December 2022

2022 Top 250 Annual Incentive Plan Report

FW COOK

2022 TOP 250 ANNUAL INCENTIVE PLAN REPORT

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EXECUTIVE SUMMARY

FW Cook's 2022 Annual Incentive Plan Report covers annual incentive plan design practices among the 250 largest companies in the S&P 500 by market capitalization. Annual incentive plans play an integral role in motivating employees towards achieving a company's short-term objectives. This report focuses on understanding how annual incentive plans are currently designed and how they have evolved over a three- and six-year lookback period (compared to FW Cook's 2019 and 2016 reports, respectively).

Metrics & Payout Range

While annual incentive plan design varies among companies and industries, practices are converging towards a balanced approach that incentivizes profitable growth and achievement of key non-financial measures. Common design features include:

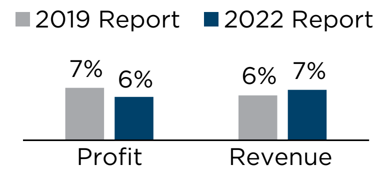
- Two or three financial measures (70% prevalence; up from 58% in 2016).
- A profit metric (93% prevalence; up from 92% in 2016) with a weighting of 40% or more and at least one other financial metric that aligns with a company's short-term priorities.
  - Revenue is the most common secondary financial metric (57% prevalence; up from 46% in 2016), followed by cash flow (29% prevalence; up from 25% in 2016).
- A non-financial component (78% prevalence; up from 73% in 2016), with the use of standalone strategic measures or team-wide scorecards (58% prevalence; up from 42% in 2016) surpassing individual performance measurement (43% prevalence; up from 38% in 2016).
  - The increase in use of strategic measures since 2016 is primarily driven by the heightened focus on Environmental, Social, and Governance (ESG) objectives and the resulting addition of ESG measures in annual incentive plans (72% of Top 250 companies in *FW Cook's 2022 Top 250 ESG Report*).
- Payout ranges from 0% or 50% of target for threshold performance to 200% of target for maximum performance.

Example Plan Design at the Median Top 250 Company

Profit (weighted 50%) **+** **Revenue** (weighted 30%) **+** **Non-Financial** (weighted 20%) **=** **Total Payout** (0-200% of target)

EXECUTIVE SUMMARY

Goal-Setting



Target Goal Compared to Last Year Actual Performance

Goal-setting has been a challenging exercise over the last several years as companies balance volatile economic conditions with “best practice” design views of proxy advisory firms and shareholders.

Target Goal-Setting vs. Prior Year Results

At median, companies set 2021 target profit and revenue goals 6% and 7% above 2020 actual performance, respectively, which is generally aligned with 2019 goal-setting practices.

However, there is more variation in target goal-setting practices across industries than in prior years, as evidenced by the wider 25th to 75th percentile range in target-goal setting practices (page 12). This can partially be explained by the pandemic’s uneven impact across industry sectors in 2020 resulting in varying forecasts for 2021.

Threshold & Maximum Goal-Setting (Performance Ranges)

Another goal-setting consideration is the width of the performance range in relation to target, which represents the range between the threshold level of performance at which some portion of bonus is paid and the maximum level of performance at which the maximum bonus is paid. The width of performance ranges is generally tied to the confidence a company has in its ability to achieve its target goal.

The median performance goal range has been stable since 2019 at about +/-10% of target for profit metrics and +/-5% of target for revenue metrics. Profit measures tend to have a wider performance range than revenue measures because revenue is typically less challenging to forecast than profitability, and therefore the range of expected outcomes is narrower.

	Median Goal as % of Target	
	Threshold	**Maximum**
Profit	-10%	+9%
Revenue	-5%	+5%

Similar to target goal-setting, performance ranges vary considerably across industries, more so than they have in prior years, particularly at the threshold level. The wider performance goal ranges may have been a temporary design change for 2021 to accommodate uncertainty driven by COVID-19, although the practice may continue through 2023 to manage ongoing volatility from other macroeconomic factors (e.g., war, supply chain issues, inflation, recession).

Actual Payouts

2021 was a strong year for Top 250 companies as financial and stock price performance recovered from the pandemic. Median CEO annual incentive payout was 150% of target, compared to 120% of target in 2016 and 128% of target in 2019. The median CEO payout was above 100% of target across all industry sectors.

Top 250 Median			
Annual Growth		Annual TSR as of 12/31/2021	CEO Bonus Payout as a % of Target
Total Revenue	Op. Income		
15%	19%	29%	150%

INTRODUCTION

Overview and Background

This report presents information on annual incentive plans for 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 when designing and implementing effective annual incentive programs that motivate short-term success for their companies by supporting strategic objectives and aligning pay delivery with performance. The report covers the following topics:

- Annual incentive measures, including the number of financial measures, types and weighting of measures, and use of modifiers;
- Annual incentive goal-setting, including setting target goals relative to prior year actual performance and setting threshold and maximum goals relative to target; and
- Payout opportunities and actual CEO annual incentive payouts as a percent of target payout for the latest fiscal year.

Source of Data

All information was obtained from public documents filed with the Securities and Exchange Commission ("SEC") and generally reflects programs in place during 2021 unless prospective program design was disclosed (10% of companies). If one-off, special design changes related to COVID-19 were made for 2021 (3% of companies), the designs of 2020 plans were used. For companies with plans that vary by participant, the design in place for the CEO was used.

Top 250 Company Selection

The Top 250 U.S.-based companies were selected based on market capitalization as of April 30, 2022 as reported by S&P's Capital IQ (see the Appendix for a list of the companies reviewed). The following table profiles the industry sectors represented in the Top 250 for 2022, defined by S&P Global Industrial Classification System ("GICS").

Industry Sector (# of companies)	Percent of 2022 Top 250	Median Market Data ($Bil)						
		4/30/2022 Market Cap.	Fiscal Year-End (FYE)		FYE Annual Growth		Annual TSR[1] as of 12/31/2021	CEO Bonus Payout as a % of Target
			Total Revenue	Net Income	Total Revenue	Op. Income		
Information Technology (40)	16%	$77.5	$16.5	$3.1	18%	30%	31%	153%
Health Care (38)	15%	$71.2	$26.6	$2.6	18%	23%	32%	137%
Financials (32)	13%	$57.9	$22.6	$5.6	21%	33%	38%	152%
Industrials (31)	12%	$56.8	$18.2	$1.9	11%	14%	23%	150%
Consumer Staples (22)	9%	$47.3	$30.1	$2.6	9%	9%	20%	145%
Consumer Discretionary (21)	8%	$44.7	$23.2	$2.4	16%	24%	30%	190%
Energy (16)	6%	$44.1	$21.7	$2.0	69%	-147%	52%	163%
Real Estate (14)	6%	$37.2	$4.6	$1.2	11%	19%	36%	167%
Utilities (13)	5%	$44.4	$13.7	$1.6	11%	2%	16%	143%
Materials (12)	5%	$38.4	$16.7	$2.0	19%	59%	18%	141%
Communication Services (11)	4%	$150.0	$67.4	$4.7	14%	19%	-8%	124%
Total Top 250 - Median	**—**	**$53.7**	**$18.7**	**$2.6**	**15%**	**19%**	**29%**	**150%**

Source: S&P Capital IQ

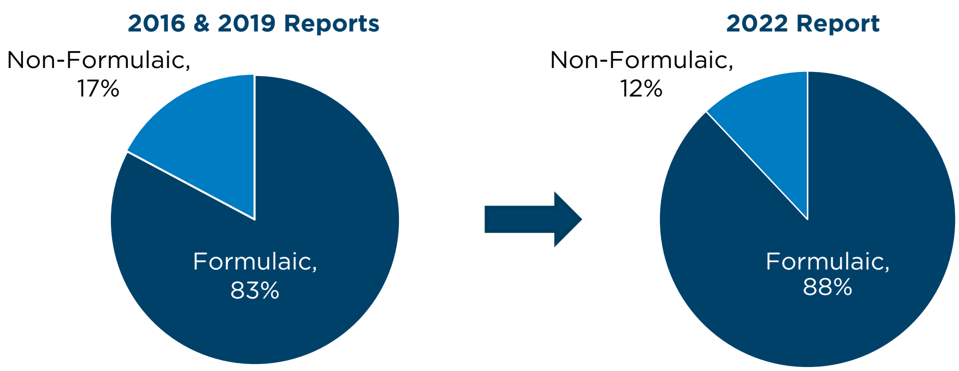
[1] TSR = Total Shareholder Return, a measure of stock price and dividend performance

PLAN TYPE

The 2022 report found that 88% of Top 250 companies use a formulaic annual incentive plan design with pre-defined metrics and weightings, up from 83% of companies in both the 2016 and 2019 reports. Formulaic annual incentive plans provide a strong link between pay and performance and are generally preferred by proxy advisory firms and shareholders.

The remaining 12% of companies utilize non-formulaic (or discretionary) plans, which, for purposes of this report, include any plans without pre-defined metrics and weightings. Examples of non-formulaic plans include completely discretionary bonus determinations, scorecards without assigned metric weightings or a determinative payout formula disclosed, or other plans with limited disclosure surrounding plan mechanics. Although payouts are not calculated formulaically and are determined instead by the Committee's subjective evaluation, most of these plans still consider company financial performance as a factor in determining payouts to ensure alignment between pay and performance. Discretionary annual incentive plans continue to be most prevalent in the Financials sector (50%), as many of these companies prefer to minimize formulaic compensation schemes that may lead to excessive risk-taking or other adverse behaviors.

Prevalence of Formulaic vs. Non-Formulaic Plans



In 2020, during the height of the COVID-19 pandemic, many companies pivoted from their original formulaic annual incentive plan to a non-formulaic/discretionary determination, primarily because the goals established at the beginning of the year became obsolete. Although this approach was common in 2020, nearly all companies have returned to a formulaic approach by 2021 or 2022.

FINANCIAL MEASURES

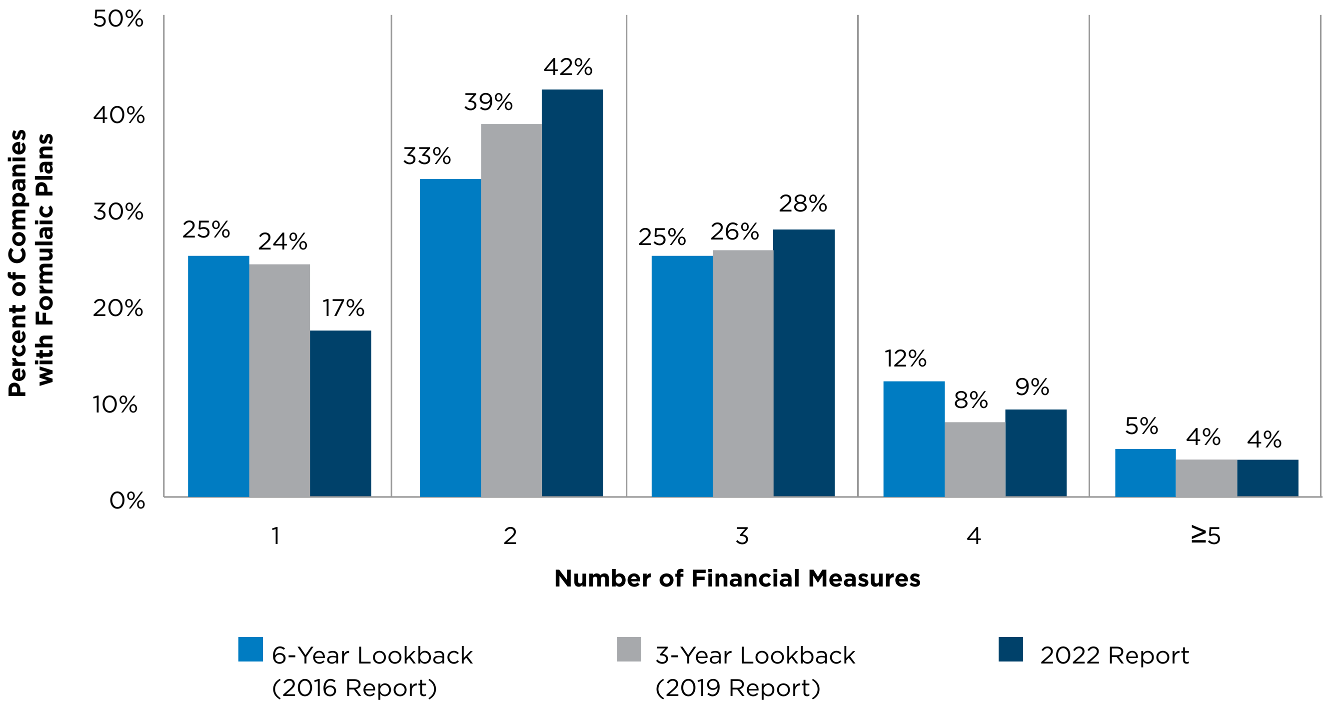
All 88% of Top 250 companies with formulaic annual incentive plans use at least one pre-defined financial measure in their determination of payouts. The number and types of financial measures used in an annual incentive plan communicate a company's priorities, both internally and externally. Companies typically select measures that provide a clear line of sight for participants and that will motivate and positively influence their behavior.

Number of Financial Measures

Practices continue to converge towards a balanced, portfolio approach of two or three financial measures (70% percent of companies in 2022; up from 65% in 2019 and 58% in 2016). A portfolio approach allows companies to address the views of multiple interested parties (e.g., participants, shareholders, proxy advisors, etc.) simultaneously and without creating too much complexity.

The prevalence of companies using only one financial measure has decreased from 25% in 2016 to 17% in 2022 (-8%), which highlights the evolving strategic priorities of companies today, although the use of one financial metric is still common for some industries (e.g., Utilities). The use of four or more financial measures is also decreasing (13% prevalence in 2022; down from 17% in 2016), as more measures may insulate executives from poor performance in any one area.

Prevalence of Number of Financial Measures



FINANCIAL MEASURES

Types of Financial Measures

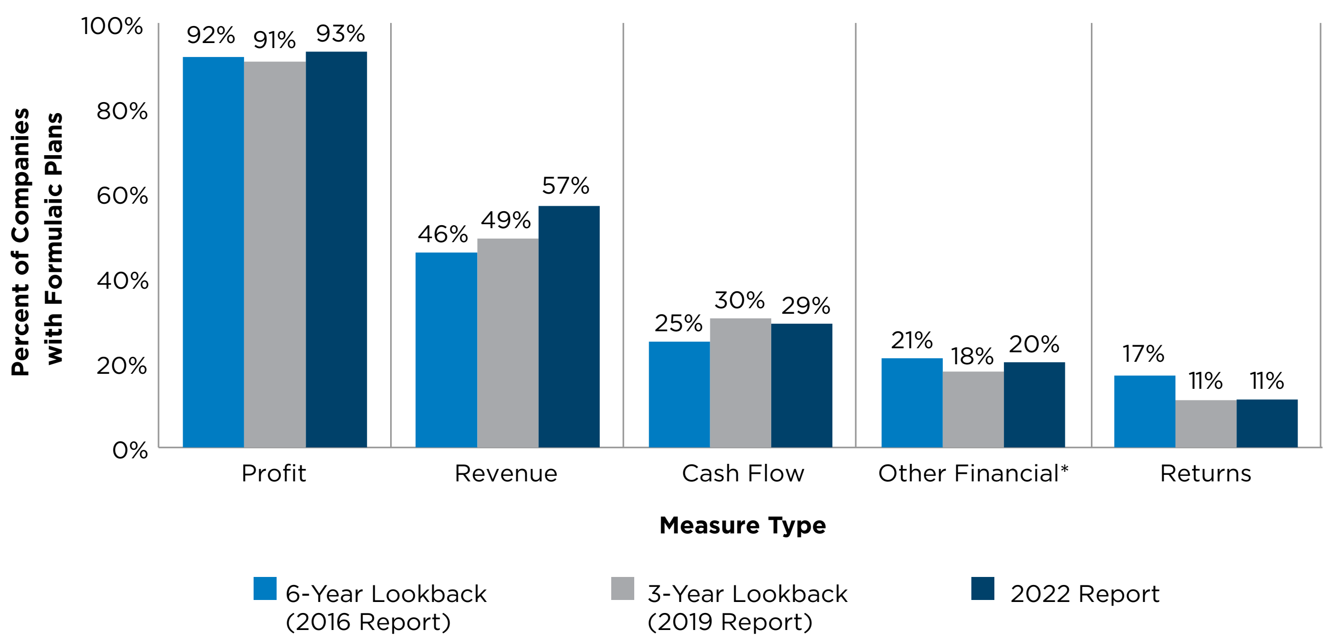
One of the most challenging aspects of designing effective annual incentive plans is selecting performance measures that motivate plan participants towards achievement of short-term objectives.

Profitability measures continue to be the most prevalent type of financial measure used in annual incentive plans (93% of companies in 2022; up slightly from 92% in 2016). Of the companies in the 2022 report that use a profitability measure, 61% use pre-tax measures (e.g., EBIT, operating income, or EBITDA), 40% use after-tax measures (e.g., EPS or net income), and 12% use margin measures (statistics exceed 100% as some companies use multiple types).

Additionally, revenue continues to be the second-most common financial measure and its prevalence has increased from 46% of companies in the 2016 report to 57% of companies in the 2022 report (+11%). The use of both revenue and profitability provides a balanced approach for companies to incentivize short-term, profitable growth, thereby driving shareholder value.

Cash flow (e.g., free cash flow, operating cash flow) is used by 29% of companies in the 2022 report, and its prevalence has remained relatively flat since the 2019 report. Likewise, the prevalence of return measures (e.g., return on equity, return on assets, return on capital) has been stable at 11% since the 2019 report as these measures are more commonly found in long-term performance plans, although they continue to be prevalent in annual incentive plans for select industry sectors, like Financials.

Prevalence of Financial Measure Types



** Examples of "Other Financial" measures include cost/expense management and inventory turnover*

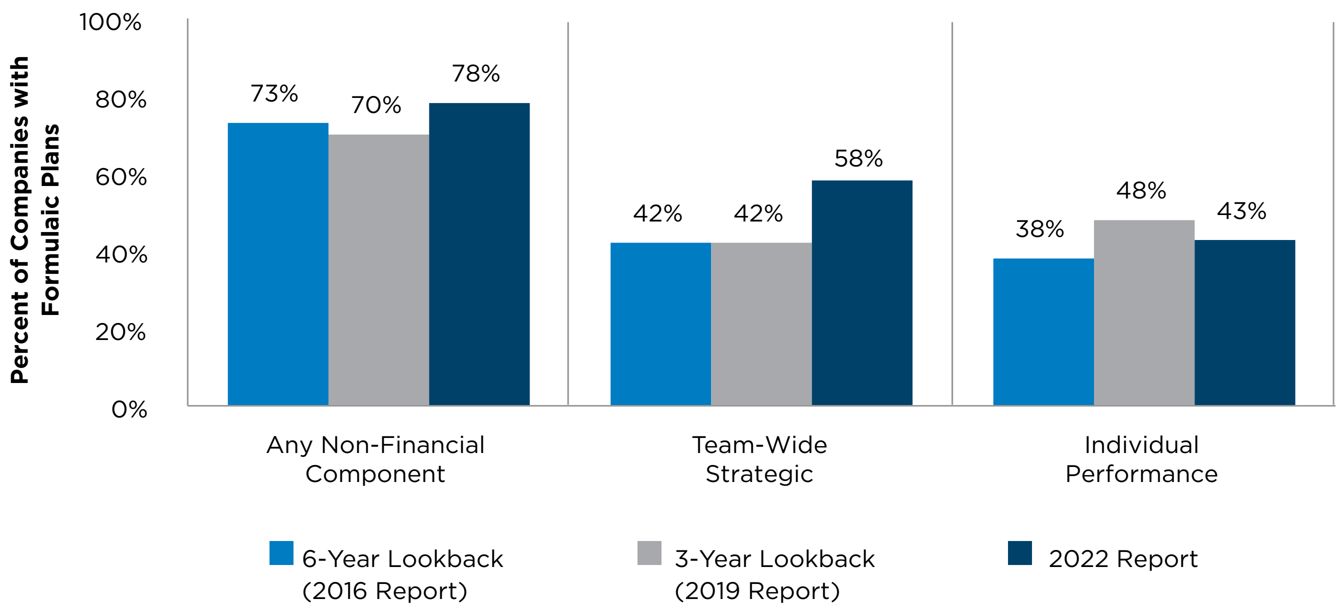
NON-FINANCIAL MEASURES

Non-financial measures complement a company's financial objectives by providing the ability to emphasize one or more strategic factors that can affect company performance and, in some cases, by allowing for use of discretion to recognize/reward factors that may not immediately contribute to financial performance (e.g., strong leadership, executing mergers or acquisitions, relative outperformance during a market downturn, increasing diversity, etc.). Over the last six years, the use of non-financial components has increased from 73% of companies in the 2016 report to 78% of companies in the 2022 report.

The use of team-wide, strategic measures has increased meaningfully from 42% of companies in the 2016 and 2019 reports to 58% of companies in the 2022 report (+16%). Strategic measures* may be based on pre-determined quantifiable objectives or determined qualitatively at the end of the year based on subjective evaluation, with the latter design alternative providing Compensation Committees with maximum flexibility to exercise judgment. The meaningful increase in use of strategic measures since the 2016 report is primarily driven by the heightened focus on ESG and its resulting inclusion in annual incentive plans. Among the Top 250, 72% of companies in *FW Cook's 2022 Top 250 ESG Report* use ESG in annual incentive plans (up from 63% in 2021), and many companies incorporate ESG within team-wide strategic scorecards (32%; up from 28% in 2021) or as a stand-alone measure (50%; up from 34% in 2021).

In contrast, the prevalence of companies utilizing individual performance as their non-financial component decreased from 48% in the 2019 report to 43% in the 2022 report (-5%). Individual (but not strategic) performance components provide the ability to differentiate among participants when determining payouts. Individual performance measures are most prevalent in the Real Estate industry (69%). Only 23% of companies utilized both strategic and individual components.

Prevalence of Non-Financial Measures



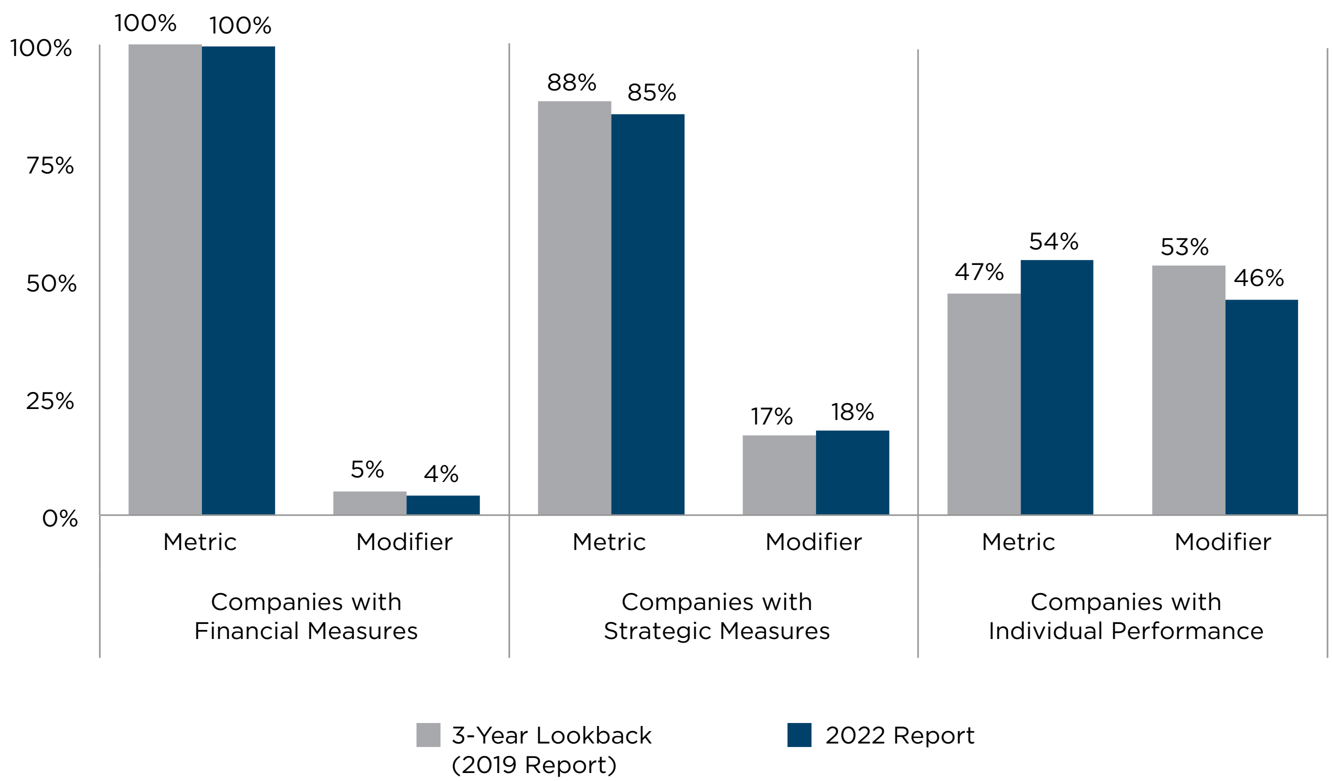
**Examples of strategic measures include a standalone measure or a scorecard with various objectives, including ESG, safety, market share growth, net promoter score, obtaining regulatory approval, M&A synergies, or development milestones.*

METRICS & MODIFIERS

Metrics are defined as measures with specific weightings (e.g., EBITDA at 75% and revenue at 25%) in formulaic annual incentive plans. Modifiers, on the other hand, do not have a specific weighting and may only adjust calculated metric payouts up or down. Modifiers serve to provide a check on the primary metric(s) in the annual incentive plan. Some modifiers only have limited ability to influence final payouts (e.g., can increase or decrease payouts by up to 10%), while others may have the ability to reduce payouts all the way down to zero or increase payouts to the maximum opportunity.

Modifiers continue to be uncommon for financial and strategic measures (4% and 18% in the 2022 report, respectively). Among companies utilizing individual performance, the practice is generally split between use of metrics or modifiers. A modifier approach allows companies to reward executives for their individual performance only when at least threshold financial performance is achieved, resulting in a payout value that can be modified. The median individual performance modifier range can adjust payouts down to 0% or up to 150% of the preliminary calculated percentage. A metric approach for individual performance, on the other hand, allows companies to reward executives for their individual achievements independent of the calculated financial payout. The metric approach is useful during unexpected downturns as companies have the flexibility to recognize an executive's achievements within the original plan design, even if threshold financial performance is not achieved (as was the case for many companies in 2020 during the pandemic).

Prevalence of Metrics & Modifiers



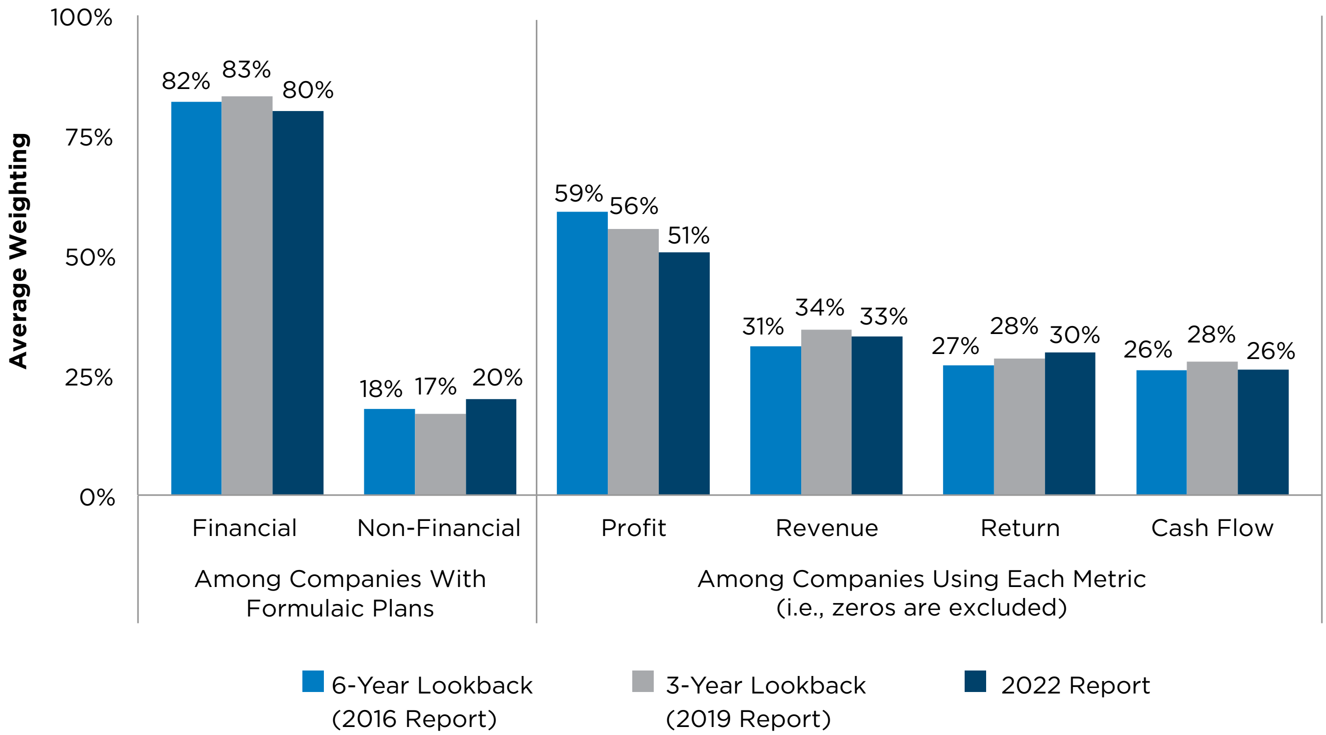
— Statistics exceed 100% as some companies utilize both metrics and modifiers

WEIGHTING OF METRICS

On average, companies with formulaic plans in the 2022 report allocate 80% of the annual incentive plan performance weighting to financial metrics (down from 83% in 2019) and 20% to non-financial metrics (up from 17% in 2019). These weightings reflect discrete metrics only, and do not account for the impact of performance modifiers, which are more commonly used for individual performance components as detailed above. Average weighting of financial versus non-financial metrics varies by industry. Some industries rely more heavily on achievement of certain non-financial objectives that are not directly measured via a financial component. For example, the Utilities and Energy sectors (average non-financial weighting of 35% and 34%, respectively) often include safety or environmental objectives critical to its business, and the Real Estate sector (average non-financial weighting of 33%) often includes objectives related to portfolio management, either as standalone strategic measures or through an individual performance evaluation (i.e., occupancy, investments).

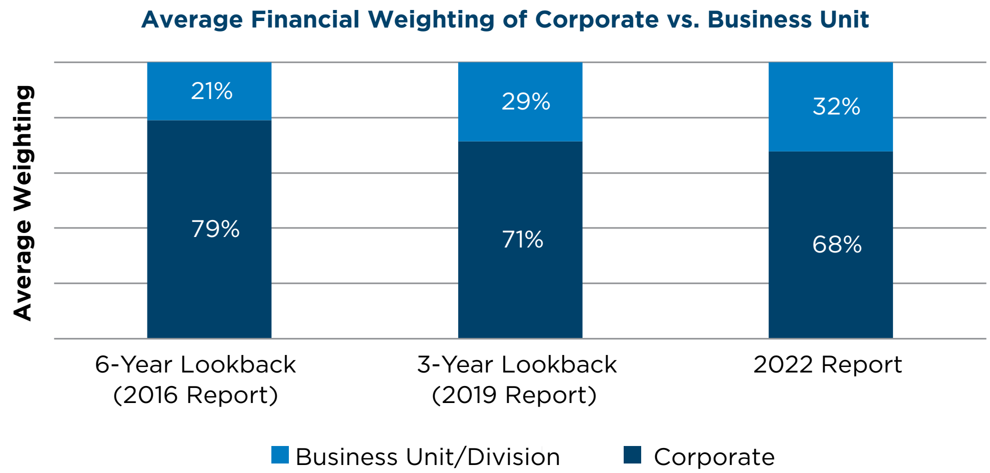
Profitability measures continue to not only be the most prevalent financial measures, but also are assigned the highest weighting, on average (51% in 2022, although down from 56% in 2019 and 59% in 2016). Other financial metrics are assigned weightings between approximately 25% and 35% on average, as indicated below.

Average Weighting of Metrics



EVALUATING BUSINESS UNIT OFFICER PERFORMANCE

Companies must decide whether senior executives who lead a division or segment should be primarily rewarded for the performance of their business unit or as a team together with their corporate colleagues. For companies that disclose business unit officers ("BUOs") in their proxy statements (46% prevalence in 2022; down from 60% in 2019), the average weighting within annual incentive plans for BUOs is 68% on corporate financial goals and 32% on business unit/division financial goals, which is relatively stable since the 2019 report (71% on corporate goals and 29% on business unit/division goals). This reflects a more dominant philosophy of holding senior-most executives accountable for company-wide results to a greater degree than their business unit alone (although the emphasis on business unit/division goals has increased since the 2016 report, which found that the average weighting was 21% on such goals).



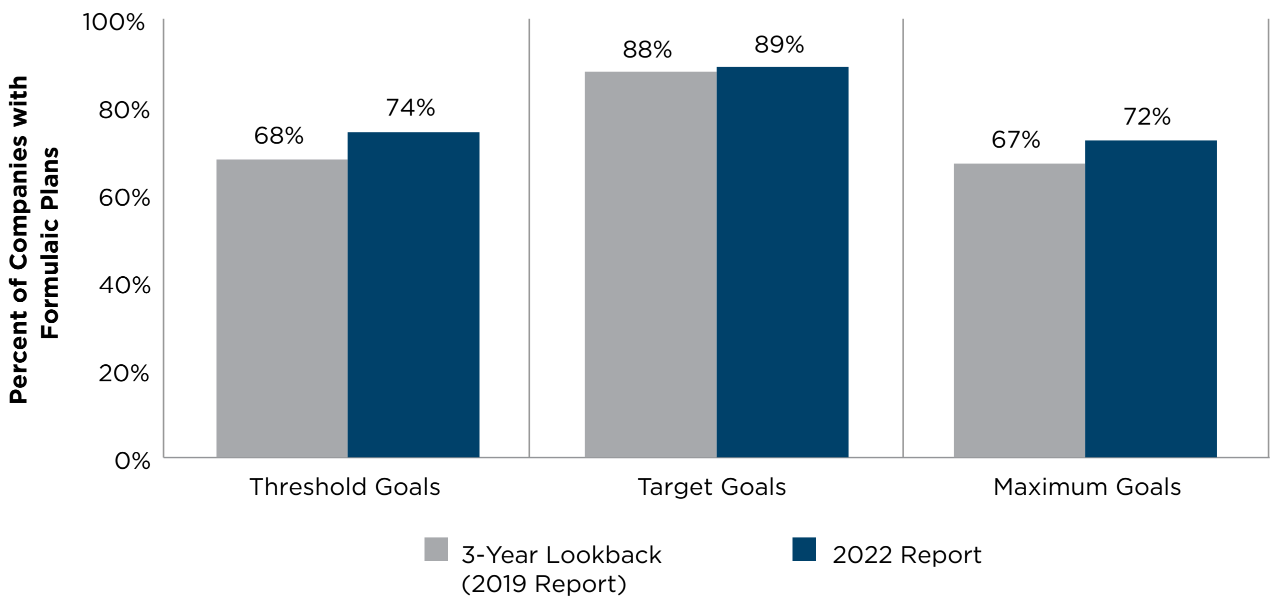
Forty-six percent of companies with BUOs base annual incentive payouts entirely on corporate performance, while only 9% of companies base BUO payouts entirely on business unit/division performance, which again has remained stable since the 2019 report.

FINANCIAL METRIC GOAL-SETTING

Prevalence of Goal Disclosure

The majority of Top 250 companies with formulaic annual incentive plans disclose target profit or revenue goals in their annual proxy statement (89% prevalence). The prevalence of companies disclosing threshold and maximum goals has increased over the last several years to 74% and 72%, respectively (up from 68% and 67% in 2019). Complete disclosure of financial goals provides investors the ability to assess payouts and goal rigor from year to year and is viewed as "best practice" by proxy advisory firms and shareholders.

Prevalence of Profit or Revenue Goal Disclosure

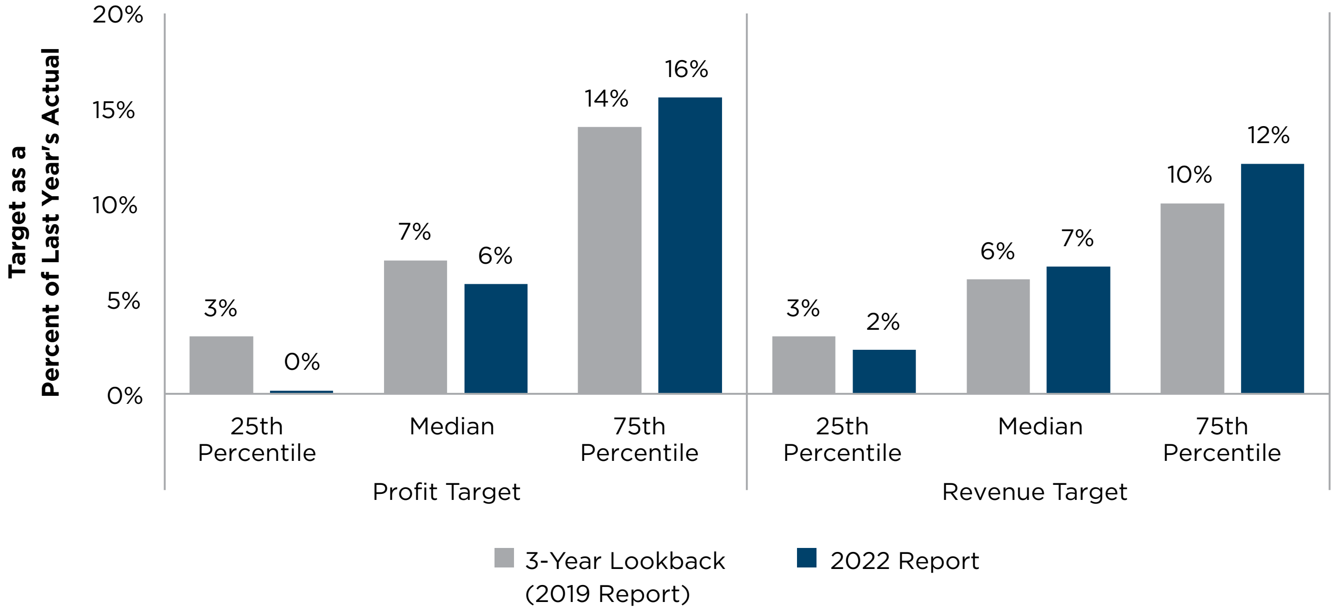


FINANCIAL METRIC GOAL-SETTING

Target Goal-Setting Relative to Prior Year Performance

Goal-setting has been a challenging exercise over the last several years as companies balance volatile economic conditions with “best practice” design views of proxy advisory firms and shareholders. Although market practice is informative, goal-setting is more commonly tailored around internal and external factors, such as company budget/performance expectations, historical performance, investor expectations, pay philosophy, and macroeconomic climate. 2021 was the first year that companies were able to incorporate post-pandemic expectations into their budgeting and goal-setting process. Across the Top 250, median 2021 target goals for profit and revenue metrics were set 6% and 7% above 2020 actual performance, respectively, which is generally aligned with goal-setting practices in 2018 (from the 2019 report).

**Target Performance Goals
Compared to Last Year's Actual Performance**



However, goal-setting practices vary considerably across industries, as evidenced by the 25th percentile to 75th percentile range for each measure, which widened in the 2022 report versus the 2019 report. This finding is not surprising as the pandemic had an uneven impact across industry sectors in 2020, resulting in varying forecasts for 2021. A handful of industry sectors set higher profit growth goals in 2021 than 2018 (e.g., +14% for Health Care and +12% for Information Technology), while other sectors were more conservative (e.g., +4% for Consumer Staples and Consumer Discretionary).

Only 13% of companies using profitability measures and 8% of companies using revenue measures disclosed 2021 target goals below 2020 actual performance. These companies risked criticism from proxy advisory firms and institutional investors if no compelling rationale was provided in company proxy statements, particularly if above-target bonuses were earned. Setting target goals that always reflect year-over-year growth presents challenges for companies in cyclical industries, in turnaround situations, or following pandemic-related tailwinds.

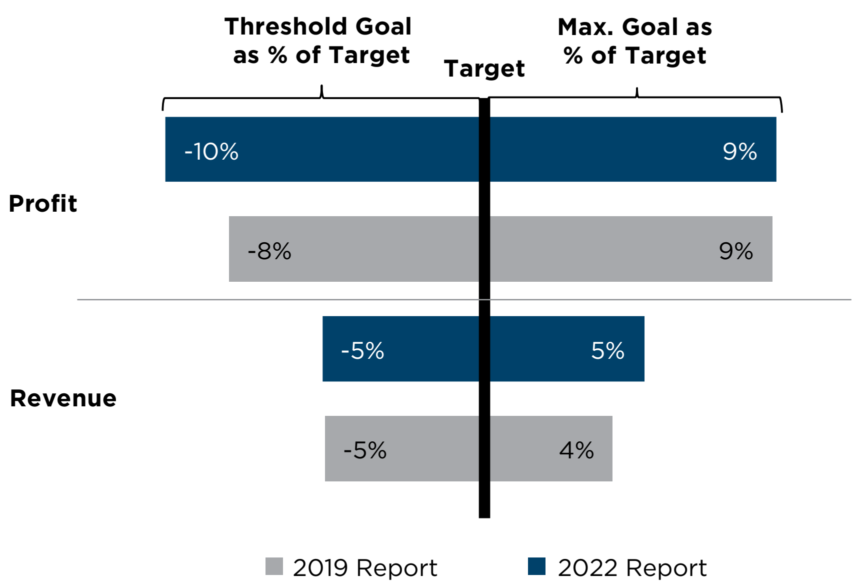
FINANCIAL METRIC GOAL-SETTING

Threshold and Maximum Goal-Setting (Performance Goal Ranges)

Another goal-setting consideration is the width of the performance range with respect to target, which represents the threshold level of performance at which some portion of bonus is paid and the maximum level of performance at which the maximum possible bonus is paid. Performance ranges are generally tied to the confidence a company has in its ability to achieve its target goal (i.e., the less certainty a company has about the accuracy of its forecast, the wider its performance range should be, and vice-versa). The performance range is determined by calculating the threshold and maximum performance goals as percentages of the target goal (i.e., the further the spread around target, the wider the range).

The median performance goal range around target across all companies has generally been stable since the 2019 report at about +/-10% of target for profit metrics and +/-5% of target for revenue metrics. However, a handful of industry sectors set wider goal ranges for 2021, particularly at the threshold level, including Financials, Industrials, and Consumer Staples (see industry statistics in Appendix E). The wider performance goal ranges may be a temporary design change to accommodate ongoing uncertainty related to COVID-19, although this practice may continue in 2022 and 2023 to address other macroeconomic conditions.

Median Performance Goal Range

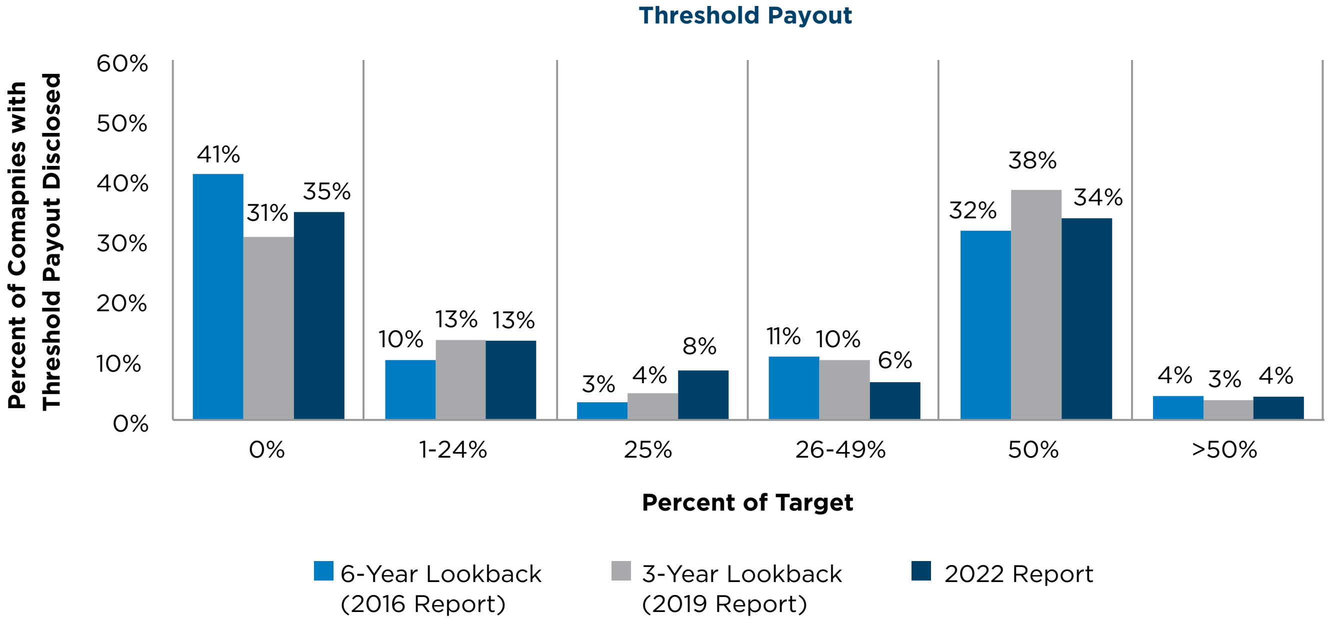


Profit measures tend to have a wider performance range than revenue measures because revenue is typically less challenging to forecast than profitability, and therefore the range of expected outcomes is narrower.

ANNUAL INCENTIVE PLAN PAYOUTS

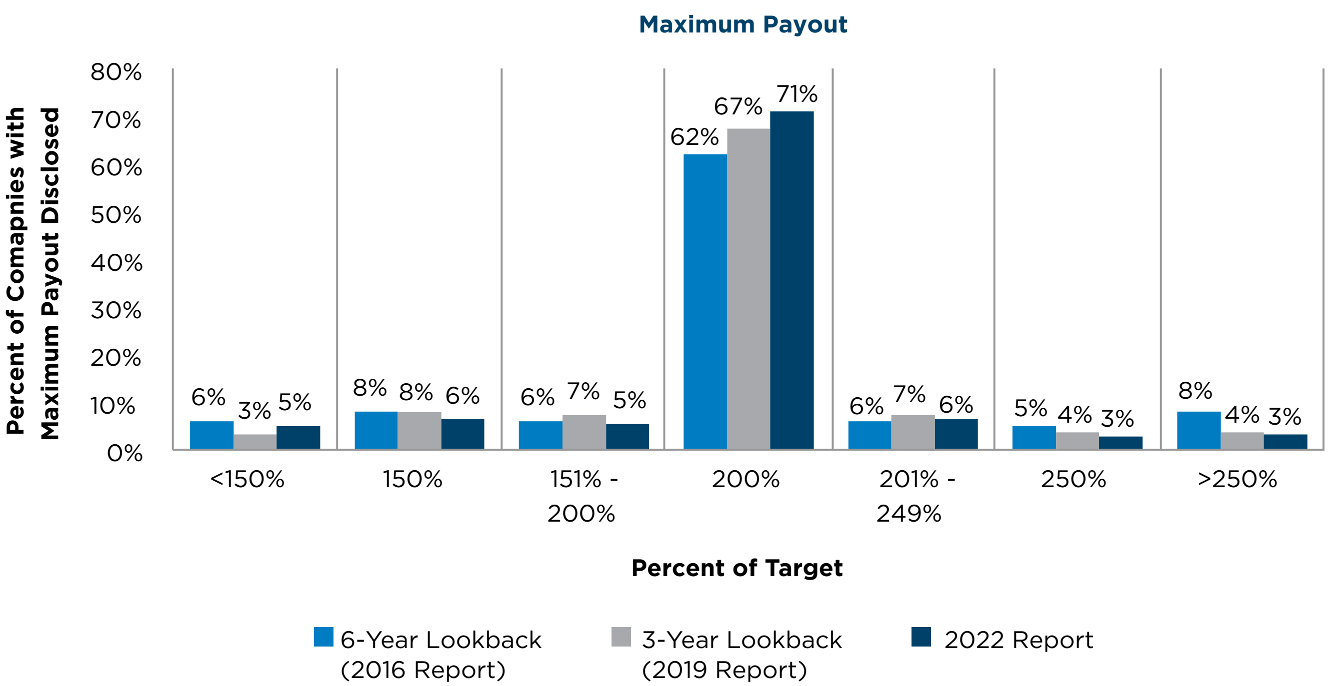
Threshold Payout

The threshold payout represents the opportunity, as a percent of target, that is provided for achieving threshold performance goals. The majority of companies continue to provide either a 0% threshold payout (35% prevalence) or a 50% threshold payout (34% prevalence). Practices vary as there is limited focus on threshold payout from proxy advisors and institutional investors, unlike the maximum payout level.



Maximum Payout

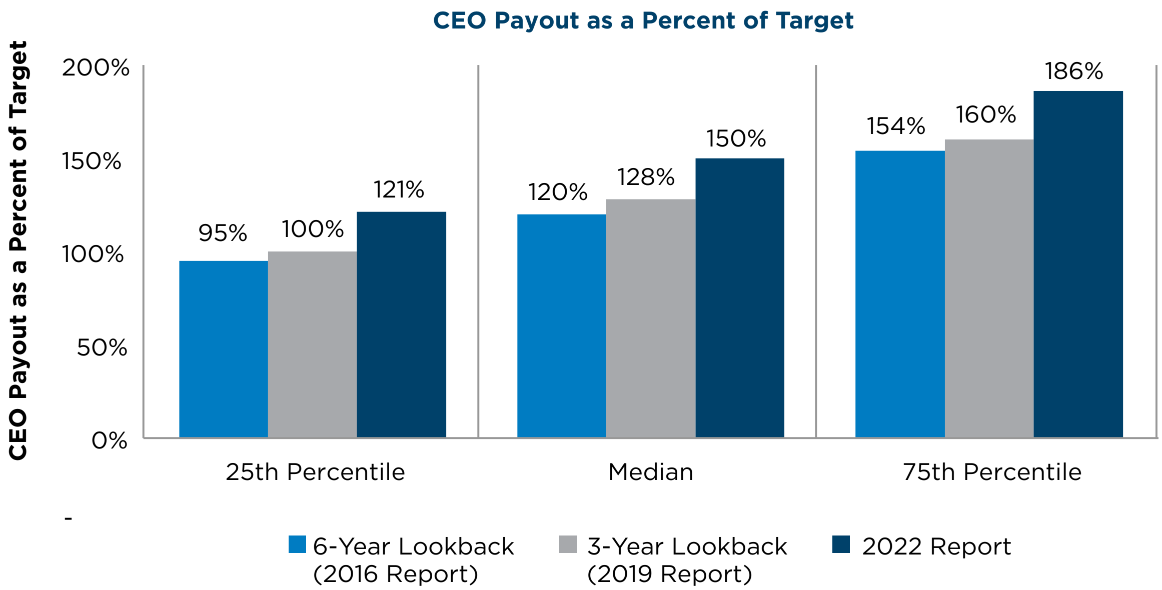
There is a strengthening trend in the most prevalent maximum payout level at 200% of target (used at 71% of companies; up from 67% in 2019 and 62% in 2016). A 200% maximum payout opportunity allows for a reasonable balance between providing sufficient upside leverage for participants without being viewed as encouraging excessive risk-taking, and also reflects the level at which companies are generally insulated from criticism by proxy advisors and institutional investors.



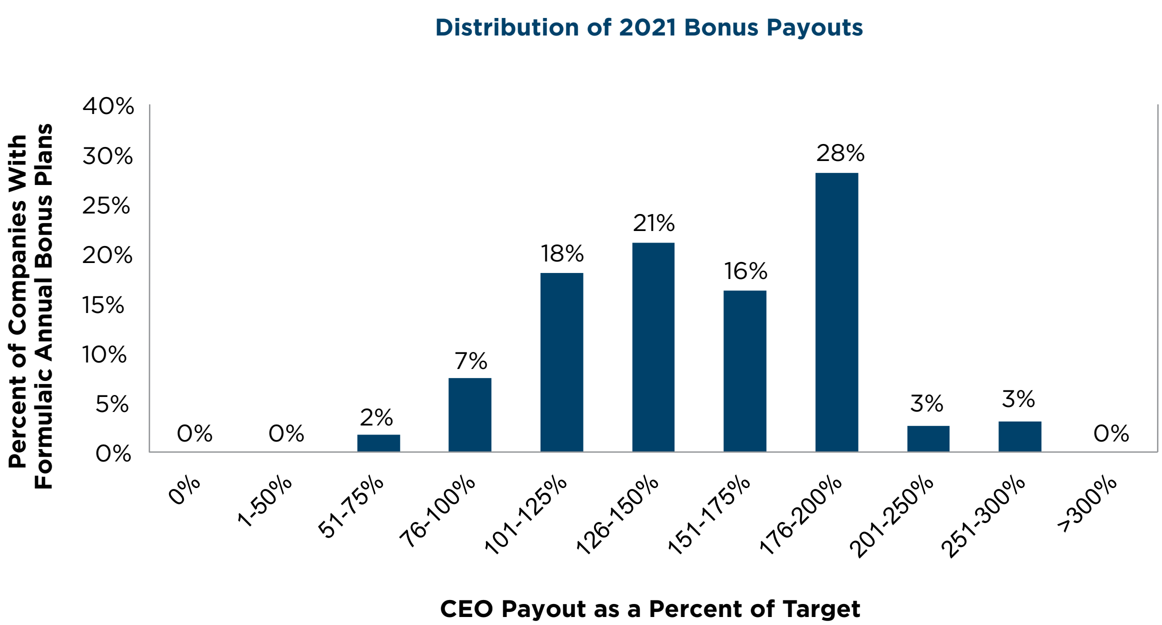
ANNUAL INCENTIVE PLAN PAYOUTS

2021 CEO Annual Incentive Payouts

2021 was a strong year for Top 250 companies as they bounced back from the pandemic. At median, annual revenue and operating income growth for Top 250 companies was 15% and 19%, respectively, and one-year TSR as of December 31, 2021 was 29%. Among companies using profit or revenue measures in annual incentive plans, median actual profit performance exceeded target by 7% (compared to 2.4% in 2019) and median actual revenue performance exceeded target by 4% (compared to 1.1% in 2019). The resulting median CEO annual incentive payout was 150% of target, compared to 120% of target in the 2016 report and 128% of target in the 2019 report.



Ninety-one percent of companies with formulaic annual bonus plans paid 2021 annual bonuses above target, and 34% paid 2021 annual bonuses above 175% of target. All industry sectors paid median bonuses above target, the highest of which were the Consumer Discretionary industry (190% of target) and the Real Estate industry (167% of target).

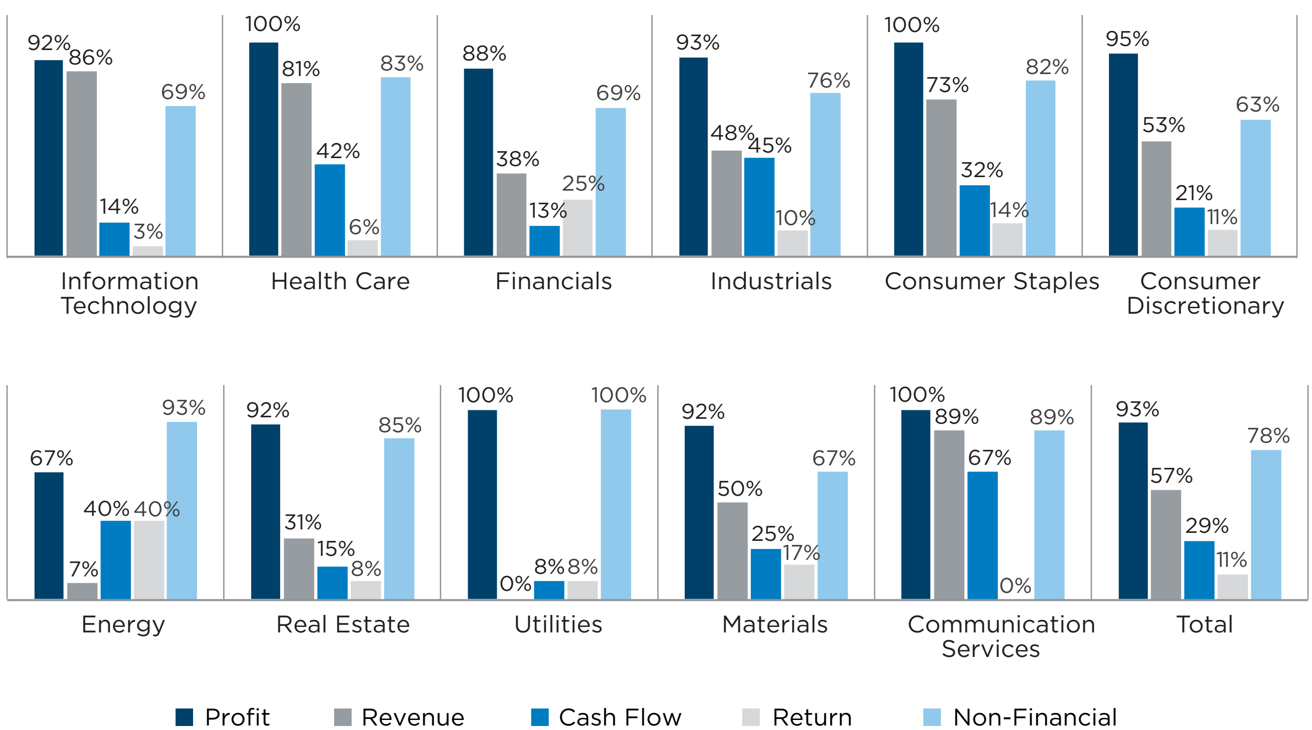


APPENDIX – SUPPLEMENTAL DETAIL BY INDUSTRY SECTOR

A. Prevalence of Number of Financial Measures

Industry Sector	Prevalence of Number of Financial Measures				
	1	2	3	4	>4
Information Technology	11%	58%	28%	0%	3%
Health Care	11%	39%	33%	14%	3%
Financials	25%	44%	19%	6%	6%
Industrials	14%	41%	38%	7%	0%
Consumer Staples	9%	41%	32%	9%	9%
Consumer Discretionary	37%	32%	21%	11%	0%
Energy	20%	40%	20%	20%	0%
Real Estate	8%	46%	38%	0%	8%
Utilities	54%	31%	15%	0%	0%
Materials	17%	33%	8%	25%	17%
Communication Services	0%	44%	33%	22%	0%

B. Prevalence of Financial Measure Types



APPENDIX – SUPPLEMENTAL DETAIL BY INDUSTRY SECTOR

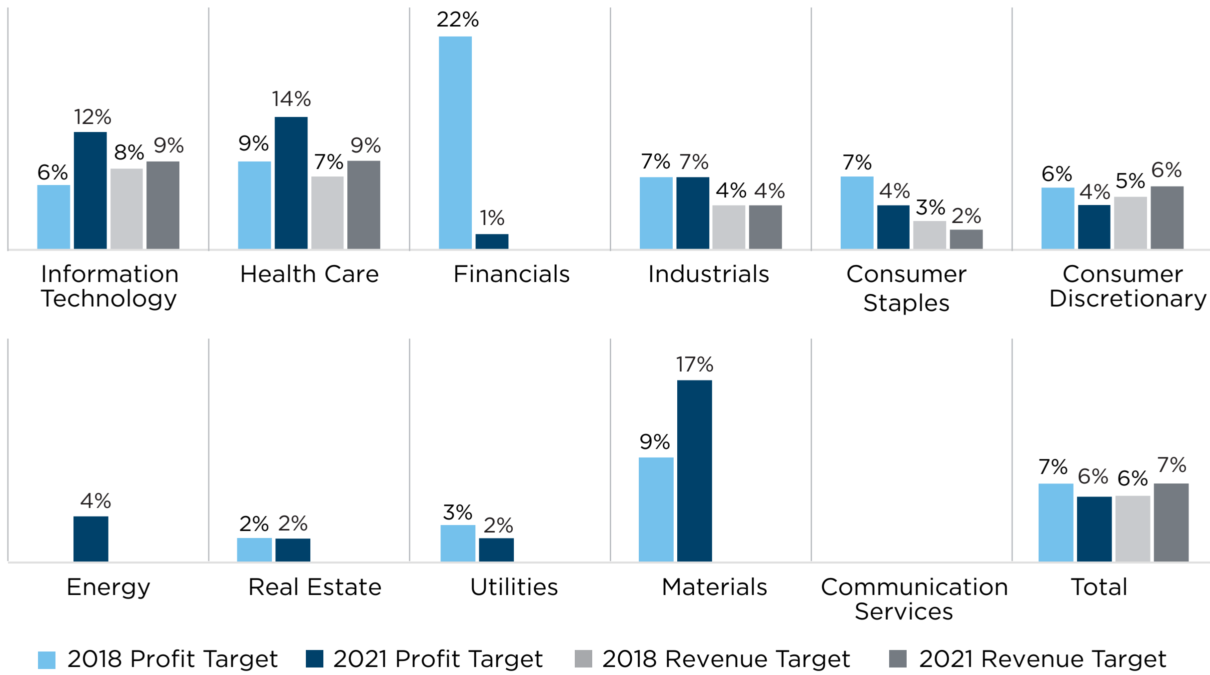
C. Average Weighting of Metrics

Industry Sector	Average Metric Weighting						
	Total(1)		Financial(2)				
	Financial	Non-Fin.	Profit	Revenue	Cash Flow	Return	Other
Information Technology	88%	12%	49%	43%	32%	—	15%
Health Care	77%	23%	41%	34%	18%	—	—
Financials	83%	17%	62%	28%	7%	22%	30%
Industrials	89%	11%	57%	28%	36%	58%	—
Consumer Staples	84%	16%	54%	32%	20%	10%	12%
Consumer Discretionary	81%	19%	56%	33%	31%	20%	11%
Energy	67%	34%	45%	—	25%	27%	25%
Real Estate	67%	33%	45%	29%	31%	—	22%
Utilities	65%	35%	63%	—	—	—	20%
Materials	89%	11%	56%	23%	32%	52%	19%
Communication Services	69%	31%	33%	22%	23%	—	20%

"—" indicates limited sample size
(1) Statistics calculated for all companies with formulaic plans
(2) Statistics calculated for all companies using each metric (i.e., excludes zeros)

APPENDIX – SUPPLEMENTAL DETAIL BY INDUSTRY SECTOR

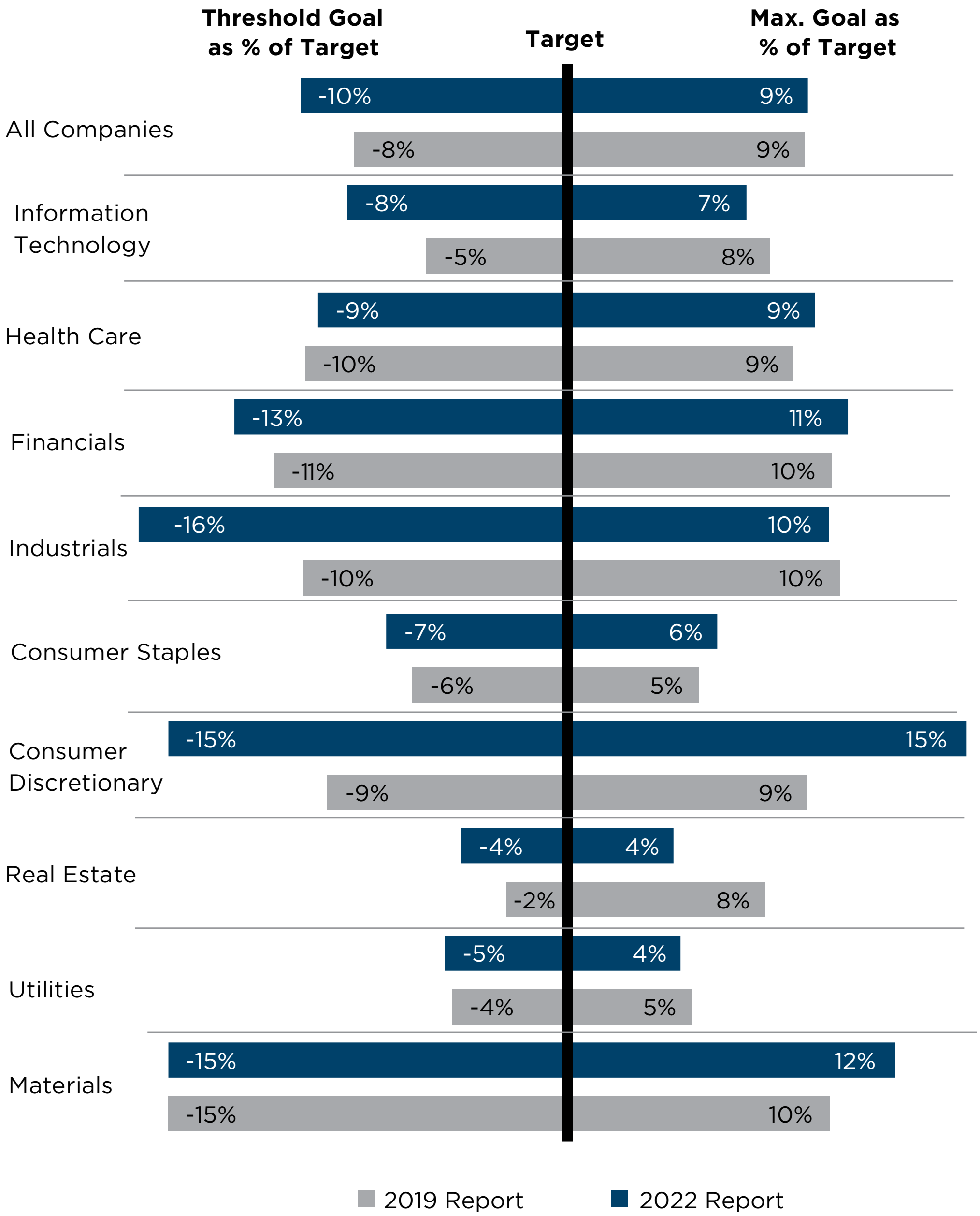
D. Target Goal-Setting Compared to Last Year's Actual Performance



— No bars indicates that statistics are excluded or noncalculable due to small sample size

APPENDIX – SUPPLEMENTAL DETAIL BY INDUSTRY SECTOR

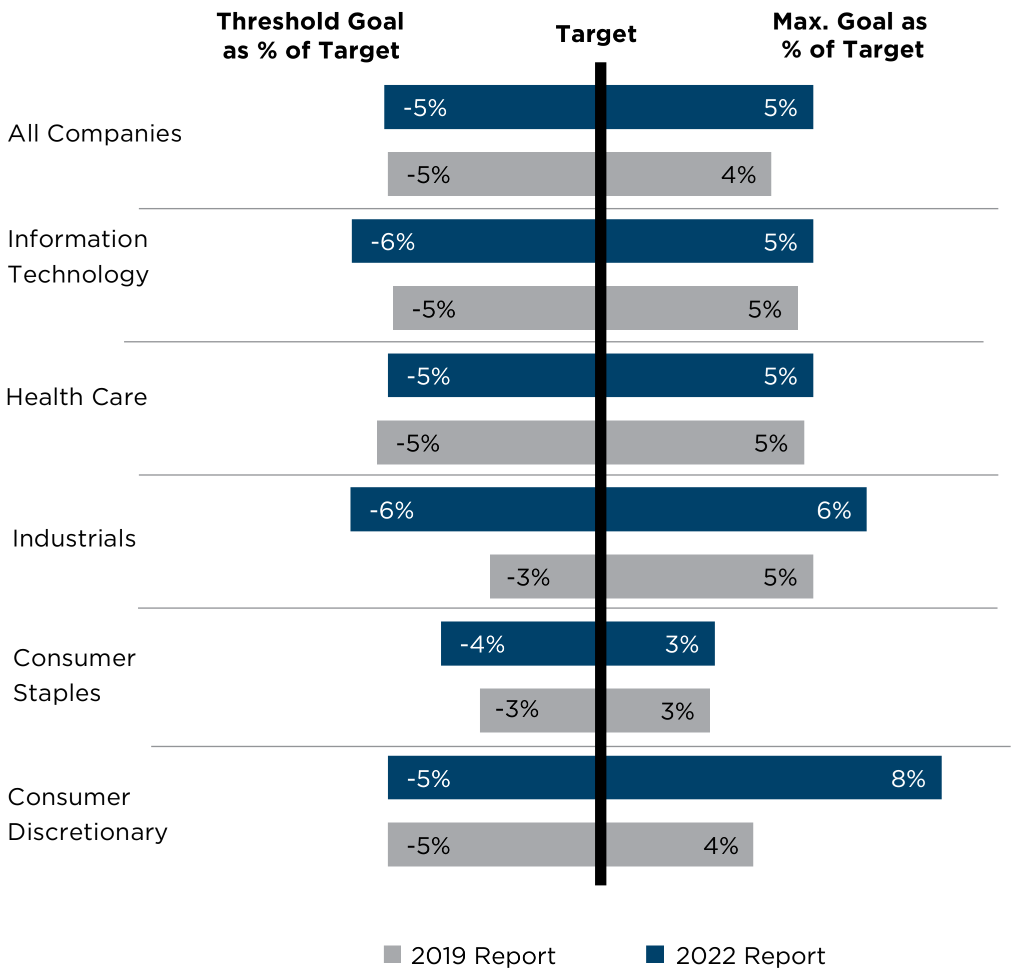
E. Median Profit Performance Goal Ranges



-- *Energy and Communication Services industry sectors not shown due to small sample sizes*

APPENDIX – SUPPLEMENTAL DETAIL BY INDUSTRY SECTOR

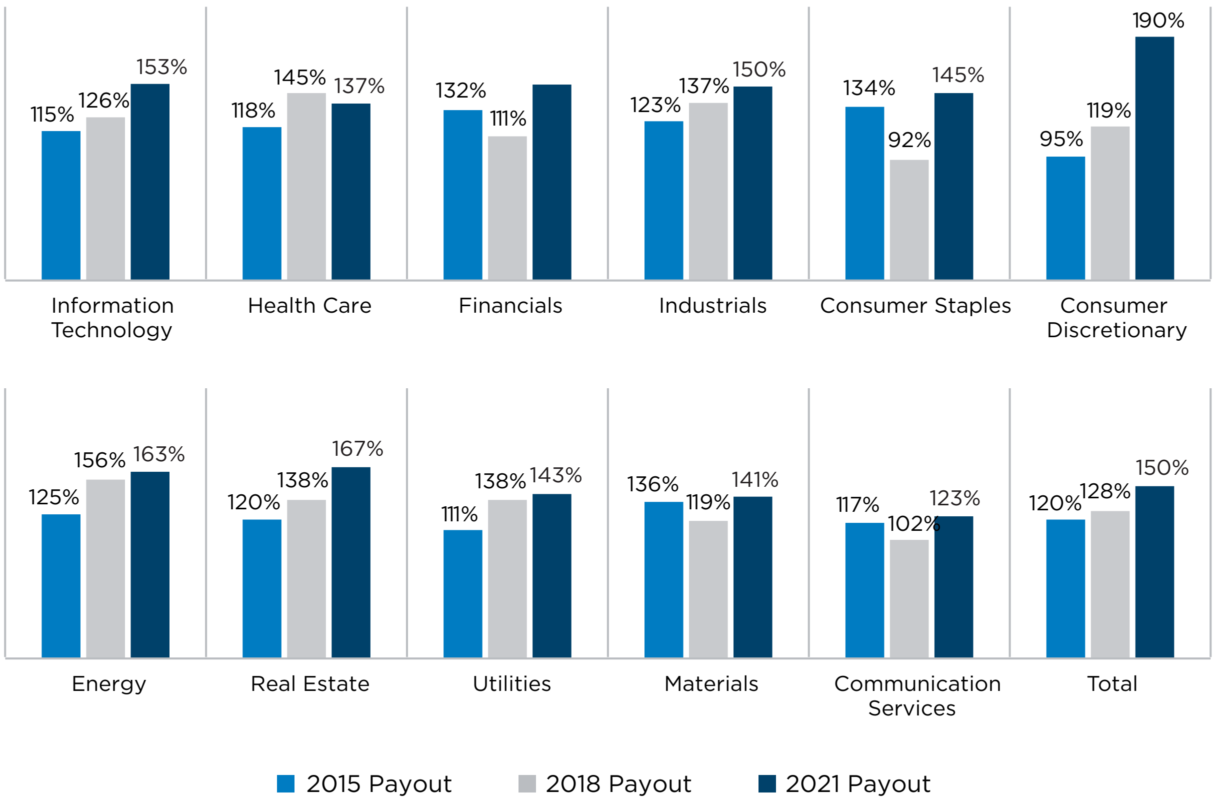
F. Median Revenue Performance Goal Ranges



-- Industry sectors not shown are excluded due to small sample sizes

APPENDIX – SUPPLEMENTAL DETAIL BY INDUSTRY SECTOR

G. Median CEO Annual Incentive Payouts as a Percent of Target



APPENDIX – COMPANIES STUDIED

Communication Services (11 Companies)

AT&T Inc.
Charter Communications, Inc.
Comcast Corporation
Electronic Arts Inc.
Meta Platforms
Netflix, Inc.
The Walt Disney Company
T-Mobile US, Inc.
Twitter, Inc.
Verizon Communications Inc.
Warner Bros Discovery

Consumer Discretionary (21 Companies)

AutoZone, Inc.
Booking Holdings Inc.
Chipotle Mexican Grill, Inc.
Dollar General Corporation
Dollar Tree, Inc.
eBay Inc.
Expedia
Ford Motor Company
General Motors Company
Hilton Worldwide Holdings Inc.
Lowe's Companies, Inc.
Marriott International, Inc.
McDonald's Corporation
NIKE, Inc.
O'Reilly Automotive, Inc.
Ross Stores, Inc.
Starbucks Corporation
Target Corporation
The Home Depot, Inc.
The TJX Companies, Inc.
Yum! Brands, Inc.

Consumer Staples (22 Companies)

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

Energy (16 Companies)

Baker Hughes Company
Chevron Corporation
Devon Energy Corporation
ConocoPhillips
EOG Resources, Inc.
Exxon Mobil Corporation
Halliburton Company
Hess Corporation
Marathon Petroleum Corporation
Occidental Petroleum
ONEOK, Inc.
Phillips 66
Pioneer Natural Resources
Schlumberger Limited
The Williams Companies, Inc.
Valero Energy Corporation

APPENDIX – COMPANIES STUDIED

Financials (32 Companies)

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

Healthcare (38 Companies)

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

Industrials (31 Companies)

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

APPENDIX – COMPANIES STUDIED

Information Technology (40 Companies)

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

Materials (12 Companies)

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

Real Estate (14 Companies)

Alexandria Real Estate Equities
American Tower Corporation
AvalonBay Communities
Crown Castle International Corp.
Digital Realty Trust, Inc
Equity Residential
Equinix, Inc.
Prologis, Inc.
Public Storage
Realty Income Corp.
SBA Communications Corporation
Simon Property Group, Inc.
Welltower Inc.
Weyerhaeuser Company

Utilities (13 Companies)

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

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