November 2019

2019 Director Compensation Report

FW COOK

2019 DIRECTOR COMPENSATION REPORT

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EXECUTIVE SUMMARY

FW Cook's 2019 Director Compensation Report studies non-employee director compensation at 300 companies of various sizes and industries to analyze market practices in pay levels and program structure.

Increases at the median to total compensation were similar among large-cap, mid-cap, and small-cap companies: the large-cap median increased 3.9% to approximately $285,000, the mid-cap median increased 3.9% to approximately $213,000, and the small-cap median increased 2.5% to approximately $156,000. Year-over-year changes were more varied at the industry level; we observe that Energy companies had the largest increase in median total compensation (+14%) while Technology companies had the smallest (-5%), with the decreased median attributable to changes in the sample. Increases to median total compensation for Financial Services, Industrials, and Retail companies were in a 4%-6% range.

The 2019 study includes 254 companies that were also included in the 2018 study ("legacy companies"). Approximately 40% of legacy companies increased compensation by more than 1%, with a median increase of 10%. Increases were generally weighted more towards equity than cash, with a median cash value increase of 7% and a median equity value increase of 10%.

Director compensation structure remains consistent with prior years, with an average mix of 58% equity and 42% cash across the entire sample. Small-cap companies tend to have the highest cash weighting (average of 47%) and large-cap companies tend to have the lowest (average of 36%). Most companies continue to use fixed-value equity award guidelines, with full-value stock awards remaining the most common form of equity compensation and providing the most consistent means to align director pay with shareholder interests. Equity grants most commonly vest immediately, or cliff-vest after one year.

We continue to observe companies adding annual limits on director compensation to shareholder-approved equity plans to help reduce the risk of litigation. Nearly 70% of the companies in this study now have such limits, up from 55% in the prior year's study. To enhance protection, these limits are increasingly covering total pay rather than just equity: 39% of limits cover total pay this year, versus 34% in the prior year's study.

This year's report includes information around the prevalence of women on Boards: 90% of companies in the study have at least one woman on the Board, with approximately 50% of large-cap companies having three or more women on the Board. Energy companies in the study have the lowest prevalence of Boards with at least one female member, at 77%, with all other industries in the study above 90%.

The following chart summarizes total non-employee director pay levels and market capitalizations of the 300 companies in our study (100 companies in each size grouping):

	Small-Cap	Mid-Cap	Large-Cap
Median Values	**(Less than $1B)**	**($1B - $5B)**	**(Greater than $5B)**
Total Compensation - 2019 Study	$155,500	$213,333	$285,417
Total Compensation - 2018 Study	$151,750	$205,417	$274,583
Year-Over-Year Compensation Change	+2.5%	+3.9%	+3.9%
Market Capitalization ($M) - 2019 Study	$540	$2,142	$21,539
Market Capitalization ($M) - 2018 Study	$548	$2,178	$20,525
Year-Over-Year Market Cap. Change	-1.5%	-1.7%	+4.9%

EXECUTIVE SUMMARY

Additional key findings are summarized below:

Cash vs. Equity	• Companies in all size segments continue to provide more than half of total pay in equity, on average, with equity weighting generally increasing with company size. • The average mix across the entire sample is 42% cash and 58% equity. • Higher-paying sectors tend to place a greater weighting on equity; Energy and Technology companies have the most equity-heavy mix while Financial Services has the least.
Cash Compensation for Board Service	• Approximately 80% of the sample uses a retainer-only structure (no board meeting fees), and an additional 4% only award a meeting fee for abnormally high activity above a pre-set threshold. • The median board retainer for small-cap companies increased by $10,000 to $60,000 and the median board retainer for mid-cap companies increased by $5,000 to $75,000. The median board retainer for large-cap companies remained flat at $90,000. • The Energy sector provides the highest median cash retainer fee for board service ($82,500) and Technology the lowest ($60,000).
Equity Compensation for Board Service	• Approximately 90% of companies in the sample grant full-value stock awards exclusively (i.e., no stock options). The Technology and Industrials sectors have the highest prevalence of stock options at 15% and 8% prevalence, respectively, granted in isolation or in tandem with full-value stock awards. • Approximately 90% of companies denominate equity awards as a dollar value rather than as a fixed number of shares. • The Technology sector provides the highest median equity retainer ($158,000) and Financial Services the lowest ($100,000).
Committee Compensation	• Similar to last year, 62% of companies provide additional compensation to committee members. Fixed retainers remain more prevalent than meeting fees as the means to deliver additional compensation. • The prevalence of committee member retainers has been stable year-over-year, while the use of committee meeting fees continues to decrease, particularly at small-cap and mid-cap companies.
Non-Executive Board Chairs and Lead Directors	• Non-executive board chairs are almost always provided additional compensation for the role, with the median ranging from $60,000 at small-cap companies to $150,000 at large-cap companies. • Lead directors are almost always provided with additional compensation, ranging from approximately $20,000 to $30,000 at the median across all size and sector groups.
Stock Ownership Guidelines and Retention Requirements	• Approximately 85% of companies have ownership guidelines, while stock retention requirements are less common, present at 39% of companies. • Ownership guidelines are most often defined as 5x the annual cash retainer, with a 5-year timeframe to meet the guideline being most common. • Ownership guidelines are typically enforced via a “years-to-achieve” rule (68% prevalence), a holding requirement (11% prevalence), or a combination of the two (21% prevalence).
Compensation Deferrals	• Cash deferral programs remain a majority practice among large-cap companies (68% prevalence), while they are less common among mid- and small-cap companies (35% and 22% prevalence, respectively). • Voluntary stock deferral programs follow a similar trend and are most common among large-cap companies (27% prevalence), while generally uncommon among mid-cap and small-cap companies (13% and 5% prevalence, respectively).
Annual Limits on Director Compensation	• This year, the prevalence of annual limits on director compensation increased from 55% to 68% of companies. Small-cap companies experienced the largest increase in prevalence, increasing from 31% last year to 55% this year.

OVERVIEW AND METHODOLOGY

Research Sample

This study is based on a sample of 300 U.S. public companies equally divided among small-, mid-, and large-cap size segments (100 companies per segment) and further classified into five sectors: Energy, Financial Services, Industrials, Retail, and Technology (60 companies per sector) based on Standard & Poor's Global Industry Classification Standard ("GICS") codes. Approximately 85% of this year's sample companies were constituents of last year's sample, allowing for meaningful year-over-year comparisons. For a complete list of the companies included in this study, refer to the *List of Companies Surveyed* at the end of the report.

Market capitalization and trailing 12-month revenue as of April 30, 2019 are summarized below:

	Market Capitalization ($M)			Trailing 12-Month Revenue ($M)		
Size	**25th Percentile**	**Median**	**75th Percentile**	**25th Percentile**	**Median**	**75th Percentile**
Small-Cap	$318	$540	$717	$204	$576	$1,118
Mid-Cap	$1,444	$2,142	$3,207	$708	$1,708	$3,705
Large-Cap	$11,506	$21,539	$45,832	$4,955	$10,063	$29,869
Sector	**25th Percentile**	**Median**	**75th Percentile**	**25th Percentile**	**Median**	**75th Percentile**
Energy	$694	$1,932	$13,058	$918	$2,233	$9,782
Financial Services	$764	$2,552	$9,785	$82	$786	$1,999
Industrials	$851	$2,571	$12,419	$972	$3,134	$8,336
Retail	$561	$1,857	$7,899	$1,444	$4,099	$11,670
Technology	$746	$2,181	$11,060	$287	$1,571	$3,807

Director compensation program details were sourced from companies' proxy statements and/or annual reports, generally filed with the Securities and Exchange Commission ("SEC") in the one-year period ending May 31, 2019.

OVERVIEW AND METHODOLOGY

Methodology

The study analyzes compensation for board and committee service (with the latter focused on the three most common standing committees of the board: audit, compensation, and nominating/governance). The specific pay components presented in this study include:

- Annual cash retainers and meeting fees for board service
- Equity compensation, in the form of stock options or full-value stock awards (i.e., restricted shares/units, deferred stock units, and fully vested stock)
- Annual cash retainers and meeting fees for committee member and chair service
- Additional compensation for serving as a non-executive chair or lead director

The report also presents our findings on equity vesting practices; the prevalence of stock ownership guidelines and compensation deferral provisions; the prevalence, design, and magnitude of shareholder-approved limits on annual compensation per director; and the number of Board member and leadership seats that are occupied by women.

The following assumptions were used to facilitate competitive comparisons, consistent with prior years:

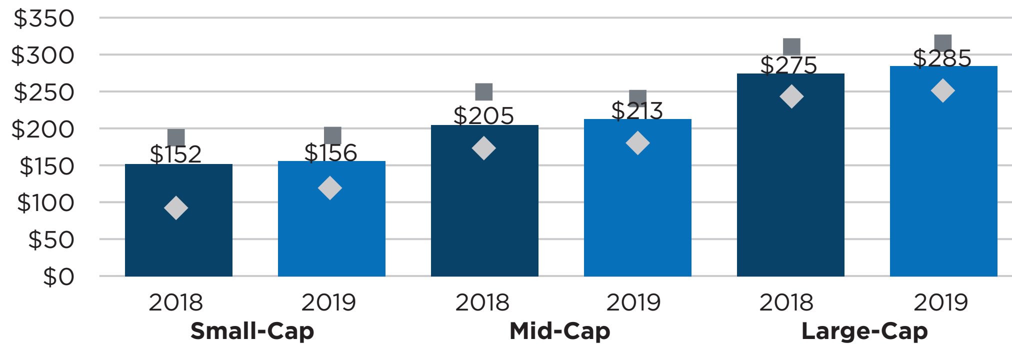
- Each director attends nine board meetings annually
- Each director is a member of one committee and attends six committee meetings per year
- If denominated as a number of shares (rather than as a fixed-dollar value), then equity compensation is valued using closing stock prices as of April 30, 2019 and, for stock options, each company's Accounting Standards Codification ("ASC") Topic 718 assumptions
- All non-annual equity compensation, which is used by 13% of companies in the sample, is annualized over a five-year period (e.g., if a company makes a "larger than normal" equity grant upon initial election to the board followed by smaller annual grants, then our analysis includes one-fifth of the initial grant value plus the value of the annual grant)

TOTAL BOARD COMPENSATION

Total Compensation – Pay Levels

Total director compensation levels continue to be influenced by company size. At the median, large-cap companies provide total pay of $285,000 per director versus $213,000 at mid-cap companies and $156,000 at small-cap companies. Year-over-year, total compensation levels increased slightly. Large-cap companies increased 3.9%, after a 0.2% increase the prior year. Increases among mid-cap companies were similar to those at large-cap companies - total compensation increased by 3.9% after a 1.7% increase the prior year. Small-cap companies increased by 2.5%, after a 1.2% increase the prior year. Over the past five years, the annualized increase in director compensation has been approximately 2.5% at large-cap and mid-cap companies and 3.0% for small-cap companies.

Total Compensation By Size
($000)

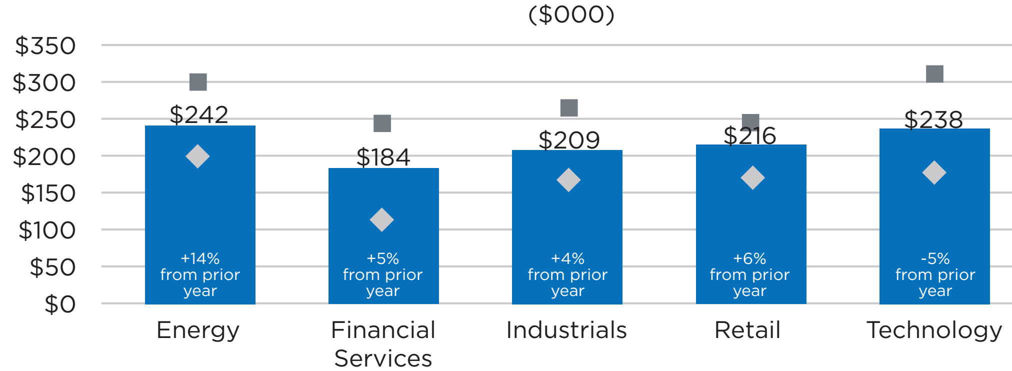


2019:

	Small-Cap	Mid-Cap	Large-Cap
75th Percentile	$191	$241	$316
Median	$156 (+2.5%)	$213 (+3.9%)	$285 (+3.9%)
25th Percentile	$118	$179	$250

Energy sector companies in the study now provide the highest median total pay compared to other sectors ($242,000). The Energy sector is now slightly above the Technology sector, which provided the highest median total pay in the prior year. Financial Services companies continue to provide the lowest median total pay ($184,000).

Total Compensation By Sector
($000)



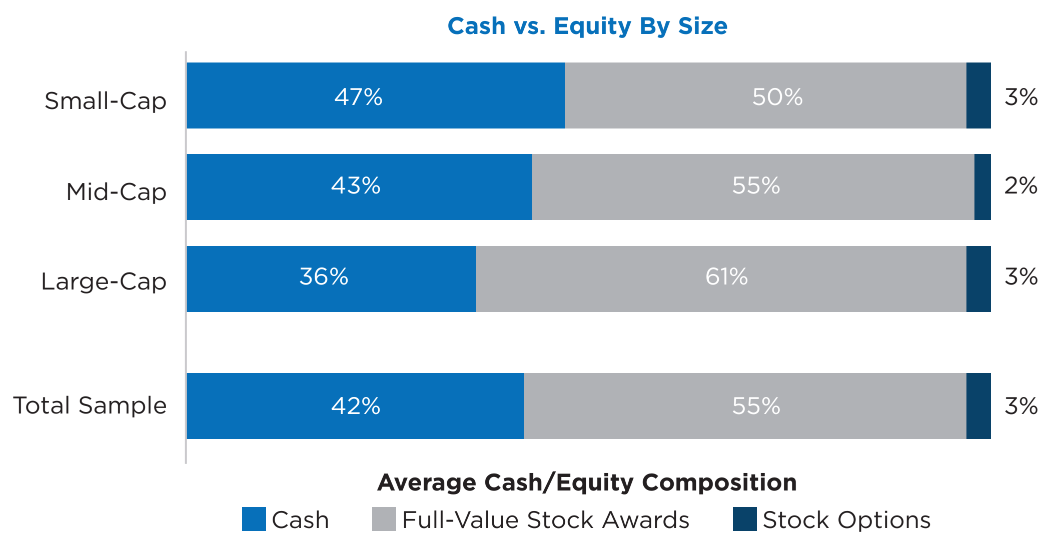
	Energy	Financial Services	Industrials	Retail	Technology
75th Percentile	$300	$244	$265	$245	$311
Median	$242	$184	$209	$216	$238
25th Percentile	$199	$113	$167	$170	$177

TOTAL BOARD COMPENSATION

Total Compensation – Cash vs. Equity

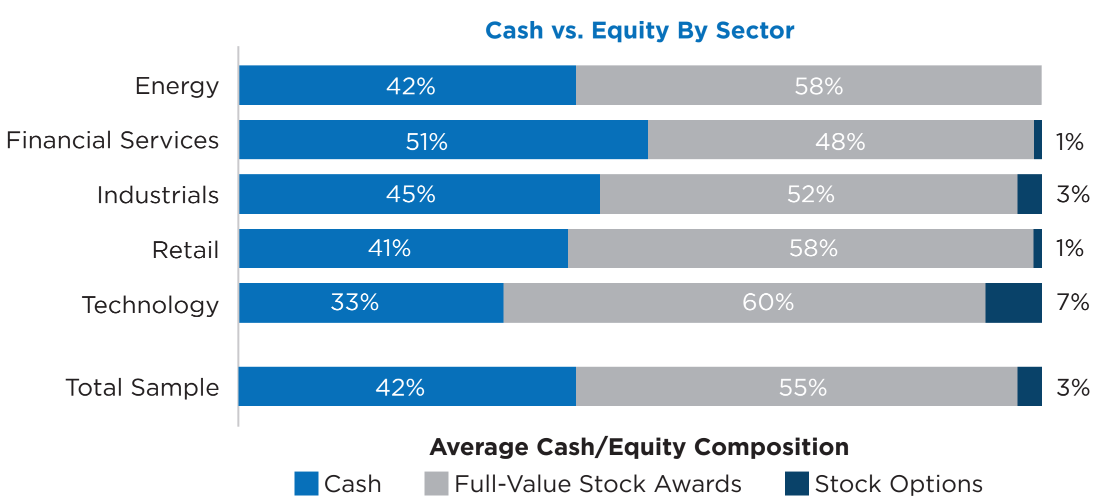
Compensation for board service typically consists of both cash and equity. The charts below illustrate average pay mix by company size and sector. Across all sizes and sectors, companies continue to favor delivering equity compensation in the form of full-value awards over stock options.

Across all three size segments, companies provide at least half of compensation in equity, with the weighting on equity increasing as company size and total pay increase. Small-cap companies generally provide the lowest proportion of equity, averaging 53% of total compensation, while large-cap companies provide the highest, averaging 64% of total compensation.



Percentage Equity			
2016	2017	2018	2019
53%	54%	57%	53%
58%	58%	61%	57%
62%	62%	65%	64%

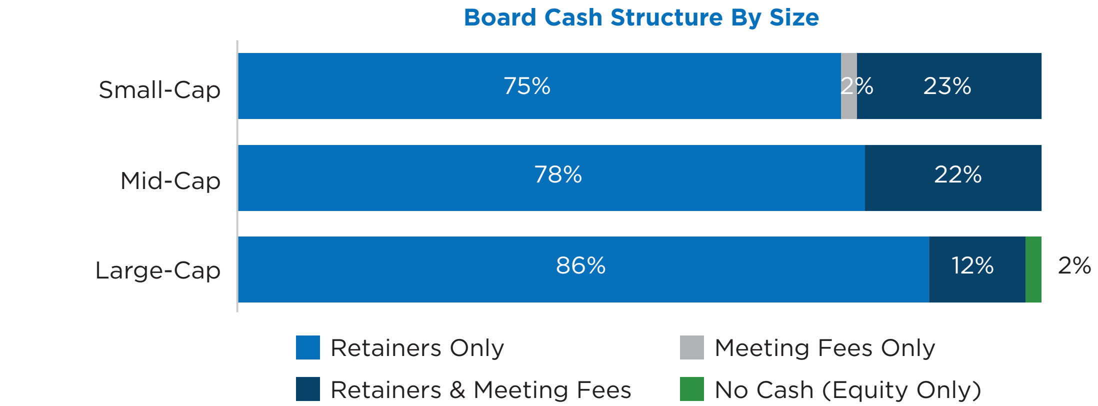
The higher-paying sectors tend to place a greater weighting on equity, with Energy and Technology companies providing approximately 58% and 67% of total compensation in the form of equity, respectively. Financial Services companies place the lowest emphasis on equity, on average providing approximately half of total compensation in the form of equity.



BOARD CASH COMPENSATION

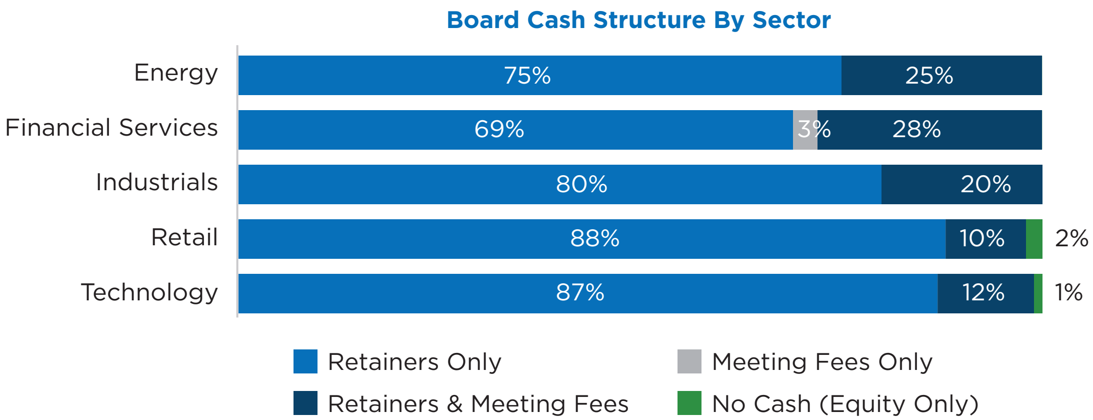
Cash Compensation Pay Structure

Cash compensation for board service is typically provided through an annual board retainer, board meeting fees, or a combination of both. Across size and industry segments, retainer-only programs continue to be the most prevalent. There has historically been a trend of companies simplifying their programs by eliminating board meeting fees, although the number of companies taking a "retainer-only" approach has been steady at ~80% over the past two years. A small minority (4%) of companies in the sample provide additional compensation for years with abnormally high activity by instituting pre-set thresholds that require a specific number of meetings to occur before per-meeting fees are paid.



Percentage of Companies with Retainers Only		
2017	2018	2019
70%	72%	75%
77%	79%	78%
81%	85%	86%

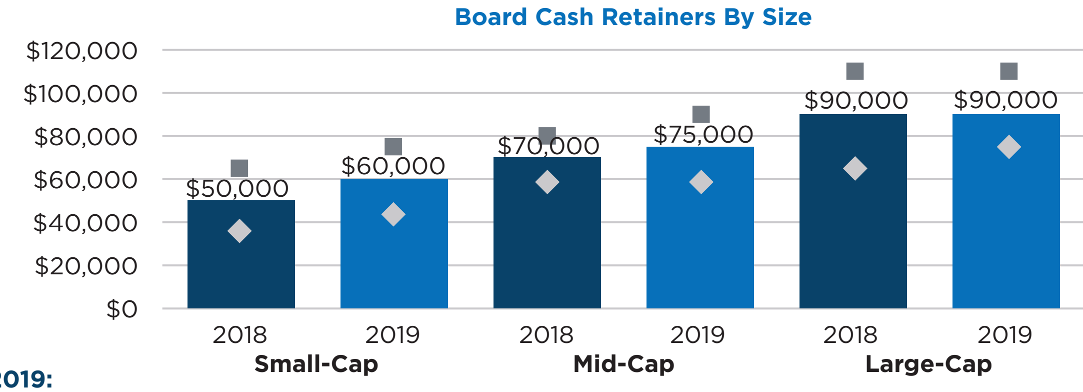
Retainer-only programs are the majority practice regardless of industry sector.



BOARD CASH COMPENSATION

Board Cash Retainers

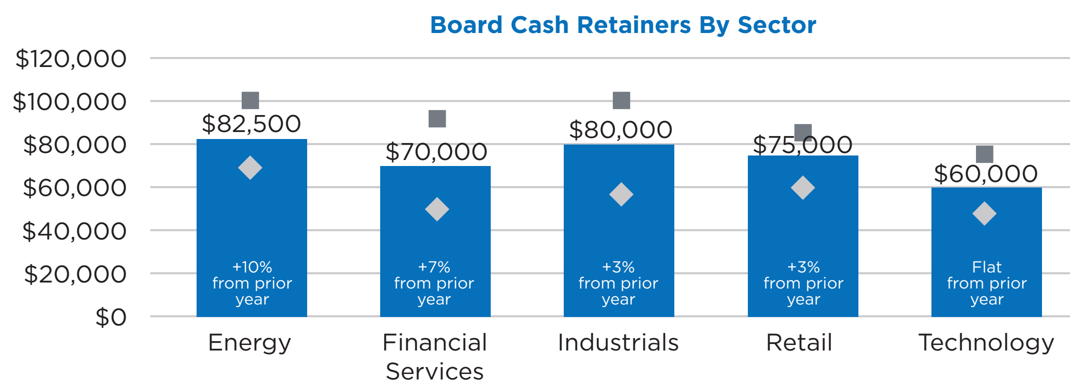
Board retainers increased slightly year-over-year for small-cap and mid-cap companies, and were flat for large-cap companies. Median retainers for small-cap and mid-cap companies increased $10,000 and $5,000, respectively, with these increases coming after a year when median retainers for both small-cap and mid-cap companies were flat. Median retainers for large-cap companies remained flat at $90,000 after a 6% increase in the prior year.



2019:

	Small-Cap	Mid-Cap	Large-Cap
75th Percentile	$75,000	$90,000	$110,000
Median	$60,000	$75,000	$90,000
25th Percentile	$43,750	$58,750	$75,000

Median board retainers for Energy companies increased 10% after remaining flat for the prior two years, while median board retainers for Technology companies remained flat for a third year in a row. The Financial Services sector had a 7% increase in median retainer while both the Industrial and Retail sectors had 3% increases at the median.



	Energy	Financial Services	Industrials	Retail	Technology
75th Percentile	$100,000	$91,500	$100,000	$85,000	$75,000
Median	$82,500	$70,000	$80,000	$75,000	$60,000
25th Percentile	$69,375	$50,000	$56,875	$60,000	$48,750

BOARD CASH COMPENSATION

Board Meeting Fees

The prevalence of board meeting fees continues to decline, with 16% of the total sample using board meeting fees, down from 21% in 2018 and 22% in 2017. We observe this trend at all sizes of companies, with board meeting fee prevalence declining at small-cap, mid-cap, and large-cap companies.

The decline in meeting fee prevalence has also led to homogenization of meeting fee amounts, with median per-meeting fee amounts identical at small-cap and mid-cap companies ($1,500 per meeting), and slightly higher at large-cap companies ($2,000 per meeting).

Board Meeting Fees By Size					Prior Year Meeting Fee Prevalence*
	Prevalence*	25th Percentile	Median	75th Percentile	
Small-Cap	23%	$1,375	$1,500	$2,000	28%
Mid-Cap	16%	$1,500	$1,500	$2,000	21%
Large-Cap	10%	$2,000	$2,000	$2,875	13%

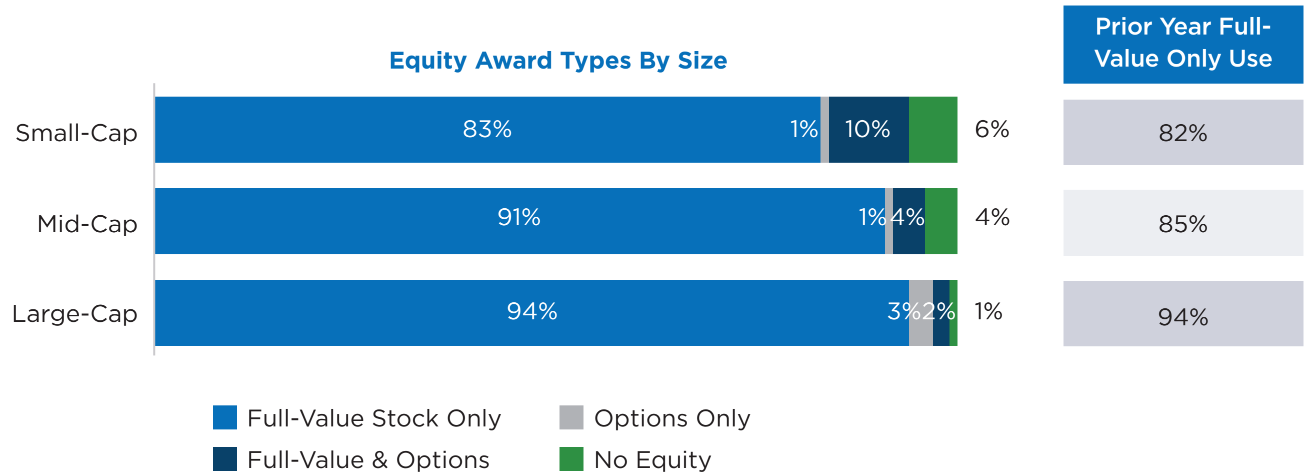
Median board meeting fees are $1,500 in the Energy and Financial Services sectors, where prevalence is highest, and range from $2,000-$2,250 in other sectors, where prevalence is at or below 15%.

Board Meeting Fees By Sector					Prior Year Meeting Fee Prevalence*
	Prevalence*	25th Percentile	Median	75th Percentile	
Energy	23%	$1,500	$1,500	$2,000	28%
Financial Services	30%	$1,313	$1,500	$1,594	35%
Industrials	13%	$1,900	$2,250	$3,000	15%
Retail	5%	$1,375	$2,000	$2,000	10%
Technology	10%	$2,000	$2,200	$2,475	15%

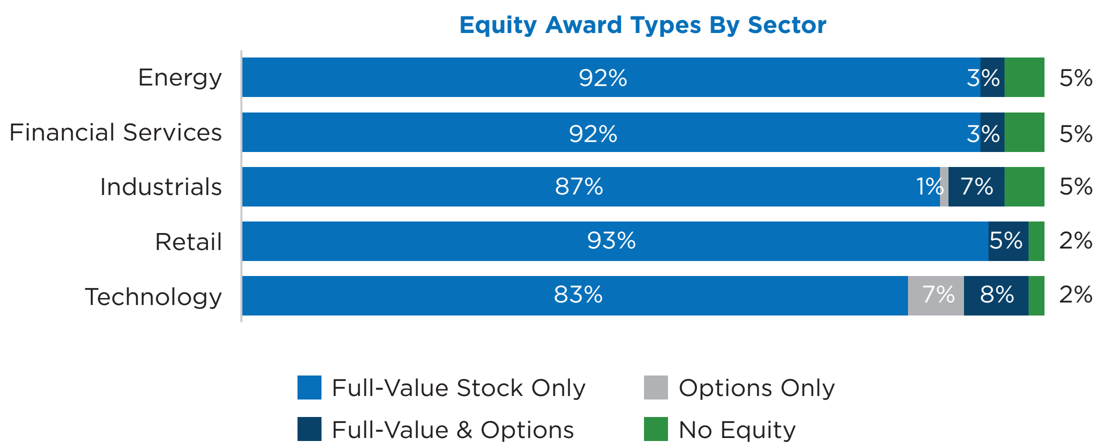
*Prevalence statistics reflect companies that pay a fee starting with the first meeting in a year; across the entire sample, an additional 4% of companies (3% last year) provide a fee starting after a pre-set minimum number of meetings per year.

EQUITY AWARD TYPES

Full-value stock awards (i.e., restricted stock/units, deferred stock units, or fully vested stock) remain the most prevalent equity grant type in director compensation programs across all company sizes and sectors. Option-only programs remain a minority practice following a decline across the sample over the last several years.



When segmented by industry, full-value awards remain the majority practice. Technology sector companies have the highest prevalence of options in their equity programs (15%), followed by companies in the Industrials sector (8%).



EQUITY AWARD DENOMINATION

Companies continue to define annual equity awards primarily as a fixed-dollar value rather than as a fixed number of shares across all company sizes and sectors. Dollar-denominated awards provide the same proxy-disclosed grant value on an annual basis independent of stock price movement. This year, we observe that approximately 95% of all companies use a fixed-dollar approach for full-value awards; with mid-cap companies slightly below this level and small-cap and large-cap companies slightly above this level. The fixed-share approach is used more commonly by the small minority of companies that grant stock options (7% of all companies).

Equity Award Denomination By Size: Percentage of Companies

	Full-Value Stock (Used by 95% of Companies)*		**Options** (Used by 7% of Companies)*	
	Dollar Value	**Number of Shares**	**Dollar Value**	**Number of Shares**
Small-Cap	96%	4%	36%	64%
Mid-Cap	93%	7%	40%	60%
Large-Cap	98%	2%	60%	40%

Equity Award Denomination By Sector: Percentage of Companies

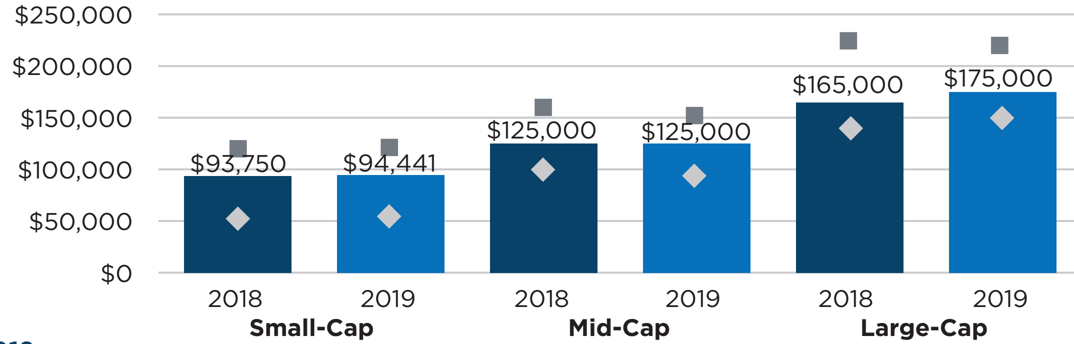
	Full-Value Stock (Used by 95% of Companies)*		**Options** (Used by 7% of Companies)*	
	Dollar Value	**Number of Shares**	**Dollar Value**	**Number of Shares**
Energy	95%	5%	50%	50%
Financial Services	95%	5%	50%	50%
Industrials	98%	2%	60%	40%
Retail	93%	7%	33%	67%
Technology	96%	4%	33%	67%

*Some companies grant both full-value stock awards and options, so percentages add to greater than 100%

EQUITY COMPENSATION VALUES

Year-over-year, median annual equity compensation values increased by 1% for small-cap companies and 6% for large-cap companies, while median equity compensation for mid-cap companies remained flat at $125,000.

Equity Compensation Value By Size

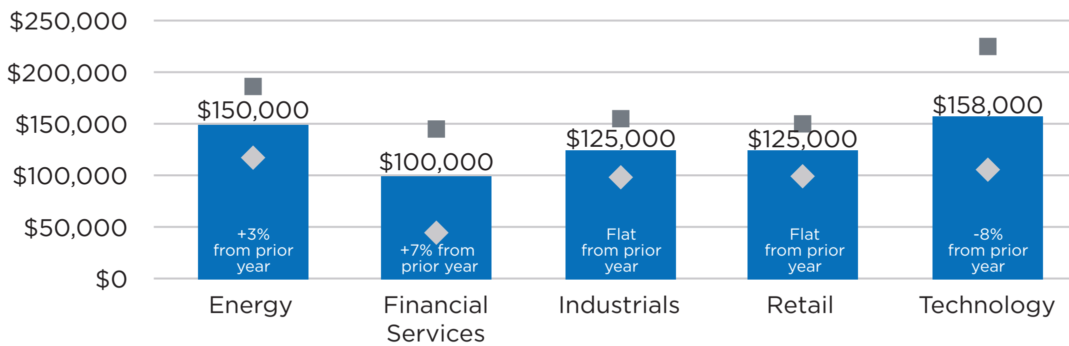


2019:

	Small-Cap	Mid-Cap	Large-Cap
75th Percentile	$121,250	$152,131	$220,000
Median	$94,441	$125,000	$175,000
25th Percentile	$54,750	$94,050	$150,000

Equity compensation continues to be highest among Technology companies and lowest among Financial Services companies. We observe the largest increase in median equity value in the Financial Services sector, which is up 7% year-over-year. Median equity value increased by 3% in the Energy sector, was flat in the Retail and Industrials sectors, and decreased by 8% for the Technology sector.

Equity Compensation Value By Sector

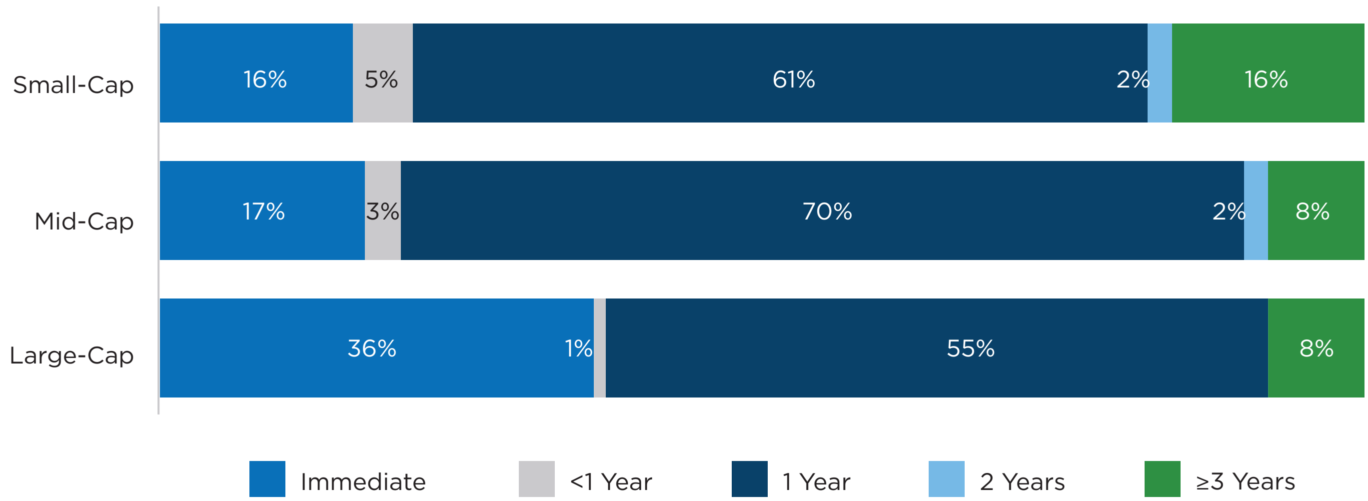


	Energy	Financial Services	Industrials	Retail	Technology
75th Percentile	$186,250	$145,000	$155,000	$150,000	$225,000
Median	$150,000	$100,000	$125,000	$125,000	$158,000
25th Percentile	$116,500	$43,750	$97,500	$98,470	$104,875

EQUITY VESTING PRACTICES

Across size and industry sectors, equity awards most commonly vest within one year from grant. Among the sample, approximately 23% of companies vest awards immediately upon grant and another 65% vest awards within one year of grant (but not immediately). The prevalence of immediate vesting increases with size, with the highest prevalence among large-cap companies (36%) and the lowest prevalence among small-cap companies (16%). Awards with longer vesting periods tend to vest in installments, rather than cliff vest.

Equity Compensation Vesting Periods By Size



COMMITTEE MEMBER COMPENSATION

Committee service can be compensated through additional retainers paid in cash (or, more rarely, equity) and/or meeting fees. Similar to last year, 62% of companies provide additional compensation to directors for serving as a regular member of a board committee, either via a retainer, meeting fee, or both. We observe the highest prevalence at mid-cap companies (66%), followed by small-cap (63%) and large-cap companies (58%). Year-over-year, the prevalence of committee member retainers increased, while the prevalence of committee meeting fees remained stable: 47% of companies pay additional retainers to committee members, up from 43% in the prior year, and 19% pay meeting fees, similar to the prior year.

	Committee Member Retainers			Committee Meeting Fees*		
	Audit	**Compensation**	**Nominating & Governance**	**Audit**	**Compensation**	**Nominating & Governance**
Total Prevalence (2019)	**47%**	**41%**	**38%**	**18%**	**18%**	**17%**
Total Prevalence (2018)	**43%**	**37%**	**36%**	**22%**	**22%**	**21%**
Size (2019)						
Small-Cap	41%	40%	36%	25%	24%	23%
Mid-Cap	51%	44%	42%	17%	17%	15%
Large-Cap	49%	39%	36%	13%	12%	13%
Sector (2019)						
Energy	32%	27%	25%	20%	20%	17%
Financial Services	37%	30%	28%	38%	37%	37%
Industrials	40%	30%	27%	15%	15%	17%
Retail	57%	50%	48%	5%	5%	5%
Technology	70%	68%	62%	13%	12%	10%
Pay Levels (All Companies 2019)						
75th Percentile	$15,000	$10,212	$10,000	$2,000	$2,000	$1,500
Median	$10,000	$10,000	$7,500	$1,500	$1,500	$1,500
25th Percentile	$9,750	$6,500	$5,000	$1,000	$1,000	$1,000

Committee service compensation is relatively similar across industry sectors, but generally increases with company size. Year-over-year, we observe no change in median audit or compensation member retainer ($10,000) and a small increase in the median member retainer for the nominating/governance committee (from $7,250 to $7,500). Median committee meeting fees are flat year-over-year ($1,500) across all three size segments and all three committees.

Approximately 15% of companies that pay committee retainers have a homogeneous structure, where the retainer is identical for all three committees. The remaining 85% of companies use a tiered structure, with the audit committee typically receiving the highest retainer.

* Reflects companies that pay a fee starting with the first meeting in a year; across the entire sample, an additional 3% of companies (3% last year) provide a fee starting after a pre-set minimum number of meetings per year

COMMITTEE CHAIR COMPENSATION

Consistent with prior years, nearly all companies provide additional compensation to committee chairs to recognize the substantial time required to lead a committee. As with committee member retainers, committee chair retainers tend to be highest for the audit committee and lowest for the nominating/governance committee, which recognizes the different time commitment expectations between committees. Similar to last year, 22% of companies providing chair retainers compensate the audit and compensation committee chairs equally. Only 7% of companies providing chair retainers compensate all three committees equally.

The table below shows the prevalence and magnitude of retainers paid to directors who chair the audit, compensation, and nominating/governance committees. The vast majority of companies use cash for their chair retainers, although a small minority (approximately 5% of companies providing chair retainers) use equity, either in isolate or in combination with cash.

Committee Chair Retainers (Inclusive of Any Member Retainers)									
	Audit			Compensation			Nominating & Governance		
Percentile	**25th**	**Median**	**75th**	**25th**	**Median**	**75th**	**25th**	**Median**	**75th**
Size									
Small-Cap	$15,000	$17,500	$20,000	$10,000	$14,000	$15,000	$7,500	$10,000	$15,000
Mid-Cap	$20,000	$20,000	$29,375	$15,000	$15,000	$20,000	$10,000	$10,000	$15,000
Large-Cap	$20,000	$25,000	$35,000	$19,375	$20,000	$25,000	$15,000	$15,000	$20,000
Sector									
Energy	$15,000	$20,000	$25,000	$15,000	$15,000	$20,000	$10,000	$15,000	$15,000
Financial Services	$15,000	$20,000	$30,000	$10,000	$15,000	$22,500	$10,000	$13,500	$20,000
Industrials	$18,250	$20,000	$25,000	$12,125	$15,000	$20,000	$10,000	$10,000	$15,000
Retail	$20,000	$25,000	$30,000	$15,000	$20,000	$25,000	$15,000	$15,000	$20,000
Technology	$18,450	$22,500	$38,750	$12,000	$15,000	$27,000	$10,000	$15,000	$20,000
All Companies 2019	**$16,750**	**$20,000**	**$30,000**	**$12,500**	**$15,000**	**$22,500**	**$10,000**	**$15,000**	**$18,500**
Prevalence		96%			94%			87%	

Year-over-year, median committee chair retainers were flat for all three committees at $20,000 for audit and $15,000 for both compensation and nominating/governance. Across industry sectors, median retainers are $20,000-$25,000 for the audit chair, $15,000-$20,000 for the compensation chair, and $10,000-$15,000 for the nominating/governance chair. Retail companies continue to provide the highest committee chair retainers.

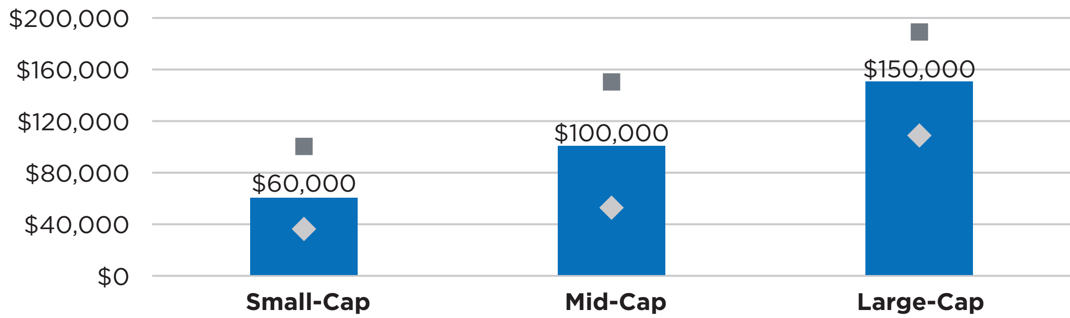
Less than 4% of companies that provide meeting fees provide a higher meeting fee to committee chairs than to regular committee members (in lieu of, or in addition to, incremental cash or equity retainers).

NON-EXECUTIVE BOARD CHAIR AND LEAD DIRECTOR COMPENSATION

Non-Executive Board Chair Retainer

There were 161 non-executive board chairs identified in this year's study, of which 151 (94%) are provided additional compensation over regular board members. Incremental compensation for non-executive board chairs is provided in cash (62%), equity (9%), or a combination of both (29%). Values in the table below exclude the companies that do not provide additional compensation to their non-executive board chair. Such additional retainers are highly differentiated based on factors including whether the role has strategic importance to the company as opposed to a governance focus, the skill set and experience of both the CEO and non-executive board chair, and the resulting expected time commitment. Year-over-year changes in the data vary by size and segment, and are influenced by the change in the sample and the number of companies that provide board chair retainers. Compared to last year, the median non-executive board chair retainer increased at small-cap companies (from $50,000 to $60,000) and was flat at mid-cap and large-cap companies (at $100,000 and $150,000, respectively).

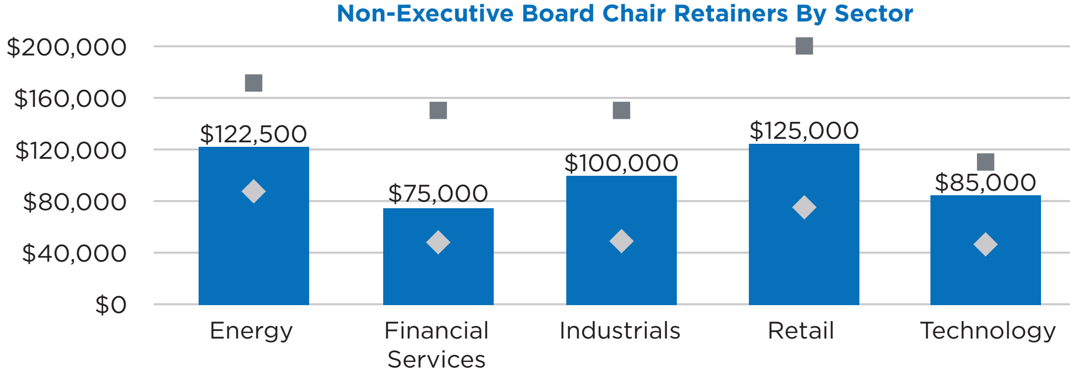
Non-Executive Board Chair Retainers By Size



# of Occurrences	51	60	40
75th Percentile	$100,000	$150,000	$188,750
Median	$60,000	$100,000	$150,000
25th Percentile	$35,000	$51,500	$107,500

Consistent with the prior year, companies in the Energy and Retail sectors provide the highest additional compensation for non-executive board chair service, while companies in the Financial Services and Technology sectors provide the lowest.

Non-Executive Board Chair Retainers By Sector



# of Occurrences	30	29	32	29	31
75th Percentile	$171,250	$150,000	$150,000	$200,000	$110,000
Median	$122,500	$75,000	$100,000	$125,000	$85,000
25th Percentile	$87,375	$47,843	$48,750	$75,000	$46,250

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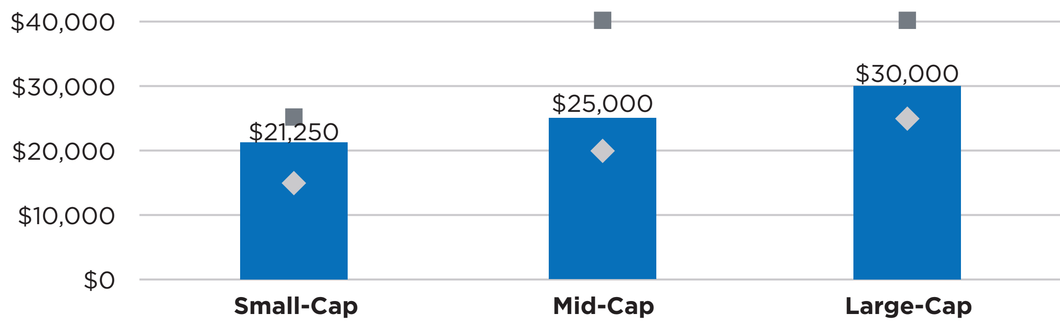
NON-EXECUTIVE BOARD CHAIR AND LEAD DIRECTOR COMPENSATION

Lead Director Retainer

Of the 151 lead directors in this year's study, 126 (83%) receive additional compensation for their service. Lead director retainers exhibit less differentiation compared to other elements of director compensation, with a median value ranging from $21,250 at small-cap companies to $30,000 at large-cap companies.

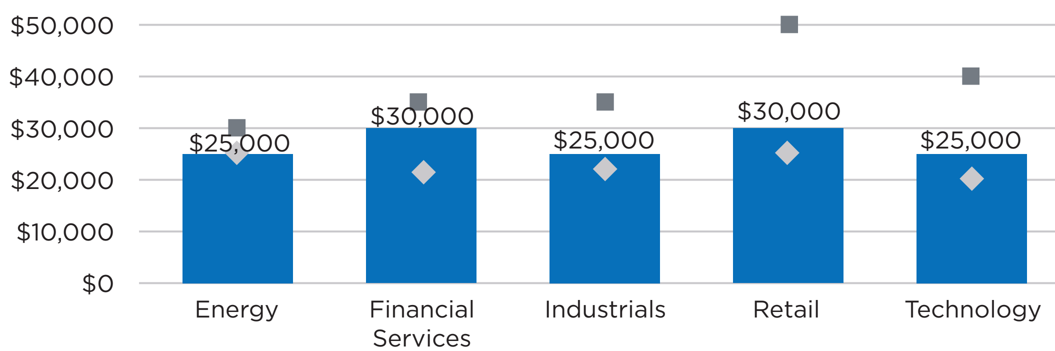
Lead Director Retainers By Size



# of Occurrences	32	33	61
75th Percentile	$25,000	$40,000	$40,000
Median	$21,250	$25,000	$30,000
25th Percentile	$15,000	$20,000	$25,000

When segmented by sector, there is limited differentiation in magnitude, with the median lead director retainer ranging from $25,000 for the Energy, Industrials, and Technology industries to $30,000 for the Financial Services and Retail industries.

Lead Director Retainers By Sector

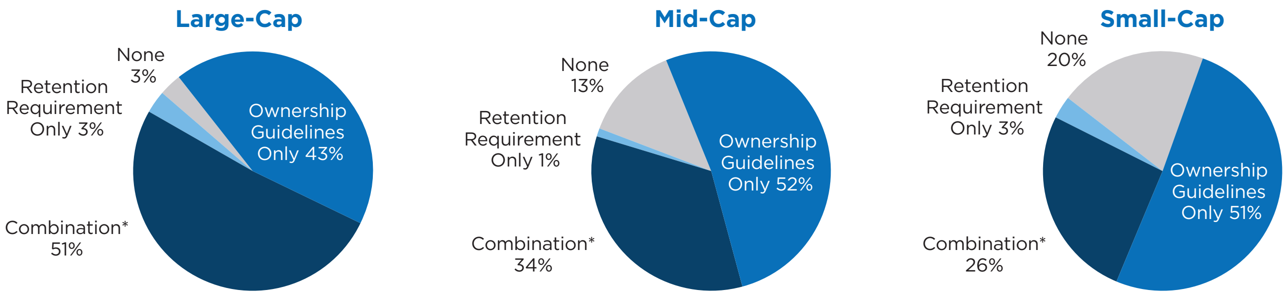


# of Occurrences	27	26	23	27	23
75th Percentile	$30,000	$35,000	$35,000	$50,000	$40,000
Median	$25,000	$30,000	$25,000	$30,000	$25,000
25th Percentile	$25,000	$21,250	$21,875	$25,000	$20,000

RETENTION REQUIREMENTS AND STOCK OWNERSHIP GUIDELINES

Director stock ownership guidelines are in place for 86% of companies in our sample, particularly at large-cap and mid-cap companies, and have increased in prevalence year-over-year among large-cap and small-cap companies. Companies may also have stock retention requirements in the form of: (1) granting equity as deferred stock units that mandatorily settle after retirement from the board (most commonly observed at large-cap companies) or (2) requiring retention of a percentage of "net shares" acquired, which is also known as a "retention ratio."

Across all companies in the survey, 86% of companies have ownership guidelines and 39% have retention requirements.



Retention Requirements

Although stock retention requirements are not a majority practice, they have increased in overall prevalence since last year from 35% to 39%. Retention requirements remain most prevalent at large-cap companies, where over half of companies maintain a retention requirement. Among all companies, the most common retention requirement is linked to the achievement of ownership guidelines (59%), although 32% of companies with retention requirements (13% of all companies in the study) indicate directors must hold shares until retirement, either in the form of explicit requirements, or by granting deferred share units that settle at retirement.

Stock Retention Requirements

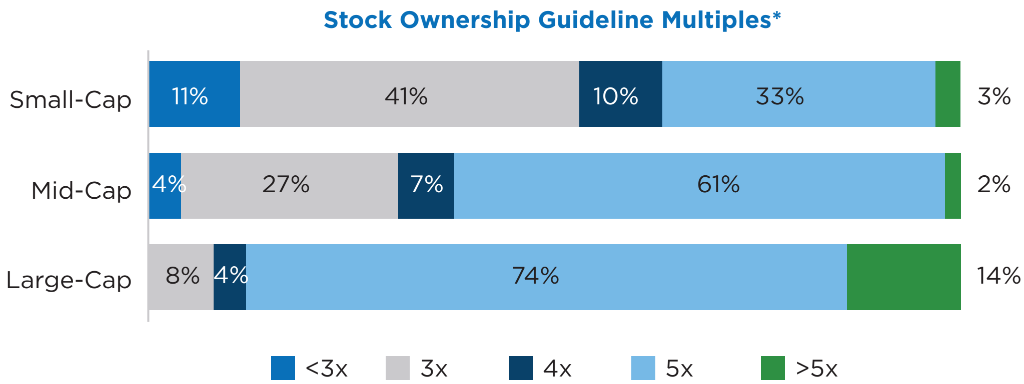
	Small-Cap	Mid-Cap	Large-Cap	Overall
Prevalence	**29%**	**35%**	**54%**	**39%**
Length Of Retention**				
Until Retirement	21%	26%	43%	32%
Until Ownership Guideline Met	72%	66%	48%	60%
Fixed Years	7%	8%	9%	8%
Vehicle for Requirement**				
Retention Ratio	83%	66%	50%	63%
Deferred Stock Units (DSUs)	17%	26%	41%	31%
Retention Ratio and DSUs	0%	8%	9%	6%
Retention Ratio***				
100%	63%	50%	66%	60%
75%	8%	7%	3%	6%
50%	29%	31%	31%	30%
Other	0%	12%	0%	4%

*Combination means the use of a retention requirement in addition to an ownership guideline
**Calculated out of companies disclosing retention requirements
***Calculated out of companies disclosing retention ratios

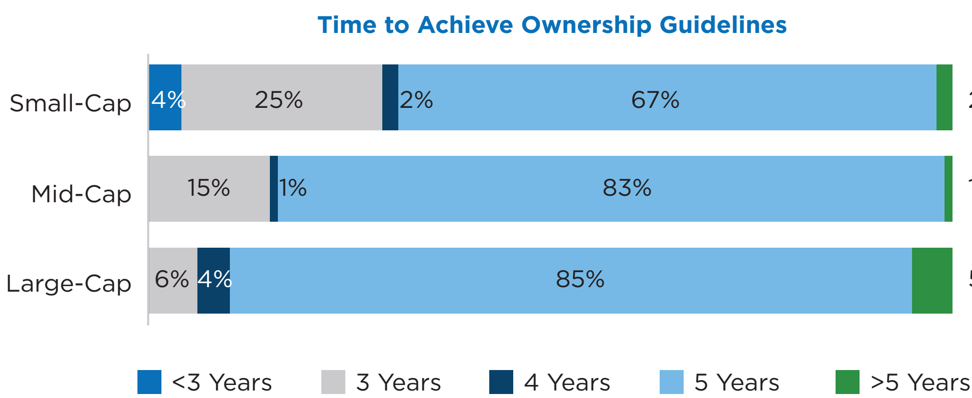
STOCK OWNERSHIP GUIDELINES

Director stock ownership guidelines are typically defined in three ways: (1) as a multiple of retainer (most commonly cash retainer), (2) as a value of shares, or (3) as a fixed number of shares.

Within the sample, approximately 85% of companies with stock ownership guidelines use the multiple of retainer approach (most commonly cash retainer). The magnitude of stock ownership guideline multiples increases with company size: the most prevalent multiple among large-cap and mid-cap companies is 5x cash retainer and among small-cap companies is 3x cash retainer.



Of the companies with stock ownership guidelines, 81% have compliance deadlines to achieve ownership levels. Across all size and industry segments, a sizeable majority of companies provide five years to achieve ownership levels.



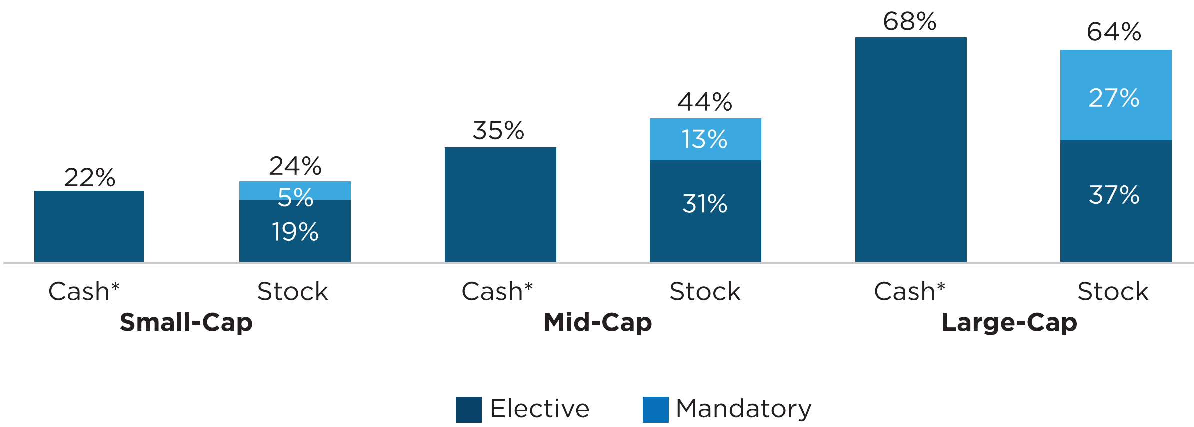
*Statistics reflect companies that define ownership guidelines as a multiple of cash retainer; across the entire sample, an additional 4% of companies define multiples based on either equity retainer or both cash and equity retainer.

COMPENSATION DEFERRALS

Similar to last year, approximately 42% of companies that pay cash retainers/fees provide for some form of voluntary cash deferral. Of the companies that provide voluntary cash deferrals, approximately 70% provide for "cash-to-cash" deferral by which cash may be deferred into alternative investments such as those under a company's employee 401(k) plan, and the same percentage allow directors to defer cash into a company stock unit account, i.e., a "cash-to-stock" deferral. Approximately 40% provide for both "cash-to-cash" and "cash-to-stock" deferrals. Such deferrals are typically distributed after retirement from the board.

Of companies that award equity annually, approximately 30% provide directors the opportunity to defer the grant beyond the vesting period ("stock-to-stock" deferral), while approximately 15% mandate that directors defer the grant beyond the vesting period.

Prevalence of Cash and Stock Deferral Programs By Size



*Includes companies that permit deferral of either cash-to-cash, cash-to-stock, or both

SHAREHOLDER-APPROVED LIMITS ON ANNUAL DIRECTOR COMPENSATION

In recent years, there has been a trend to include meaningful limits on annual compensation per director in shareholder-approved equity plans. Such limits can apply to equity compensation only (expressed as a dollar value or number of shares/options) or to total compensation (cash and equity); the latter is preferable and is viewed as providing more complete protection against a potential lawsuit, since case law does not seem to distinguish between cash and equity. However, recent legal developments indicate that the protection provided by a limit may be less than previously believed.

We examined the research sample to understand the prevalence and magnitude of annual per-director pay limits. Year-over-year, we observe a notable increase in the number of companies having such limits: overall prevalence is up from 55% to 68%, with the largest increase in prevalence observed among small-cap companies, where prevalence increased from 31% to 55%. Equity-only limits remain the most common approach for limits, although the prevalence of total limits increased slightly over the prior year, from 34% to 39%. Note that some companies raise or nullify the limit in special cases, such as a director's first year of service or if a director serves as the board chair or lead director. We observe these types of exceptions at approximately 17% of companies that have other director limits in place.

Annual Limits on Non-Employee Director Compensation

	Small-Cap	Mid-Cap	Large-Cap	Overall
Prevalence	**55%**	**72%**	**77%**	**68%**
Application of Limit*				
Total Compensation	27%	49%	38%	39%
Equity Only	73%	51%	62%	61%
Denomination of Equity Limit**				
Dollar-Denominated	50%	70%	81%	68%
Share-Denominated	43%	27%	17%	28%
Both	7%	3%	2%	4%

*Calculated out of companies disclosing limits
**Calculated out of companies with equity-only limits

SHAREHOLDER-APPROVED LIMITS ON ANNUAL DIRECTOR COMPENSATION

Consistent with last year, median limit values on total pay range between $400,000 (small-cap companies) and $750,000 (large-cap companies) and typically equate to a multiple of approximately 2.5x to 3.5x total pay. Dollar-denominated equity-only limits tend to have similar or slightly smaller values than total compensation limits. Share-denominated equity-only limits are larger and more variable, both as a dollar value and as a multiple of annual equity award value. This variability may be attributable to stock price growth following the establishment of limits or companies' desire to provide a buffer against stock price decline, among other factors. Such limits have been valued using April 30, 2019 closing stock prices and the latest ASC Topic 718 option valuation assumptions.

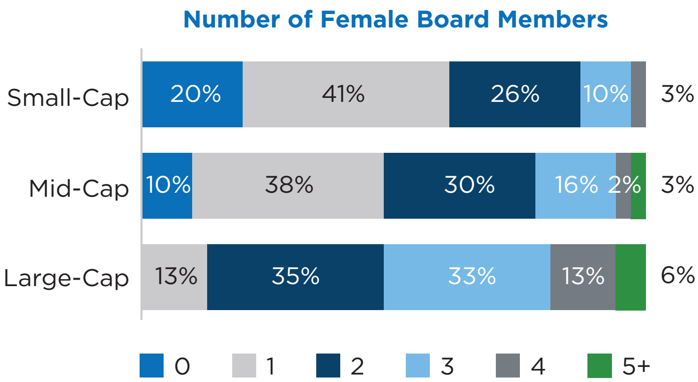
	Total Compensation Limit			Dollar-Denominated Equity Limit			Share-Denominated Equity Limit		
Percentile	**25th**	**Median**	**75th**	**25th**	**Median**	**75th**	**25th**	**Median**	**75th**
Dollar Value of Limit									
Small-Cap	$350,000	$400,000	$500,000	$300,000	$500,000	$500,000	$228,900	$634,833	$3,087,000
Mid-Cap	$500,000	$600,000	$750,000	$300,000	$500,000	$500,000	$1,372,000	$2,365,250	$2,929,675
Large-Cap	$600,000	$750,000	$900,000	$500,000	$550,000	$750,000	$1,086,613	$2,275,500	$4,434,100
Limit Multiple*									
Small-Cap	2.2x	3.1x	3.5x	3.3x	4.2x	5.0x	3.4x	7.6x	27.1x
Mid-Cap	2.4x	2.8x	3.2x	3.1x	3.6x	4.1x	8.2x	14.2x	24.6x
Large-Cap	2.1x	2.8x	3.5x	2.6x	3.2x	4.0x	8.2x	12.8x	20.1x

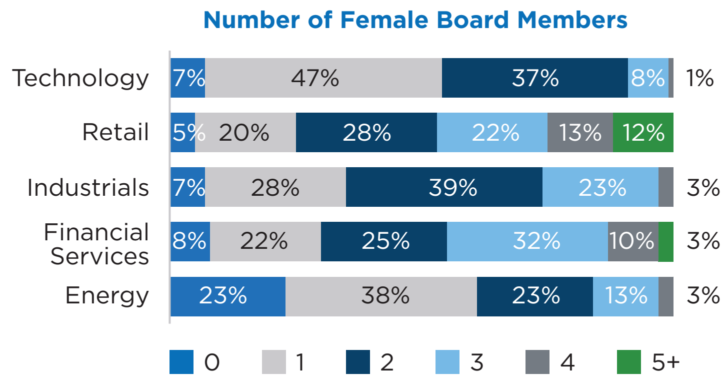
*For total compensation limits, reflects multiple of total pay; for equity-only limits, reflects multiple of annual equity award value

WOMEN ON BOARDS AND WOMEN IN BOARD LEADERSHIP ROLES

Women on Boards

Company size shows correlation to the presence of at least one woman on the company's Board: approximately 20% of small-cap companies have no female Board members, compared to 10% of mid-cap companies and 0% of large-cap companies. Approximately half of large-cap companies have at least three female board members, compared to 21% and 13% for mid-cap and small-cap companies, respectively.





Women in Leadership Roles

Just 2% of Non-Executive Board Chair seats and 9% of Lead Director seats in the sample are filled by women. Large-cap companies have the highest prevalence of women in board leadership roles, with approximately 14% of Lead Director seats filled by women.

Women tend to occupy between 15% and 20% of Committee Chair roles, with the Nominating/Governance Chair role being the most prevalent, followed by the Audit Chair and Compensation Chair.

Women In Leadership Roles

	Small-Cap	Mid-Cap	Large-Cap	Overall
Board Leadership				
Non-Executive Board Chair	2%	2%	5%	2%
Lead Director	7%	3%	14%	9%
Committee Leadership				
Audit Chair	16%	19%	16%	17%
Compensation Chair	17%	12%	21%	17%
Nominating & Governance Chair	17%	22%	25%	21%

LIST OF COMPANIES SURVEYED

1-800-FLOWERS.COM
3M
Abercrombie & Fitch
Adobe
Advance Auto Parts
Aegion
Alamo Group
Allstate
Amazon.com
American Eagle Outfitters
American Software
Amkor Technology
Anadarko Petroleum
Analog Devices
Apache
Apartment Investment & Management
Approach Resources
ArcBest
Armstrong World Industries
Atlas Air Worldwide Holdings
AutoZone
Axcelis Technologies
Axon Enterprise
B. Riley Financial
Banc of California
Barnes & Noble
Basic Energy Services
BB&T
Beacon Roofing Supply
Bed Bath & Beyond
Belden
BGC Partners
Big 5 Sporting Goods
Big Lots
Bloomin' Brands
Booking Holdings
Bryn Mawr Bank
Build-A-Bear Workshop
Builders FirstSource
Burlington Stores
Cadence Design Systems
Caleres
Callon Petroleum
Camden National
CARBO Ceramics
Care.com
CarMax
Carrizo Oil & Gas
Cass Information Systems
Cathay General Bancorp
Centennial Resource Development
Central Pacific Financial
Chesapeake Energy
Chevron
Children's Place
Cincinnati Financial
Citrix Systems
CNO Financial Group
Cognex
Cognizant Technology Solutions
Cohu
Colfax
Columbia Sportswear
Comerica
Concho Resources
Conn's
ConocoPhillips
Container Store Group
CoreLogic
Core-Mark Holding
CorEnergy Infrastructure Trust
Cowen
Crawford & Company
CSG Systems International
CSW Industrials
CTS
Cummins
CURO Group Holdings
Deere & Co.
Delek US
Devon Energy
Diamondback Energy
DICK'S Sporting Goods
Digi International
Digimarc
Dillard's
DMC Global
Dollar General
Donegal Group
Donnelley Financial Solutions
Dover
Duke Realty
Ellington Financial
EMCORE
Ennis
EnPro Industries
Era Group
Everi Holdings
Expeditors International of Washington
Exterran
Exxon Mobil
F5 Networks

LIST OF COMPANIES SURVEYED

FBL Financial Group
First BanCorp.
First Defiance Financial
FirstCash
Fluor
Foot Locker
FormFactor
Fossil Group
Francesca's Holdings
Fred's
FreightCar America
FuelCell Energy
GAMCO Investors
GameStop
General Dynamics
General Electric
Genesis Energy
German American Bancorp
Gibraltar Industries
Global Partners
Green Dot
Green Plains
Griffon
Gulfport Energy
Halliburton
Hanesbrands
The Hartford
Haverty Furniture
Healthcare Realty Trust
Helix Energy Solutions
Heritage Commerce
Heritage Financial
Hess
HFF
Home Depot
Hub Group
IBERIABANK
InnerWorkings
Insteel Industries
Intel
International Speedway
Intuit
Invesco
Iron Mountain
Itron
Jacobs Engineering
Juniper Networks
Kelly Servicesu
Kimball Electronics
Kirkland's
KLA
Kohl's
Korn Ferry
L.B. Foster
Lam Research
Lands' End
Laredo Petroleum
Lattice Semiconductor
Life Storage
Lincoln National
Lions Gate Entertainment
Lockheed Martin
Lowe's
Mack-Cali Realty
Macy's
Mammoth Energy Services
Marathon Oil
Marathon Petroleum
MarineMax
Matrix Service
MAXIMUS
Meridian Bancorp
Mesa Laboratories
MetLife
MGIC Investment
Micron Technology
Mistras Group
Model N
Morgan Stanley
Mr. Cooper Group
National Oilwell Varco
Natural Gas Services
NCR
NetApp
Netflix
Newpark Resources
Noble Energy
Nordstrom
Northern Oil & Gas
Northrop Grumman
Novanta
Office Depot
Oil States International
Omega Flex
ONEOK
OneSpan
Oracle
Overstock.com
PBF Energy
PC Connection
PDC Energy
Peabody Energy

LIST OF COMPANIES SURVEYED

Penn Virginia
Penske Automotive Group
PGT Innovations
Pier 1 Imports
Pioneer Energy Services
Pioneer Natural Resources
Piper Jaffray
Plug Power
Preformed Line Products
Q2 Holdings
QEP Resources
R.R. Donnelley & Sons
Radiant Logistics
Rapid7
Reading International
Red Hat
Regal Beloit
Rent-A-Center
Resources Connection
RH
Ribbon Communications
RLJ Lodging Trust
Rollins
Rosetta Stone
Ross Stores
RPC
Rudolph Technologies
Ryder System
Sally Beauty Holdings
Schlumberger
Scholastic
SEACOR Holdings
SecureWorks
SemGroup
ServiceSource International
Shiloh Industries
Shoe Carnival
SilverBow Resources
SkyWest
SM Energy
Spirit Airlines
Stamps.com
Stanley Black & Decker
Stock Yards Bancorp
Superior Energy Services
Superior Industries International
Sykes Enterprises
T. Rowe Price Group
Take-Two Interactive Software
Tanger Factory Outlet Centers
Targa Resources
Target
TCF Financial
TD Ameritrade Holding
Tempur Sealy International
Tennant
Tetra Tech
TETRA Technologies
Textron
Thermon Group Holdings
Third Coast Midstream
TJX
Tompkins Financial
Tractor Supply
Transocean
Travelers
Trimble
Triumph Group
TTEC Holdings
TTM Technologies
Tuesday Morning
U.S. Bancorp
Under Armour
United Financial Bancorp
United Parcel Service
United Rentals
Valero Energy
Viad
Viavi Solutions
Virtu Financial
Vornado Realty Trust
W&T Offshore
Waste Connections
Waste Management
Wells Fargo
WesBanco
WESCO International
Western Digital
William Lyon Homes
Williams-Sonoma
Woodward
Workiva
World Fuel Services
WPX Energy
Xylem
Zions Bancorporation

COMPANY PROFILE

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