COVID-19 Disruption: Tracking Executive and Director Compensation Changes
Information as of June 14th, 2020
Companies Reporting Pay Actions as of June 14th, 2020

<table>
<thead>
<tr>
<th></th>
<th>EXECUTIVES</th>
<th>DIRECTORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P 500</td>
<td>113 (+4)</td>
<td>70 (+2)</td>
</tr>
<tr>
<td>Russell 3000</td>
<td>522 (+10)</td>
<td>341 (+8)</td>
</tr>
</tbody>
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All but four companies reporting changes to director compensation also reported changes to executive compensation; Numbers in parentheses represent increase in company count since the prior version.
Overview – Spectrum of Impact from COVID-19

While all companies are affected by COVID-19, they are unequally impacted along a spectrum of impact shown below.

**COVID-19 Spectrum of Impact**

- **Low Impact and/or Short-Term Benefit**
  - Pay Actions Unlikely
  - Sample Industries: Consumer Packaged Food Companies, Pharma/Medical, Information Technology, Materials, E-Commerce Retail

- **Medium Impact**
  - Pay Actions Less Likely
  - Sample Industries: Financial Services, Real Estate

- **High Impact and/or Limited Liquidity**
  - Pay Actions Most Likely
  - Sample Industries: Automotive Manufacturing, Capital Goods, Energy, Media/Entertainment, Industrials, Cruise Ships, Airlines, Brick & Mortar Retail and Hospitality

*Note: Individual companies may find their various business units located at various points of the spectrum*

- To date, a number of organizations in the “high impact” category of the above spectrum have announced executive, non-employee director, and broad-based employee pay actions (see detail on the next three pages) to shore-up liquidity during a period of unprecedented uncertainty.
  - Some organizations in the “medium impact” category have begun announcing similar pay actions, although these are less prevalent and less severe.
    - To date, approximately 23% of S&P 500 companies and 17% of Russell 3000 companies have announced executive pay actions, with most of these companies concentrated towards the right of the above spectrum.

- As stay-at-home orders have lifted and business as usual has returned to some degree, we have observed some companies restoring executive and director compensation to pre-COVID-19 levels.
  - In the Russell 3000, we have observed fourteen companies fully or partially restoring compensation.
Magnitude of Pay Changes in S&P 500 and R 3000

Reductions generally represent decreases to salary for executives and cash retainers for directors.
Compensation Adjustments by Industry Segment

S&P 500 Pay Adjustments by Industry

- Consumer Discretionary: 34
- Industrials: 30
- Health Care: 13
- Energy: 10
- Communication Services: 6
- Information Technology: 6
- Real Estate: 6
- Materials: 5
- Consumer Staples: 2
- Financials: 1

Russell 3000 Pay Adjustments by Industry

- Consumer Discretionary: 164
- Industrials: 117
- Health Care: 57
- Energy: 53
- Information Technology: 38
- Real Estate: 35
- Communication Services: 28
- Materials: 17
- Consumer Staples: 7
- Financials: 5
- Utilities: 1

S&P 500 Salary Reduction Population
- Executives Only: 38%
- Executives & Non-Employee Directors: 62%

Russell 3000 Salary Reduction Population
- Executives Only: 36%
- Executives & Non-Employee Directors: 64%
Salary Reductions by Exec Level and Time Frame

**S&P 500 Salary Reductions Covered Executives**
- CEO only: 7%
- NEOs: 19%
- Senior Execs.: 73%

**Russell 3000 Salary Reductions Covered Executives**
- CEO only: 8%
- NEOs: 34%
- Senior Execs.: 58%

**S&P 500 Salary Reduction Time Period**
- <3 months: 2%
- 3-6 months: 23%
- >6 months: 32%
- Indefinite: 43%

**Russell 3000 Salary Reduction Time Period**
- <3 months: 2%
- 3-6 months: 17%
- >6 months: 22%
- Indefinite: 59%