by roughly two-thirds of participants (**65% in 2021**) and has remained steady since 2019. Prevalence has increased slightly since 2016 (up 3% points).
- **Stock options/SARs:** While stock options/SARs remain prevalent (**54% in 2021**, increased by 1% point since 2019), usage has declined by 6% points since 2016.

### LTI Grant Type Prevalence

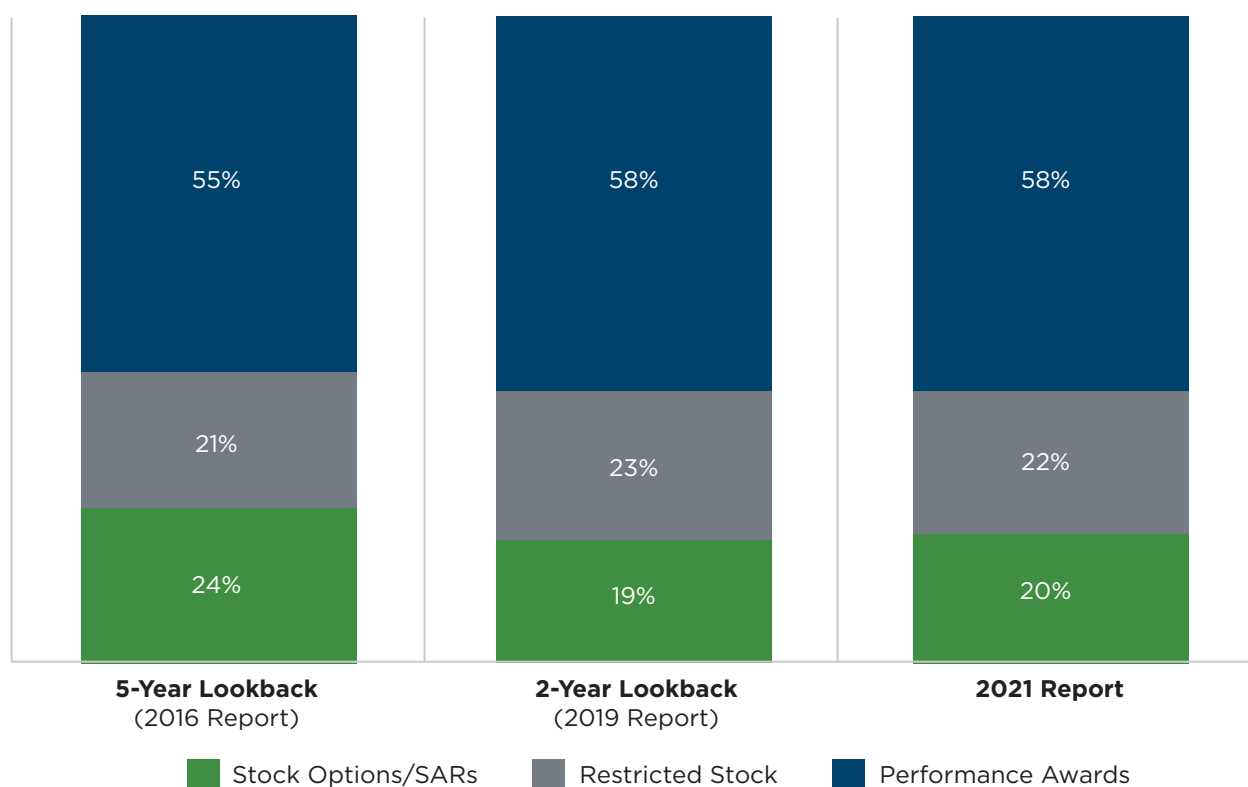


# EXECUTIVE LONG-TERM INCENTIVE GRANT TYPES AND PREVALENCE

Performance-based LTI comprises the majority of the average CEO's LTI mix (**58% in 2021**, up 3% points since 2016). The shift toward performance-based LTI generally comes at the expense of stock options/SARs, which have declined from 24% of the mix in 2016 to **20% in 2021**.

- While stock options/SARs were once considered the most shareholder-friendly grant type due to their inherent alignment with shareholder interests, stock options/SARs have declined in prevalence and weighting partly due to proxy advisory firm policies that view stock options as time-based rather than performance-based awards (e.g., at minimum, stock options must have a 10% premium on their exercise price to be considered performance-based under ISS' guidelines). Various other considerations include but are not limited to asymmetric risk profile (i.e., upside gain, with only opportunity cost at risk if the share price does not increase), potential accounting inefficiencies, and higher potential dilution.
- Stock options/SARs prevalence is generally higher within the Health Care, Industrials and Materials sectors.

Average CEO LTI Mix





# EXECUTIVE LONG-TERM INCENTIVE GRANT TYPES AND PREVALENCE

## What are the Predominate Performance-Based LTI Metrics?

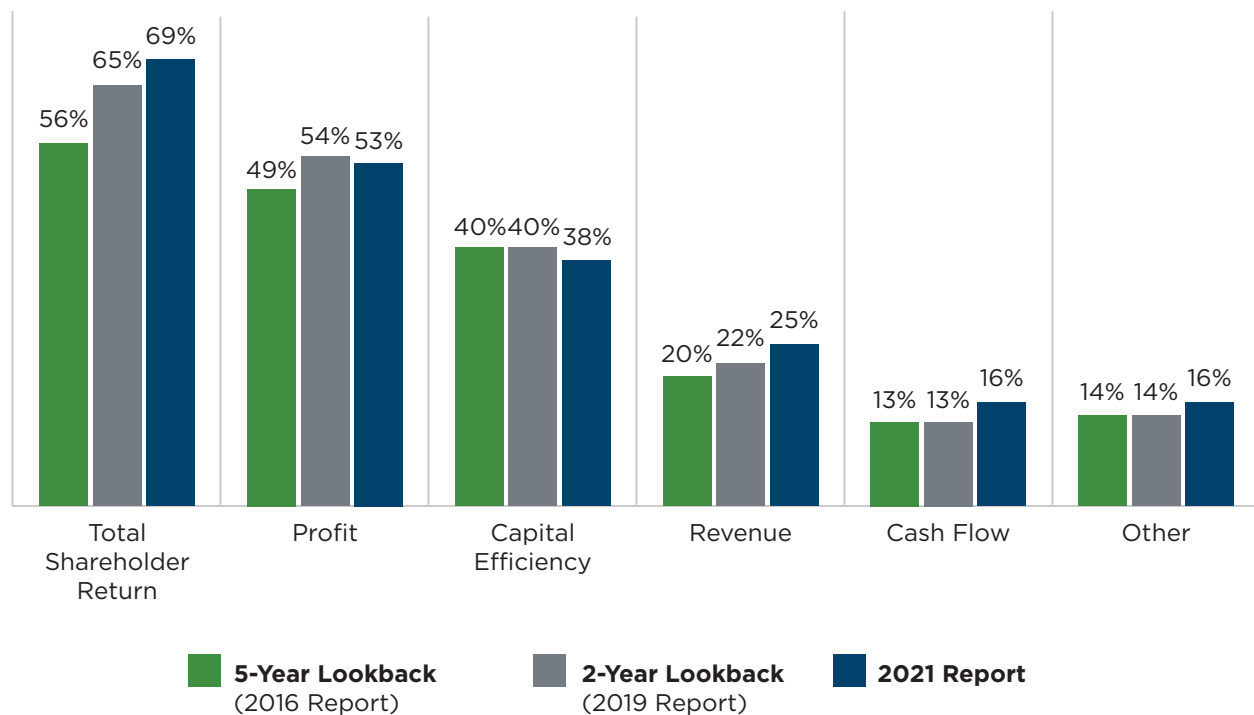
One of the most challenging aspects of effective long-term incentive plan design is selecting performance measures that motivate the plan participants and enhance the likelihood of driving value creation for investors.

Performance-based LTI design remains relatively stable with most companies:

- Using one or two performance-metrics,
- Measuring performance over a three-year performance period, and
- Providing for a maximum payout opportunity of 200% of target.

Over the last several years, the prevalence of financial metrics has remained relatively flat while the use of TSR has increased meaningfully. TSR continues to be the most common performance award metric, used by **69%** of companies granting performance awards (up 4% points since 2019 and up 13% points since 2016). TSR measures are more commonly used as a separately weighted metric, often paired with at least one other financial or strategic metric (**80%** of companies that employ multiple metrics), although there is a growing prevalence of companies using TSR as a performance modifier (**33%** of companies in 2021 versus 25% in 2019). Profit and Capital Efficiency measures remain the next most common at **53%** and **38%**, respectively.

Performance Metrics Prevalence

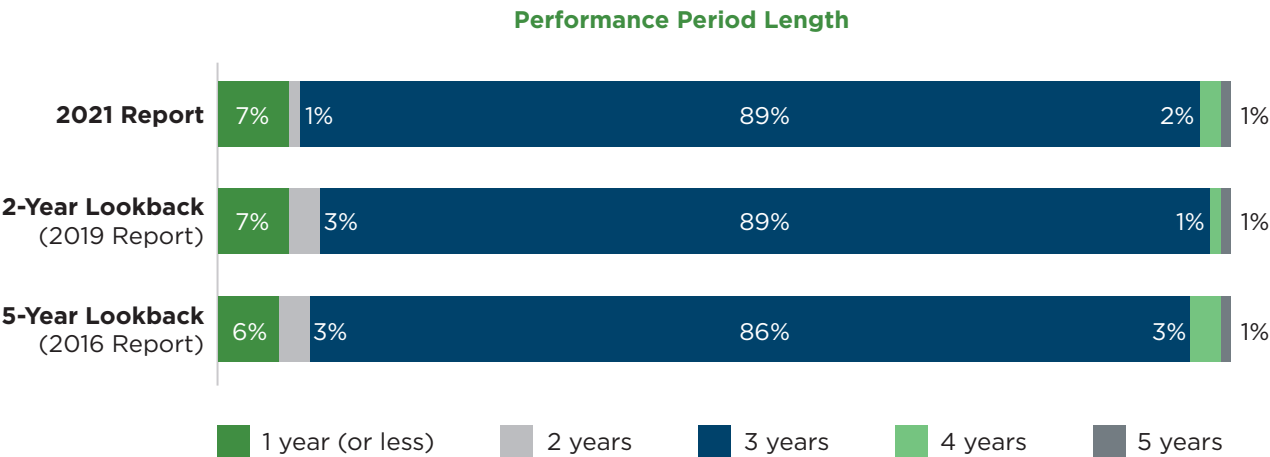


# EXECUTIVE LONG-TERM INCENTIVE GRANT TYPES AND PREVALENCE

## How is Performance Measured?

### Performance Period Length

The majority of companies continue to measure performance-based LTI over a three-year period (**89% in 2021**, consistent with 2019 and up 3% points since 2016). However, there is an increasing number of companies measuring performance over sub-periods (**16% of companies in 2021 compared to 11% in 2019**) as opposed to the traditional model of measuring performance at the beginning and end of the period (e.g., averaging performance in three one-year periods as opposed to a single three-year period). Although this is generally not viewed as “best practice”, the shift may be a temporary design change to accommodate uncertainty related to COVID-19.

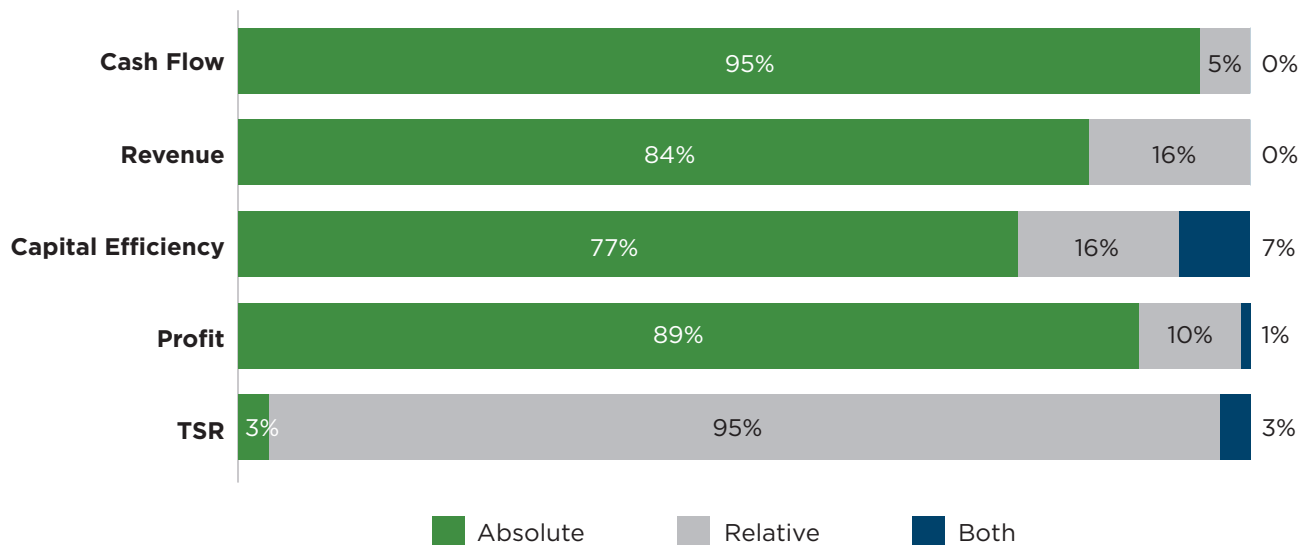


# EXECUTIVE LONG-TERM INCENTIVE GRANT TYPES AND PREVALENCE

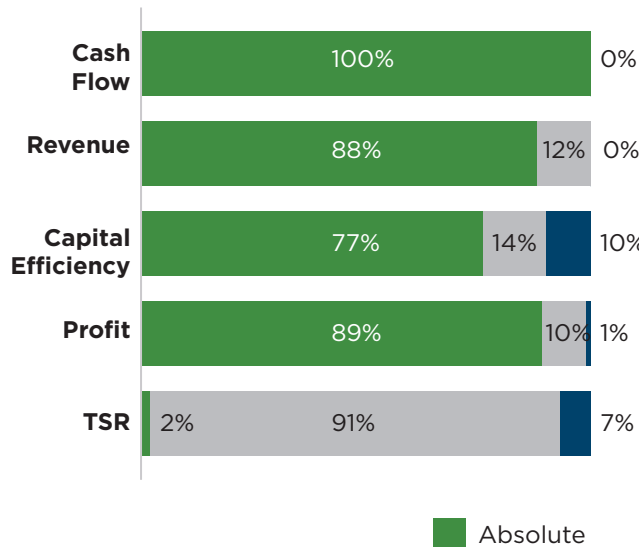
## Measurement Approach

An increasing number of companies measured performance on a relative basis, potentially due to the difficulty of setting financial goals in a COVID-19 macroeconomic environment. **95%** of performance plans leveraging TSR are measured on a relative basis (up 4% points since 2019 and up 9% points since 2016). Capital efficiency and revenue are also increasingly measured over a relative basis (both up 9% points since 2016 from 7% to 16%).

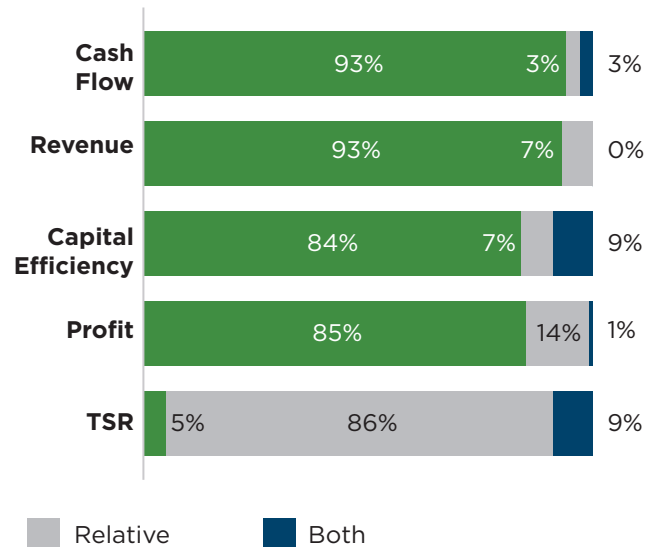
### Measurement Approach In 2021



### Measurement Approach In 2019



### Measurement Approach In 2016



# EXECUTIVE LONG-TERM INCENTIVE GRANT TYPES AND PREVALENCE

When measuring performance on a relative basis, an important aspect of the plan is the comparator group against which the company's performance will be measured. The comparator groups used are split as follows:

- **Index:** broad indices like the S&P 500 or industry-focused indices such as the Dow Jones US Medical Equipment.
- **Compensation Peers:** the group used for benchmarking compensation.
- **Custom:** companies often selected from executive compensation peers, companies from relevant sector indices, or companies with similar industry classifications.
- **Combination:** any combination of the above.



There was an uptick of companies measuring performance against an index (**58% in 2021**, up 2% points since 2019), which was likely a response to the difficulty in goal-setting due to market volatility and uncertainty caused by COVID-19. The remaining companies are split almost equally between using their executive compensation benchmarking peers or a custom peer group. Use of larger comparator groups is often preferred as tracking performance against a broader group may help withstand macroeconomic events or M&A activity while comparator groups with smaller sample sizes can be more easily influenced by factors outside of executive control or become too small due to M&A.

## Goal Width Range

Although market practice is informative, goal-setting is more commonly tailored around a number of internal and external factors, such as company budget/performance expectations, historical performance, investor expectations, pay philosophy, macroeconomic climate, etc.

The following table summarizes the median goal width (i.e., threshold performance to maximum performance) for various top-line and bottom-line metrics, measured on absolute and relative bases. Data generally reflect program designs set in 2020 (e.g., PSUs granted in 2020 and maturing in 2022).

The threshold defines the minimum acceptable performance that warrants any payout at all, while the maximum defines what level of performance is exceptional. The performance range of absolute measures is determined by calculating the threshold and maximum performance levels as percentages of target – i.e., the further the spread around target, the wider the range. Similarly, the performance range of relative measures is determined by calculating the threshold and maximum *ranking* as a percentage of target.

| Metrics*          | Median Goal Width |        |         |                      |        |         |
|-------------------|-------------------|--------|---------|----------------------|--------|---------|
|                   | Top-Line (n = 31) |        |         | Bottom-Line (n = 71) |        |         |
|                   | Threshold         | Target | Maximum | Threshold            | Target | Maximum |
| Absolute (n = 85) | 95%               | 100%   | 104%    | 91%                  | 100%   | 107%    |
| Relative (n = 17) | 50%               | 100%   | 150%    | 50%                  | 100%   | 150%    |

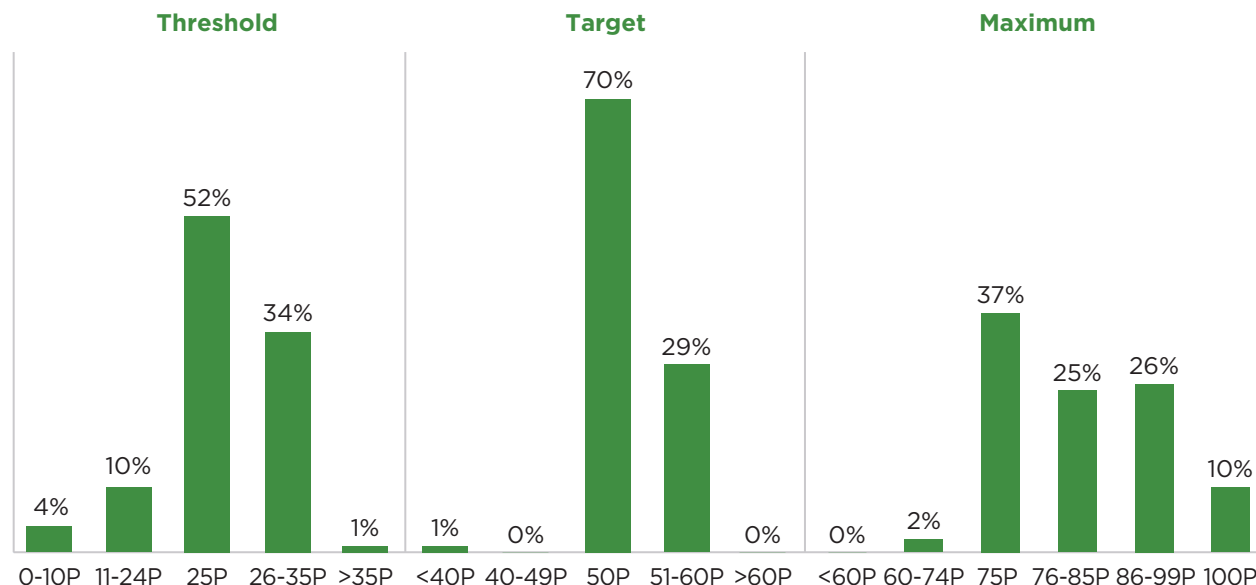
*\*On a relative and absolute basis, we analyzed top-line measures (e.g., revenues, total sales) and bottom-line profit measures (e.g., EPS, EBITDA, operating/net income). Note that margin, return (i.e. capital efficiency), TSR, and cash flow related goals were excluded from the analysis. Any metric that did not clearly fit within one of the above buckets was excluded from the study.*

# EXECUTIVE LONG-TERM INCENTIVE GRANT TYPES AND PREVALENCE

When measured on an absolute basis, goal width is often narrower for top-line measures, given that companies generally have better line of sight for achieving goals that are further up the income statement. Wider ranges are also typical for relative metrics as there is greater variability in results when comparing against a benchmark. Median threshold and maximum performance goals remain relatively constant from findings in the prior year, even with individual companies setting broader performance ranges in response to the COVID-19 pandemic. The few companies disclosing 2021 goals have wider ranges than those set in 2020 or earlier.

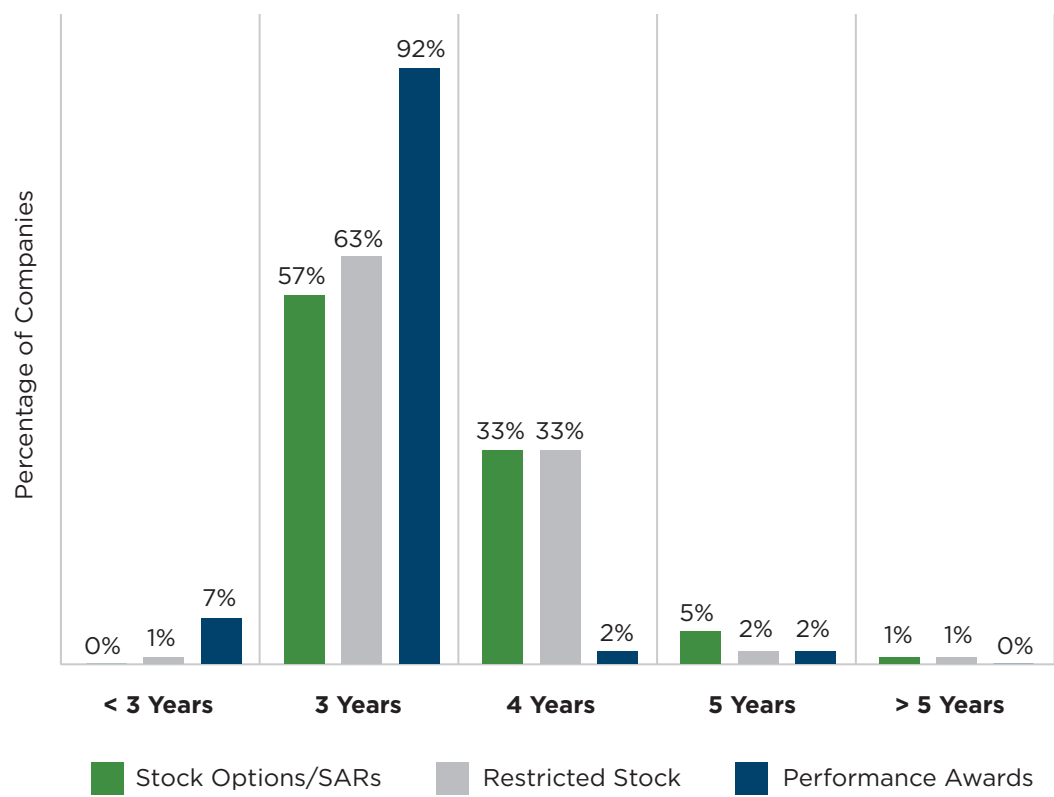
For companies measuring relative TSR performance, the most prevalent performance level combination continues to be the 25th percentile, 50th percentile (median), and 75th percentile of the comparator group in order to receive threshold, target, and maximum payouts, respectively. Although still a minority practice, there is an increasing number of companies setting targets above median (**29%** target the 51st to 60th percentile in 2021 vs. 23% in 2019), which is likely in response to proxy advisory firms' view that target earnout should require above-median performance.

A rising number of companies (**24% in 2021** vs. 21% in 2019) incorporate an absolute TSR cap in the awards (e.g., payout is capped at 100% if absolute TSR is negative) in order limit award values when investors lose money.



# APPENDIX – SUPPLEMENTAL DETAIL

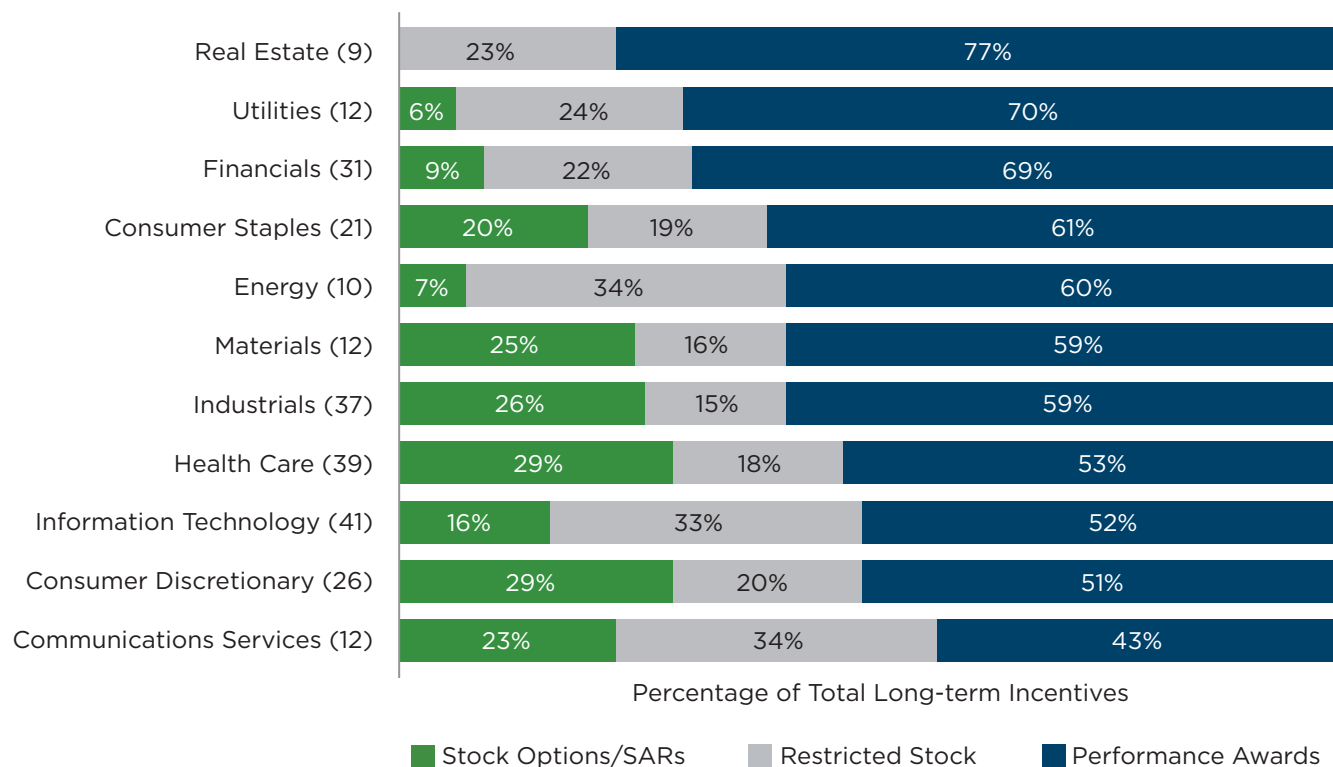
## Vesting Period of Award Types



## APPENDIX – SUPPLEMENTAL DETAIL

### Grant Types by Sector

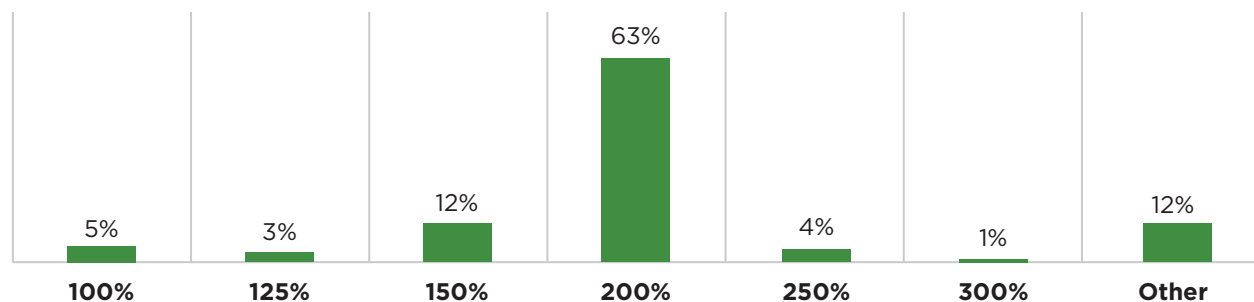
Average CEO Long-term Incentive Mix by Industry



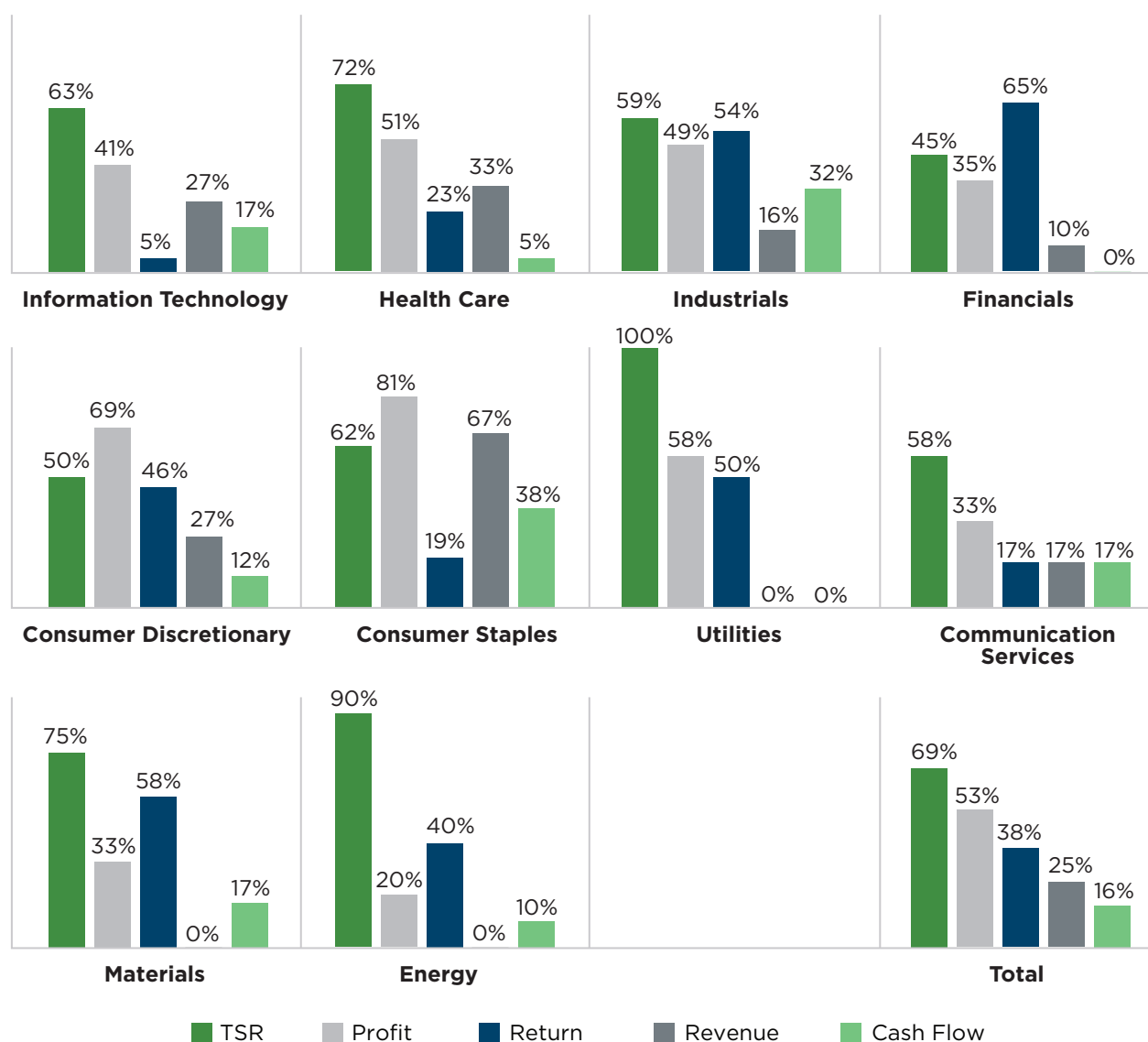
| Industry Sector<br>(# of companies) | Grant Types by Sector |         |         |         |
|-------------------------------------|-----------------------|---------|---------|---------|
|                                     | 1 Type                | 2 Types | 3 Types | 4 Types |
| Information Technology (41)         | 10%                   | 71%     | 20%     | 0%      |
| Health Care (39)                    | 8%                    | 59%     | 33%     | 0%      |
| Industrials (37)                    | 11%                   | 56%     | 31%     | 3%      |
| Financials (31)                     | 22%                   | 66%     | 13%     | 0%      |
| Consumer Discretionary (26)         | 23%                   | 50%     | 27%     | 0%      |
| Consumer Staples (21)               | 5%                    | 52%     | 43%     | 0%      |
| Utilities (12)                      | 0%                    | 92%     | 8%      | 0%      |
| Communication Services (12)         | 33%                   | 58%     | 8%      | 0%      |
| Materials (12)                      | 0%                    | 58%     | 42%     | 0%      |
| Energy (10)                         | 20%                   | 50%     | 30%     | 0%      |
| Real Estate (9)                     | 11%                   | 89%     | 0%      | 0%      |

# APPENDIX – SUPPLEMENTAL DETAIL

## Performance Award Maximum



## Performance Metric Prevalence by Industry



Note: Excludes detail from the Real Estate sector (sample is fewer than 10 companies)



# APPENDIX – COMPANIES STUDIED

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## Communication Services (12 Companies)

|                              |                         |                             |
|------------------------------|-------------------------|-----------------------------|
| AT&T Inc.                    | Electronic Arts Inc.    | T-Mobile US, Inc.           |
| Charter Communications, Inc. | Facebook, Inc.          | Twitter, Inc.               |
| Comcast Corporation          | Netflix, Inc.           | Verizon Communications Inc. |
| Discovery, Inc.*             | The Walt Disney Company | ViacomCBS Inc.              |

## Consumer Discretionary (26 Companies)

|                              |                                |                           |
|------------------------------|--------------------------------|---------------------------|
| AutoZone, Inc.               | Ford Motor Company             | O'Reilly Automotive, Inc. |
| Best Buy Co., Inc.           | General Motors Company         | Ross Stores, Inc.         |
| Booking Holdings Inc.        | Hilton Worldwide Holdings Inc. | Starbucks Corporation     |
| Carnival Corporation & plc   | Las Vegas Sands Corp.          | Target Corporation        |
| Chipotle Mexican Grill, Inc. | Lennar Corporation*            | The Home Depot, Inc.      |
| D.R. Horton, Inc.*           | Lowe's Companies, Inc.         | The TJX Companies, Inc.   |
| Dollar General Corporation   | Marriott International, Inc.   | V.F. Corporation          |
| Dollar Tree, Inc.            | McDonald's Corporation         | Yum! Brands, Inc.         |
| eBay Inc.                    | NIKE, Inc.                     |                           |

## Consumer Staples (21 Companies)

|                                |                                  |                                 |
|--------------------------------|----------------------------------|---------------------------------|
| Altria Group, Inc.             | Kimberly-Clark Corporation       | The Estée Lauder Companies Inc. |
| Archer-Daniels-Midland Company | Mondelez International, Inc.     | The Hershey Company             |
| Brown-Forman Corporation       | Monster Beverage Corporation     | The Kroger Co.                  |
| Colgate-Palmolive Company      | PepsiCo, Inc.                    | The Procter & Gamble Company    |
| Constellation Brands, Inc.     | Philip Morris International Inc. | Tyson Foods, Inc.               |
| Costco Wholesale Corporation   | Sysco Corporation                | Walgreens Boots Alliance, Inc.  |
| General Mills, Inc.            | The Coca-Cola Company            | Walmart Inc.                    |

## Energy (10 Companies)

|                         |                                   |                              |
|-------------------------|-----------------------------------|------------------------------|
| Chevron Corporation     | Marathon Petroleum Corporation    | The Williams Companies, Inc. |
| ConocoPhillips          | Phillips 66                       | Valero Energy Corporation    |
| EOG Resources, Inc.     | Pioneer Natural Resources Company |                              |
| Exxon Mobil Corporation | Schlumberger Limited              |                              |

(\*Denotes new company in 2021 Top 250)

# APPENDIX – COMPANIES STUDIED

## Financials (31 Companies)

|                                    |                                  |                                         |
|------------------------------------|----------------------------------|-----------------------------------------|
| Aflac Incorporated                 | Intercontinental Exchange, Inc.  | The Allstate Corporation                |
| American Express Company           | JPMorgan Chase & Co.             | The Bank of New York Mellon Corporation |
| American International Group, Inc. | Marsh & McLennan Companies, Inc. | The Charles Schwab Corporation          |
| Ameriprise Financial, Inc.*        | MetLife, Inc.                    | The Goldman Sachs Group, Inc.           |
| Bank of America Corporation        | Moody's Corporation              | The PNC Financial Services Group, Inc.  |
| BlackRock, Inc.                    | Morgan Stanley                   | The Progressive Corporation             |
| Capital One Financial Corporation  | MSCI Inc.*                       | The Travelers Companies, Inc.           |
| Citigroup Inc.                     | Prudential Financial, Inc.       | Truist Financial Corporation            |
| CME Group Inc.                     | S&P Global Inc.                  | U.S. Bancorp                            |
| Discover Financial Services        | State Street Corporation         | Wells Fargo & Company                   |
| First Republic Bank*               | T. Rowe Price Group, Inc.        |                                         |

## Health Care (39 Companies)

|                               |                                  |                                     |
|-------------------------------|----------------------------------|-------------------------------------|
| Abbott Laboratories           | Cigna Corporation                | Johnson & Johnson                   |
| AbbVie Inc.                   | CVS Health Corporation           | McKesson Corporation                |
| Agilent Technologies, Inc.    | Danaher Corporation              | Merck & Co., Inc.                   |
| Alexion Pharmaceuticals, Inc. | DexCom, Inc.*                    | Mettler-Toledo International Inc.*  |
| Align Technology, Inc.        | Edwards Lifesciences Corporation | Pfizer Inc.                         |
| Amgen Inc.                    | Eli Lilly and Company            | Regeneron Pharmaceuticals, Inc.     |
| Anthem, Inc.                  | Gilead Sciences, Inc.            | ResMed Inc.*                        |
| Baxter International Inc.     | HCA Healthcare, Inc.             | Stryker Corporation                 |
| Becton, Dickinson and Company | Humana Inc.                      | Thermo Fisher Scientific Inc.       |
| Biogen Inc.                   | IDEXX Laboratories, Inc.         | UnitedHealth Group Incorporated     |
| Boston Scientific Corporation | Illumina, Inc.                   | Vertex Pharmaceuticals Incorporated |
| Bristol-Myers Squibb Company  | Intuitive Surgical, Inc.         | Zimmer Biomet Holdings, Inc.        |
| Centene Corporation           | IQVIA Holdings Inc.              | Zoetis Inc.                         |

## Industrials (37 Companies)

|                             |                                  |                                    |
|-----------------------------|----------------------------------|------------------------------------|
| 3M Company                  | General Dynamics Corporation     | Raytheon Technologies Corporation* |
| AMETEK, Inc.                | General Electric Company         | Republic Services, Inc.            |
| Carrier Global Corporation* | Honeywell International Inc.     | Rockwell Automation, Inc.          |
| Caterpillar Inc.            | Illinois Tool Works Inc.         | Roper Technologies, Inc.           |
| Cintas Corporation          | L3Harris Technologies, Inc.      | Southwest Airlines Co.             |
| CSX Corporation             | Lockheed Martin Corporation      | Stanley Black & Decker, Inc.       |
| Cummins Inc.                | Norfolk Southern Corporation     | The Boeing Company                 |
| Deere & Company             | Northrop Grumman Corporation     | TransDigm Group Incorporated       |
| Delta Air Lines, Inc.       | Old Dominion Freight Line, Inc.* | Union Pacific Corporation          |
| Emerson Electric Co.        | Otis Worldwide Corporation       | United Parcel Service, Inc.        |
| Fastenal Company*           | PACCAR Inc                       | Verisk Analytics, Inc.             |
| FedEx Corporation           | Parker-Hannifin Corporation      | Waste Management, Inc.             |

(\*Denotes new company in 2021 Top 250)

# APPENDIX – COMPANIES STUDIED

## Information Technology (41 Companies)

|                                            |                                              |                                |
|--------------------------------------------|----------------------------------------------|--------------------------------|
| Adobe Inc.                                 | Corning Incorporated                         | Microsoft Corporation          |
| Advanced Micro Devices, Inc.               | Fidelity National Information Services, Inc. | Motorola Solutions, Inc.       |
| Amphenol Corporation                       | Fiserv, Inc.                                 | NVIDIA Corporation             |
| Analog Devices, Inc.                       | Fortinet, Inc.*                              | Oracle Corporation             |
| ANSYS, Inc.*                               | Global Payments Inc.                         | Paychex, Inc.                  |
| Apple Inc.                                 | HP Inc.                                      | PayPal Holdings, Inc.          |
| Applied Materials, Inc.                    | Intel Corporation                            | QUALCOMM Incorporated          |
| Autodesk, Inc.                             | International Business Machines Corporation  | salesforce.com, inc.           |
| Automatic Data Processing, Inc.            | Intuit Inc.                                  | ServiceNow, Inc.               |
| Broadcom Inc.                              | KLA Corporation                              | Skyworks Solutions, Inc.*      |
| Cadence Design Systems, Inc.*              | Lam Research Corporation                     | Synopsys, Inc.*                |
| Cisco Systems, Inc.                        | Mastercard Incorporated                      | Texas Instruments Incorporated |
| Cognizant Technology Solutions Corporation | Microchip Technology Incorporated            | Visa Inc.                      |
|                                            | Micron Technology, Inc.                      | Xilinx, Inc.                   |

## Materials (12 Companies)

|                                  |                                          |                                 |
|----------------------------------|------------------------------------------|---------------------------------|
| Air Products and Chemicals, Inc. | DuPont de Nemours, Inc.                  | LyondellBasell Industries N.V.* |
| Ball Corporation*                | Ecolab Inc.                              | Newmont Corporation             |
| Corteva, Inc.*                   | Freeport-McMoRan Inc.*                   | PPG Industries, Inc.            |
| Dow Inc.                         | International Flavors & Fragrances Inc.* | The Sherwin-Williams Company    |

## Real Estate (9 Companies)

|                                         |                      |                                |
|-----------------------------------------|----------------------|--------------------------------|
| American Tower Corporation (REIT)       | Equinix, Inc. (REIT) | SBA Communications Corporation |
| Crown Castle International Corp. (REIT) | Prologis, Inc.       | Simon Property Group, Inc.     |
| Digital Realty Trust, Inc.              | Public Storage       | Welltower Inc.                 |

## Utilities (12 Companies)

|                                       |                                              |                        |
|---------------------------------------|----------------------------------------------|------------------------|
| American Electric Power Company, Inc. | Eversource Energy                            | Sempra                 |
| American Water Works Company, Inc.*   | Exelon Corporation                           | The Southern Company   |
| Dominion Energy, Inc.                 | NextEra Energy, Inc.                         | WEC Energy Group, Inc. |
| Duke Energy Corporation               | Public Service Enterprise Group Incorporated | Xcel Energy Inc.       |

(\*Denotes new company in 2021 Top 250)

# FW COOK PROFILE

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**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 4,000 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.

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