

An aerial photograph of New York City at sunset. The sky is a mix of orange, yellow, and light blue. The city's dense skyline is visible, with the Freedom Tower standing out prominently in the center. The water of the harbor is visible to the right.

**2013
DIRECTOR
COMPENSATION
STUDY**

Dear Clients, Colleagues & Friends,

We are pleased to present the 2013 Director Compensation Study, a review of compensation programs and pay levels among the 200 largest public companies based in the United States. In 2012, compensation for the average director reached a median of \$261,333, an increase of +4.5% over 2011.

This report comes at a time when director compensation has started to receive significant attention from shareholders and the media. We have observed a troubling trend emerging in which general discontent over executive pay levels has begun to bleed into director compensation. Past commentary suggesting directors were the “best buy in corporate America” has been replaced by questions about “What are we paying directors for?” and questioning, “Should directors be paid based upon performance?”

As advisors to boards and their compensation committees, we see first-hand how dramatically director workloads have increased over the last several years, and the care and thoughtfulness with which directors embrace their responsibilities. But we suspect a storm is brewing with respect to director compensation issues, and we believe companies would be well served to review director compensation levels and practices with this in mind.

We invite you to review the study and share it with your colleagues. Should you have any questions or comments while reviewing this information, we hope you won't hesitate to continue the dialogue by contacting us.

Regards,

Steven Hall & Partners

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EXECUTIVE SUMMARY

Steven Hall & Partners recently completed its eighth annual study of compensation paid to non-employee directors at the 200 largest U.S. public companies (based on revenues). Our findings for 2012 are presented below.

- **TOTAL COMPENSATION** paid to non-employee directors **rose +4.5%** over 2011 levels, to a **median of \$261,333**.
- **PAY MIX** for non-employee directors has **remained relatively unchanged since 2007**. Directors continue to **receive just over half of their total compensation in the form of equity** (55% in 2012), in accordance with governance best practices.
- **ANNUAL CASH BOARD RETAINER** increased \$5,000 in 2012 to a median of **\$85,000** and the median **ANNUAL EQUITY BOARD RETAINER** increased \$10,000 to **\$140,000**
- **EQUITY VESTING PERIODS** remain largely unchanged over the last five years, with **the majority of awards vesting either immediately or within one year** of the grant date. There has been a slight increase in the use of multi-year vesting periods at the expense of one-year vesting. The percentage of grants vesting immediately, typically common stock or shares deferred until retirement, has remained unchanged over the last five years.
- **MEETING FEES** continue to **decline in prevalence** for both board and committee service, to 27% and 29% respectively, as companies seek greater control over total compensation levels and replace these fees with increases in retainers. Among those still paying meeting fees, the **median per meeting fee was \$2,000** for both board and committee service.
- **COMMITTEE CHAIRS** for each of the audit, compensation and nominating/governance committees **receive additional fees (retainer plus meeting fees) at 94% of the companies studied**. Median committee chair fees equaled \$25,000, \$20,000 and \$15,000 for the audit, compensation and nominating/governance committees, respectively.
- **COMMITTEE MEMBERS** for each of the audit, compensation and nominating/governance committees **receive additional fees (retainer plus meeting fees) at 43% of the companies studied**. Median committee member fees equaled \$15,000, \$10,000 and \$8,000 for the audit, compensation and nominating/governance committees, respectively.
- **SHARE OWNERSHIP GUIDELINES** continue to rise in prevalence, with **91% of companies** disclosing the existence of such guidelines in 2012 compared with just 63% of companies in 2007. Among those companies with guidelines in 2012, **59% are valued at a multiple of five times or greater the cash retainer**.

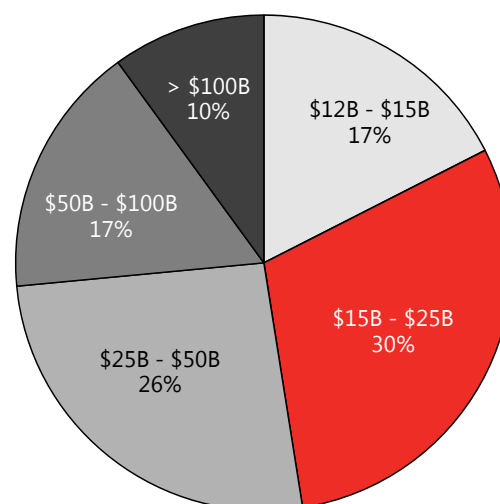
STUDY SAMPLE

Criteria for Selecting Companies

This study examined compensation paid to non-employee directors at the 200 public companies with the largest revenues for the most recent fiscal year (fiscal 2012), which were also incorporated in the United States and publicly traded on United States-based securities exchanges (the "Top 200 Companies" or "Top 200").

Financials

Among the Top 200 Companies, revenues ranged from \$12 billion to \$469 billion, with a median revenue of \$26 billion. The largest number of companies, 30%, fell in the \$15 billion to \$25 billion range, followed by 26% in the \$25 billion to \$50 billion range.



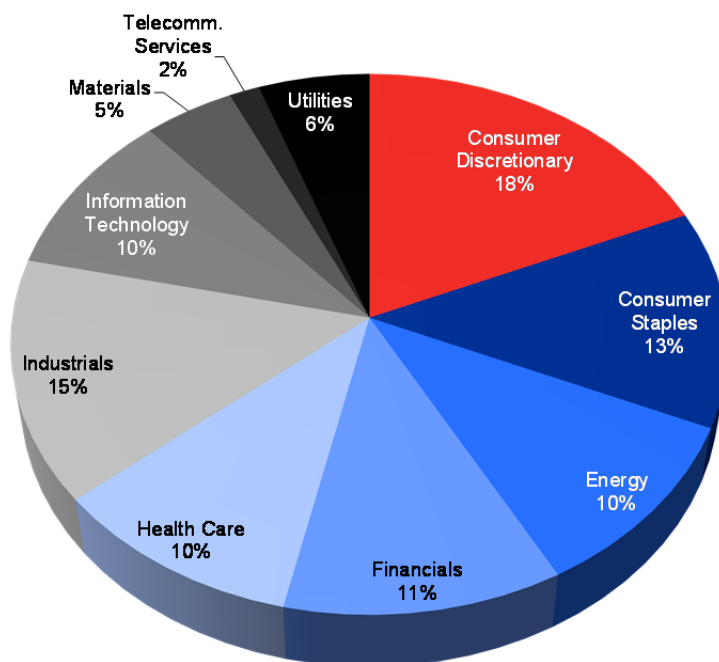
Revenue Range	# of Companies	Median (\$ Millions)		
		Revenue	Assets	Market Cap.*
\$12B - \$15B	35	\$13,307	\$17,380	\$15,652
\$15B - \$25B	60	18,300	26,688	23,040
\$25B - \$50B	52	33,757	34,093	19,353
\$50B - \$100B	33	68,150	74,638	56,827
> \$100B	20	130,843	184,215	124,313
TOTAL SAMPLE	200	\$25,809	\$35,318	\$27,218

* As of December 31, 2012.

STUDY SAMPLE

GICS Sectors

The Top 200 Companies represented a broad range of sectors in the Global Industry Classification Standard (GICS), with consumer discretionary companies comprising the largest portion of the population (18%). The complete GICS sector breakdown was as follows:



GICS Sector	# of Companies	Median (\$ Millions)		
		Revenue	Assets	Mkt. Cap.*
Consumer Discretionary	37	\$24,128	\$17,380	\$22,661
Consumer Staples	26	32,328	22,213	26,539
Energy	21	28,616	35,306	21,369
Financials	23	33,315	353,855	33,697
Health Care	21	36,596	35,897	36,622
Industrials	29	25,218	29,903	24,457
Information Technology	20	31,414	40,540	43,960
Materials	9	19,429	32,153	20,756
Telecomm. Services	3	115,846	225,222	123,493
Utilities	11	15,040	52,449	20,710
TOTAL SAMPLE	200	\$25,809	\$35,318	\$27,218

* As of December 31, 2012.

Determining Director Compensation

The non-employee director compensation data used in this study was derived from proxy statements filed between June 1, 2012 and May 31, 2013 for each of the Top 200 Companies.

Components of Director Compensation Reviewed

Total compensation paid to directors consists of the following components:



Explanation of Key Terms

Cash Retainer: Annual cash payment made to directors for board service.

Equity Retainer: Annual equity grants made to directors for board service. May be delivered in a variety of one or more vehicles, depending on the company.

- Common Stock – Shares issued immediately with no restrictions.
- Deferred Stock – Settlement of shares will be deferred to a later, pre-designated date. Shares may be issued with or without vesting restrictions on date of grant.
- Restricted Stock – Shares are restricted and have specific vesting requirements that must be met before restrictions lapse.
- Stock Options – Gives directors the option to purchase common stock at a specified stock price. Typically contain vesting requirements that must be met before options may be exercised.

Board Meeting Fees: Payments made for attendance at board meetings. Represents fees paid per board meeting multiplied by number of board meetings disclosed in the proxy. All meetings are assumed to be attended in person.

Board Pay: The sum of Cash Retainer, Equity Retainer, and Board Meeting Fees.

Committee Fees: Additional compensation paid to directors for service on a committee of the board of directors, either as a member or chairperson. Includes any additional annual cash or equity retainers and meeting fees paid on a per meeting basis, multiplied by the actual number of committee meetings as disclosed in the proxy.

Total Compensation: The sum of Board Pay and Committee Fees.

METHODOLOGY

Calculating Equity Values

Equity awards denominated as a cash amount have been valued as disclosed.

Full-value awards denominated as shares have been valued using the closing price on the date of grant multiplied by the number of shares granted and option awards denominated as a number of underlying shares have been valued using a Black-Scholes calculation specific to each company at the date of grant.

Summary Statistics

Unless otherwise stated, all references to market practices or pay levels refer to median data.

Historical Data

Steven Hall & Partners has collected non-employee director compensation data since 2005. Although we have used a consistent methodology over this period, and have selected companies in the study group in the same manner, the companies included in the study vary each year. Therefore, references to data from previous years do not reflect the same group of companies included in this study. Additionally, the changes in underlying data sets sometimes result in statistical anomalies on a year over year basis. The Top 200 Companies used for this study are provided in Appendix A.

To provide historical context for the 2012 data, and to facilitate evaluations of changes in director compensation programs over one-, three- and five-year periods, we have presented comparable information from prior years. Additional details regarding historical data are also provided for reference in Appendix B.

METHODOLOGY

Straw Directors

To facilitate comparisons between the Top 200 Companies, we have created several hypothetical “straw” directors.

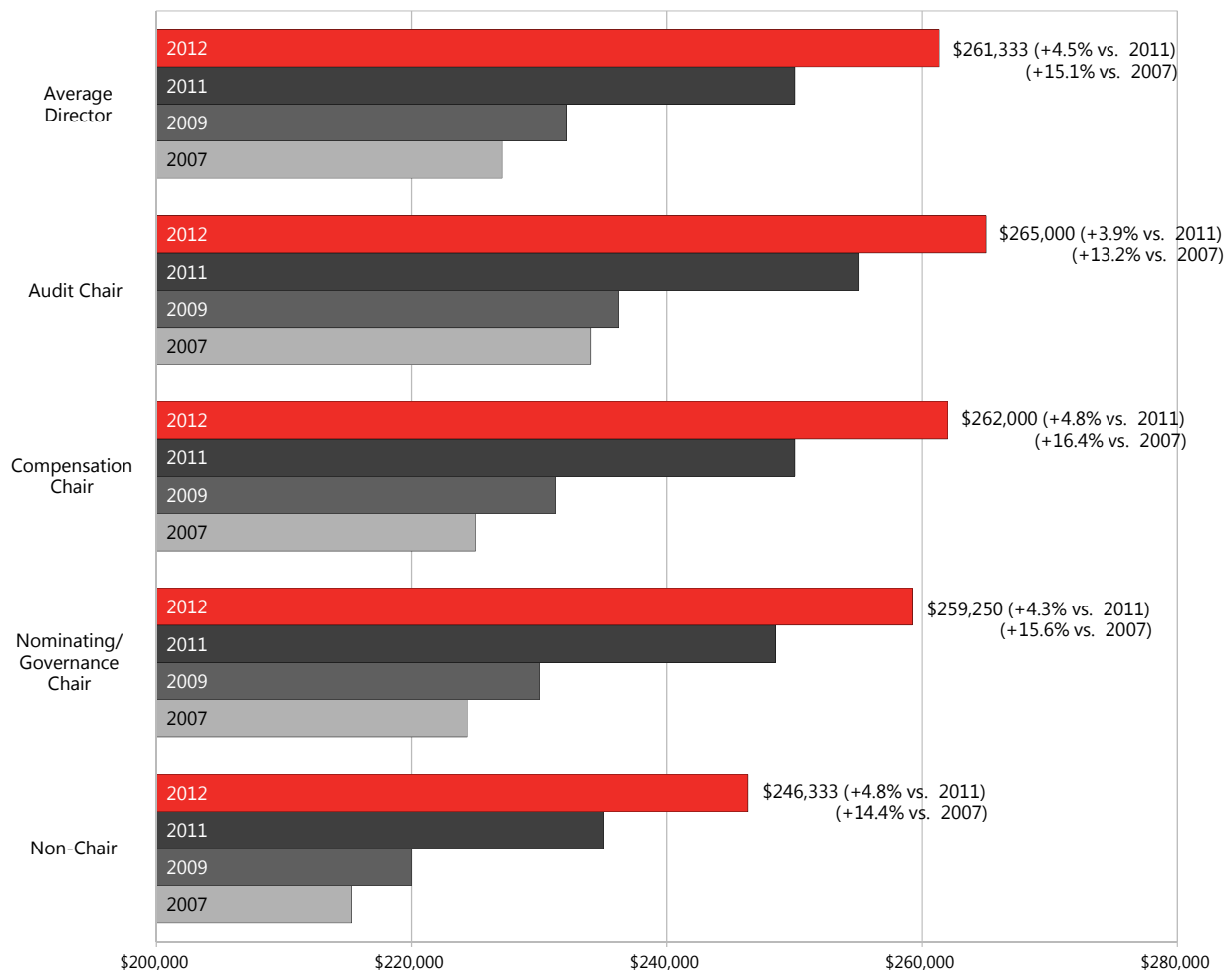
Straw Director	Description of Roles	Definition of Compensation
Audit Committee Chair	Director is chair of audit and member of one other committee.	Board pay plus committee fees. Committee fees reflect the fees paid to the chair of the respective committee <u>plus</u> the average compensation paid to members of the remaining two committees.
Compensation Committee Chair	Director is chair of compensation and member of one other committee.	Board pay plus committee fees. Committee fees reflect the average pay for audit, compensation and nominating/governance members multiplied by two.
Nominating/Governance Committee Chair	Director is chair of nominating/governance and member of one other committee.	Board pay plus committee fees. Committee fees reflect the average pay for audit, compensation, and nominating/governance committee chairs <u>plus</u> the average compensation paid to members of those committees.
Non-Chair	Director is a member of two committees and chair of none.	Board pay plus committee fees. Committee fees reflect the average pay for audit, compensation and nominating/governance members multiplied by two.
Average Director	Director is a chair of one committee and a member of one other committee.	Board pay plus committee fees. Committee fees reflect the average pay for audit, compensation, and nominating/governance committee chairs <u>plus</u> the average compensation paid to members of those committees.

TOTAL COMPENSATION



Among the Top 200 Companies, median Total Compensation for the Average Director reached \$261,333 in 2012. This represents an increase of +4.5% over 2011 levels and +15.1% since 2007. Growth levels were relatively constant across all straw positions studied with larger increases among the compensation chair and lowest increases for the audit chair.

Changes in Median Total Compensation Values, 2007 - 2012



TOTAL COMPENSATION



Among the Top 200 Companies, director compensation continues to be correlated to revenue size of the company. In general, smaller companies pay less than their larger counterparts. However, over the past five years, compensation increases have been greatest among the smaller companies in the study; average director compensation levels rose +18% for companies with revenues less than \$25 billion, while the largest companies in the study, those with revenues of greater than \$100 billion, rose +8% over the same five-year period.

Revenue Range	Median Compensation - Average Director				Growth		
	2007	2009	2011	2012	5 Yr.	3 Yr.	1 Yr.
	\$12B - \$15B	\$211,786	\$216,833	\$232,761	\$249,333	+18%	+15%
\$15B - \$25B	214,833	225,500	240,833	254,000	+18%	+13%	+5%
\$25B - \$50B	235,000	235,000	253,333	255,333	+9%	+9%	+1%
\$50B - \$100B	261,667	262,083	268,333	276,667	+6%	+6%	+3%
> \$100B	252,500	266,333	271,667	272,500	+8%	+2%	+0%
TOTAL SAMPLE	\$227,083	\$232,083	\$250,000	\$261,333	+15%	+13%	+5%

Among the different GICS sectors included in the study, information technology, utility and industrial companies experienced the greatest increases over the past five years, with growth rates of +25%, +20% and +19% respectively.

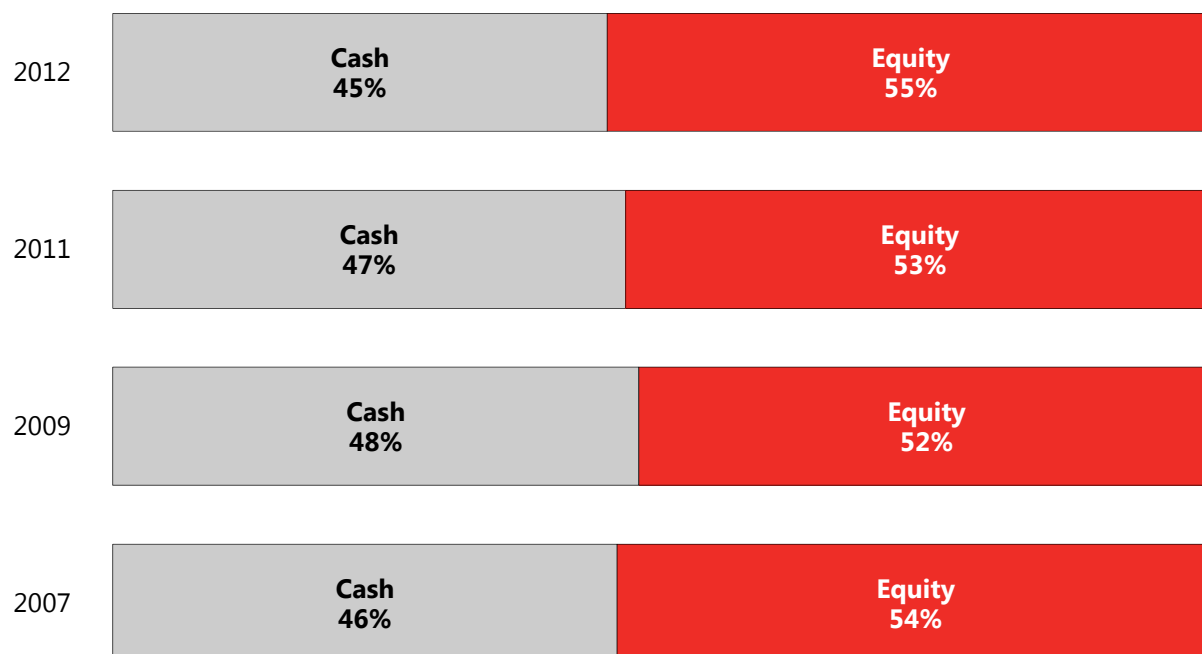
GICS Sector	Median Compensation - Average Director				Growth		
	2007	2009	2011	2012	5 Yr.	3 Yr.	1 Yr.
	Consumer Discretionary	\$224,833	\$213,333	\$238,333	\$250,000	+11%	+17%
Consumer Staples	225,185	245,000	245,000	253,333	+12%	+3%	+3%
Energy	263,741	265,083	298,333	309,167	+17%	+17%	+4%
Financials	246,667	235,000	260,000	263,333	+7%	+12%	+1%
Health Care	243,000	239,750	255,008	270,667	+11%	+13%	+6%
Industrials	214,083	224,417	249,833	255,667	+19%	+14%	+2%
Information Technology	236,917	252,500	275,000	296,833	+25%	+18%	+8%
Materials	221,667	221,667	236,250	249,500	+13%	+13%	+6%
Telecomm. Services	239,667	251,500	252,000	283,000	+18%	+13%	+12%
Utilities	196,667	198,000	215,250	235,500	+20%	+19%	+9%
TOTAL SAMPLE	\$227,083	\$232,083	\$250,000	\$261,333	+15%	+13%	+5%

For historical data by GICS sector and revenue, please see Appendix B.

Cash Versus Equity Mix

Pay mix for directors has remained relatively unchanged since 2007. Directors continue to receive just over half of their total compensation in the form of equity. These levels are consistent with the widely accepted best practice mandating that at least half of a director's compensation should be delivered in equity.

Average Director Pay Mix, Cash vs. Equity, 2007 - 2012



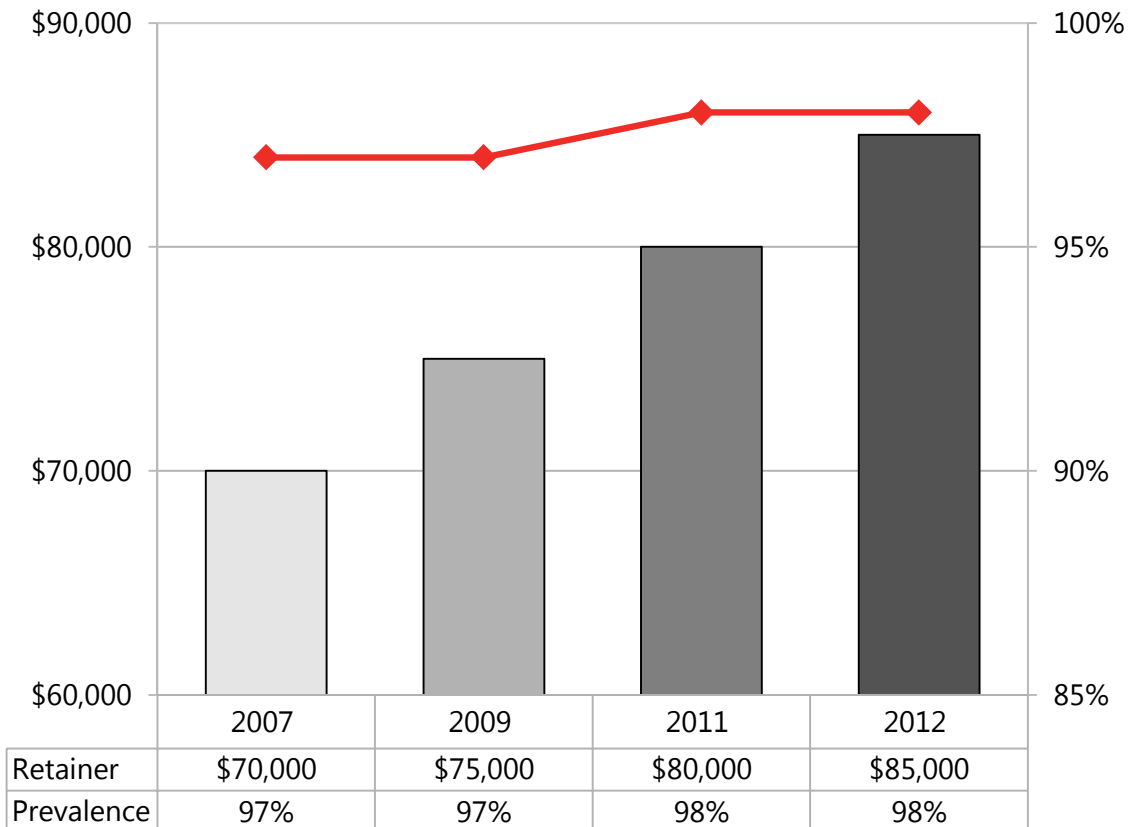
CASH RETAINER



Among the Top 200 Companies, the median Cash Retainer for board service was \$85,000 in 2012, representing a +6% increase over 2011 and a +21% increase since 2007. Payment of Cash Retainers remains nearly universal; these fees were paid at 98% of the Top 200 Companies in 2012.

Increases in annual cash retainers have outpaced those observed in total compensation in recent years due largely to the elimination of meeting fee payments. While a majority of the companies studied have made regular increases over the five-year period, companies that have switched to a no meeting fee compensation plan typically make greater increases to annual board retainers, both cash and equity, to offset for the lost meeting fee compensation.

Median Cash Retainer Values and Prevalence, 2007 - 2012

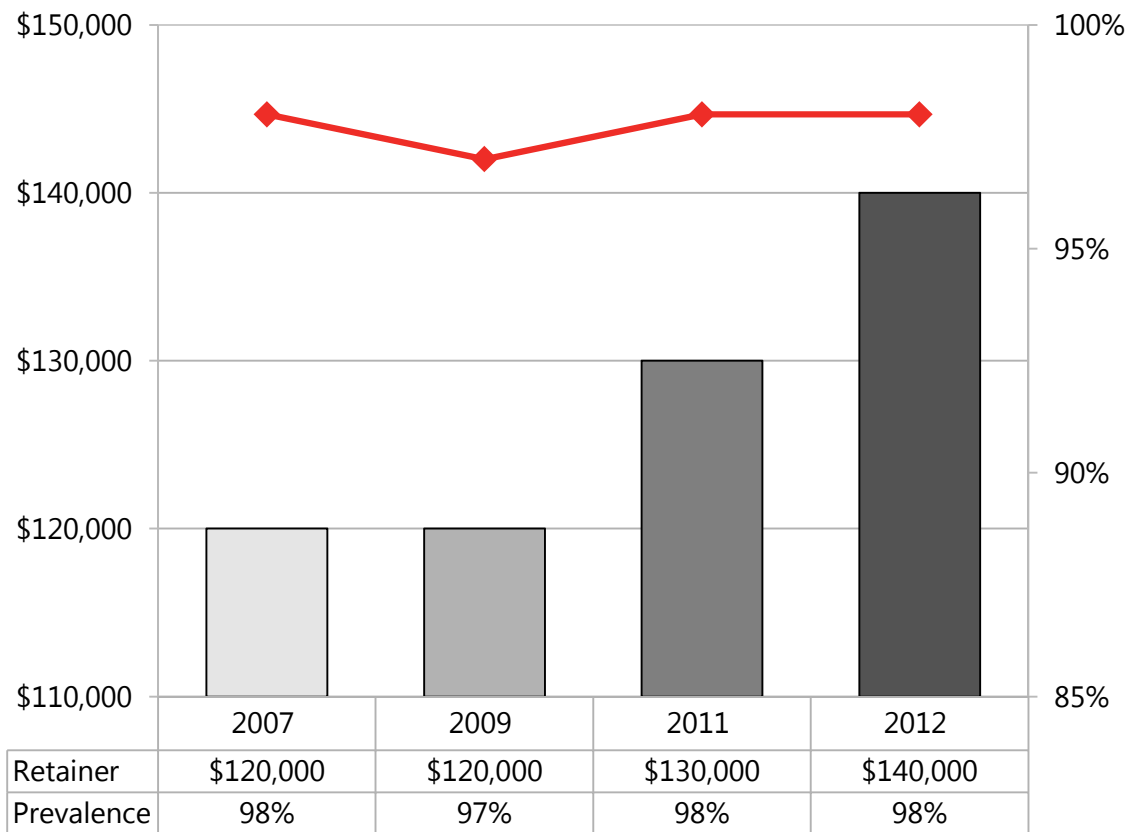


EQUITY RETAINER



Among the Top 200 Companies, the median value of Equity Retainers for board service was \$140,000 in 2012, representing an increase of +8% over 2011 levels and a +17% increase over 2007 levels. Equity Retainers were as prevalent as Cash Retainers in 2012, with 98% of companies granting equity for board service.

Median Equity Retainer Values and Prevalence, 2007 - 2012



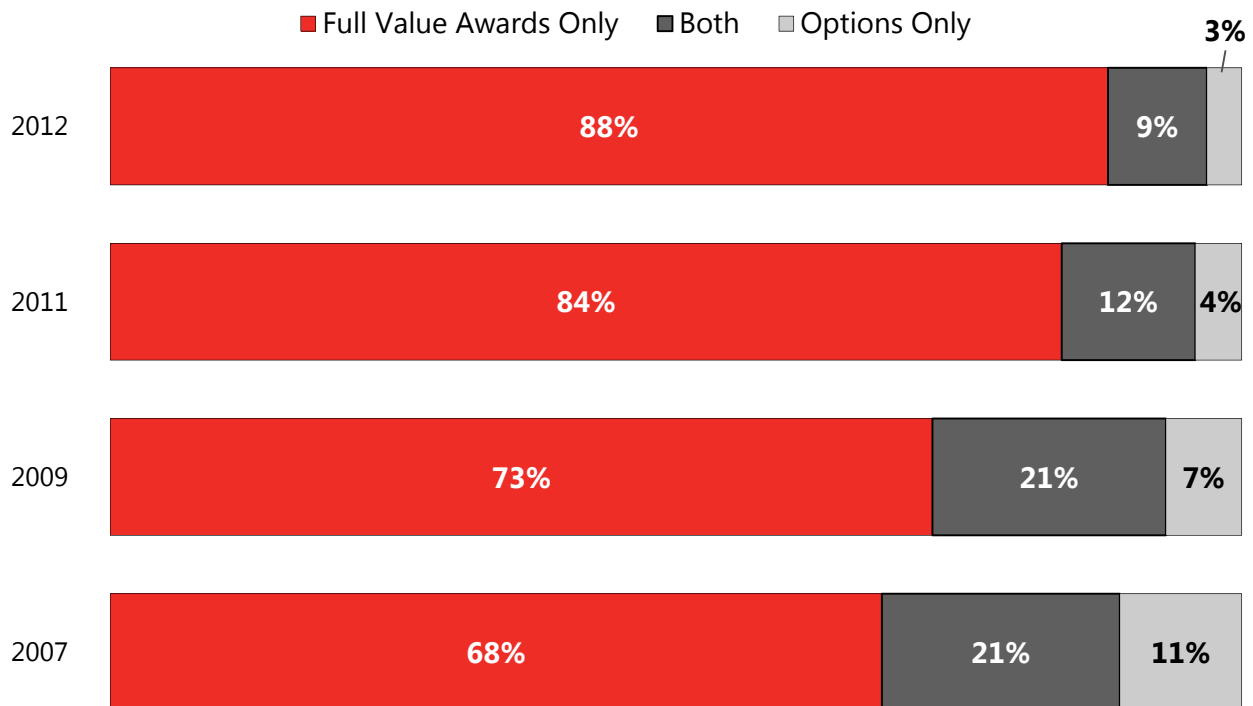
EQUITY RETAINER



Equity Vehicles Utilized

Over the past five years, stock option awards to directors have continued to decline in prevalence, while full value awards have become nearly universal. Among the Top 200 Companies that paid Equity Retainers in 2012, 88% granted only full value awards, 9% granted both options and full value shares, and just 3% granted only options. This trend away from options is reflective of the continued belief among those in the corporate governance community that directors should be owners of the company, rather than optionees.

Equity Grant Practices, 2007 - 2012



Note: This chart reflects prevalence of grant practices among those companies in the Top 200 making equity awards.

EQUITY RETAINER

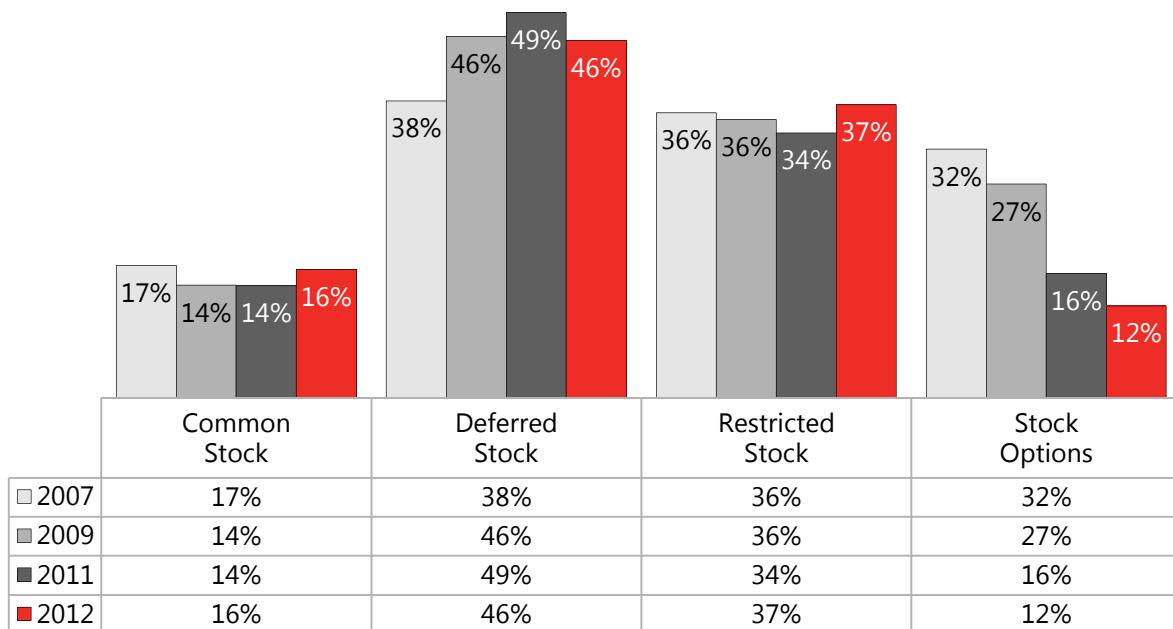


Equity Vehicles Utilized

Deferred stock awards have historically been the most prevalent full value equity vehicle granted among Top 200 companies (46%). Deferral periods ranged from one year after grant date to retirement from the board. Shares deferred until retirement from the board were the most prevalent, representing 88% of deferred share grants. Deferred stock awards are followed in prevalence by restricted stock and common stock awards, which were granted by 37% and 16%, respectively, of the Top 200 Companies paying Equity Retainers in 2012.

This year we observed a slight decrease in deferred stock and offsetting increases in common and restricted stock, but it is too soon to determine if this is attributable to slight variations in sample constituents, or a deliberate policy shift away from deferred shares.

Prevalence of Equity Vehicles, 2007 - 2012



Note: This chart reflects the prevalence of each equity vehicle among those companies in the Top 200 granting equity. Because some companies grant more than one type of award, these statistics are not additive, and do not tie to data presented on the prior page 12.

EQUITY RETAINER

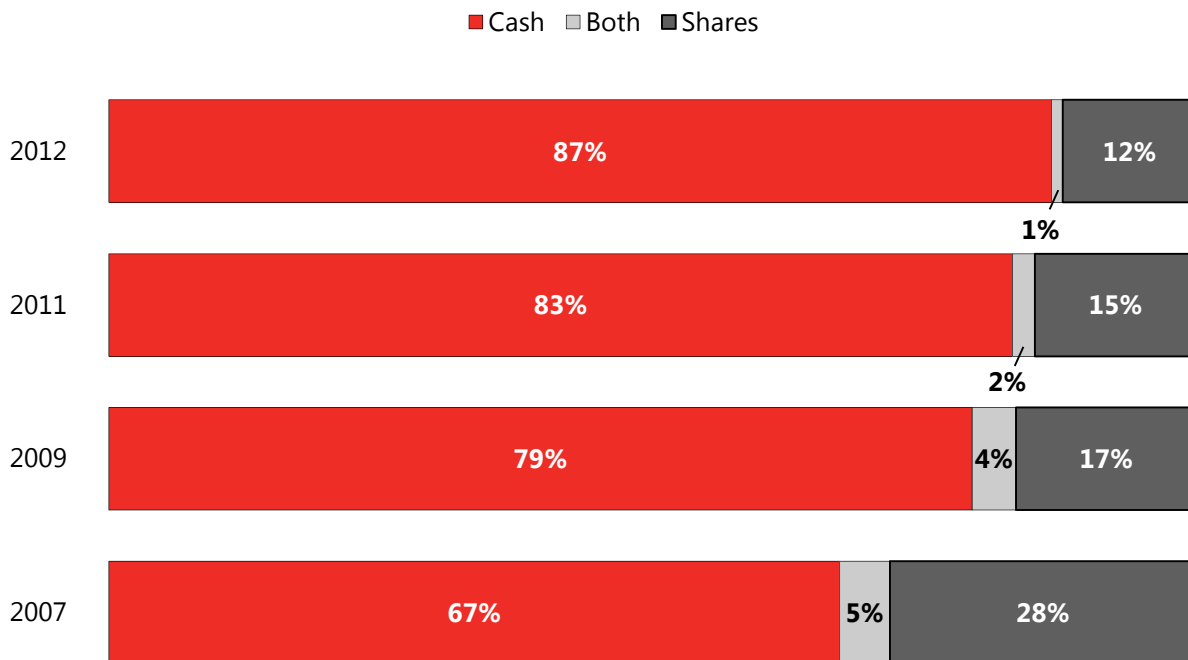


Equity Retainer Denominations – Shares Versus Cash

Over the last five years, the practice of denominating Equity Retainers in dollars as opposed to shares increased in prevalence. In our experience, this practice gives companies greater control over director pay levels and ensures that pay remains at desired marketplace positioning, regardless of stock price fluctuations.

Among the Top 200 Companies paying Equity Retainers, 87% denominated equity awards only as a cash value while just 12% denominated awards solely in a fixed number of shares and a small minority of companies (1%) granted multiple awards denominated in both shares and cash. By comparison, in 2007, 67% of companies paying Equity Retainers granted an equity award expressed only as a cash value.

Share vs. Cash Targets, 2007 - 2012



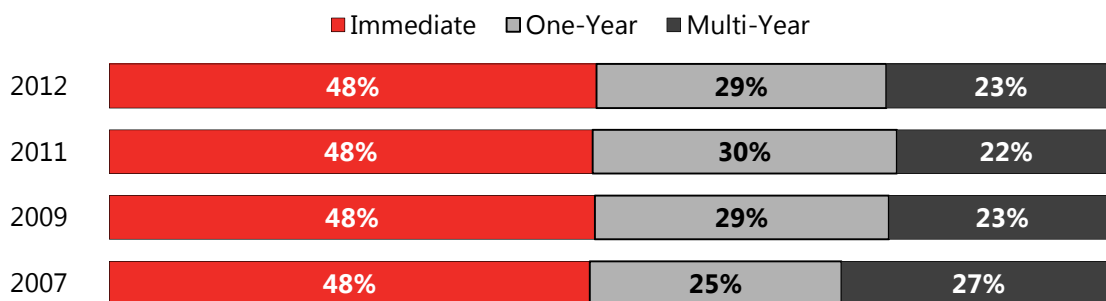
EQUITY RETAINER



Vesting

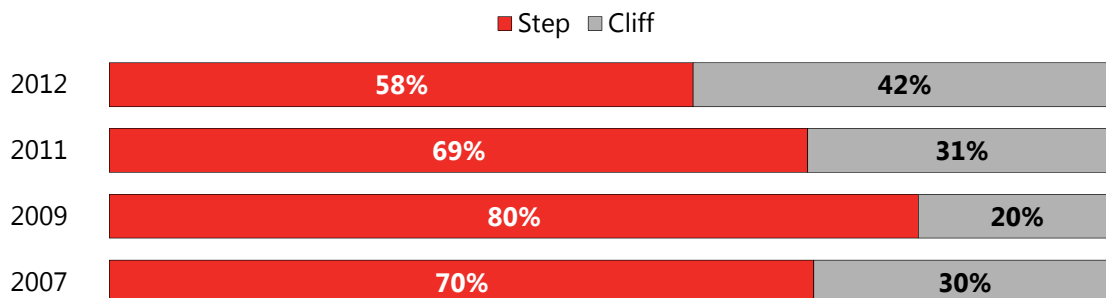
Over two-thirds of equity awards granted to directors in 2012 vest either immediately or within one year of grant. This practice reflects the belief among many in the governance community that directors should not have pay for board service in one year tied to continued service in future years over fears that extended equity vesting periods might handcuff directors to boards they wish to leave. However, we continue to observe a notable and consistent minority of companies that grant equity awards with multi-year ratable vesting.

Equity Vesting Schedule Prevalence, 2007 - 2012



Step vesting (vesting awards in multiple tranches) was the predominant practice (58%) among 2012 awards granted with multi-year vesting schedules. In 2012, we observed a continued increase in the prevalence of cliff vesting among awards with multi-year vesting schedules. Based on additional analysis, we attribute this mainly to turnover of companies comprising the Top 200.

Equity Vesting Schedule Prevalence, 2007 - 2012

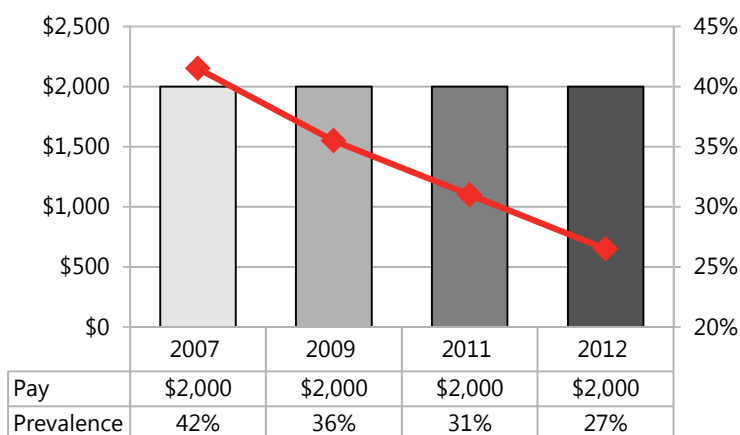
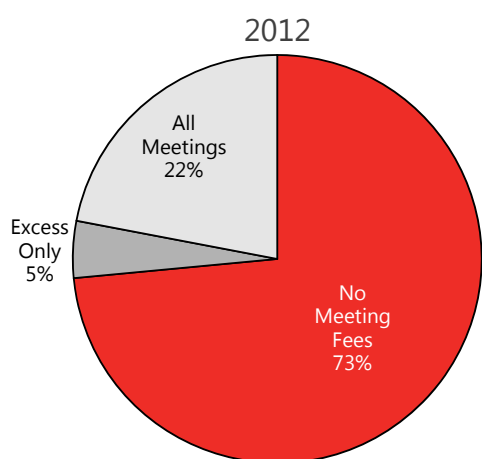


BOARD MEETING FEES



Among the Top 200 Companies, prevalence of paying meeting fees has declined sharply the past five years, from 42% to 27% while the median fee for attendance at a board meeting has remained fixed at \$2,000 per meeting over the same period. Additionally, we note that out of the 53 companies that pay a meeting fee, nine companies only pay the fee for excess meetings that take place in addition to a preset number of "standard" meetings.

Board Meeting Fees, Median Values and Prevalence, 2007 - 2012



Elimination of Meeting Fees

The data above corroborates what we have experienced first-hand: companies are eliminating meeting fees and increasing cash and equity retainers. This shift provides several benefits to companies, including an easier administrative process, as well as greater predictability regarding fees.

It should be noted that a shift away from meeting fees may not be right for all companies. We have long cautioned that companies with unpredictable workloads may fare better under a program that continues to pay meeting fees.

Companies interested in eliminating meeting fees but concerned about unpredictable future increases in workload may be best served by a hybrid approach, in which directors will receive fees for attendance at meetings in excess of a pre-determined number.

COMMITTEE FEES



Number of Committee Meetings

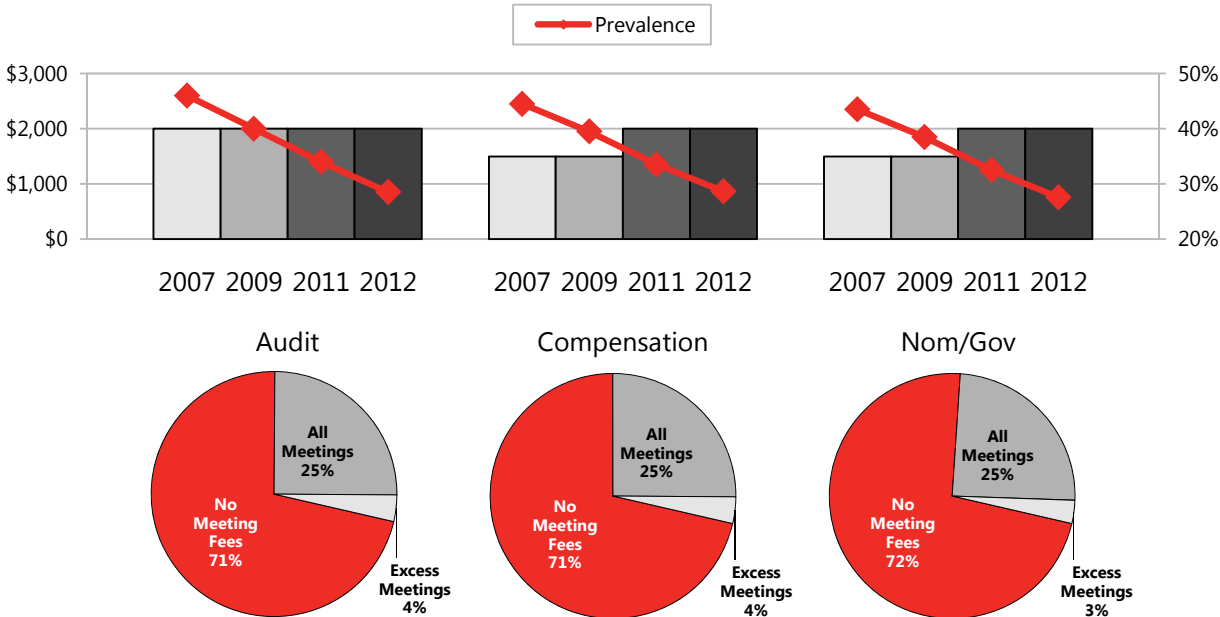
The median number of committee meetings has remained relatively constant since 2007 for each of the three committees studied. In 2012, audit committees had the highest number of meetings with nine, followed by compensation committees with six and nominating/governance committees with four.

Committee Meeting Fees

Committee meeting fees continued to decline in prevalence in 2012. This year, less than one-third of Top 200 Companies paid committee meeting fees (29% for audit and compensation, and 28% for nominating/governance). Similar to board meeting fees, we observed a small minority of companies that only pay the fee for excess meetings that take place in addition to a preset number of “standard” meetings.

Among companies paying committee meeting fees the median committee meeting fee in 2012 was \$2,000 for all committees, amounts consistent with last year. Additionally, two companies in the study paid a higher per meeting fee to the committee chairman than committee members.

Committee Member Meeting Fees, Median Values and Prevalence, 2007 - 2012



COMMITTEE FEES



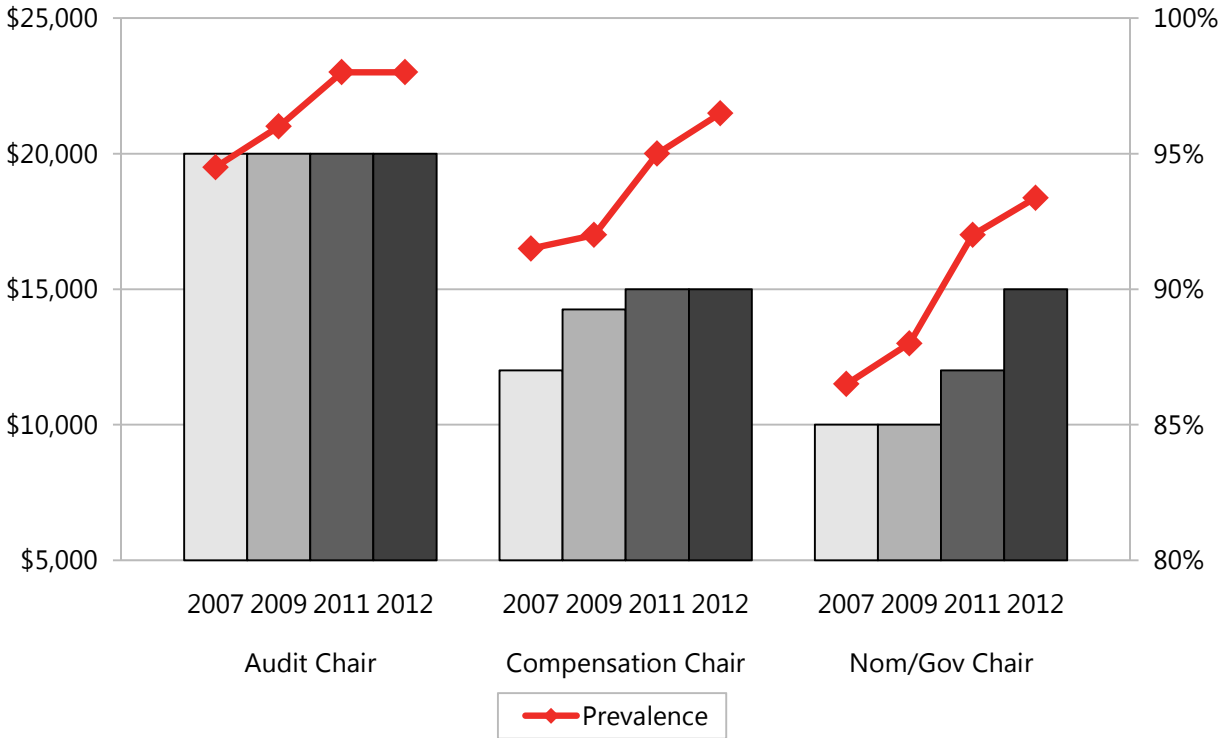
Committee Chair Retainers

At median, audit committee chairs continue to receive the highest committee retainers, at \$20,000, consistent with levels observed since 2007.

Both compensation and nominating/governance committee chairs have seen growth in their additional retainers over the past several years. Median additional retainers for both positions equaled \$15,000 in 2012, reflecting the increased workloads associated with both of these committees over the past several years.

While payment of additional retainers for committee chairmanships has been a majority practice for quite some time, prevalence of these retainers has risen steadily since 2007.

Committee Chair Retainers, Median Values and Prevalence, 2007 - 2012



COMMITTEE FEES



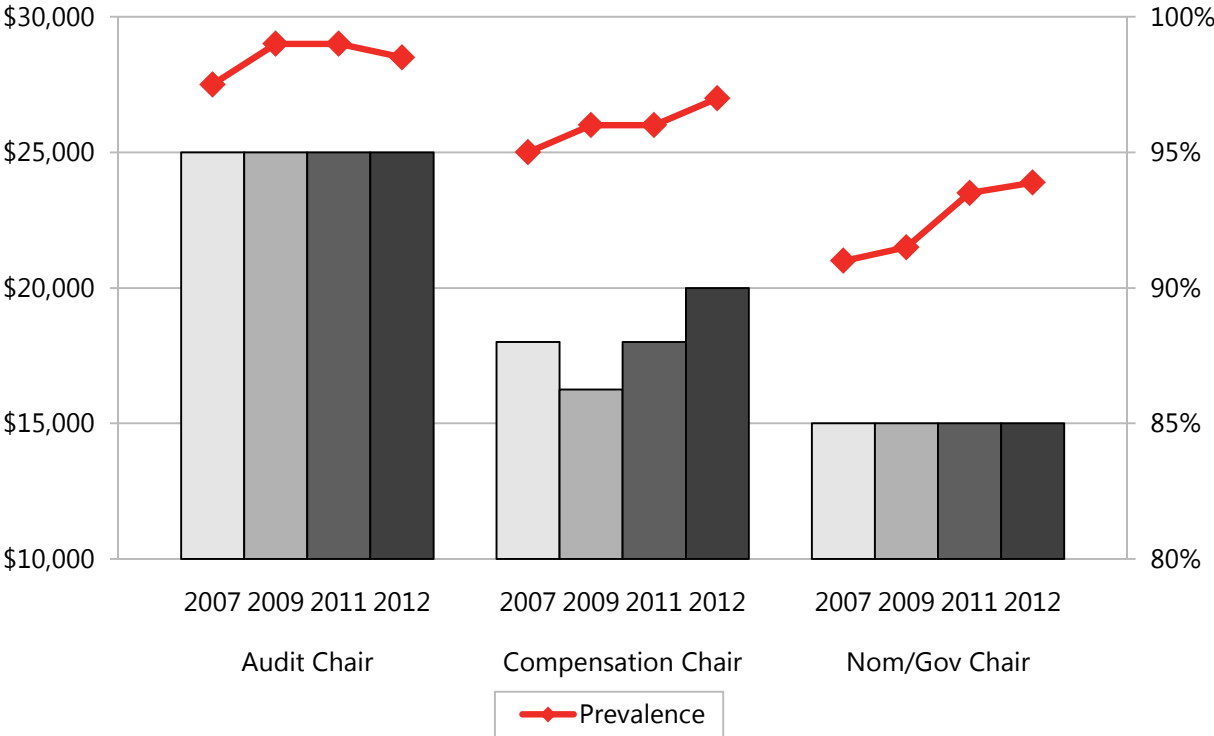
Committee Chair Total Additional Fees (Retainer + Meeting Fees)

Over 90% of the Top 200 provide additional compensation to directors serving as chairperson of a committee. This additional compensation is typically delivered in the form of an additional retainer, fees for meeting attendance, or a combination of the two.

In 2012, additional fees for service as the chair of the audit committee were nearly universal among the Top 200 Companies (99% paid them), while chairs of the compensation and nominating/governance committees received additional fees at 97% and 94% of companies, respectively.

Among companies paying additional fees, at median, audit chairs received an additional \$25,000, compensation committee chairs received an additional \$20,000, and nominating/governance chairs received an additional \$15,000.

Committee Chair Additional Fees, Median Values and Prevalence, 2007 - 2012

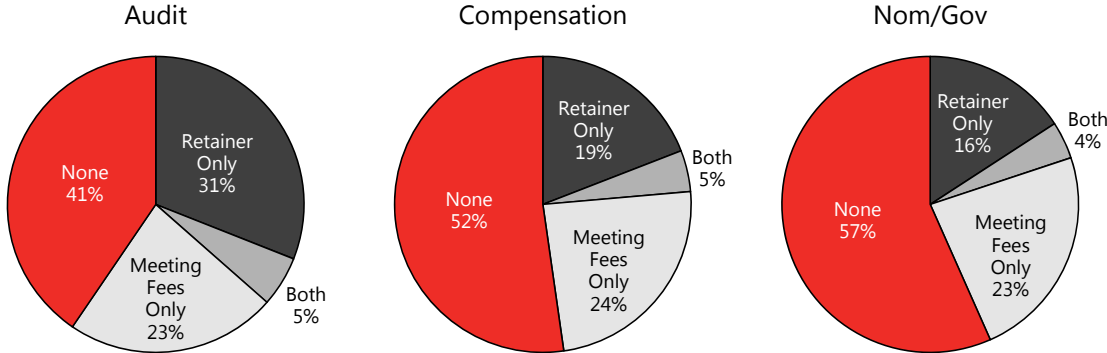


COMMITTEE FEES



Committee Member Total Additional Fees (Retainer + Meeting Fees)

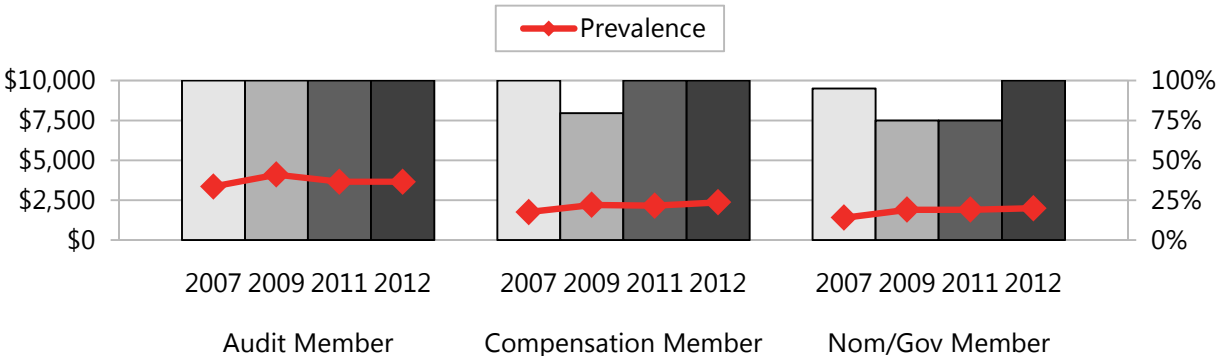
Committee members are far less likely to receive additional committee fees than their chairperson counterparts. Committee members receive either an annual retainer or fees for meeting attendance, but generally not both.



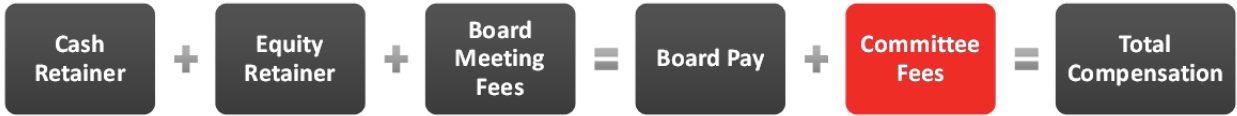
Retainers

Additional retainers for committee members are far less prevalent than those for committee chairs. Audit committee members are most likely to receive additional retainers with 36% of Top 200 Companies paying such retainers. Compensation committee members were paid annual retainers at 24% of companies studied while nominating/governance committee members received additional retainers at just 20% of the Top 200. For all committees paying member retainers, the median retainer was \$10,000.

Committee Member Retainers, Median Values and Prevalence, 2007 - 2012



COMMITTEE FEES

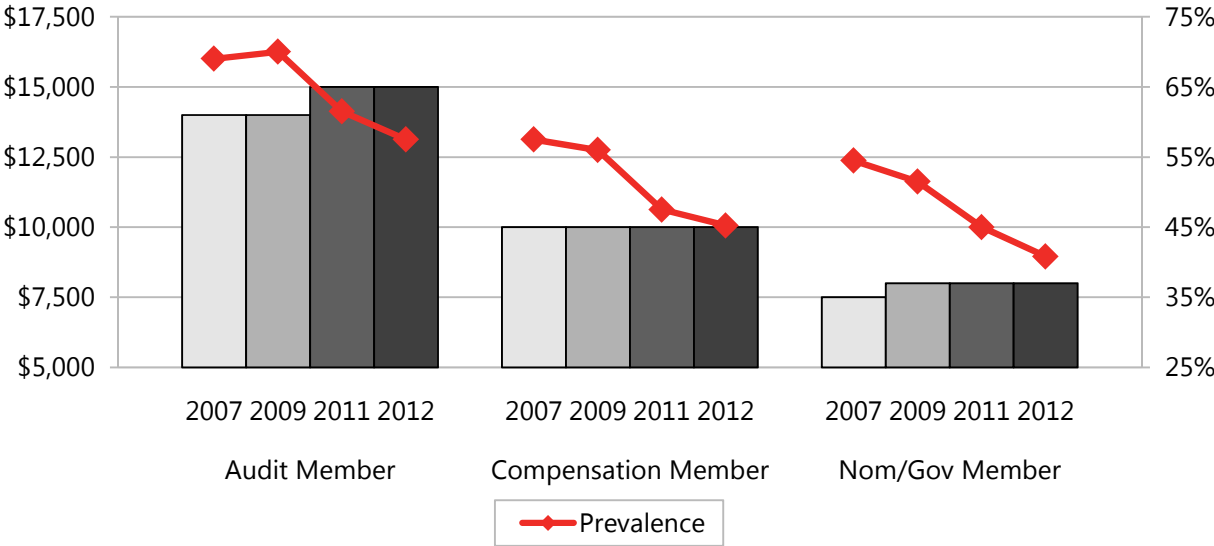


Committee Member Total Additional Fees (Retainer + Meeting Fees)

While prevalence of additional fees for committee chairs has increased over the last five years, we have observed a downward trend in the prevalence of additional fees for committee members. This shift can largely be attributed to the elimination of committee meeting fees, which for many companies was the only form of additional compensation paid to committee members. In our experience, companies that eliminate committee meeting fees are far more likely to increase the cash and equity retainers for board service instead of implementing a new annual retainer for committee members.

Among companies providing additional fees for committee members, the median total additional compensation was \$15,000 for audit committee members, \$10,000 for compensation committee members, and \$8,000 for nominating/governance committee members. In each case, these values are unchanged from the prior year.

Committee Member Additional Fees, Median Values and Prevalence, 2007 - 2012

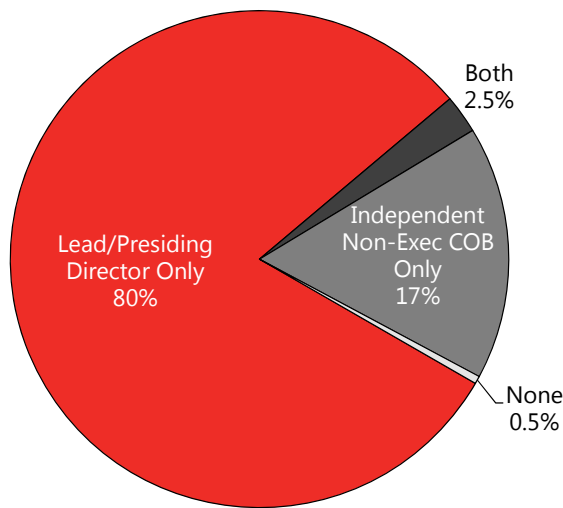


BOARD LEADERSHIP

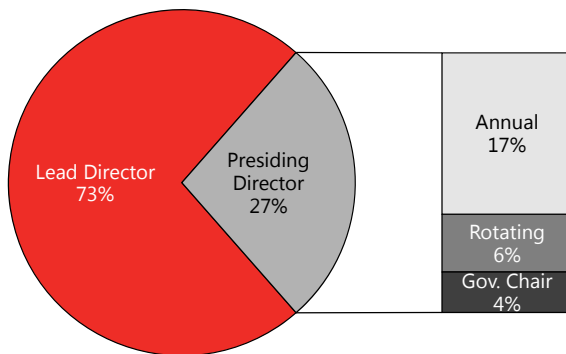
Board Leadership Structures

Independent leadership of the board is now a universal practice among Top 200 Companies. In 2012, 199 of the Top 200 had an independent director in a position of leadership, either as an independent chairperson (20% of the Top 200), or more commonly as a lead/presiding director (83% of the Top 200).

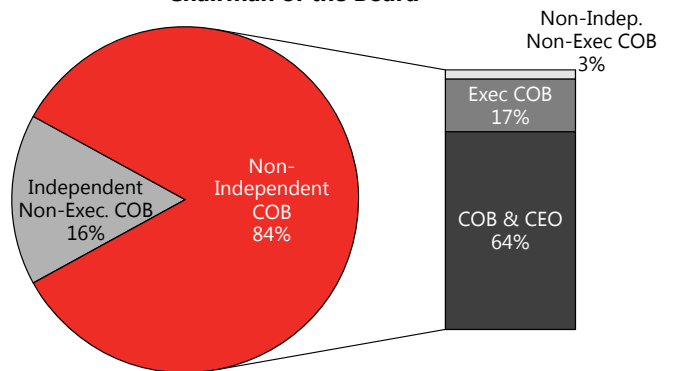
2012 Independent Board Leadership



Lead / Presiding Directors



Chairman of the Board

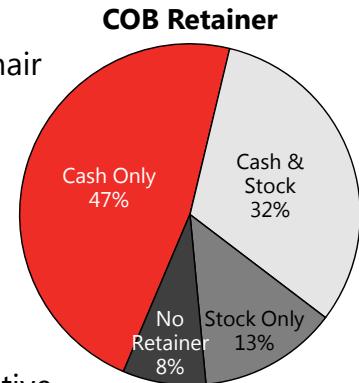


BOARD LEADERSHIP

Non-Executive Chairperson – Additional Compensation

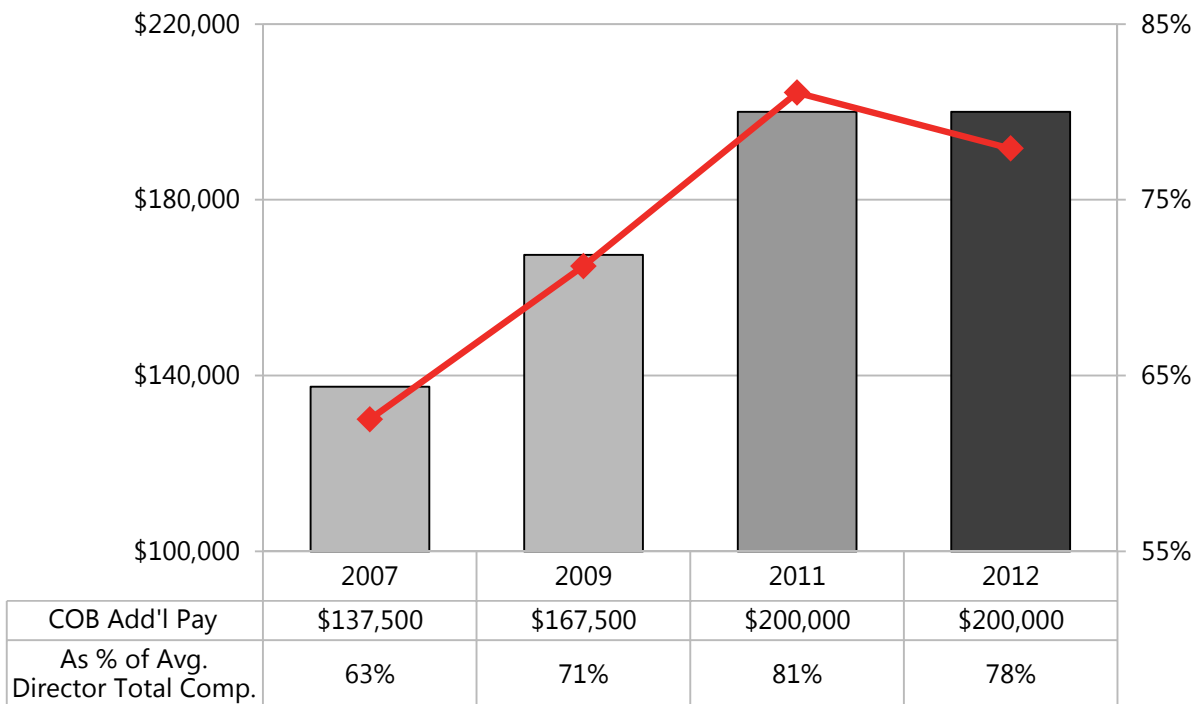
At median, the total additional compensation paid to non-executive chairmen was \$200,000 in 2012, unchanged from 2011 levels. This additional amount is equal to 78% of the median compensation paid to the average director, a slight decrease from last year due to the increase in pay for the average director.

Of the companies with a non-executive chair, 92% paid their chair some form of additional compensation in 2012. The largest portion of companies (47%) paid additional retainers solely in cash, while 13% paid additional awards solely in equity and 32% granted both additional cash and equity awards to their chair. These figures are largely consistent with those observed for 2011.



Three companies did not pay their non-executive chair any additional compensation in 2012. All three of these non-executive chairs were former CEOs of the company.

Non-Executive Chairperson Premium Median Values and As Percent of Average Director Total Compensation 2007 - 2012



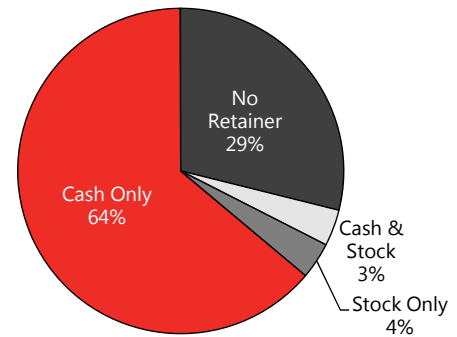
BOARD LEADERSHIP

Lead and Presiding Director – Additional Compensation

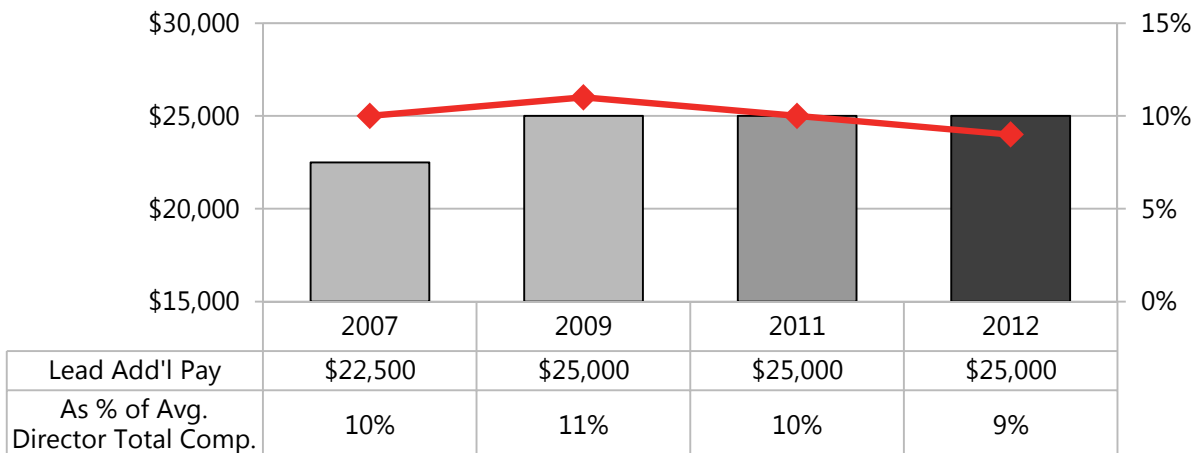
Median total additional compensation paid to lead and presiding directors has remained unchanged since 2009 levels, at \$25,000, or 9% of Total Compensation for the Average Director.

However, while pay levels for this position have remained unchanged, the position is increasingly likely to be paid. In 2012, 71% of the Top 200 Companies with a lead or presiding director paid additional compensation for this service, increasing from 65% in 2011. Companies generally opted to deliver this additional compensation solely in the form of an additional cash retainer (64% of companies), while 4% granted additional equity and 3% granted both additional cash and equity awards to their lead or presiding director.

Lead/Presiding Retainer



Lead and Presiding Director Premium, Median Values and As Percent of Average Director Total Compensation, 2007 - 2012



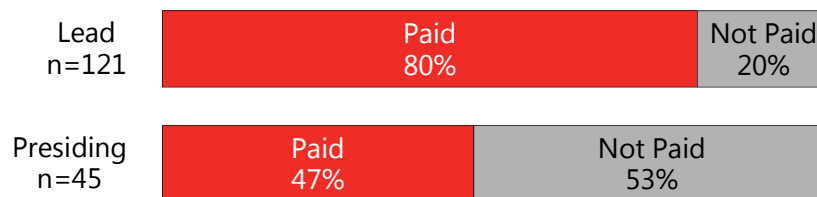
BOARD LEADERSHIP

Lead Versus Presiding Director

Lead directors are more likely to be paid than their presiding director counterparts. While 80% of lead directors receive additional fees, only 47% of presiding directors do. Furthermore, among the companies who paid an additional amount, the median retainer for a lead director was higher than that of a presiding director (\$25,000 versus \$20,000).

In our experience, the difference in titles can be attributed to differing levels of responsibility and time commitment. In general, lead directors are more likely to take on additional responsibilities beyond chairing meetings of the independent directors. These responsibilities can include, but are not limited to:

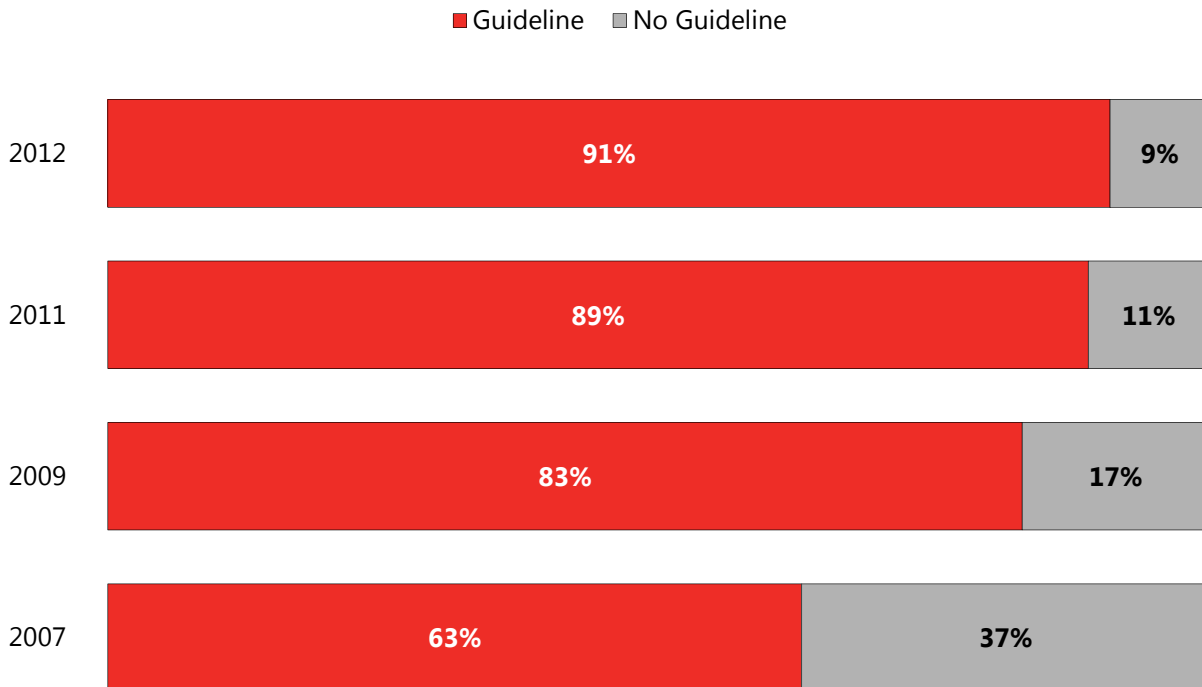
- Acting as a liaison between chairman of the board and the other independent board members
- Developing board agenda with chairman
- Leading CEO evaluation process



SHARE OWNERSHIP AND RETENTION GUIDELINES

The heightened emphasis on share ownership guidelines and the desire for directors to have significant equity holdings continues to drive an increasing prevalence of share ownership guidelines among the Top 200 Companies. Over the past five years, the number of Top 200 Companies without any guidelines has dropped sharply, from 37% in 2007 to just 9% in 2012.

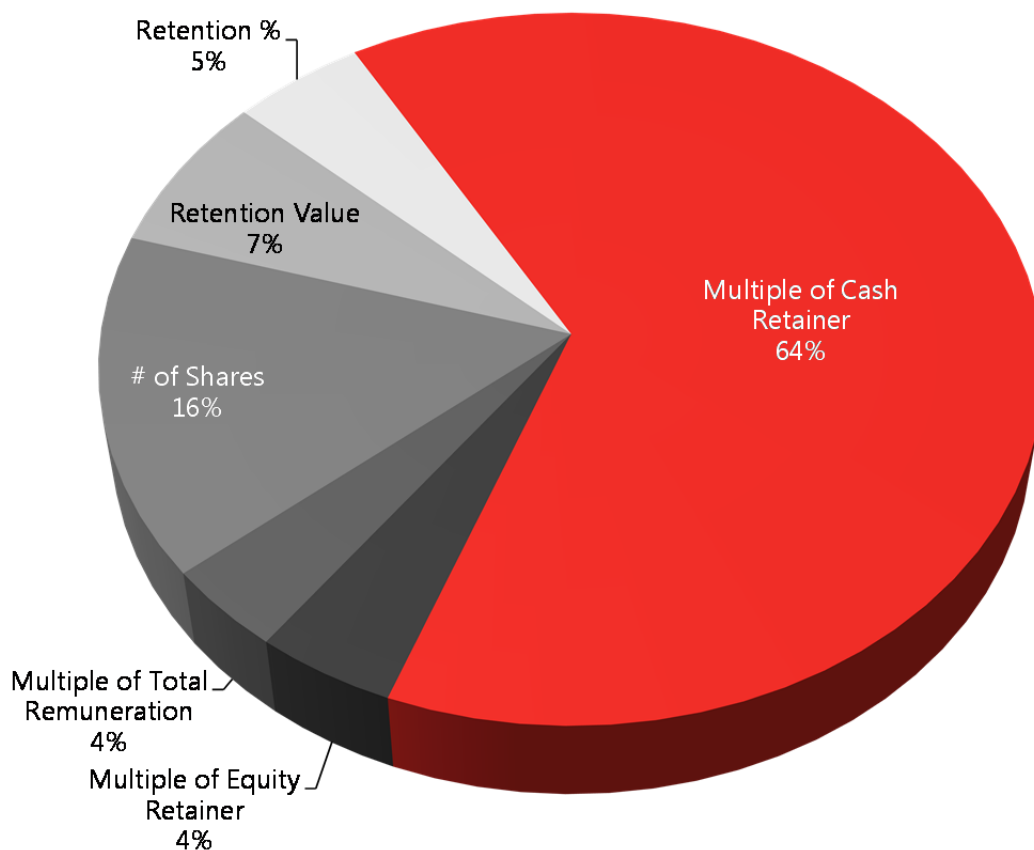
Prevalence of Share Ownership and Retention Guidelines, 2007 - 2012



SHARE OWNERSHIP AND RETENTION GUIDELINES

The requirement was most typically stipulated as a multiple of the annual board Cash Retainer (64% of companies), although a sizeable minority (16%) defined the requirement as a fixed number of shares.

Share Ownership and Retention Guideline Definitions, 2012



Among the 167 companies in the Top 200 with share ownership or retention guidelines for which a dollar value can be calculated, 59% disclosed guidelines which met the ISS designation of "robust" (five times or greater the Cash Retainer), 35% disclosed a guideline that was at least three times, but less than five times, the value of the Cash Retainer and 6% disclosed a guideline that was less than three times the Cash Retainer.

At median, the value of such guidelines as of December 31, 2012 was \$375,000, with total requirements ranging from a minimum of \$81,830 to a maximum of \$1,317,660.

APPENDIX A

Companies Studied	
3M Co.	CVS Caremark Corp.
Abbott Laboratories	Danaher Corp.
AES Corp.	Dean Foods Co.
Aetna, Inc.	Deere & Co.
Aflac, Inc.	Dell, Inc.
Alcoa, Inc.	Delta Air Lines, Inc.
Allstate Corp.	DIRECTV
Altria Group, Inc.	DISH Network Corp.
Amazon.com, Inc.	Dollar General Corp.
American Electric Power Co., Inc.	Dominion Resources, Inc.
American Express Co.	DOW Chemical Co.
American International Group, Inc.	Duke Energy Corp.
AmerisourceBergen Corp.	E.I. du Pont de Nemours & Co.
Amgen, Inc.	eBay, Inc.
Anadarko Petroleum Corp.	Edison International
Apache Corp.	Eli Lilly & Co.
Apple, Inc.	EMC Corp.
Archer Daniels Midland Co.	Emerson Electric Co.
Arrow Electronics, Inc.	Exelon Corp.
AT&T, Inc.	Express Scripts Holding Co.
AutoNation, Inc.	Exxon Mobil Corp.
Avnet, Inc.	FedEx Corp.
Baker Hughes, Inc.	FirstEnergy Corp.
Bank of America Corp.	Fluor Corp.
Bank of New York Mellon Corp.	Ford Motor Co.
Baxter International, Inc.	Freeport-McMoRan Copper & Gold, Inc.
Berkshire Hathaway, Inc.	Gap, Inc.
Best Buy Co., Inc.	General Dynamics Corp
Boeing Co.	General Electric Co.
Bristol Myers Squibb	General Mills, Inc.
Capital One Financial Corp.	General Motors Co.
Cardinal Health	Genuine Parts Co.
Caterpillar, Inc.	Goldman Sachs Group, Inc.
CBS Corp.	Goodyear Tire & Rubber Co.
Centurylink, Inc.	Google, Inc.
Chesapeake Energy Corp.	Halliburton Co.
Chevron Corp.	Hartford Financial Services Group, Inc.
Chubb Corp.	HCA Holdings, Inc.
Cigna Corp	Hess Corp.
Cisco Systems, Inc.	Hewlett Packard Co.
Citigroup, Inc.	HollyFrontier Corp.
Coca Cola Co.	Home Depot, Inc.
Colgate-Palmolive Co.	Honeywell International, Inc.
Comcast Corp.	Humana, Inc.
Community Health Systems, Inc.	Illinois Tool Works, Inc.
Computer Sciences Corp.	Ingram Micro, Inc.
ConAgra Foods, Inc.	Intel Corp.
ConocoPhillips	International Business Machines Corp.
Costco Wholesale Corp.	International Paper Co.
Cummins, Inc.	INTL FCStone, Inc.

APPENDIX A

Companies Studied	
Jabil Circuit, Inc.	PNC Financial Services Group, Inc.
JC Penney Co., Inc.	PPG Industries, Inc.
Johnson & Johnson	Proctor & Gamble Co.
Johnson Controls, Inc.	Progressive Corp.
JPMorgan Chase & Co.	Prudential Financial, Inc.
Kellogg Co.	Publix Super Markets, Inc.
Kimberly Clark Corp.	QUALCOMM, Inc.
Kohl's Corp.	Raytheon Co.
Kraft Foods Group, Inc.	Rite Aid Corp.
Kroger Co.	Safeway, Inc.
L-3 Communications Holdings, Inc.	Sears Holdings Corp.
Lear Corp.	Smithfield Foods, Inc.
Lockheed Martin Corp.	Southern Co.
Loews Corp.	Southwest Airlines Co.
Lowe's Co., Inc.	Staples, Inc.
Macy's, Inc.	Starbucks Corp.
Manpower Group, Inc.	SUPERVALU, Inc.
Marathon Oil Corp.	Sysco Corp.
Marathon Petroleum Corp.	Target Corp.
McDonald's Corp.	Tesoro Corp.
McKesson Corp.	Texas Instruments, Inc.
Medtronic, Inc.	Thermo Fisher Scientific, Inc.
Merck & Co., Inc.	Time Warner Cable, Inc.
MetLife, Inc.	Time Warner, Inc.
Microsoft Corp.	TJX Companies, Inc.
Mondelez International, Inc.	Travelers Companies, Inc.
Monsanto Co.	TRW Automotive Holdings Corp.
Morgan Stanley	Tyson Foods, Inc.
Murphy Oil Corp.	Union Pacific Corp.
National Oilwell Varco, Inc.	United Continental Holdings, Inc.
Navistar International Corp.	United Parcel Service, Inc.
News Corp.	United States Steel Corp.
NextEra Energy, Inc.	United Technologies Corp.
NIKE, Inc.	UnitedHealth Group, Inc.
Northrop Grumman Corp.	US Airways Group, Inc.
Nucor Corp.	US Bancorp
Occidental Petroleum Corp.	Valero Energy Corp.
Omnicom Group, Inc.	Verizon Communications, Inc.
ONEOK, Inc.	Viacom, Inc.
Oracle Corp.	Walgreen Co.
PACCAR, Inc.	Wal-Mart Stores, Inc.
Parker Hannifin Corp.	Walt Disney Co.
PBF Energy, Inc.	Waste Management, Inc.
Penske Automotive Group, Inc.	WellPoint, Inc.
PepsiCo, Inc.	Wells Fargo & Co.
Pfizer, Inc.	Western Digital
PG&E Corp.	Whirlpool Corp.
Philip Morris International, Inc.	World Fuel Services Corp.
Phillips 66	Xerox Corp.
Plains All American Pipeline LP	Yum! Brands, Inc.

APPENDIX B

Total Compensation, Top 200 Companies, 2007 – 2012

	Total Compensation				
	Audit Chair	Comp Chair	Gov Chair	Non- Chair	Avg. Director
2012					
Average	\$271,112	\$267,737	\$262,466	\$250,279	\$266,426
25th Percentile	241,700	237,500	235,000	224,807	238,333
Median	\$265,000	\$262,000	\$259,250	\$246,333	\$261,333
75th Percentile	294,000	288,250	285,000	270,000	287,333
2011					
Average	\$262,852	\$257,861	\$253,428	\$241,397	\$257,431
25th Percentile	231,774	225,500	221,702	213,333	226,917
Median	\$255,000	\$250,000	\$248,500	\$235,000	\$250,000
75th Percentile	280,729	275,000	272,500	260,000	275,000
2009					
Average	\$244,018	\$238,323	\$235,664	\$223,969	\$238,541
25th Percentile	206,385	201,365	199,872	190,372	200,308
Median	\$236,250	\$231,250	\$230,000	\$220,000	\$232,083
75th Percentile	265,000	260,250	257,625	250,000	261,833
2007					
Average	\$243,901	\$237,082	\$234,291	\$225,301	\$238,574
25th Percentile	201,125	194,041	190,063	184,083	196,166
Median	\$234,000	\$225,000	\$224,360	\$215,250	\$227,083
75th Percentile	270,000	264,889	260,000	250,000	264,454

APPENDIX B

Total Compensation by Revenue

2012

Revenue	Number of Cos.	Median Revenue (\$ Millions)	Median Total Compensation				Avg. Director
			Audit Chair	Comp Chair	Gov Chair	Non-Chair	
\$12B - \$15B	35	\$13,307	\$252,723	\$246,000	\$246,000	\$237,723	\$249,333
\$15 - \$25 Billion	60	18,300	257,750	254,292	250,250	240,000	254,000
\$25 - \$50 Billion	52	33,757	262,500	255,125	252,750	242,500	255,333
\$50 - \$100 Billion	33	68,150	280,000	275,000	275,000	260,000	276,667
> \$100 Billion	20	130,843	277,875	274,250	270,000	257,000	272,500

2011

Revenue	Number of Cos.	Median Revenue (\$ Millions)	Median Total Compensation				Avg. Director
			Audit Chair	Comp Chair	Gov Chair	Non-Chair	
\$12B - \$15B	39	\$13,758	\$236,500	\$230,028	\$228,764	\$216,094	\$232,761
\$15 - \$25 Billion	57	18,666	245,000	242,250	235,000	224,000	240,833
\$25 - \$50 Billion	54	34,869	255,629	252,000	251,254	240,833	253,333
\$50 - \$100 Billion	29	67,425	270,000	265,000	265,000	250,000	268,333
> \$100 Billion	21	125,987	275,000	270,000	270,000	251,667	271,667

2009

Revenue	Number of Cos.	Median Revenue (\$ Millions)	Median Total Compensation				Avg. Director
			Audit Chair	Comp Chair	Gov Chair	Non-Chair	
\$12B - \$15B	60	\$12,192	\$223,234	\$215,000	\$211,000	\$204,000	\$216,833
\$15 - \$25 Billion	53	18,732	230,000	225,500	224,000	213,333	225,500
\$25 - \$50 Billion	49	32,566	240,000	235,000	235,000	220,000	235,000
\$50 - \$100 Billion	24	65,767	267,000	260,500	256,375	248,500	262,083
> \$100 Billion	14	119,398	274,500	264,500	265,000	251,333	266,333

2007

Revenue	Number of Cos.	Median Revenue (\$ Millions)	Median Total Compensation				Avg. Director
			Audit Chair	Comp Chair	Gov Chair	Non-Chair	
\$12B - \$15B	50	\$13,347	\$216,500	\$210,300	\$202,710	\$198,420	\$211,786
\$15 - \$25 Billion	61	18,784	220,000	214,000	212,500	203,333	214,833
\$25 - \$50 Billion	45	36,134	237,000	231,750	230,875	221,000	235,000
\$50 - \$100 Billion	29	64,400	265,000	260,000	245,000	245,000	261,667
> \$100 Billion	15	154,546	260,000	252,500	260,000	240,000	252,500

APPENDIX B

Total Compensation by GICS Sector

2012

GICS Sector	Number of Cos.	Median Revenue (\$ Millions)	Median Total Compensation				Avg. Director
			Audit Chair	Comp Chair	Gov Chair	Non-Chair	
Consumer Discretionary	37	\$24,128	\$250,000	\$250,000	\$249,083	\$240,000	\$250,000
Consumer Staples	26	32,328	254,500	252,500	250,000	235,000	253,333
Energy	21	28,616	313,750	310,000	303,750	296,667	309,167
Financials	23	33,315	270,000	264,250	260,000	246,667	263,333
Health Care	21	36,596	275,000	270,000	270,000	255,000	270,667
Industrials	29	25,218	260,000	255,000	252,250	240,000	255,667
Information Technology	20	31,414	303,500	296,000	291,000	278,500	296,833
Materials	9	19,429	250,000	250,000	240,000	230,000	249,500
Telecomm. Services	3	115,846	289,000	285,000	275,000	261,333	283,000
Utilities	11	15,040	240,620	235,500	228,810	218,000	235,500

2011

GICS Sector	Number of Cos.	Median Revenue (\$ Millions)	Median Total Compensation				Avg. Director
			Audit Chair	Comp Chair	Gov Chair	Non-Chair	
Consumer Discretionary	36	\$23,660	\$244,500	\$241,250	\$235,000	\$222,489	\$238,333
Consumer Staples	25	36,100	245,000	245,000	242,012	233,423	245,000
Energy	19	29,927	300,000	297,500	295,525	288,333	298,333
Financials	23	32,654	265,000	260,000	260,000	240,000	260,000
Health Care	21	36,832	257,000	254,000	253,000	247,000	255,008
Industrials	30	24,540	254,250	247,000	243,375	232,500	249,833
Information Technology	19	36,329	280,000	272,500	272,500	260,000	275,000
Materials	8	22,916	241,250	235,346	233,096	222,000	236,250
Telecomm. Services	5	33,679	261,000	248,750	248,000	241,667	252,000
Utilities	14	14,881	219,375	213,125	211,125	205,000	215,250

APPENDIX B

Total Compensation by GICS Sector (cont'd)

2009

GICS Sector	Number of Cos.	Median Revenue (\$ Millions)	Median Total Compensation				Avg. Director
			Audit Chair	Comp Chair	Gov Chair	Non-Chair	
Consumer Discretionary	37	\$19,014	\$220,000	\$213,000	\$211,000	\$200,000	\$213,333
Consumer Staples	26	28,847	245,000	245,000	239,899	225,000	245,000
Energy	16	22,215	269,888	276,750	274,750	255,167	265,083
Financials	25	30,139	235,000	235,000	236,875	225,000	235,000
Health Care	22	29,097	248,000	236,500	237,250	229,167	239,750
Industrials	28	22,392	228,500	224,250	223,500	215,333	224,417
Information Technology	20	22,875	257,000	248,750	246,250	242,833	252,500
Materials	9	15,040	220,000	219,010	220,000	201,667	221,667
Telecomm. Services	4	70,034	260,000	249,500	242,150	234,833	251,500
Utilities	13	13,399	212,000	193,000	193,250	184,667	198,000

2007

GICS Sector	Number of Cos.	Median Revenue (\$ Millions)	Median Total Compensation				Avg. Director
			Audit Chair	Comp Chair	Gov Chair	Non-Chair	
Consumer Discretionary	38	\$19,000	\$226,576	\$223,580	\$219,160	\$207,990	\$224,833
Consumer Staples	24	36,828	228,852	223,602	227,500	208,935	225,185
Energy	16	24,194	265,000	260,000	260,000	252,491	263,741
Financials	29	34,401	258,218	242,500	245,250	225,000	246,667
Health Care	21	25,290	246,000	243,000	240,000	230,000	243,000
Industrials	28	20,901	218,995	215,000	210,000	203,250	214,083
Information Technology	20	22,927	242,125	236,500	233,750	225,000	236,917
Materials	7	21,890	225,000	220,000	220,000	206,667	221,667
Telecomm. Services	4	66,808	242,750	240,500	235,750	224,667	239,667
Utilities	13	13,380	215,500	197,250	191,500	188,333	196,667

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