December 2016

2016 Top 250 Report

FW COOK

2016 TOP 250 REPORT

Table of Contents

EXECUTIVE SUMMARY

In 2016, external forces, including Dodd-Frank Act rules, Say-on-Pay and proxy advisors, continue to influence the executive compensation landscape. Meanwhile, internally, major overhaul to long-term incentive plans at large companies over the years have resulted in most plan designs and practices now more closely aligned with a pay-for-performance philosophy. With Say-on-Pay in its sixth year and 94% of the Top 250 already using performance-based awards in their long-term incentive programs, companies are shifting attention to finding the right balance of grant types and performance features that provide meaningful retention and incentivize proper behavior. Nearly 90% of the Top 250 use two or more grant types, and 58% of performance awards feature two or more performance metrics. The prevalence of performance awards increased, coming at the expense of stock options and stock appreciation rights ("SARs"), which have declined notably since 2014. The 2016 Top 250 marks the first time that use of stock options/SARs (60% of Top 250) dips below the use of restricted stock grants (62%).

2016 is also the first time a new sector was added to the Global Industry Classification Standard ("GICS") since its inception in 1999. The 2016 Top 250 results include Real Estate, the new industry sector.

This 44th annual FW Cook Top 250 Report details the long-term incentive practices of the 250 largest companies in the *Standard & Poor's ("S&P") 500*. Notable trends and key findings from this year's study are described below.

Trends Impacting Long-term Incentive Design

- Performance award prevalence reaches a new peak, edging closer to universal usage among the Top 250 companies
- Shareholder engagement has increased, facilitated by improved transparency and enhanced disclosure of long-term incentive plan design, including why metrics are selected and how goals are set
- Despite declining use of stock options/SARs, there is reason to believe usage may pick up as large investor funds, understanding the inherent performance-orientation of such awards, vote more independently of proxy advisors
- Investor funds and proxy advisors are scrutinizing the rigor of incentive goals; particularly for sub-par performing companies with above-target incentive payouts
- Companies are beginning to contemplate CEO pay ratio calculations, but the outcome on long-term incentive design (if any) remains to be seen assuming initial disclosures appear in 2018 proxy statements

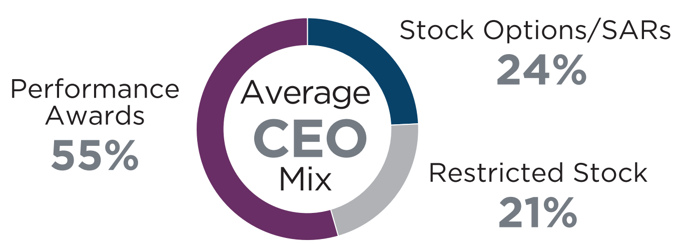
Prevalence of Long-term Incentive Grant Types

Performance Awards **94%**

Restricted Stock **62%**

Stock Options/SARs **60%**

Long-term Incentive Mix



55% of CEO long-term incentives delivered in Performance Awards (up from 52% in 2015)

94% of Top 250 companies use performance awards; stock options/SARs use has declined and now trails restricted stock use

Long-term Incentive Metrics

56% of companies with performance plans use TSR as a performance metric; 86% of TSR usage is on a relative basis, with another 9% on both a relative and absolute basis

Currency Adjustment

53% of Top 250 companies with significant foreign operations do not adjust for currency fluctuations; of those that do, revenue is the most prevalent performance measure adjusted (58%)

INTRODUCTION

Overview and Background

Since 1973, FW Cook has published annual reports on long-term incentive grant practices for executives. This report, our 44th edition, presents information on long-term incentives granted to executives at the 250 largest U.S. companies in the S&P 500 Index. This survey is intended to provide information to assist boards of directors and compensation professionals in designing and implementing effective long-term incentive programs that promote long-term success for their companies.

Survey Scope

The report covers the following topics:

- Executive long-term incentive grant types, usage by industry and number of grant types employed
- Grant type design features, including vesting schedules and stock option term
- Key performance plan characteristics, including performance periods, payout maximums, performance metrics, and measurement approaches
- CEO long-term incentive grant value mix
- Performance measure adjustments for impact of currency fluctuations in long-term incentive plans

Top 250 Selection

The Top 250 companies, limited to those granting long-term incentives, are selected annually based on market capitalization, i.e., share price multiplied by total common shares outstanding as of March 31, 2016, as reported by S&P's Capital IQ (see Appendix for complete list of companies).

Volatility in the equity markets, corporate transactions, and the ebb and flow of corporate fortunes result in changes in market capitalization and, therefore, turnover in the survey sample. Of the Top 250 companies in 2016, 32 companies (13%) are new to this year's report. As such, trend data are influenced by changes in the survey sample from year-to-year as well as actual changes in grant practices.

The table on the following page profiles the industry sectors represented in the Top 250 in 2016, as defined by S&P's GICS. In the middle of 2016, S&P Dow Jones Indices and Morgan Stanley Capital International ("MSCI") created a new GICS sector for Real Estate companies formerly classified under the Financials sector. As a result, Financials no longer represent the largest industry sector covered in the Top 250 report, as was the case in the prior report. Health Care companies comprise the largest industry sector in 2016, with 39 companies (16%).

INTRODUCTION

Industry Sector (# of companies) sorted by prevalence	**Percent of Companies**	**Annual Sales ($B)**	**Market Cap. ($B)**	**Beta[1] 5-Yr. Average**	**TSR[2] 1-Year**	**TSR[2] 5-Year CAGR[3]**
Health Care (39)	16%	$20.71	$40.50	0.86	3%	21%
Financials (35)	14%	$18.21	$35.42	1.29	7%	19%
Information Technology (33)	13%	$11.87	$48.33	1.18	26%	21%
Consumer Discretionary (31)	12%	$16.23	$35.55	0.94	6%	22%
Consumer Staples (29)	12%	$19.33	$37.78	0.55	17%	17%
Industrials (29)	12%	$26.57	$38.21	0.98	19%	19%
Utilities (15)	6%	$11.33	$26.78	0.24	17%	12%
Energy (14)	6%	$20.02	$40.39	1.28	19%	8%
Real Estate (13)	5%	$3.40	$25.60	0.63	19%	18%
Materials (9)	4%	$13.50	$34.46	1.23	22%	21%
Telecommunication Services (3)	1%	$127.89	$211.89	0.28	25%	13%
Total Top 250 - Median		**$16.25**	**$36.02**	**0.93**	**16%**	**19%**

**Market Data is provided by S&P Capital IQ and is as of 9/30/16*

***Market Data depicts median amount*

[1] Beta is a measure of the volatility of a security in comparison to the market as a whole
[2] TSR = Total Shareholder Return, a measure of stock price and dividend performance
[3] CAGR = Compounded Annual Growth Rate

INTRODUCTION

Source of Data

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

Definition of Usage

This report presents the most recently disclosed long-term incentive grant types in use at the Top 250 companies as of mid-2016. A grant type is generally considered to be awarded at a company if grants have been 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 prospectively.

Definition of Long-Term Incentive

To be considered a long-term incentive for purposes of this report, a grant must possess these characteristics:

The grant type must be made under a formal plan or practice and cannot be limited by both scope and frequency. A grant with limited scope is awarded to only one executive or a very small or select group of executives. A grant with limited frequency is an award that is not part of a company's typical grant practices and appears to fall outside the principal long-term incentive program. For example, a grant determined to be made specifically as a hiring incentive, replacement of lost benefits upon hiring, or promotional award is not considered a long-term incentive for this report. A grant with limited scope but without limited frequency (e.g., annual grants of performance shares made only to the CEO) may be considered a long-term incentive, and vice versa (e.g., one-time grants made to all executives). Grants must reward performance, continued service, or both for a period of one year or more.

In some circumstances, totals may not add to 100% due to rounding or companies having more than one type of practice.

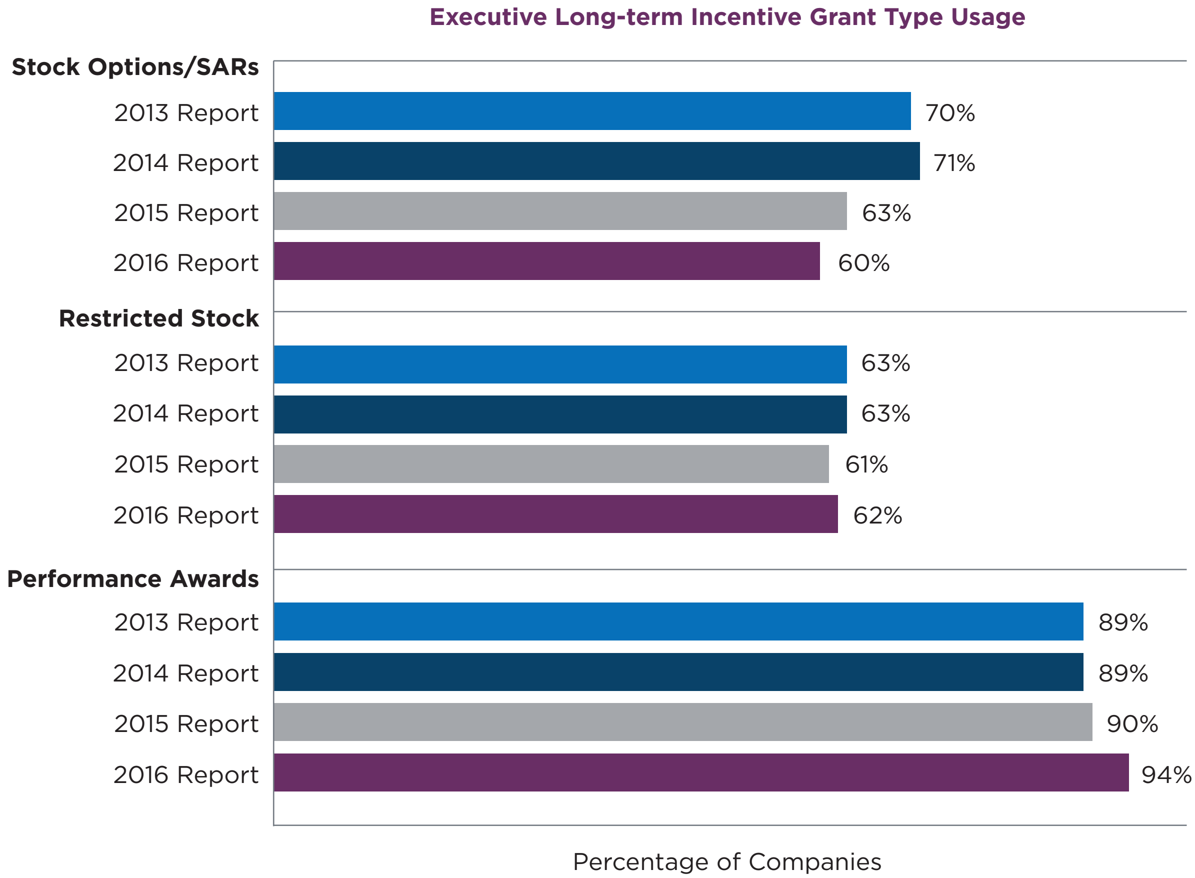
Additional References

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

Proxy Advisors References to proxy advisor views were developed from company-specific Say-on-Pay vote recommendations during the 2016 proxy season and direct conversations with, or a review of proxy voting guidelines published by, Institutional Shareholder Services ("ISS") and Glass Lewis.

EXECUTIVE LONG-TERM INCENTIVE GRANT TYPES AND USAGE

Summary of Grant Types in Use



Stock Options / Stock Appreciation Rights ("SARs") are derivative securities where stock price has to appreciate for an executive to receive value. Stock options are rights to purchase company stock at a specified exercise price over a stated term; SARs are rights to receive at exercise the increase between the grant price and the market price of a share of stock. Following a sharp decline in stock option use in 2015, its use continued to decline slightly in 2016, as proxy advisors maintain their stance on the non-performance orientation of stock options.

Once considered the most shareholder-friendly grant type due to their inherent alignment with shareholder interests, stock options/SARs were used by fewer companies than restricted stock in 2016, marking the first time stock option/SAR use dropped below restricted stock use.

Restricted Stock includes actual shares or share units that are earned by continued employment, often referred to as time-based awards. Overall percentage of companies granting restricted stock has been stagnant over the past four years. Companies that disclosed performance-vesting criteria solely to satisfy Internal Revenue Code ("IRC") Section 162(m) requirements are included as restricted stock.

Performance Awards consist of stock-denominated shares or share units (performance shares) and grants of cash or dollar-denominated units (performance units) earned based on performance against predetermined objectives over a defined period. Since 2010, performance awards rank as the most widely used grant type with 94% of the Top 250 granting performance shares, performance units, or a combination of both in 2016. The proliferation of this award type is due, in large part, to Say-on-Pay as companies seek to demonstrate a direct relationship between pay and performance.

Of those companies using performance awards, 82% denominate the awards in stock, 10% denominate the awards in cash units, and 8% use a combination of both. These findings are consistent with those of last year.

EXECUTIVE LONG-TERM INCENTIVE GRANT TYPES AND USAGE

Grant Type Usage by Industry

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

- Eighty-four percent or more of companies in all sectors use performance awards, which affirms that alignment of pay and performance transcends industry sector and applies to virtually all companies.
- The Materials sector exhibits the highest use of stock options (89%), which was expected given the industry's historically high volatility. Conversely, stock option prevalence is lowest among the Utilities and Telecommunication Services sectors. The combination of low volatility and high dividend yields can serve as a disincentive to granting stock options.
- Not surprisingly, use of restricted stock is highest among Utilities and Telecommunication Services sectors as companies in these sectors seek to balance long-term incentive mix with a time-based component in the absence of a stock option grant.

Industry Sector (sorted by prevalence)	**Number of Companies**	**Stock Options/SARs**	**Restricted Stock**	**Performance Awards**
Health Care	39	87%	51%	95%
Financials	35	46%	60%	97%
Information Technology	33	45%	79%	94%
Consumer Discretionary	31	58%	48%	84%
Consumer Staples	29	79%	52%	90%
Industrials	29	69%	72%	100%
Utilities	15	20%	80%	100%
Energy	14	64%	71%	93%
Real Estate	13	31%	69%	92%
Materials	9	89%	33%	100%
Telecommunication Services	3	0%	100%	100%
Top 250	**250**	**60%**	**62%**	**94%**

EXECUTIVE LONG-TERM INCENTIVE GRANT TYPES AND USAGE

Number of Long-term Incentive Grant Types in Use

Most companies (88%) continue to employ a portfolio strategy, combining multiple grant types to balance objectives of rewarding stock price appreciation, promoting longer-term financial or strategic performance, and retaining executives.

The percent of Top 250 companies using one grant type decreased from 2015 (16%) to 2016 (12%). Nearly one in ten companies relies on a single grant type, and of these companies, 69% grant performance awards, 21% grant stock options, and 10% grant restricted stock.

	Percent of Companies Using			
Number of Grant Types	**2013 Report**	**2014 Report**	**2015 Report**	**2016 Report**
1 Type	14%	14%	16%	12%
2 Types	46%	46%	50%	55%
3 Types	39%	39%	33%	32%
4 Types	1%	1%	2%	1%

The table below shows the number of grant types by industry sector. Seventy-four percent or more of companies in all industry sectors use two or three grant types. One hundred percent of companies in the Materials and Telecommunication Services industries use two or three grant types.

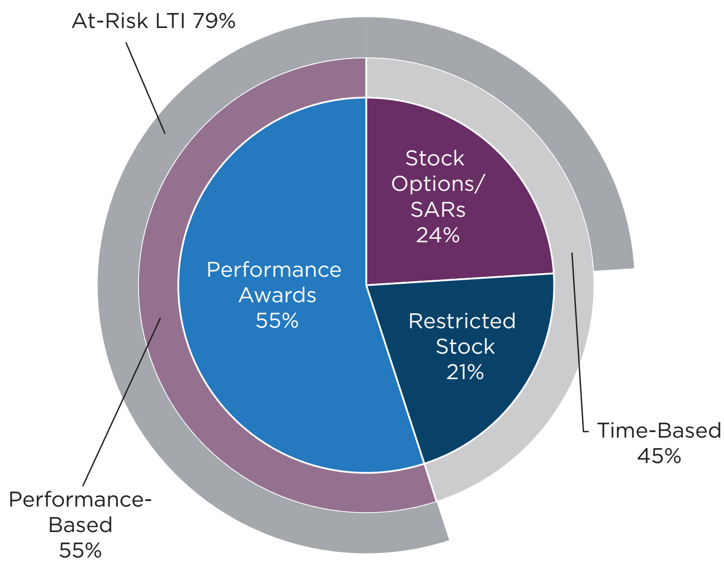
Industry Sector (# companies in each sector)	Grant Types by Sector			
	1 Type	**2 Types**	**3 Types**	**4 Types**
Health Care (39)	10%	41%	46%	3%
Financials (35)	9%	74%	17%	0%
Information Technology (33)	9%	64%	27%	0%
Consumer Discretionary (31)	26%	52%	23%	0%
Consumer Staples (29)	14%	45%	38%	3%
Industrials (29)	0%	41%	55%	3%
Utilities (15)	20%	60%	20%	0%
Energy (14)	14%	43%	43%	0%
Real Estate (13)	15%	69%	15%	0%
Materials (9)	0%	67%	33%	0%
Telecommunication Services (3)	0%	100%	0%	0%

EXECUTIVE LONG-TERM INCENTIVE GRANT TYPES AND USAGE

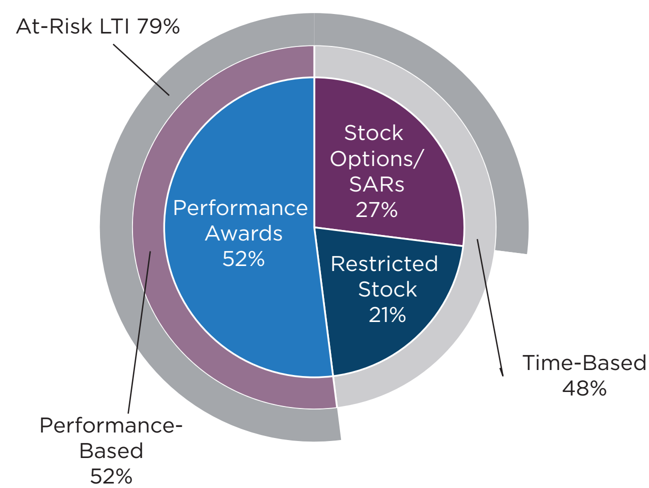
Long-term Incentive Value Mix

On average, performance awards comprise 55% of a Top 250 CEO's total long-term incentive value in 2016, a slight increase from 2015 (52%). Stock options/SARs represent 24% and restricted stock makes up the remaining 21%. Long-term incentive mix continues to shift more weight towards performance-based awards as companies adhere to a pay-for-performance philosophy. The influence of proxy advisors and some shareholders who do not view stock options as "performance-based" awards is evidenced by the ongoing shift in mix away from stock options. While the performance nature of stock options is fiercely debated, many companies have conceded that stock options are an award that is "at-risk," but not performance-based.

Average Top 250 CEO (2016 Report)



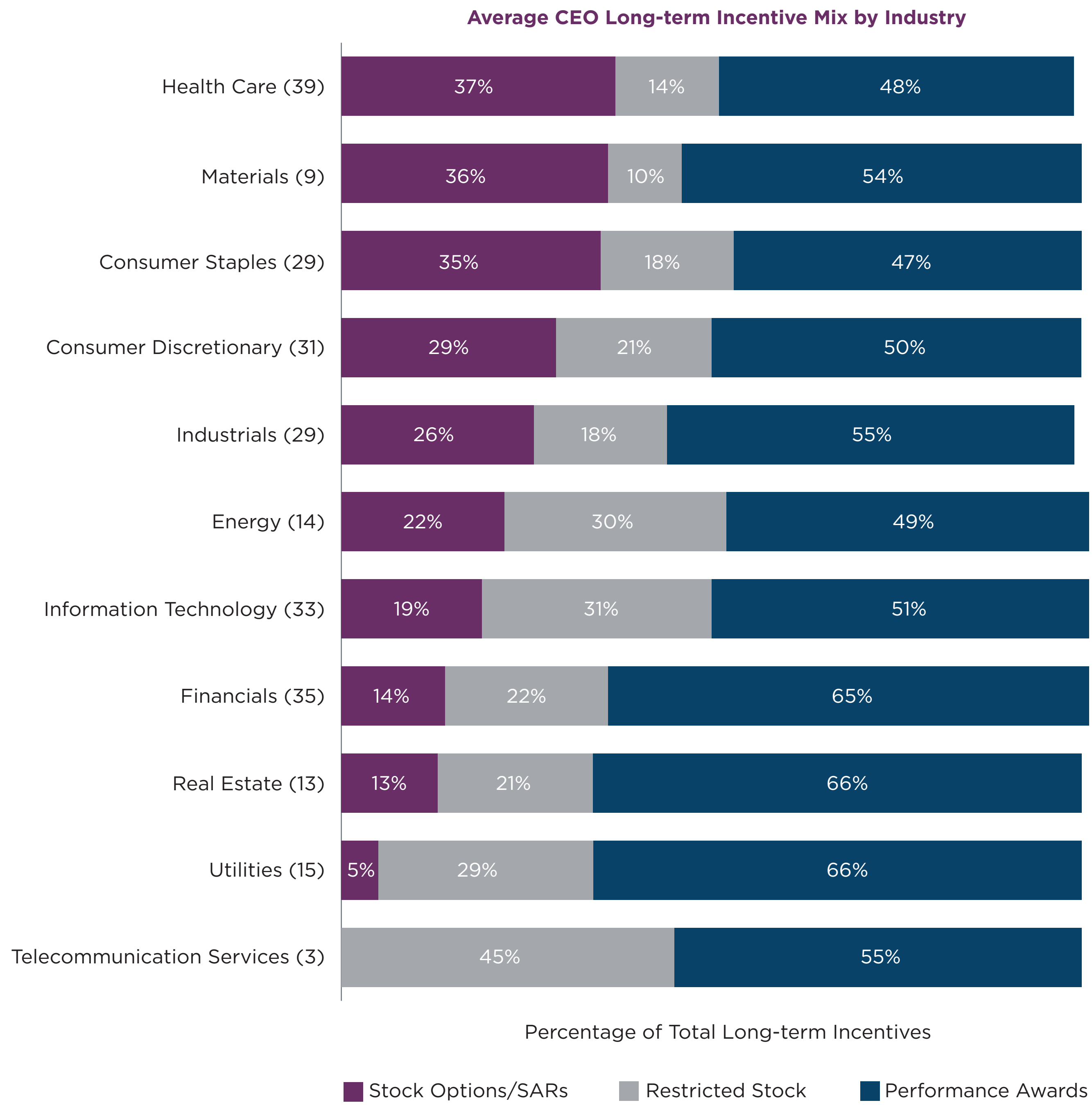
Average Top 250 CEO (2015 Report)



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

EXECUTIVE LONG-TERM INCENTIVE GRANT TYPES AND USAGE

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



FW COOK

OTHER LONG-TERM INCENTIVE PRACTICES

Stock Option/SAR Term

The full term of a stock option or SAR is the period between the grant date and the expiration date. Typically measured in years, the most common term is ten years for Top 250 companies (88%), although 12% of companies report a shorter term. This practice was consistent across all industry sectors.

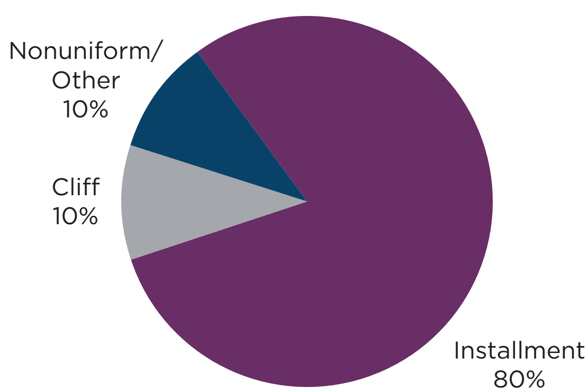
Option/SAR Term	Percent of Companies Using		
	2014 Report	2015 Report	2016 Report
10 years	85%	87%	88%
9 years	0%	0%	0%
8 years	2%	1%	1%
7 years	11%	10%	9%
6 years	2%	2%	2%
5 years	0%	0%	0%

The Financial Accounting Standards Board ("FASB") requires companies to account for employee stock options based on their expected term as opposed to their full term under Accounting Standards Codification ("ASC") 718.

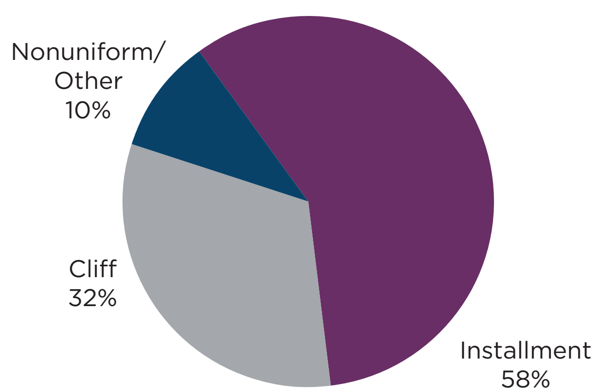
Vesting Schedules

Type of Vesting A majority of Top 250 companies utilize a uniform installment or ratable vesting approach to stock options/SARs (80%) and restricted stock grants (58%). Restricted stock continues to exhibit the trend towards greater use of the installment vesting rather than a cliff vesting (100% vest as the end of the period), which used to be more prevalent for this grant type. This trend is attributed, in part, to the increasing prevalence and weight of performance awards that cliff vest and to the replacement of stock options with restricted stock, which typically have ratable installment vesting.

Stock Options/SARs



Restricted Stock

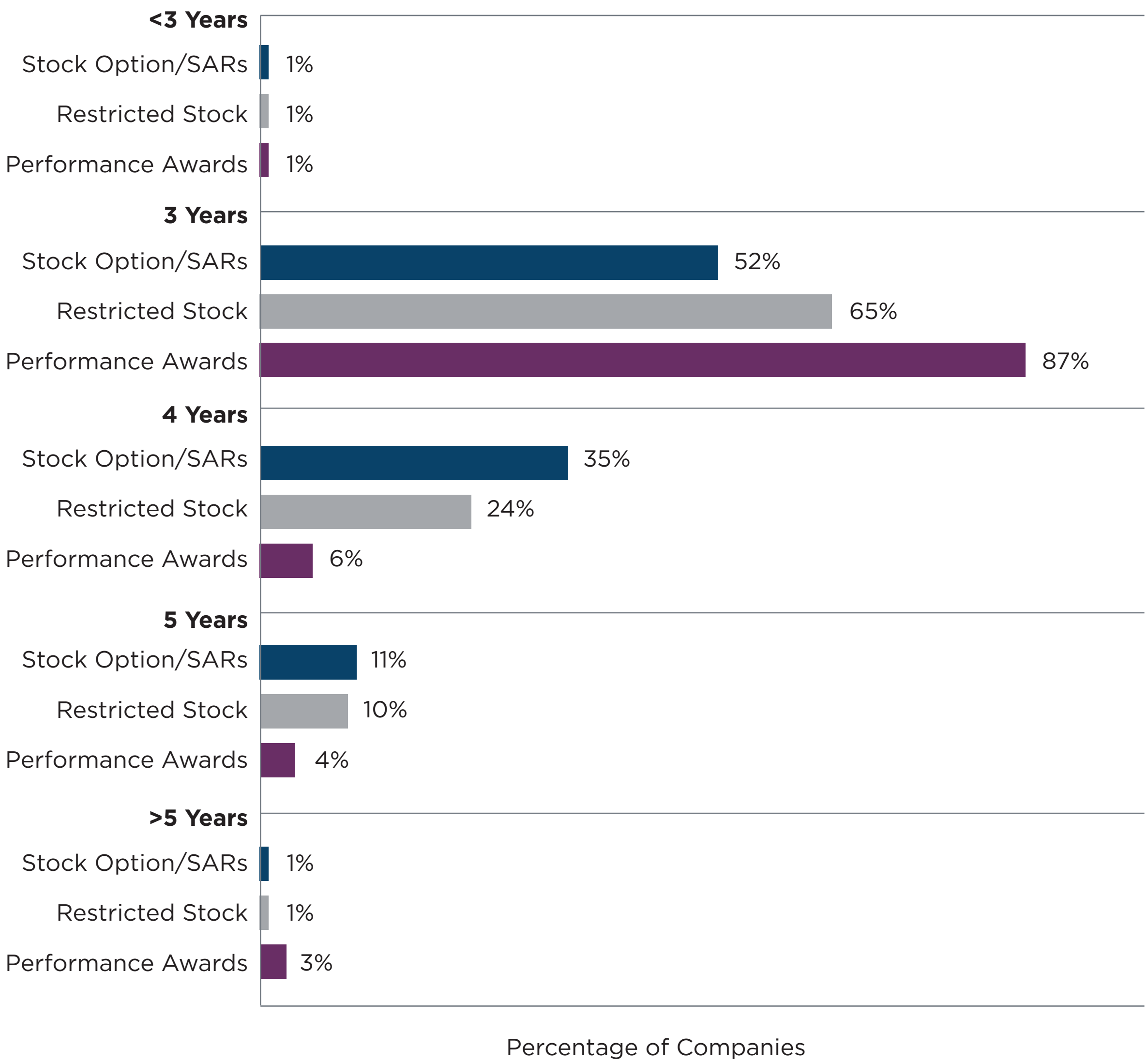


OTHER LONG-TERM INCENTIVE PRACTICES

Vesting Period The most common vesting period for all long-term incentive award types is three years. This corresponds with the minimum vesting period advocated by some large institutional investors, while other investors have since eliminated this policy to provide companies with greater flexibility. Vesting periods of less than three years is a minority practice. Time-based awards with short vesting periods provide less "retention glue" intended for such awards.

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

Vesting Period of Award Types



OTHER LONG-TERM INCENTIVE PRACTICES

Performance Metrics

Categories of Performance Measurement Not much movement was observed in the percentage of companies using each performance metric, with TSR and profit-based measures continuing to be the most prevalent categories of performance measures among companies that grant performance awards at 56% and 49%, respectively. Since demonstrating alignment between pay and performance is a common predictor for securing Say-on-Pay support, companies are rethinking what performance to measure and how to set goals (i.e., absolute goals measured against internal targets versus relative goals measured against external benchmarks).

TSR, specifically relative TSR, has emerged as the metric of choice under Say-on-Pay. For shareholders, there is an elegance to TSR in that it demonstrates the return relative to alternative investments. It is also the singular definition of corporate performance used by ISS (although six financial metrics are being introduced to ISS' qualitative review in 2017), as well as the sole performance metric required by the SEC for pay and performance disclosure under Dodd-Frank. As such, some companies view relative TSR as a way to satisfy shareholder, ISS and SEC preferences. Further, relative TSR provides a manageable solution for companies encountering challenges with setting long-term goals; particularly in uncertain economic environments.

Critics of TSR as an incentive measure believe that it does not drive performance, that market valuation can become disconnected from financial/operating performance, and that consistently high-performing companies may be disadvantaged when compared against poorer performing companies that exhibit a performance rebound during the measurement period. Perhaps due to the potential drawbacks of using TSR, 72% of Top 250 companies using TSR do so in combination with one or more additional metrics.

Performance Measure Categories

		Percent of Companies with Performance Awards Using			Performance Measurement Approach 2016 Report		
Category	**Performance Measures**	**2014**	**2015**	**2016**	**Absolute**	**Relative**	**Both**
Total Shareholder Return	Stock Price Appreciation Plus Dividends	58%	54%	56%	5%	86%	9%
Profit	EPS, Net Income EBIT, EBITDA Operating/Pretax Profit	50%	51%	49%	85%	14%	1%
Capital Efficiency	Return on Equity Return on Assets Return on Capital	41%	41%	40%	84%	7%	9%
Revenue	Revenue Organic Revenue	21%	20%	20%	93%	7%	0%
Cash Flow	Cash Flow Operating Cash Flow Free Cash Flow	13%	11%	13%	93%	3%	3%
Other	Safety, Quality Assurance New Business Individual Performance	15%	14%	14%	N/A	N/A	N/A

OTHER LONG-TERM INCENTIVE PRACTICES

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

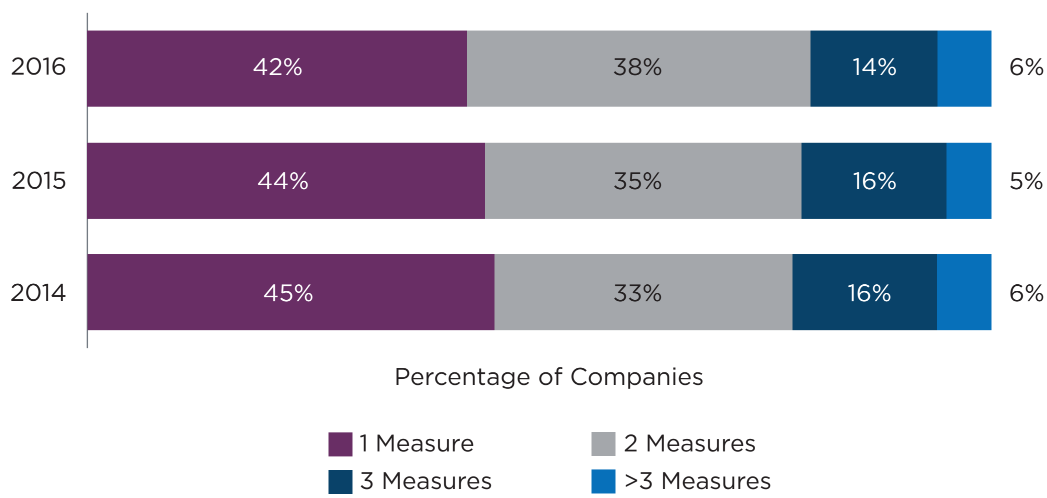
External benchmark selection (e.g., compensation peer group, custom performance peer group, broad industry or market index) is a key consideration in developing relative performance goals. Proxy advisors, as well as some shareholders, question the appropriateness of comparisons against broad market indices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

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

Number of Measures A majority of Top 250 companies use two or more performance measures (58%), but 42% of companies use a single performance measure, representing the most prevalent category.

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

Number of Performance Measures



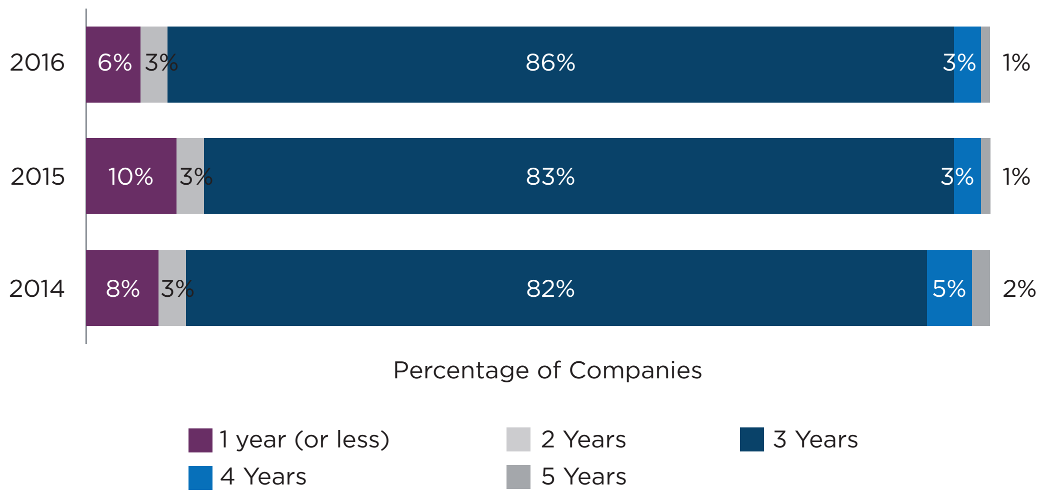
OTHER LONG-TERM INCENTIVE PRACTICES

Performance Measurement Period

Performance is measured over a period of three years in 86% of performance award programs, indicating that most performance periods run in tandem with the award's vesting period. Companies that measure performance annually (i.e., reset targets each year over a three-year period) are included in this statistic. This practice is not widespread, in part because proxy advisors criticize it for failing to promote sustained long-term performance (i.e., it operates more like an annual incentive plan).

Following a three-year performance period, there is a large drop-off with performance periods of one year or less being the second most prevalent practice amongst Top 250 companies at 6%. All Top 250 companies that utilize performance periods of one year provide for a subsequent "vesting tail" (e.g., two additional years of time-based vesting that follows one-year performance period). Many companies voice challenges in setting realistic long-term performance goals due to market volatility. Some shareholders dispute this argument, particularly when a company's peers demonstrate the ability to set cumulative three-year goals and shareholders themselves make investments on the basis of company guidance regarding long-term performance expectations.

Performance Award Period



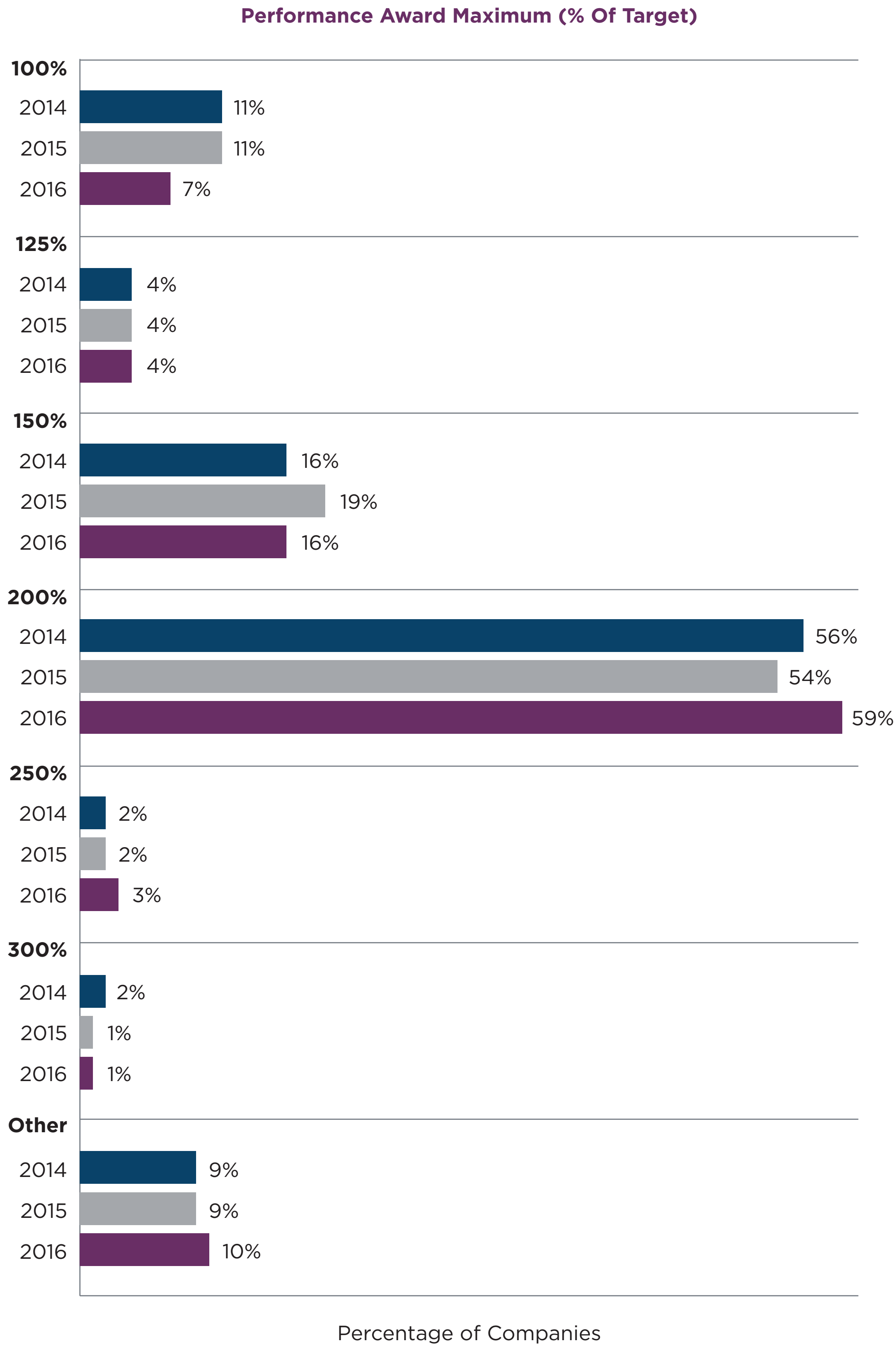
Performance Leverage (Maximum Payout Opportunity)

The most prevalent maximum payout opportunity is 200% of target, found in 59% of the performance award programs used by Top 250 companies. Payout at 150% of target is the next most prevalent maximum payout level (16%).

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

- The most prevalent maximum payout opportunity is 200% of target for all industry sectors except for the Financials sector, where 150% prevails.
- Only 29% of companies in the Financials sector report a maximum of 200%. The low prevalence is influenced by the inclusion of large banks subject to reduced long-term incentive plan leverage to mitigate compensation risk as prescribed by the Federal Reserve and other regulatory bodies (none of the large banks in the Top 250 have a max of greater than 150%). Sixty-two percent of companies in the Financials sector report a maximum payout opportunity of 150% or less.
- In comparison, 100% of Telecommunications Services and 87% of companies in the Utilities sectors have a maximum of 200%.
- Among the Consumer Staples sector, 50% of companies report a maximum of 200% and 35% report a maximum below 200%.

OTHER LONG-TERM INCENTIVE PRACTICES



OTHER LONG-TERM INCENTIVE PRACTICES

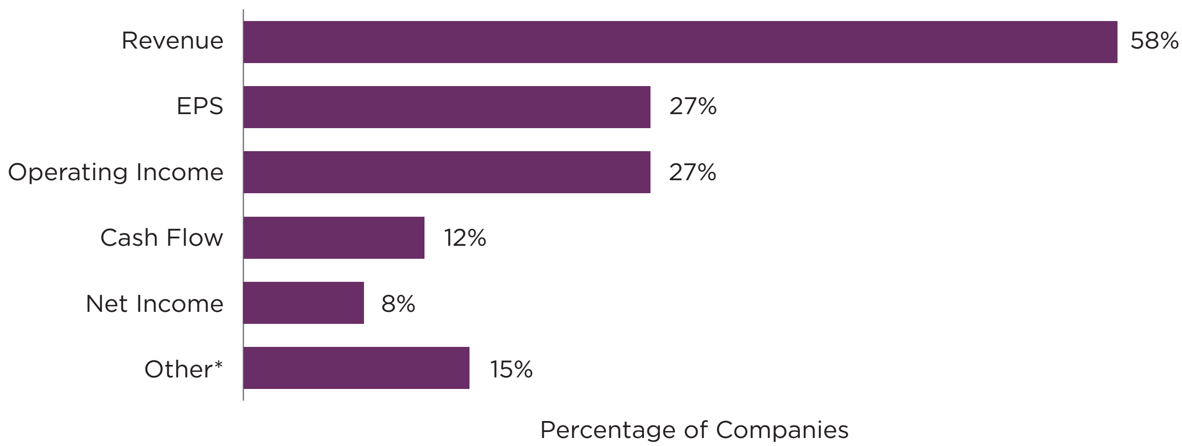
Currency Adjustment in Long-term Incentive Design

Volatility in the global currency markets can have unanticipated ramifications on earnings generated abroad for U.S.-based companies. Consequently, incentive plans of such companies are potentially subject to volatile pay outcomes depending on currency fluctuations during the performance period. A study of the Top 250 companies with significant foreign operations, defined as having greater than 33% of total revenue generated from non-U.S. regions (46% of the Top 250), indicates a mix of approaches, including doing nothing or making adjustments to one or more performance measures to reduce or eliminate the impact of currency fluctuations.

Fifty-three percent of Top 250 companies with significant foreign operations made no adjustments to performance measures, which means real-time currency fluctuations directly impact a company's financial statements regardless of whether the impact is positive or negative. Thirty-three percent of Top 250 companies with significant foreign operations adjusted for currency fluctuations, while the remaining 14% did not provide clear disclosure on adjustments to performance measures. Among Top 250 companies that adjust for currency fluctuations, applying a "constant currency," which fixes the exchange rate at a certain point in time, and simply applying discretion were the most prevalent approaches.

Among Top 250 companies with significant foreign operations that adjust for currency fluctuations, revenue (58%) is the most prevalent performance measure adjusted for currency fluctuations followed by EPS (27%) and operating income (27%).

Adjusted Performance Measure Prevalence



**Other performance measures include ROIC, ROE, organic volume growth and book value per share.*

APPENDIX – COMPANIES INCLUDED IN THE 2016 TOP 250

Consumer Discretionary (31 Companies)

AutoZone Inc.
Carnival Corp.
CBS Corp.
Comcast Corp.
Delphi Automotive PLC
Dollar General Corp.
Dollar Tree Inc.*
Ford Motor Co.
General Motors Co.
Home Depot Inc.
L Brands Inc.
Lowe's Companies Inc.
Marriott International Inc.
McDonald's Corp.
Netflix Inc.
NIKE Inc.
Omnicom Group Inc.
O'Reilly Automotive Inc.
Priceline Group Inc.
Ross Stores Inc.
Royal Caribbean Cruises Ltd.*
Starbucks Corp.
Target Corp.
Time Warner Cable Inc.
Time Warner Inc.
TJX Companies Inc.
Twenty-First Century Fox Inc.
Under Armour Inc.*
V.F. Corp.
Walt Disney Co.
Yum! Brands Inc.

Consumer Staples (29 Companies)

Altria Group Inc.
Archer-Daniels-Midland Co.
Brown-Forman Corp.
Campbell Soup Co.*
Coca-Cola Co.
Colgate-Palmolive Co.
ConAgra Foods Inc.*
Constellation Brands Inc.
Costco Wholesale Corp.
CVS Health Corp.
Estée Lauder Companies Inc.
General Mills Inc.
Hershey Co.*
Hormel Foods Corp.*
Kellogg Co.
Kimberly-Clark Corp.
Kraft Heinz Co.
Kroger Co.
Molson Coors Brewing Co.*
Mondelez International Inc.
Monster Beverage Corp.
Pepsico Inc.
Philip Morris International Inc.
Procter & Gamble Co.
Reynolds American Inc.
Sysco Corp.
Tyson Foods Inc.*
Walgreens Boots Alliance Inc.
Wal-Mart Stores Inc.

Energy (14 Companies)

Anadarko Petroleum Corp.
Apache Corp.
Chevron Corp.
ConocoPhillips
EOG Resources Inc.
Exxon Mobil Corp.
Halliburton Co.
Marathon Petroleum Corp.
Occidental Petroleum Corp.
Phillips 66
Pioneer Natural Resources Co.
Schlumberger Ltd.
Spectra Energy Corp.
Valero Energy Corp.

Financials (35 Companies)

Aflac Inc.
Allstate Corp.
American Express Co.
American International Group Inc.
Aon PLC
Bank of America Corp.
Bank of New York Mellon Corp.
BB&T Corp.
BlackRock Inc.
Capital One Financial Corp.
Charles Schwab Corp.
Chubb Ltd.
Citigroup Inc.
CME Group Inc.
Discover Financial Services
Franklin Resources Inc.
Goldman Sachs Group Inc.
Hartford Financial Services Group Inc.*
Intercontinental Exchange Inc.
JPMorgan Chase & Co.
Marsh & McLennan Companies Inc.
MetLife Inc.
Moody's Corp.
Morgan Stanley
PNC Financial Services Group Inc.
Progressive Corp.*
Prudential Financial Inc.
S&P Global Inc.*
State Street Corp.
SunTrust Banks Inc.
Synchrony Financial*
T. Rowe Price Group Inc.
Travelers Companies Inc.
U.S. Bancorp
Wells Fargo & Co.

*(*Denotes new company in 2016 Top 250)*

APPENDIX – COMPANIES INCLUDED IN THE 2016 TOP 250

Healthcare (39 Companies)

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

Industrials (29 Companies)

3M Co.
American Airlines Group Inc.
Boeing Co.
Caterpillar Inc.
CSX Corp.
Cummins Inc.
Deere & Co.
Delta Air Lines Inc.
Eaton Corp. PLC
Emerson Electric Co.
FedEx Corp.
General Dynamics Corp.
General Electric Co.
Honeywell International Inc.
Illinois Tool Works Inc.
Johnson Controls Inc.
Lockheed Martin Corp.
Nielsen Holdings PLC*
Norfolk Southern Corp.
Northrop Grumman Corp.
PACCAR Inc.
Raytheon Co.
Roper Technologies Inc.*
Southwest Airlines Co.
Union Pacific Corp.
United Continental Holdings Inc.*
United Parcel Service Inc.
United Technologies Corp.
Waste Management Inc.

Information Technology (33 Companies)

Accenture PLC
Adobe Systems Inc.
Analog Devices Inc.
Apple Inc.
Applied Materials Inc.
Automatic Data Processing Inc.
Broadcom Ltd.
Cisco Systems Inc.
Cognizant Technology Solutions Corp.
Corning Inc.
eBay Inc.
Electronic Arts Inc.*
EMC Corp.
Facebook Inc.
Fidelity National Info. Services Inc.
Fiserv Inc.
Hewlett Packard Enterprise Co.
HP Inc.*
Intel Corp.
Intl. Business Machines Corp.
Intuit Inc.
MasterCard Inc.
Microsoft Corp.
NVIDIA Corp.*
Oracle Corp.
Paychex Inc.*
PayPal Holdings Inc.*
QUALCOMM Inc.
salesforce.com inc.
TE Connectivity Ltd.
Texas Instruments Inc.
Visa Inc.
Yahoo! Inc.

Materials (9 Companies)

Air Products & Chemicals Inc.
Dow Chemical Co.
E. I. du Pont de Nemours & Co.
Ecolab Inc.
LyondellBasell Industries N.V.
Monsanto Co.
PPG Industries Inc.
Praxair Inc.
Sherwin-Williams Co.

*(*Denotes new company in 2016 Top 250)*

APPENDIX – COMPANIES INCLUDED IN THE 2016 TOP 250

Real Estate (13 Companies)

American Tower Corp.
Avalonbay Communities Inc.
Boston Properties Inc.
Crown Castle International Corp.
Equinix Inc.*
Equity Residential
General Growth Properties Inc
Prologis Inc.
Public Storage
Simon Property Group Inc.
Ventas Inc.
Welltower Inc.
Weyerhaeuser Co.*

Telecommunication Services (3 Companies)

AT&T Inc.
Level 3 Communications Inc.*
Verizon Communications Inc.

Utilities (15 Companies)

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

*(*Denotes new company in 2016 Top 250)*

FW COOK COMPANY INFORMATION

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

Our office locations:

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

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

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

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

Atlanta
One Securities Centre
3490 Piedmont Road NE
Suite 550
Atlanta, GA 30305
404-439-1001

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

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

Web Site: www.fwcook.com

Authors

This report was authored by Warren Suh and Caroline Cubberly. Edward Graskamp and other FW Cook consultants also assisted with this report. Questions and comments should be directed to Mr. Suh in our Atlanta office at **wsuh@fwcook.com** (404) 439-1005, or Ms. Cubberly in our Houston office at **cecubberly@fwcook.com** (713) 427-8303.