


Ernst & Young Corporate
Governance Center

May 2013



Governance trends and practices at US companies: a review of small- and mid-sized companies



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Introduction

The Society of Corporate Secretaries & Governance Professionals (the Society) and the Ernst & Young Corporate Governance Center (EY CGC) present governance trends and practices at US companies: a review of small- and mid-sized companies, which offers an overview of trends in corporate governance practices on a wide range of topics.

This data-intensive report is based on actual company practices and board composition as disclosed in proxy statements filed with the Securities and Exchange Commission (SEC). It covers companies in the Russell 3000 index, and data is from EY CGC's proprietary Corporate Governance Database.

This report is unique in that it focuses on the governance practices of small- and mid-cap companies – an area in which little attention has been given and limited data is available. Often companies of all sizes are held to the governance standards and practices of the largest companies. These standards, which do not take into account size or industry, may not always be appropriate for all companies.

This publication is a reference guide and tool for understanding the governance and compensation practices of companies based on size and industry and, where appropriate, considering the historical landscape. The publication is intended to be a resource guide for companies – in particular, corporate secretaries, general counsels and other individuals serving in a corporate governance function.

The report is organized as follows:

- ▶ Section I: an overview of key findings and methodology
- ▶ Sections II to VI: governance trends, including board structures, composition and compensation, as well as executive compensation, ownership structures, and investor views, focusing primarily on break out by market capitalization
- ▶ Section VII: an appendix that includes detailed benchmarking data broken out by market cap groupings and industry sectors.

Boards and management need to be aware of, and take into account, emerging governance practices – at the same time, they need to consider a company's particular circumstances.

Key findings

This review of governance practices and trends at small- and mid-cap companies – including as compared to both large-cap companies and all companies in the Russell 3000 – provides unique insights into how corporate governance has changed for these companies during the five-year period between 2007 and 2012. These changes occurred against a backdrop of demands for greater transparency and access to more accurate and relevant information by regulators, legislators, investors and other stakeholders. The rate of change varies by company size and, in some cases, industry. Key findings of the study include:

Strengthening of board oversight and accountability

- ▶ There is significant ongoing transformation in the structure of director elections as companies move from staggered to annual elections for the full board, and implement majority voting requirements (versus plurality voting). However, the pace of change is much slower among smaller companies.
 - ▶ The number of small- and mid-cap companies with annual elections is at about 50% and 60%, respectively, compared to about 85% for large-cap companies. These smaller companies vastly outnumber the larger companies—making the trend less defined when considering all companies.
 - ▶ More than 50% of mid-cap companies, and less than 20% of small-cap companies, now have majority voting while nearly 85% of large-cap companies have moved to this structure to date.
- ▶ At the same time, companies increasingly are putting into place independent board leadership structures. While most companies already had some form of independent board leadership in 2007, it is becoming even more prevalent.

- ▶ Boards are increasingly favoring the use of independent board chairs and lead directors, resulting in a diminishing use of presiding directors.
 - ▶ Small-cap companies are most likely to have an independent board chair; large companies prefer an independent lead director.

Board composition decisions shaped by efforts to balance existing, more seasoned directors with new perspectives, even as board and key committee sizes decline

- ▶ Board composition is a high priority as companies navigate the challenging economic, competitive and regulatory landscape under close scrutiny by stakeholders.
 - ▶ Overall board independence is up at all market cap levels. That, combined with a decline in board sizes, may indicate that boards have become more independent by not replacing non-independent directors when they step down.
 - ▶ The average age and tenure of directors are increasing.
 - ▶ Small-cap companies tend to have smaller boards, and they also tend to be slightly younger.
 - ▶ Audit committee members tend to be slightly younger, and have less tenure than members of other committees.
 - ▶ There was little change in gender diversity, with the overall level of diversity at around 11%. About a quarter of mid-cap, and 45% of small-cap companies have no women directors.

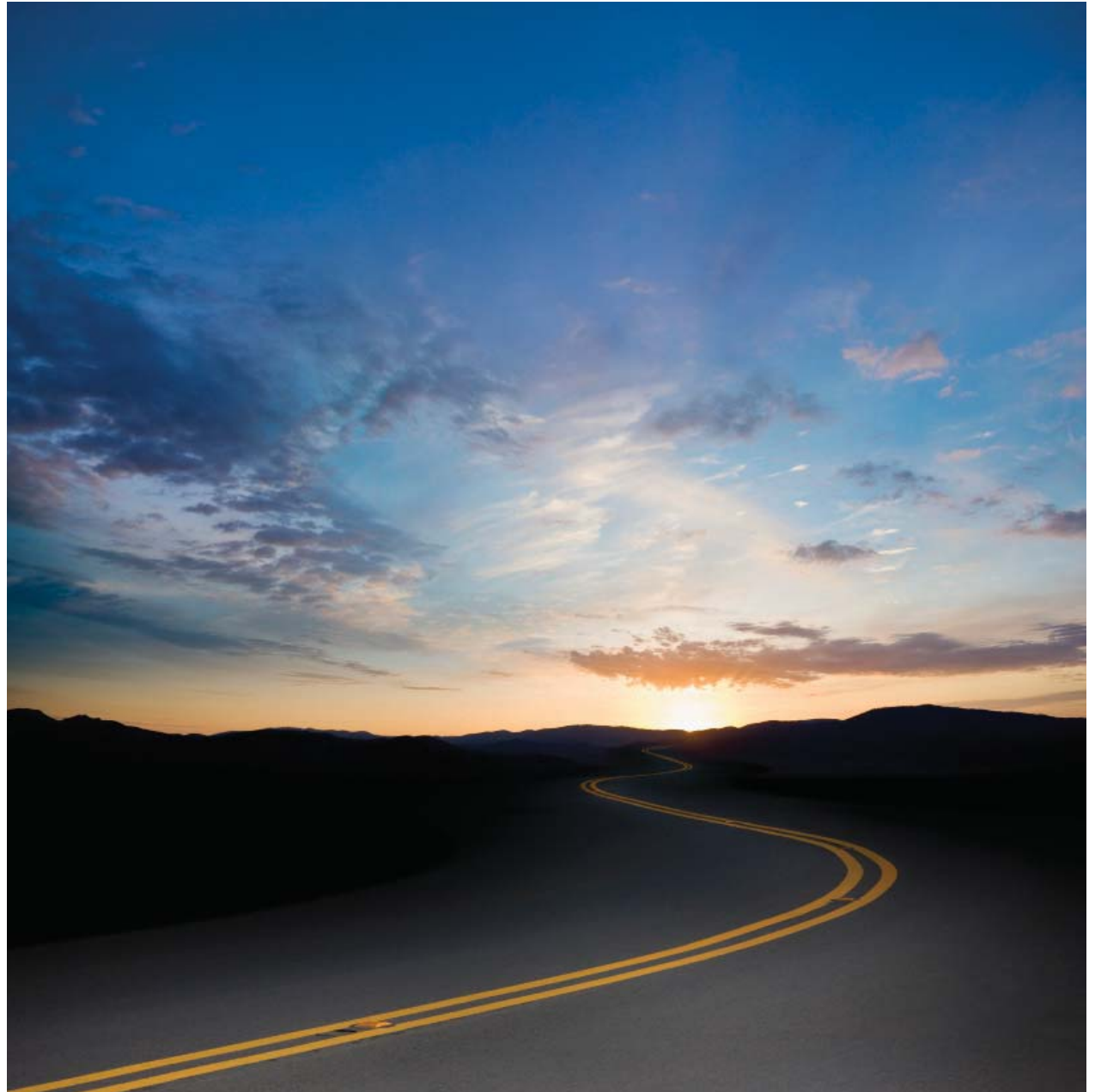
Market cap breakdown highlights differences in executive compensation

- ▶ Data shows that compensation values and practices vary significantly based on size and industry. In the last three years, from 2010 to 2012, total pay has increased for named executive officers (NEOs).
 - ▶ Total compensation increased more rapidly for CEOs than for all other NEOs and the difference in change between CEOs and other NEOs was more pronounced for large-cap companies than for small- and mid-cap companies.
 - ▶ The biggest nominal difference in pay between large-cap companies and small- and mid-cap companies is the value of equity compensation and non-equity incentive plan payouts. While smaller companies have increased their use of stock awards and non-equity incentives since 2010, they tend to not use stock options or maintain a pension plan for their executives. At mid- and large-cap companies, stock awards represent the largest portion of pay, followed by non-equity incentives.
 - ▶ A smaller percentage of small-cap companies provide change in control or termination payouts to their CEOs compared to mid- and large-cap companies.

Investors more influential on corporate governance

- ▶ Through shareholder proposal submissions and strong voting support, investors are driving change and prioritizing governance reform in board structure, takeover protections and board composition to enhance board accountability to shareholders. However, larger companies are much more likely to receive shareholder proposals.

- ▶ At the same time, the advent of mandatory say-on-pay (SOP) requirements has provided shareholders with an important channel for voicing concerns over executive pay – both directly in terms of support levels for the proposals and indirectly by expanding communication and engagement on compensation topics.
- ▶ Overall, investors have registered low opposition to directors in board elections following a spike in 2009. It appears that the ability of investors to vote on SOP proposals is the main driver behind the sharp reversal in the trend of rising levels of opposition to director nominees.
- ▶ When there is opposition to director candidates, small- and mid-cap company directors tend to see higher opposition votes on average.
- ▶ Investor support on SOP proposals is high and largely consistent.
- ▶ Investors who submit shareholder proposals are beginning to expand somewhat the focus of their attention from the largest companies to small- and mid-cap companies, where shareholder proposals have historically tended to receive higher levels of voting support. While small- and mid-cap companies receive fewer shareholder proposals, their share of total proposals received increased from 2007 to 2012.



How the governance practices of small-cap companies differ

- ▶ Evenly split on annual elections vs. staggered boards
- ▶ Majority voting in director elections is not common practice
- ▶ More likely to have an independent board chair than lead or presiding director
- ▶ Directors less likely to serve on other public company boards
- ▶ Smaller board sizes and key committees tend to meet less often
- ▶ Significantly less likely to include a woman on the board
- ▶ Less pronounced increase in CEO pay
- ▶ CEO compensation less likely to include use of options, pension programs or deferred compensation plans
- ▶ Greater percentage of director nominees receive votes against
- ▶ Fewer shareholder proposals filed at fewer companies, but these proposals see higher average voting support

Key differences in governance practices of smaller companies, 2012	Small-cap	Mid-cap	Large-cap
Director elections (% of companies)			
Annual elections for all directors	51%	62%	84%
Majority voting requirements in director elections	19%	52%	84%
Independent board leadership			
Percent of companies with independent leadership	79%	87%	90%
Most prevalent leadership structure	board chair	lead director	lead director
Board composition and organization (averages)			
Board size	8.3	9.7	11.2
Women directors (% of board)	9%	13%	17%
Independent directors (% of board)	77%	80%	84%
Total number of boards served	1.5	1.8	2.1
Frequency of key committee meetings (meetings/year)			
▶ Audit	7.1	7.9	8.9
▶ Comp	5.5	6.0	6.4
▶ Nom	3.3	4.0	4.8
CEO compensation			
Option awards*	no	yes	yes
Pension plan*	no	no	yes
Deferred compensation plan*	no	yes	yes
Change in control payouts (% of companies providing)	74%	86%	84%
Investor views			
Percent of all director nominees receiving >20% opposition	7%	3%	2%
Proportion of companies with a shareholder proposal on their ballot	3%	16%	52%
Proportion of total shareholder proposals voted	14%	25%	61%
Average vote support for all shareholder proposals	45%	44%	31%

*Indicates if more than half the data sample uses the form of compensation.

Methodology

This report takes a data intensive look at governance and compensation practices of companies that were constituents of the Russell 3000 index at the time of their annual meeting in 2012, and where appropriate, 2007.¹ The data is based on information as disclosed in proxy statements filed with the SEC for the respective year.

The companies are grouped in two ways:

1. Three market capitalization bands
 - a. Small-cap companies: market capitalization below \$2 billion
 - b. Mid-cap companies: market capitalization between \$2 billion and \$10 billion
 - c. Large-cap companies: market capitalization over \$10 billion
2. Twenty-five industry sectors²

Number of companies by market capitalization and industry sector in 2012

Industry sector	Small-cap	Mid-cap	Large-cap	All companies
Aerospace and defense	23	9	6	38
Airlines	10	6	1	17
Asset management	39	9	3	51
Automotive	47	18	9	74
Banking and capital markets	233	31	21	285
Biotechnology	84	17	10	111
Chemicals	31	11	8	50
Construction	26	8	n/a	34
Consumer products	99	39	26	164
Diversified industrial products	153	56	15	224
Govt, public sector and not-for-profit	13	1	n/a	14
Hospitality and leisure	48	14	7	69
Insurance	63	34	16	113
Media and entertainment	54	16	13	83
Mining and metals	57	14	4	75
Oil and gas	92	39	25	156
Other transportation	34	10	5	49
Pharmaceuticals	138	25	16	179
Power and utilities	37	38	17	92
Prof firms and services	101	19	2	122
Provider care	34	9	3	46
Real estate	99	50	11	160
Retail and wholesale	121	38	20	179
Technology	277	80	36	393
Telecommunications	37	9	5	51
All companies	1,950	600	279	2,829



Section II

Governance structure, organization and compensation

Timing of annual meetings

The timing of annual meetings is driven by regulatory requirements connected to the filing of Form 10-K for the fiscal year end, as well as state law and corporate charters and bylaws. Approximately 80% of all annual meetings occur during April, May or June (proxy season). Generally, the largest companies hold their meetings earlier; in April 2012, 12% and 15% of small- and mid-cap companies, respectively, held their annual meetings compared to nearly a quarter of large-cap companies.

Annual meetings occurred slightly later during the year in 2012 than in 2007. Small- and mid-cap companies saw a significant increase in meetings held in June, while the biggest shift among large-cap companies occurred from April into May. Smaller companies may elect to hold meetings later given staffing constraints, the potential need to outsource more of the material preparation and the trend of increasing disclosure requirements.

Concentration of annual meetings during proxy season in 2012

Market cap	Meetings during season (% of total)	April		May		June	
		1st half	2nd half	1st half	2nd half	1st half	2nd half
Small-cap	79%	1%	11%	22%	25%	15%	4%
Mid-cap	78%	1%	14%	28%	24%	10%	3%
Large-cap	80%	3%	21%	26%	22%	7%	2%
All companies	81%	1%	13%	24%	24%	13%	4%

Concentration of annual meetings during proxy season in 2007

Market cap	Meetings during season (% of total)	April		May		June	
		1st half	2nd half	1st half	2nd half	1st half	2nd half
Small-cap	73%	1%	12%	20%	24%	11%	5%
Mid-cap	78%	1%	14%	29%	25%	6%	3%
Large-cap	81%	2%	29%	24%	19%	6%	1%
All companies	75%	1%	15%	23%	24%	9%	4%

Annual meetings by calendar month in 2012

Market cap	Total meetings	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec
Small-cap	1,950	2%	3%	2%	12%	47%	19%	3%	4%	2%	2%	3%	2%
Mid-cap	600	3%	3%	3%	16%	52%	13%	2%	2%	1%	1%	4%	1%
Large-cap	279	3%	1%	4%	23%	48%	9%	1%	2%	1%	3%	4%	0%
All companies	2,829	2%	3%	2%	14%	48%	17%	2%	3%	2%	2%	3%	2%

Annual meetings by calendar month in 2007

Market cap	Total meetings	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec
Small-cap	1,630	3%	4%	3%	13%	44%	16%	3%	3%	2%	3%	3%	2%
Mid-cap	674	3%	3%	2%	15%	54%	8%	3%	3%	2%	2%	3%	1%
Large-cap	339	2%	2%	3%	31%	43%	7%	2%	1%	2%	2%	3%	1%
All companies	2,643	3%	3%	3%	16%	46%	13%	3%	3%	2%	2%	3%	2%

Director elections

There has been significant transformation in the structure of director elections as companies move away from staggered boards to annual elections and implement majority voting. For many companies, larger companies in particular, these changes have been driven by investors through the submission of shareholder proposals, which tend to receive high levels of voting support (see Shareholder-sponsored proposals below). Investors have recently begun to focus on small- and mid-cap companies.

Staggered boards vs. annual elections

More than half of small-cap and more than 60% of mid-cap companies elect all directors annually as opposed to holding staggered board elections.³ This is a significant change from 2007, when staggered boards were more prominent.

Majority voting vs. plurality voting requirements

From 2007 to 2012, the proportion of small-cap companies with majority voting provisions in director elections has grown from 7% to 19% and the proportion of mid-cap companies has jumped dramatically from 18% to 52%.⁴ Companies overall are implementing majority voting requirements at a quick pace.

Companies electing all directors annually

Market cap	2007	2012
Small-cap	43%	51%
Mid-cap	46%	62%
Large-cap	61%	84%
All companies	46%	56%

Companies with majority voting in director elections

Market cap	2007	2012
Small-cap	7%	19%
Mid-cap	18%	52%
Large-cap	36%	84%
All companies	13%	33%

The ongoing transformation of director elections is being driven by investors through shareholder proposals – in the form of proposal submissions and strong voting support. As investors expand their focus from larger to smaller companies, these changes are increasing.

Independent board leadership

Most companies already had some form of independent board leadership in place in 2007, and this practice has continued to grow. Small-cap companies experienced the greatest growth in independent board leadership, and show a preference for independent board chairs. Mid- and large-cap companies tend to favor lead directors.⁵

Smaller companies favor the use of independent board chairs, followed by lead directors. They are least likely to have a presiding director.

Independent board leadership structures

Market cap	2007				2012			
	Independent board chair	Lead director	Presiding director	Total	Independent board chair	Lead director	Presiding director	Total
Small-cap	28%	24%	15%	67%	37%	35%	7%	79%
Mid-cap	20%	33%	26%	79%	30%	46%	11%	87%
Large-cap	11%	37%	34%	82%	18%	53%	19%	90%
All companies	24%	28%	20%	72%	33%	39%	9%	81%

Board and key committees

Board composition is a high priority as companies work to navigate the challenging economic, competitive and regulatory landscape, while operating under closer scrutiny from a variety of stakeholders. Directors are charged with providing forward-looking strategy and rigorous oversight, and the right mix of skills, experience and diversity enables the board to better address the company's specific circumstances and support its business strategy.

There was significant board turnover post-Sarbanes Oxley as boards demanded an increase in the number of independent directors, particularly those with the skill sets needed to serve on audit committees. Recently, however, a slowdown in the number of directors joining boards combined with a decline in board sizes has meant that changes in board composition are more gradual.

All companies must have audit committees. Although most companies have separate compensation committees in place, they will be required to do so effective at their 2014 annual meeting based on revisions to the listing rules approved by the SEC in early 2013.⁶ Some companies – 4% and 2% of small- and mid-cap companies, respectively – have not created separate committees of the board managing nominating functions.

Size

The average board size for small-cap companies is 8.3 members, and for mid-cap companies it is higher at 9.7 members. The number of directors serving on the board and the size of key committees (audit, compensation and nominating) are declining.⁷

Independence

Board and key committee independence levels are high. Companies with lower independence levels tend to include controlled companies, those recently becoming public and founder/family-led businesses – and they tend to be small- and mid-cap companies.

Board and key committee size

Market cap	2007				2012			
	Board	Audit	Comp	Nom	Board	Audit	Comp	Nom
Small-cap	8.8	3.7	3.6	3.7	8.3	3.5	3.5	3.5
Mid-cap	9.9	4.0	3.8	4.0	9.7	3.9	3.8	3.9
Large-cap	11.8	4.4	4.2	4.4	11.2	4.3	4.1	4.3
All companies	9.5	3.8	3.8	3.9	8.9	3.7	3.6	3.5

Level of independence among boards and key committees

Market cap	Board		Audit		Compensation		Nominating	
	2007	2012	2007	2012	2007	2012	2007	2012
Small-cap	74%	77%	100%	100%	98%	98%	98%	98%
Mid-cap	78%	80%	100%	100%	99%	99%	98%	99%
Large-cap	81%	84%	100%	100%	99%	100%	100%	100%
All companies	76%	78%	100%	100%	98%	98%	98%	98%

Age and tenure

During the five years between 2007 to 2012, the average age of a director increased by about 1.5 years, and average tenure increased by about half a year at small- and mid-cap companies.⁸

Average director age has increased.

Total board service

Most directors serve on only one public company board, and directors of small-cap companies are least likely to serve on multiple public company boards.⁹ The level of outside board service has not changed significantly since 2007, though there has been a small increase in the number of directors serving on three or more public company boards.

Industry also impacts the level of other board service. Directors of companies in the banking and capital markets sector are least likely to serve on multiple boards, while directors of aerospace and defense, automotive, airlines and chemicals companies are most likely (see Appendix: Board structure, organization and composition).

Age and tenure for boards of all companies

Market cap	2007		2012	
	Age	Tenure	Age	Tenure
Small-cap	59.0	8.2	60.6	8.6
Mid-cap	60.0	8.3	61.5	8.8
Large-cap	60.5	7.8	62.2	8.7
All companies	59.4	8.2	61.1	8.7

Audit committee members tend to be slightly younger and have less tenure than the members of other committees; nominating committee members, the opposite.

Age and tenure of key committee members in 2012

Market cap	Small-cap		Mid-cap		Large-cap		All companies	
	Age	Tenure	Age	Tenure	Age	Tenure	Age	Tenure
Audit	62.0	8.0	62.4	8.1	62.8	7.9	62.1	7.9
Compensation	62.1	8.0	62.8	9.0	63.6	9.0	62.4	8.6
Nominating	62.4	9.0	63.3	9.3	64.0	9.3	62.7	8.9

Total board service of CEO, non-CEO directors

Market cap	CEO		Non-CEO		All directors	
	2007	2012	2007	2012	2007	2012
Small-cap	1.3	1.3	1.5	1.6	1.5	1.5
Mid-cap	1.5	1.5	1.7	1.9	1.7	1.8
Large-cap	1.7	1.7	1.9	2.1	1.9	2.1
All companies	1.3	1.4	1.6	1.7	1.6	1.7

Distribution of directors with multiple board service

Number of boards served	2007				2012			
	Small-cap	Mid-cap	Large-cap	All	Small-cap	Mid-cap	Large-cap	All
1	71%	56%	42%	62%	65%	49%	36%	58%
2	19%	26%	32%	23%	21%	29%	32%	25%
3+	10%	19%	27%	15%	13%	22%	32%	17%

Gender

There was little change in gender diversity on boards from 2007 to 2012. Women now represent only 9% and 13% of small- and mid-cap company board members, respectively, up one to two percentage points since 2007. Women represent only 11% of directors on boards and 12% on average for key committees (see Appendix: Key committee organization and composition). Behind these averages are wide variation; on a per company basis, the proportion of women directors can range from 0% to close to 60%.

The commitment to diversity is stronger among larger companies – more than 90% of large-cap companies have at least one female director on their boards. This compares to only 55% of small- and 77% of mid-cap companies that have one or more female directors.

Gender diversity of boards

Market cap	2007	2012
Small-cap	8%	9%
Mid-cap	11%	13%
Large-cap	15%	17%
All companies	10%	11%

Gender diversity of key committees

Market cap	Audit	Comp	Nom
Small-cap	10%	10%	11%
Mid-cap	15%	14%	15%
Large-cap	19%	18%	21%
All companies	10%	11%	13%

Distribution of women directors on boards in 2012

Women directors	Small-cap	Mid-cap	Large-cap	All companies
No women directors	45%	23%	7%	37%
One women director	36%	38%	25%	35%
Two women directors	14%	27%	44%	20%
Three or more women directors	5%	11%	23%	8%

Nearly a quarter of mid-cap companies, and 45% of small-cap companies, have no women on their boards. Limited turnover on boards impedes the ability for them to become more gender diverse.

Meeting frequency

The average number of meetings held by boards and key committees has largely stayed constant since 2007, with the exception of audit committees where the number of meetings declined.¹⁰ The average number of board meetings for small- and mid-cap companies is about eight per year. The actual number of meetings held varies based on company-specific circumstances (e.g., the number of meetings may be higher for companies undergoing a restructuring or internal organizational changes). Key committees of large-cap companies tend to meet more frequently. In addition, companies in the banking and capital markets sectors tend to have higher than average meeting numbers (see Appendix: Board structure, organization and composition).

There is a wide range in the number of meetings held by boards and the key committees, but overall, boards and audit committees tend to meet more frequently (between 4 to 12 meetings) than the compensation and nominating committees.

Average number of meetings held by boards and key committees

Market cap	2007				2012			
	Board	Audit	Comp	Nom	Board	Audit	Comp	Nom
Small-cap	8.4	8.3	5.2	3.1	8.4	7.1	5.5	3.3
Mid-cap	8.4	8.9	5.7	3.6	7.8	7.9	6.0	4.0
Large-cap	8.6	10.0	6.3	4.7	8.4	8.9	6.4	4.8
All companies	8.5	8.7	5.5	3.4	8.3	7.5	5.7	3.6

Distribution of frequency of meetings held by board and key committees in 2012

Number of meetings	Board	Audit	Comp	Nom
3 or fewer	1%	1%	20%	48%
4 to 8	62%	66%	67%	50%
9 to 12	26%	27%	11%	2%
13 or more	12%	5%	3%	0%

Maximum and minimum number of meetings held by boards and key committees

Market cap	Board		Audit		Compensation		Nominating	
	Max	Min	Max	Min	Max	Min	Max	Min
Small-cap	38	2	23	1	51	0	32	0
Mid-cap	31	2	30	2	22	0	15	0
Large-cap	22	4	22	2	17	1	12	0
All companies	38	2	30	2	51	0	32	0



Section III

Board compensation

Compensation of independent directors

Pay for independent directors has increased over the years in connection with their expanded responsibilities.¹¹ Between 2007 and 2012, boards of small-cap companies experienced an increase in pay of nearly 33%. The table to the right includes the average total pay for all independent directors regardless of their position on the board. On an industry basis, independent directors at small- and mid-cap banking and capital markets companies received low average pay; in many instances these represent regional banks with larger-than-average board sizes.

Independent director compensation by market cap and industry (\$ in thousands)

Industry sectors	Small-cap	Mid-cap	Large-cap	All companies
Aerospace and defense	\$151	\$174	\$344	\$199
Airlines	\$142	\$144	\$240	\$152
Asset management	\$115	\$291	\$217	\$165
Automotive	\$146	\$200	\$223	\$173
Banking and capital markets	\$83	\$157	\$237	\$107
Biotechnology	\$167	\$239	\$356	\$202
Chemicals	\$133	\$179	\$237	\$163
Construction	\$156	\$206	n/a	\$170
Consumer products	\$127	\$199	\$242	\$171
Diversified industrial products	\$131	\$189	\$230	\$158
Govt, public sector and NFP	\$113	\$349	n/a	\$129
Hospitality and leisure	\$154	\$239	\$235	\$181
Insurance	\$141	\$211	\$242	\$183
Media and entertainment	\$133	\$202	\$232	\$169
Mining and metals	\$156	\$206	\$287	\$178
Oil and gas	\$159	\$249	\$323	\$218
Other transportation	\$136	\$184	\$251	\$169
Pharmaceuticals	\$159	\$248	\$266	\$187
Power and utilities	\$116	\$170	\$229	\$164
Prof firms and services	\$163	\$184	\$233	\$169
Provider care	\$172	\$262	\$286	\$202
Real estate	\$114	\$158	\$167	\$133
Retail and wholesale	\$138	\$215	\$224	\$170
Technology	\$168	\$259	\$313	\$206
Telecommunications	\$184	\$274	\$246	\$210
All companies 2012	\$138	\$207	\$258	\$171
All companies 2007	\$104	\$165	\$220	\$142

Compensation at boards with independent chairs

Average board pay has increased for both independent directors and independent chairs; however, the increase has been greater for non-chair directors. This ratio varies significantly from industry to industry.

Board pay at companies with an independent board chair structure (\$ in thousands)

Market cap	2007			2012		
	Independent board chair	Other independent directors	Multiple of chair pay	Independent board chair	Other independent directors	Multiple of chair pay
Small-cap	\$151	\$92	1.6	\$196	\$133	1.5
Mid-cap	\$272	\$144	1.9	\$312	\$206	1.5
Large-cap	\$429	\$176	2.4	\$409	\$241	1.7
All companies	\$193	\$111	1.7	\$230	\$156	1.5

Pay at companies with an independent board chair structure (\$ in thousands)

Industry sectors	Independent board chair	Other independent directors	Multiple of chair pay
Aerospace and defense	\$245	\$157	1.6
Airlines	\$256	\$151	1.7
Asset management	\$202	\$160	1.3
Automotive	\$234	\$155	1.5
Banking and capital markets	\$153	\$87	1.7
Biotechnology	\$228	\$165	1.4
Chemicals	\$243	\$149	1.6
Construction	\$225	\$150	1.5
Consumer products	\$250	\$156	1.6
Diversified industrial products	\$196	\$131	1.5
Govt, public sector and NFP	\$118	\$154	0.8
Hospitality and leisure	\$311	\$160	1.9
Insurance	\$289	\$176	1.6
Media and entertainment	\$185	\$135	1.4
Mining and metals	\$226	\$158	1.4
Oil and gas	\$254	\$175	1.4
Other transportation	\$254	\$139	1.8
Pharmaceuticals	\$227	\$174	1.3
Power and utilities	\$274	\$157	1.7
Prof firms and services	\$235	\$165	1.4
Provider care	\$293	\$189	1.5
Real estate	\$188	\$128	1.5
Retail and wholesale	\$244	\$158	1.5
Technology	\$258	\$195	1.3
Telecommunications	\$256	\$170	1.5
All companies	\$230	\$156	1.5



Executive compensation

CEO compensation

Overall, smaller companies compensate their CEOs quite differently than larger companies. Salary generally represents a greater portion of total pay for a CEO at a small-cap company (about 30%) than for a CEO at a mid- or large-cap company (about 10-15%).¹² These smaller companies tend to not use stock options or maintain a pension plan for their executives. Smaller companies have, however, increased their use of stock awards and non-equity incentives since 2007. At mid- and large-cap companies, stock awards represent the largest portion of pay, followed by non-equity incentives.

Across all market caps, companies are no longer using discretionary bonuses as a mechanism for awarding CEO performance.

The biggest nominal difference in pay between large-cap companies and small- and mid-cap companies is the grant date value of equity compensation and non-equity incentive plan payouts.

Median CEO total pay (\$ in thousands)¹³

Market cap	Year	Salary	Bonus	Stock awards	Option awards	Non-equity incentives	Change in pension value	All other comp	Total
Small-cap	2012	\$555	\$0	\$412	\$0	\$224	\$0	\$30	\$2,088
	2011	\$510	\$0	\$226	\$0	\$203	\$0	\$26	\$1,853
	2010	\$500	\$0	\$145	\$0	\$88	\$0	\$28	\$1,549
Mid-cap	2012	\$863	\$0	\$1,996	\$600	\$1,024	\$0	\$87	\$6,269
	2011	\$835	\$0	\$1,624	\$572	\$1,122	\$0	\$77	\$5,638
	2010	\$800	\$0	\$1,142	\$614	\$742	\$0	\$81	\$4,829
Large-cap	2012	\$1,145	\$0	\$4,292	\$2,146	\$2,107	\$112	\$178	\$12,572
	2011	\$1,098	\$0	\$3,972	\$1,924	\$2,179	\$102	\$192	\$11,564
	2010	\$1,074	\$0	\$2,902	\$1,838	\$1,564	\$290	\$176	\$10,258

Median CEO pay elements as a percentage of total pay (%)

Market cap	Year	Salary	Bonus	Stock awards	Option awards	Non-equity incentives	Change in pension value	All other comp	Total
Small-cap	2012	27%	0%	20%	0%	11%	0%	1%	\$2,088
	2011	28%	0%	12%	0%	11%	0%	1%	\$1,853
	2010	32%	0%	9%	0%	6%	0%	2%	\$1,549
Mid-cap	2012	14%	0%	32%	10%	16%	0%	1%	\$6,269
	2011	15%	0%	29%	10%	20%	0%	1%	\$5,638
	2010	17%	0%	24%	13%	15%	0%	2%	\$4,829
Large-cap	2012	9%	0%	34%	17%	17%	1%	1%	\$12,572
	2011	9%	0%	34%	17%	19%	1%	2%	\$11,564
	2010	10%	0%	28%	18%	15%	3%	2%	\$10,258

The median value of potential payouts to CEOs for termination of employment in connection with a change in control situation or other termination (including without cause or normal retirement) is significantly higher for large- and mid-cap companies.¹⁴

A smaller percentage of small-cap companies provide change in control or termination payouts to their CEOs compared to mid- and large-cap companies. Overall, companies are increasingly more likely to provide for change in control related payouts than for payouts related to retirement.

CEO potential median post-employment pay (\$ in thousands)

Market cap	Year	Pension value	Deferred comp value	Change in control payout	Termination payout
Small-cap	2012	\$0	\$0	\$2,750	\$1,033
	2011	\$0	\$0	\$2,438	\$1,024
	2010	\$0	\$0	\$2,209	\$1,019
Mid-cap	2012	\$0	\$75	\$11,415	\$3,654
	2011	\$0	\$100	\$12,092	\$3,690
	2010	\$0	\$88	\$10,003	\$3,280
Large-cap	2012	\$420	\$1,780	\$21,857	\$6,176
	2011	\$607	\$1,863	\$21,338	\$7,026
	2010	\$1,282	\$1,676	\$18,826	\$7,052

Percentage of companies providing change in control or termination related payouts

Payout	Small-cap			Mid-cap			Large-cap		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
Change in control	69%	70%	74%	81%	81%	86%	78%	79%	84%
Termination	57%	58%	60%	65%	65%	66%	63%	63%	63%

Composition of Named Executive Officers

A review of the NEOs as listed in summary compensation tables shows that more than 95% of companies include a CFO among these positions. About one-third of companies – across all market cap bands – have a general counsel serving as an NEO.

NEO compensation

Total pay increased for nearly every NEO from 2010 to 2012. The increase in pay came as the economy, and corporate profits, rebounded from the financial crisis and recession of the last decade. Total pay increased more rapidly for CEOs than for other NEOs, with the difference in change between CEOs and non-CEOs being more pronounced for large-cap companies than for small- and mid-cap companies.

The ratio of pay for CEOs relative to pay for other NEOs is lower for small-cap companies. In 2012, CEOs of small-cap companies were paid 2.3 times that of other NEOs compared to 2.8 times and 2.9 times for mid- and large-cap companies, respectively. The ratios are similar for CEO to CFO pay, where small-cap companies CEOs are paid at a 2.4 times multiple, and mid- and large-cap CEOs are paid at a 3.0 times and 3.1 times multiple, respectively.

Compensation consultants

Use/disclosure of compensation consultants

Almost all mid-cap companies and three quarters of small-cap companies now engage a compensation consultant to assist with executive compensation matters. Many companies may now feel it necessary to retain a compensation consultant given the existence of mandatory say-on-pay (SOP) shareholder votes.

Percentage of companies with NEOs serving in selected positions

Payout	Small-cap			Mid-cap			Large-cap		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
CFO	94%	94%	96%	97%	96%	97%	97%	96%	98%
General Counsel	31%	32%	35%	35%	35%	37%	32%	35%	33%

Median NEO total compensation (\$ in thousands)

Position	Small-cap			Mid-cap			Large-cap		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
CEO	\$1,549	\$1,853	\$2,088	\$4,829	\$5,638	\$6,269	\$10,258	\$11,564	\$12,572
CFO	\$660	\$778	\$863	\$1,618	\$1,928	\$2,006	\$3,348	\$3,576	\$4,016
General Counsel	\$671	\$801	\$797	\$1,461	\$1,564	\$1,658	\$2,743	\$2,906	\$3,248
All NEOs (average)	\$923	\$1,105	\$1,198	\$2,355	\$2,886	\$3,086	\$5,098	\$5,757	\$6,151
All NEOs ex-CEOs (average)	\$707	\$852	\$914	\$1,743	\$2,088	\$2,210	\$3,743	\$4,085	\$4,306

Concentration of named compensation consultants

From 2010 to 2012, there appeared to be no material change in the market share or concentration of compensation consultants.¹⁵ The market appears to be quite fragmented, with few barriers to entry. For example, at least 125 different consultants were utilized by companies in each of these years.

Companies disclosing use of a compensation consultant

Market cap	2010	2011	2012
Small-cap	63%	70%	76%
Mid-cap	83%	87%	92%
Large-cap	90%	91%	93%
All companies	70%	76%	81%

Concentration of compensation consultants

Summary data	2010	2011	2012
Number of consultants used by more than 10% of companies	2	2	3
Number of consultants used by more than 2% of companies	11	13	12
Percent of companies using one of the 10 most identified consultants	73%	70%	72%
Percent of companies using one of the 5 most identified consultants	52%	52%	50%
Total number of different consultants used in a single year	125	135	130

Section V

Beneficial owners

Smaller companies have higher levels of director and officer ownership and higher numbers of significant shareholders owning 5% or more of the stock.¹⁶ In addition, these significant shareholders own more of the stock on average. Between 2007 and 2012, small-cap companies saw a small increase in the average holding of the largest significant shareholder.

Section VI

Investor views

Director elections

Overall, investors have registered high support for directors in board elections.¹⁷ The ability for investors to vote on SOP proposals appears to have reversed the trend of rising levels of opposition to director nominees, which spiked in 2009 and 2010. In 2012, compensation was no longer the primary driver of opposition votes.

Overall support for directors is high, but where there is opposition, small- and mid-cap company directors have, on average, received higher opposition votes.

Ownership by directors and officers and significant shareholders

Summary data	2007				2012			
	Small-cap	Mid-cap	Large-cap	All companies	Small-cap	Mid-cap	Large-cap	All companies
Director and officer holdings	17%	10%	5%	13%	16%	7%	5%	13%
Average number of significant (5%) shareholders	4	3	2	3	4	4	2	4
Average holding of significant shareholders	13%	11%	9%	12%	13%	10%	9%	12%
Average holding of largest significant shareholder	19%	15%	12%	17%	20%	14%	11%	17%

Trends in opposition to board nominees (% of all nominees)

Opposition level	2007	2008	2009	2010	2011	2012
More than 20%	4.8%	5.5%	9.8%	8.0%	5.1%	5.4%
More than 40%	0.8%	1.0%	2.1%	1.8%	1.0%	1.0%
More than 50%	0.2%	0.2%	0.6%	0.6%	0.3%	0.4%

Director opposition by market cap in 2012 (% of nominees by market cap)

Opposition level	Small-cap	Mid-cap	Large-cap	All companies
More than 20%	7.1%	3.4%	1.6%	5.4%
More than 40%	1.2%	0.7%	0.5%	1.0%
More than 50%	0.4%	0.4%	0.2%	0.4%

Say-on-say proposals

Investor support for SOP proposals was high in 2012, averaging 91% for all companies, and less than 3% of the proposals received support of less than 50%. Overall support levels are consistent among the different market cap groups, as is the distribution of SOP support levels by threshold. Small- and mid-cap companies saw slightly higher average support for their SOP proposals, but industry also appears to have an impact.

Support for SOP proposals by threshold and market cap in 2012

Market cap	<50%	50-59%	60-69%	70-79%	80-89%	90-100%
Small-cap	3%	2%	3%	7%	11%	74%
Mid-cap	2%	3%	3%	6%	11%	75%
Large-cap	2%	3%	3%	5%	11%	75%
All companies	2%	3%	3%	6%	11%	75%

Support levels for SOP proposals by industry in 2012

Industry sector	Small-cap	Mid-cap	Large-cap	All companies
Aerospace and defense	93%	87%	78%	89%
Airlines	93%	93%	96%	93%
Asset management	89%	86%	97%	89%
Automotive	94%	96%	92%	94%
Banking and capital markets	92%	88%	91%	91%
Biotechnology	83%	89%	86%	85%
Chemicals	91%	91%	93%	91%
Construction	82%	93%	n/a	85%
Consumer products	91%	93%	95%	92%
Diversified industrial products	90%	91%	89%	90%
Govt, public sector and NFP	92%	n/a	n/a	92%
Hospitality and leisure	92%	85%	88%	90%
Insurance	89%	93%	93%	91%
Media and entertainment	91%	93%	84%	90%
Mining and metals	91%	89%	87%	91%
Oil and gas	91%	90%	87%	90%
Other transportation	94%	93%	95%	94%
Pharmaceuticals	89%	92%	88%	90%
Power and utilities	90%	93%	89%	91%
Prof firms and services	91%	91%	95%	91%
Provider care	89%	82%	97%	88%
Real estate	92%	94%	87%	92%
Retail and wholesale	94%	85%	96%	92%
Technology	90%	89%	88%	90%
Telecommunications	92%	89%	95%	92%
All companies	91%	91%	90%	91%

Shareholder-sponsored proposals

While large-cap companies continue to receive most of the shareholder proposals, the proportion of shareholder proposals received by small- and mid-cap companies has increased, from 9% of all proposals in 2007 to 14% in 2012 for small- cap companies, and from 21% to 25% for

mid-cap companies. However, the proportion of small-cap companies that actually receive shareholder proposals remains low at 3%. This compares to 16% of mid-cap companies and 52% of large-cap companies that received shareholder proposals in 2012.

Investors are prioritizing governance changes in board structure, takeover protections and board composition to increase board accountability to shareholders.

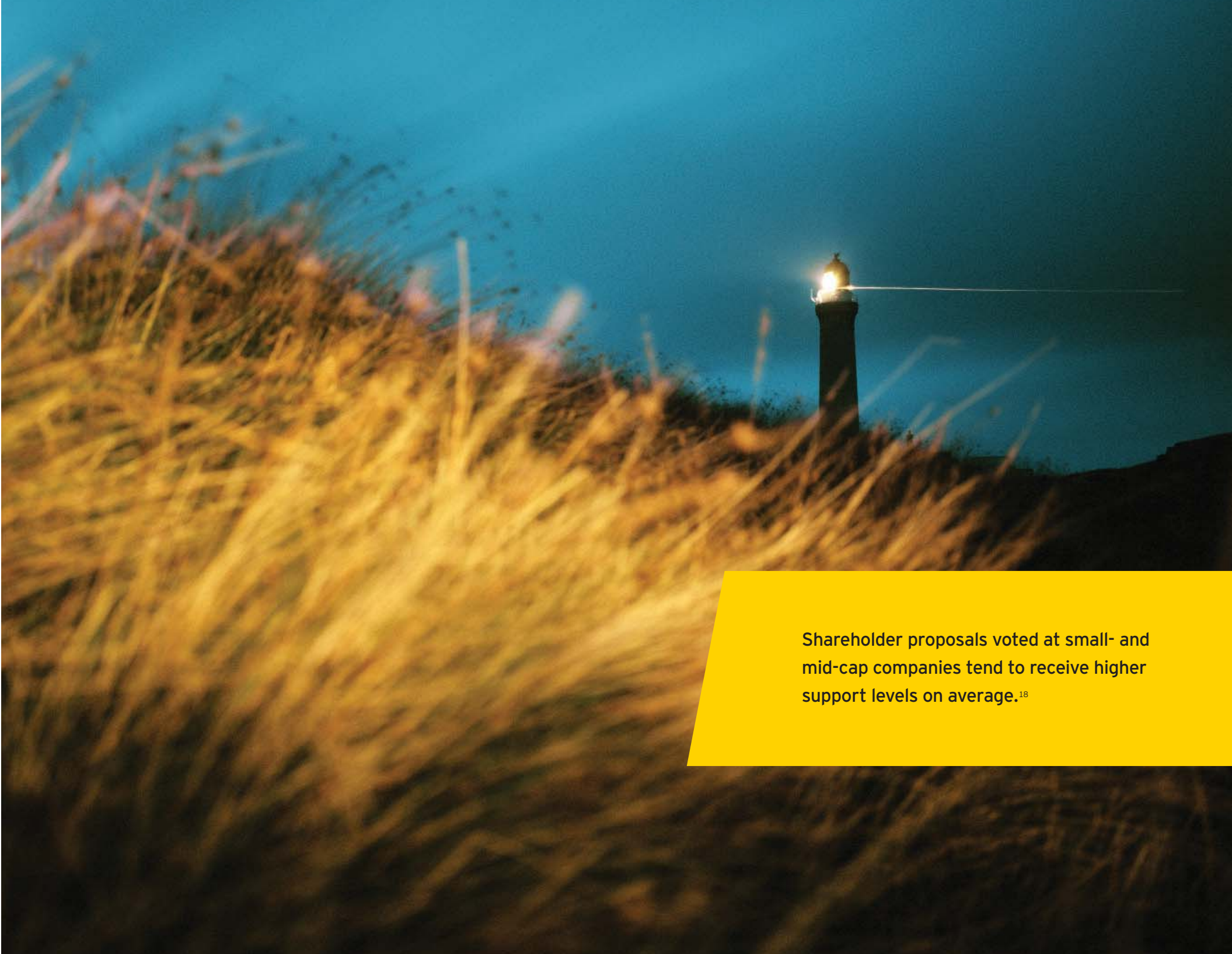
Shareholder proposals voted at all companies

Market cap	2007				2012			
	Proportion of companies receiving proposals	Number of total proposals voted	Proportion of total proposals voted	Average voting support	Proportion of companies receiving proposals	Number of total proposals voted	Proportion of total proposals voted	Average voting support
Small-cap	3%	60	10%	39%	3%	68	14%	45%
Mid-cap	14%	133	21%	36%	16%	125	25%	44%
Large-cap	49%	439	69%	28%	52%	302	61%	31%
All companies	100%	632	100%	31%	100%	495	100%	36%

Top 10 highest supported shareholder proposal topics in 2012*

Proposal topic	All companies		Small-cap		Mid-cap		Large-cap	
	Avg support (%)	Voted (#)	Avg support (%)	Voted (#)	Avg support (%)	Voted (#)	Avg support (%)	Voted (#)
De-stagger board/adopt annual director elections	81%	51	85%	8	80%	26	80%	17
Provide for shareholder approval of poison pill	66%	5	64%	2	n/a	n/a	67%	3
Eliminate supermajority vote requirements	65%	18	62%	3	68%	5	65%	10
Implement majority voting requirement in director elections	63%	37	69%	14	60%	10	59%	13
Lower requirements for special meetings/written consent	44%	36	38%	3	53%	5	43%	28
Limit post-employment pay	42%	5	n/a	n/a	49%	3	31%	2
Adopt independent board chair	37%	55	44%	9	41%	9	34%	37
Provide for proxy access	29%	10	13%	1	26%	3	34%	6
Limit executive compensation	29%	27	10%	3	33%	11	31%	13
Enhance sustainability disclosure/management	28%	17	25%	2	29%	8	28%	7

*For topics where there were at least 5 proposals voted

A photograph of a lighthouse on a grassy hill at night. The lighthouse is illuminated, and its light beam is visible against the dark sky. The foreground is filled with tall, golden grasses that are slightly out of focus. A yellow text box is overlaid on the bottom right of the image.

Shareholder proposals voted at small- and mid-cap companies tend to receive higher support levels on average.¹⁸



Appendix

Timing of annual meetings

2012 annual meeting dates by month and industry

	Total meetings	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
Aerospace and defense	38	3%	8%	11%	21%	39%	3%	3%	3%	0%	5%	5%	0%
Airlines	17	0%	0%	0%	0%	53%	29%	0%	12%	6%	0%	0%	0%
Asset management	51	2%	6%	4%	20%	33%	20%	6%	4%	0%	2%	2%	2%
Automotive	74	4%	1%	4%	20%	45%	9%	3%	3%	4%	3%	0%	4%
Banking and capital markets	285	2%	3%	0%	38%	43%	8%	1%	1%	1%	0%	2%	0%
Biotechnology	111	2%	2%	0%	5%	42%	34%	4%	2%	1%	5%	1%	3%
Chemicals	50	6%	4%	4%	22%	46%	6%	0%	2%	0%	6%	0%	4%
Construction	34	6%	6%	3%	3%	59%	9%	3%	0%	0%	3%	6%	3%
Consumer products	164	2%	5%	3%	12%	40%	12%	2%	6%	2%	5%	7%	2%
Diversified industrial products	224	4%	6%	4%	19%	43%	10%	3%	3%	2%	2%	3%	1%
Govt, public sector and NFP	14	14%	0%	7%	0%	57%	0%	0%	7%	0%	7%	7%	0%
Hospitality and leisure	69	3%	3%	3%	12%	48%	17%	0%	3%	0%	3%	4%	4%
Insurance	113	0%	0%	0%	21%	68%	9%	1%	1%	0%	0%	0%	0%
Media and entertainment	83	1%	0%	2%	5%	57%	18%	2%	2%	6%	2%	4%	0%
Mining and metals	75	1%	4%	0%	15%	55%	13%	1%	3%	3%	1%	1%	3%
Oil and gas	156	2%	1%	2%	8%	61%	19%	3%	0%	1%	0%	3%	1%
Other transportation	49	0%	2%	0%	16%	53%	20%	2%	0%	4%	0%	2%	0%
Pharmaceuticals	179	2%	1%	2%	7%	44%	26%	3%	4%	3%	2%	4%	2%
Power and utilities	92	2%	1%	2%	20%	70%	2%	0%	0%	0%	2%	1%	0%
Prof firms and services	122	1%	2%	2%	10%	44%	22%	2%	2%	4%	5%	5%	1%
Provider care	46	0%	2%	0%	4%	65%	24%	2%	0%	0%	0%	2%	0%
Real estate	160	1%	1%	2%	9%	69%	14%	3%	0%	1%	0%	1%	0%
Retail and wholesale	179	4%	4%	2%	6%	35%	30%	5%	4%	2%	2%	2%	4%
Technology	393	3%	2%	4%	7%	39%	19%	3%	8%	3%	3%	7%	3%
Telecommunications	51	0%	0%	0%	8%	57%	31%	0%	0%	0%	0%	2%	2%

Board structure, organization and composition

2012 board structure, organization and composition data – small-cap companies

Industry sectors	Director elections		Independent board leadership				Board composition (average)					Organization (avg)	
	Annual elections for all	Majority voting	Board chair	Lead director	Presiding director	Total	Board independence	Age	Board tenure	Women directors	Total boards	Board size	Meetings
Aerospace and defense	39%	17%	30%	43%	13%	87%	76%	65	11	7%	2	9	6
Airlines	70%	10%	60%	30%	0%	90%	79%	60	9	7%	2	9	9
Asset management	49%	28%	18%	38%	10%	67%	68%	59	6	8%	2	7	8
Automotive	51%	23%	34%	45%	6%	85%	76%	61	9	8%	2	9	8
Banking and capital markets	47%	13%	40%	36%	5%	81%	79%	61	10	11%	1	10	11
Biotechnology	37%	20%	51%	27%	5%	83%	79%	60	8	9%	2	8	8
Chemicals	32%	19%	23%	61%	13%	97%	80%	61	8	9%	2	9	7
Construction	46%	19%	27%	50%	8%	85%	75%	62	8	7%	2	8	8
Consumer products	58%	19%	21%	34%	13%	69%	74%	61	10	14%	2	8	7
Diversified industrial products	48%	14%	41%	31%	8%	80%	78%	62	9	7%	2	8	7
Govt, public sector and NFP	54%	15%	38%	46%	0%	85%	76%	58	7	12%	1	9	7
Hospitality and leisure	60%	35%	25%	54%	4%	83%	77%	60	8	13%	2	9	9
Insurance	56%	40%	37%	24%	14%	75%	74%	62	9	10%	1	9	7
Media and entertainment	61%	13%	30%	31%	13%	74%	72%	59	9	12%	2	9	8
Mining and metals	60%	23%	37%	28%	5%	70%	75%	60	7	5%	2	8	8
Oil and gas	52%	17%	29%	35%	13%	77%	75%	61	8	4%	2	8	9
Other transportation	62%	24%	26%	26%	3%	56%	73%	60	9	6%	2	7	7
Pharmaceuticals	43%	13%	57%	26%	2%	86%	79%	60	7	8%	2	8	9
Power and utilities	49%	24%	35%	49%	3%	86%	81%	61	8	17%	1	9	8
Prof firms and services	43%	20%	33%	35%	11%	78%	77%	60	9	11%	2	8	9
Provider care	35%	18%	21%	38%	3%	62%	73%	62	9	8%	2	8	8
Real estate	73%	26%	28%	43%	9%	81%	72%	61	8	8%	2	8	8
Retail and wholesale	60%	26%	37%	31%	8%	76%	75%	60	9	13%	2	8	7
Technology	48%	15%	39%	36%	4%	80%	77%	60	8	6%	2	8	9
Telecommunications	57%	27%	46%	22%	5%	73%	77%	58	7	7%	2	8	10
All small-cap companies	51%	19%	37%	35%	7%	79%	77%	61	9	9%	2	8	8

2012 board structure, organization and composition data – mid-cap companies

Industry sectors	Director elections		Independent board leadership				Board composition (average)					Organization (avg)	
	Annual elections	Majority voting	Board chair	Lead director	Presiding director	Total	Board independence	Age	Board tenure	Women directors	Total boards	Board size	Meetings
Aerospace and defense	56%	44%	0%	33%	11%	44%	81%	63	8	7%	2	9	7
Airlines	67%	67%	17%	17%	33%	67%	72%	62	9	18%	2	11	8
Asset management	44%	78%	11%	78%	0%	89%	77%	62	10	17%	2	9	9
Automotive	56%	44%	33%	28%	6%	67%	80%	60	7	8%	2	10	7
Banking and capital markets	81%	48%	32%	55%	3%	90%	82%	62	9	17%	2	12	11
Biotechnology	41%	24%	18%	59%	0%	76%	84%	61	9	13%	2	9	8
Chemicals	27%	64%	18%	73%	9%	100%	86%	63	8	15%	2	10	7
Construction	63%	75%	13%	50%	13%	75%	84%	63	8	9%	2	9	7
Consumer products	64%	64%	23%	49%	13%	85%	81%	61	9	19%	2	10	8
Diversified industrial products	39%	45%	21%	54%	18%	93%	85%	62	9	12%	2	10	7
Govt, public sector and NFP	100%	0%	0%	100%	0%	100%	54%	57	4	31%	1	13	8
Hospitality and leisure	36%	36%	43%	29%	21%	93%	79%	60	9	14%	2	9	10
Insurance	44%	68%	29%	35%	9%	74%	83%	63	9	13%	2	10	7
Media and entertainment	88%	25%	19%	25%	13%	56%	72%	58	7	17%	2	11	8
Mining and metals	57%	50%	14%	64%	7%	86%	80%	63	9	10%	2	10	8
Oil and gas	59%	46%	21%	54%	15%	90%	78%	62	8	6%	2	9	8
Other transportation	60%	70%	10%	50%	30%	90%	73%	62	13	9%	2	9	8
Pharmaceuticals	68%	52%	60%	28%	4%	92%	80%	61	8	13%	2	9	9
Power and utilities	79%	55%	37%	45%	16%	97%	87%	63	9	18%	2	10	8
Prof firms and services	63%	84%	26%	53%	5%	84%	79%	60	9	16%	2	9	9
Provider care	89%	67%	33%	33%	22%	89%	75%	61	9	15%	2	9	11
Real estate	86%	36%	36%	42%	16%	94%	75%	63	10	12%	2	9	7
Retail and wholesale	63%	63%	29%	61%	11%	100%	78%	60	9	18%	2	10	7
Technology	65%	53%	43%	41%	8%	91%	78%	61	9	9%	2	9	8
Telecommunications	67%	56%	44%	44%	0%	89%	79%	59	6	13%	2	9	11
All mid-cap companies	62%	52%	30%	46%	11%	88%	80%	61	9	13%	2	10	8

2012 board structure, organization and composition data – large-cap companies

Industry sectors	Director elections		Independent board leadership				Board composition (average)					Organization (avg)	
	Annual elections	Majority voting	Board chair	Lead director	Presiding director	Total	Board independence	Age	Board tenure	Women directors	Total boards	Board size	Meetings
Aerospace and defense	100%	100%	0%	100%	0%	100%	88%	64	8	19%	2	12	9
Airlines	100%	100%	0%	100%	0%	100%	92%	60	11	17%	3	12	6
Asset management	100%	100%	0%	67%	33%	100%	67%	64	10	9%	2	13	7
Automotive	67%	78%	0%	67%	22%	89%	82%	62	10	14%	2	12	7
Banking and capital markets	90%	90%	19%	67%	14%	100%	86%	63	8	19%	2	13	12
Biotechnology	70%	80%	40%	30%	30%	100%	87%	61	8	20%	2	10	8
Chemicals	38%	88%	13%	38%	38%	88%	85%	61	8	19%	2	11	7
Construction	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Consumer products	85%	77%	15%	35%	42%	92%	85%	61	8	22%	2	11	8
Diversified industrial products	87%	80%	7%	40%	27%	73%	86%	63	10	17%	2	11	8
Govt, public sector and NFP	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Hospitality and leisure	57%	57%	29%	43%	14%	86%	79%	61	10	15%	2	10	6
Insurance	88%	100%	31%	63%	6%	100%	88%	63	9	22%	2	12	10
Media and entertainment	85%	77%	0%	23%	38%	62%	77%	64	8	16%	2	12	9
Mining and metals	100%	50%	25%	50%	0%	75%	84%	64	9	9%	2	11	6
Oil and gas	80%	72%	16%	60%	20%	96%	84%	63	8	10%	2	10	9
Other transportation	100%	80%	0%	40%	40%	80%	85%	63	8	14%	2	13	6
Pharmaceuticals	81%	88%	6%	56%	19%	81%	88%	62	8	20%	2	11	7
Power and utilities	100%	82%	18%	71%	12%	100%	88%	63	8	16%	2	12	10
Prof firms and services	100%	100%	0%	100%	0%	100%	87%	63	10	18%	2	11	6
Provider care	100%	100%	33%	33%	33%	100%	91%	61	9	15%	2	11	12
Real estate	82%	91%	0%	64%	27%	91%	75%	62	10	14%	2	10	9
Retail and wholesale	90%	85%	20%	65%	5%	90%	80%	62	11	19%	2	11	6
Technology	81%	86%	33%	44%	6%	83%	83%	61	8	17%	2	10	8
Telecommunications	80%	100%	40%	40%	20%	100%	87%	61	10	21%	2	11	9
All large-cap companies	84%	84%	18%	53%	19%	90%	84%	62	9	17%	2	11	8

2012 board structure, organization and composition data – all companies

Industry sectors	Director elections		Independent board leadership				Board composition (average)					Organization (avg)	
	Annual elections	Majority voting	Board chair	Lead director	Presiding director	Total	Board independence	Age	Board tenure	Women directors	Total boards	Board size	Meetings
Aerospace and defense	53%	37%	18%	50%	11%	79%	79%	64	10	9%	2	9	7
Airlines	71%	35%	41%	29%	12%	82%	77%	60	9	11%	2	10	8
Asset management	51%	41%	16%	47%	10%	73%	69%	60	7	10%	2	8	8
Automotive	54%	35%	30%	43%	8%	81%	78%	61	9	9%	2	9	7
Banking and capital markets	54%	23%	38%	41%	5%	84%	80%	62	10	12%	1	11	11
Biotechnology	41%	26%	45%	33%	6%	85%	81%	61	8	11%	2	8	8
Chemicals	32%	40%	20%	60%	16%	96%	82%	63	8	12%	2	10	7
Construction	50%	32%	24%	50%	9%	82%	77%	63	8	8%	2	8	8
Consumer products	63%	39%	21%	38%	18%	77%	78%	61	9	16%	2	9	7
Diversified industrial products	49%	26%	33%	37%	12%	83%	80%	62	9	9%	2	9	7
Govt, public sector and NFP	57%	14%	36%	50%	0%	86%	75%	58	7	13%	2	9	7
Hospitality and leisure	55%	38%	29%	48%	9%	86%	78%	61	8	14%	2	9	9
Insurance	57%	57%	34%	33%	12%	78%	79%	62	9	13%	2	10	8
Media and entertainment	70%	25%	23%	29%	17%	69%	73%	60	8	14%	2	9	8
Mining and metals	61%	29%	32%	36%	5%	73%	77%	61	8	6%	2	8	8
Oil and gas	58%	33%	25%	44%	15%	83%	77%	62	8	6%	2	8	9
Other transportation	65%	39%	20%	33%	12%	65%	74%	61	10	8%	2	8	7
Pharmaceuticals	50%	25%	53%	29%	4%	86%	80%	60	7	10%	2	8	9
Power and utilities	71%	48%	33%	51%	10%	93%	85%	62	8	18%	2	10	8
Prof firms and services	47%	31%	31%	35%	10%	76%	77%	60	9	12%	2	8	9
Provider care	50%	33%	24%	37%	9%	70%	75%	62	9	10%	2	9	9
Real estate	78%	34%	29%	44%	13%	86%	74%	62	9	10%	2	8	8
Retail and wholesale	64%	40%	34%	41%	8%	83%	76%	60	9	15%	2	9	7
Technology	55%	29%	39%	38%	5%	82%	78%	60	8	8%	2	8	8
Telecommunications	61%	39%	45%	27%	6%	78%	78%	59	7	10%	2	8	10
All companies	56%	33%	33%	39%	9%	82%	78%	61	9	11%	2	9	8

Key committee structure, organization and composition

2012 key committee structure, organization and composition – small-cap companies

Industry sectors	Audit committee (average)							Compensation committee (average)						
	Size	Meetings	Independence	Age	Board tenure	Women directors	Total boards	Size	Meetings	Independence	Age	Board tenure	Women directors	Total boards
Aerospace and defense	4	6	99%	65	9	9%	2	4	5.2	97%	66	10	5%	2
Airlines	3	7	97%	59	8	7%	2	4	5.3	100%	62	9	15%	2
Asset management	4	6	100%	62	5	10%	2	3	4.4	100%	62	6	9%	2
Automotive	4	7	100%	63	8	10%	2	4	5.0	96%	63	8	8%	2
Banking and capital markets	4	8	100%	62	9	13%	1	4	5.6	99%	63	10	12%	1
Biotechnology	3	6	100%	62	8	13%	2	3	5.8	99%	62	7	8%	2
Chemicals	4	7	100%	63	8	10%	2	4	5.0	99%	64	8	7%	2
Construction	4	6	100%	63	8	12%	2	4	5.5	100%	63	8	9%	2
Consumer products	4	7	100%	63	8	13%	2	4	4.9	99%	63	10	15%	2
Diversified industrial products	4	7	100%	63	9	9%	2	4	5.3	96%	62	9	9%	2
Govt, public sector and NFP	3	8	100%	60	7	12%	1	3	7.5	96%	59	7	13%	2
Hospitality and leisure	4	8	100%	63	8	10%	2	4	6.3	100%	62	8	15%	2
Insurance	4	8	100%	64	8	10%	2	4	5.0	98%	64	9	10%	2
Media and entertainment	3	7	100%	60	7	7%	2	3	5.0	96%	61	8	13%	2
Mining and metals	3	7	100%	62	7	6%	2	3	4.7	97%	62	7	5%	2
Oil and gas	4	7	99%	62	7	6%	2	4	5.0	97%	61	7	5%	2
Other transportation	3	7	100%	63	8	8%	2	3	6.5	98%	63	8	3%	2
Pharmaceuticals	3	7	100%	60	7	8%	2	3	5.9	99%	61	7	11%	2
Power and utilities	4	7	100%	62	8	17%	1	4	4.9	99%	62	9	19%	2
Prof firms and services	3	8	99%	62	8	10%	2	4	5.8	96%	61	8	11%	2
Provider care	4	6	100%	63	8	8%	2	4	5.5	96%	63	8	8%	2
Real estate	3	7	100%	63	7	12%	2	3	4.8	99%	64	8	9%	2
Retail and wholesale	4	7	100%	61	8	15%	2	4	5.7	98%	61	8	15%	2
Technology	3	8	100%	62	8	13%	2	3	6.3	98%	62	8	7%	2
Telecommunications	3	7	100%	60	6	8%	2	3	5.7	99%	59	7	6%	2
All small-cap companies	4	7	100%	62	8	10%	2	4	6	98%	62	8	10%	2

Nominating committee (average)						
Size	Meetings	Independence	Age	Board tenure	Women directors	Total boards
4	3	95%	66	11	10%	2
4	3	100%	61	9	6%	2
3	3	96%	61	6	10%	2
4	3	97%	63	9	13%	2
4	4	99%	63	11	13%	1
4	3	100%	62	8	10%	2
3	4	99%	64	8	9%	2
4	3	99%	63	8	8%	2
4	3	99%	63	9	18%	2
4	4	96%	63	9	8%	2
4	4	100%	59	8	22%	1
4	4	100%	63	8	14%	2
3	4	95%	64	10	10%	1
3	3	98%	61	9	12%	2
3	3	97%	62	8	5%	2
4	3	98%	62	8	5%	2
4	3	99%	62	8	5%	2
3	3	99%	62	7	9%	2
4	3	99%	63	9	21%	2
3	3	96%	61	9	13%	2
3	3	96%	65	9	10%	2
3	3	99%	63	8	10%	2
3	4	98%	62	9	16%	2
3	3	99%	62	8	7%	2
3	3	95%	59	7	7%	2
4	3	98%	62	9	11%	2

2012 key committee structure, organization and composition – mid-cap companies

Industry sectors	Audit committee (average)							Compensation committee (average)						
	Size	Meetings	Independence	Age	Board tenure	Women directors	Total boards	Size	Meetings	Independence	Age	Board tenure	Women directors	Total boards
Aerospace and defense	4	7	100%	64	8	8%	2	4	5.3	97%	63	9	6%	2
Airlines	4	8	100%	62	6	29%	2	4	6.2	89%	65	11	19%	2
Asset management	4	8	100%	63	8	33%	2	4	6.9	100%	64	10	18%	2
Automotive	4	8	100%	60	6	6%	2	3	6.3	100%	62	6	6%	2
Banking and capital markets	4	10	100%	63	9	25%	2	4	6.6	99%	64	10	15%	2
Biotechnology	4	8	100%	61	9	9%	2	4	6.2	100%	61	9	12%	2
Chemicals	5	7	100%	63	9	23%	2	5	4.8	100%	66	9	8%	2
Construction	4	7	100%	64	7	5%	2	4	5.5	100%	64	8	9%	2
Consumer products	4	8	100%	62	8	25%	2	4	5.8	100%	62	9	25%	2
Diversified industrial products	4	8	100%	62	8	14%	2	4	5.1	100%	63	10	14%	2
Govt, public sector and NFP	4	11	100%	55	4	50%	2	3	22.0	100%	59	4	33%	1
Hospitality and leisure	4	9	100%	60	8	19%	2	4	5.7	100%	61	9	15%	2
Insurance	4	8	100%	64	8	15%	2	4	5.7	100%	64	9	18%	2
Media and entertainment	3	7	100%	60	6	12%	2	3	6.0	96%	60	7	11%	2
Mining and metals	4	9	100%	64	9	8%	2	4	6.5	95%	64	9	11%	2
Oil and gas	4	7	100%	63	8	7%	2	4	5.9	98%	64	8	7%	2
Other transportation	4	7	100%	62	10	14%	2	4	4.5	100%	61	11	8%	2
Pharmaceuticals	3	8	100%	64	9	11%	2	4	6.5	100%	62	8	15%	2
Power and utilities	4	6	100%	63	8	18%	2	4	5.8	100%	64	10	20%	2
Prof firms and services	4	7	100%	61	7	15%	2	4	5.9	100%	61	8	19%	2
Provider care	4	10	100%	60	7	19%	2	4	5.9	94%	63	9	19%	2
Real estate	4	7	100%	64	9	13%	2	4	4.8	100%	65	9	12%	2
Retail and wholesale	4	8	100%	61	7	21%	2	4	5.8	98%	62	9	21%	2
Technology	3	9	100%	62	8	10%	2	3	7.0	98%	62	9	9%	2
Telecommunications	3	8	100%	61	5	14%	2	3	8.0	100%	60	5	11%	2
All mid-cap companies	4	8	100%	62	8	15%	2	4	6	99%	63	9	14%	2

Nominating committee (average)						
Size	Meetings	Independence	Age	Board tenure	Women directors	Total boards
4	3	100%	63	8	15%	2
3	6	89%	65	11	17%	2
5	5	100%	64	9	11%	2
3	5	100%	62	7	25%	2
4	5	99%	64	10	16%	1
4	4	100%	62	9	12%	2
4	4	100%	64	10	15%	2
4	5	100%	64	8	19%	2
4	4	98%	64	9	10%	2
4	4	99%	63	11	13%	2
4	4	100%	63	4	20%	1
4	4	100%	62	9	17%	2
4	4	100%	63	9	12%	1
3	3	96%	57	7	18%	2
4	4	98%	64	9	16%	2
4	3	98%	65	10	16%	2
4	4	100%	63	11	6%	2
4	4	100%	62	8	17%	2
4	4	100%	64	10	21%	2
4	4	100%	61	8	16%	2
4	3	89%	63	10	18%	2
4	4	100%	64	10	10%	2
4	4	96%	62	10	23%	2
4	4	99%	63	9	12%	2
3	4	100%	60	6	15%	2
4	4	99%	63	9	15%	2

2012 key committee structure, organization and composition – large-cap companies

Industry sectors	Audit committee (average)							Compensation committee (average)						
	Size	Meetings	Independence	Age	Board tenure	Women directors	Total boards	Size	Meetings	Independence	Age	Board tenure	Women directors	Total boards
Aerospace and defense	5	10	100%	64	8	19%	2	5	6	100%	64	9	14%	2
Airlines	4	9	100%	60	10	0%	3	4	5	100%	60	10	50%	4
Asset management	4	9	100%	64	7	8%	2	5	6	100%	69	8	5%	2
Automotive	5	9	100%	63	9	9%	2	4	6	100%	63	10	24%	2
Banking and capital markets	5	12	100%	64	8	20%	2	5	9	100%	64	9	17%	2
Biotechnology	4	10	100%	61	8	22%	2	4	6	100%	62	8	17%	2
Chemicals	4	8	100%	61	8	20%	2	4	5	100%	63	9	16%	2
Construction	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Consumer products	5	9	100%	62	8	21%	2	4	6	99%	62	9	25%	2
Diversified industrial products	4	8	100%	63	9	18%	2	4	6	100%	65	10	20%	2
Govt, public sector and NFP	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Hospitality and leisure	3	9	100%	60	7	6%	2	4	6	100%	63	10	20%	2
Insurance	5	10	100%	63	8	23%	2	4	7	100%	65	8	15%	3
Media and entertainment	4	7	100%	64	7	19%	2	4	7	98%	65	8	16%	2
Mining and metals	5	6	100%	63	9	10%	2	5	5	100%	67	11	11%	2
Oil and gas	4	8	100%	64	8	12%	2	4	6	100%	64	8	13%	2
Other transportation	5	10	100%	63	7	26%	2	4	6	100%	63	8	16%	3
Pharmaceuticals	4	9	100%	63	8	19%	2	4	6	100%	64	8	27%	2
Power and utilities	5	8	100%	63	8	20%	2	5	7	100%	65	9	16%	2
Prof firms and services	4	8	100%	63	12	29%	2	5	6	100%	66	10	13%	2
Provider care	4	11	100%	61	8	0%	2	4	8	100%	61	11	29%	2
Real estate	3	7	100%	64	9	17%	2	3	8	100%	64	10	11%	2
Retail and wholesale	4	8	100%	62	8	25%	2	4	6	100%	63	12	19%	2
Technology	4	10	100%	62	7	19%	2	3	7	100%	62	7	17%	2
Telecommunications	4	10	100%	63	8	26%	2	4	7	100%	63	9	19%	2
All large companies	4	9	100%	63	8	19%	2	4	6	100%	64	9	18%	2

Nominating committee (average)						
Size	Meetings	Independence	Age	Board tenure	Women directors	Total boards
5	6	100%	64	10	20%	2
4	5	100%	64	8	25%	4
4	5	100%	71	10	22%	2
6	6	100%	64	10	20%	2
5	5	100%	65	10	23%	2
4	5	100%	62	8	28%	2
4	5	100%	63	8	21%	2
n/a	n/a	n/a	n/a	n/a	n/a	n/a
5	5	98%	63	9	25%	2
4	4	100%	64	10	22%	2
n/a	n/a	n/a	n/a	n/a	n/a	n/a
4	4	100%	64	11	23%	2
4	5	100%	65	11	34%	2
5	5	98%	63	8	21%	2
5	4	100%	66	10	11%	2
4	4	100%	65	8	13%	2
4	5	100%	66	9	8%	3
4	5	100%	64	9	20%	2
5	6	100%	64	9	24%	2
5	5	100%	65	9	0%	2
3	4	100%	64	13	22%	2
3	4	100%	64	11	14%	2
5	4	100%	64	10	28%	2
3	5	100%	63	9	16%	2
4	5	100%	63	11	25%	2
4	5	100%	64	9	21%	2

2012 key committee structure, organization and composition – all companies

Industry sectors	Audit committee (average)							Compensation committee (average)						
	Size	Meetings	Independence	Age	Board tenure	Women directors	Total boards	Size	Meetings	Independence	Age	Board tenure	Women directors	Total boards
Aerospace and defense	4	7	99%	65	9	10%	2	4	5	98%	65	10	7%	2
Airlines	4	7	98%	60	7	14%	2	4	6	96%	63	10	18%	2
Asset management	4	6	100%	62	6	14%	2	3	5	100%	63	7	11%	2
Automotive	4	7	100%	62	8	9%	2	4	5	97%	63	8	10%	2
Banking and capital markets	4	9	100%	62	9	15%	1	4	6	99%	63	10	13%	1
Biotechnology	3	7	100%	62	8	13%	2	3	6	99%	62	8	9%	2
Chemicals	4	7	100%	63	8	15%	2	4	5	99%	64	8	9%	2
Construction	4	6	100%	63	7	10%	2	4	6	100%	64	8	9%	2
Consumer products	4	7	100%	62	8	17%	2	4	5	99%	63	9	19%	2
Diversified industrial products	4	7	100%	63	8	10%	2	4	5	97%	63	9	11%	2
Govt, public sector and NFP	4	8	100%	60	7	15%	1	3	9	96%	59	7	15%	2
Hospitality and leisure	4	8	100%	62	8	11%	2	4	6	100%	62	8	16%	2
Insurance	4	8	100%	64	8	13%	2	4	5	99%	64	9	13%	2
Media and entertainment	3	7	100%	61	7	10%	2	3	6	97%	62	8	13%	2
Mining and metals	4	7	100%	62	7	7%	2	4	5	97%	63	8	7%	2
Oil and gas	4	7	100%	63	7	7%	2	4	5	96%	62	8	6%	2
Other transportation	4	8	100%	62	8	11%	2	3	6	99%	62	9	6%	2
Pharmaceuticals	3	7	100%	61	7	9%	2	3	6	99%	61	8	13%	2
Power and utilities	4	7	100%	63	8	18%	2	4	6	100%	63	9	19%	2
Prof firms and services	4	7	100%	61	8	11%	2	4	6	97%	61	8	12%	2
Provider care	4	7	100%	62	8	9%	2	4	6	96%	63	9	12%	2
Real estate	3	7	100%	63	8	12%	2	3	5	100%	64	9	10%	2
Retail and wholesale	4	7	100%	61	8	18%	2	4	6	98%	62	9	17%	2
Technology	3	8	100%	62	8	9%	2	3	6	98%	62	8	8%	2
Telecommunications	3	7	100%	60	6	11%	2	3	6	99%	59	7	8%	2
All companies	4	7	100%	62	8	12%	2	4	6	98%	62	9	12%	2

Nominating committee (average)						
Size	Meetings	Independence	Age	Board tenure	Women directors	Total boards
4	3	97%	65	10	13%	2
3	4	96%	63	10	10%	2
4	3	97%	62	7	12%	2
4	4	98%	63	9	13%	2
4	4	99%	63	10	14%	1
3	3	100%	62	8	13%	2
4	4	99%	64	9	11%	2
4	4	99%	63	8	9%	2
4	4	99%	63	9	20%	2
4	4	97%	63	10	12%	2
3	4	100%	59	8	22%	1
4	4	100%	63	8	15%	2
3	4	98%	64	10	16%	2
3	3	98%	61	8	14%	2
3	3	97%	63	8	7%	2
4	3	98%	63	8	7%	2
3	3	99%	63	9	7%	2
3	4	99%	62	8	12%	2
4	4	100%	63	10	22%	2
4	3	96%	61	9	13%	2
4	3	95%	64	9	12%	2
3	3	100%	64	9	10%	2
4	4	97%	62	9	17%	2
3	4	99%	62	8	9%	2
3	3	97%	60	7	10%	2
4	4	98%	63	9	13%	2

Executive compensation

Median CEO pay by market cap and industry

2012 median CEO pay – small-cap companies (\$ in thousands)

Industry sector	Current compensation								Potential post-employment compensation			
	Salary	Bonus	Stock awards	Option awards	Non-equity incentives	Change in pension value	All other comp	Total	Pension value	Deferred comp value	Change in control payout	Termination payout
Aerospace and defense	\$650	\$0	\$360	\$0	\$567	\$0	\$50	\$2,313	\$0	\$0	\$2,904	\$1,047
Airlines	\$535	0	\$748	\$0	\$260	\$0	\$51	\$1,624	\$0	\$0	\$3,932	\$1,291
Asset management	\$441	0	\$626	\$0	\$0	\$0	\$92	\$2,776	\$0	\$0	\$1,453	\$1,476
Automotive	\$745	0	\$385	\$0	\$518	\$0	\$72	\$2,842	\$0	\$0	\$5,828	\$2,412
Banking and capital markets	\$500	0	\$147	\$0	\$59	\$0	\$43	\$1,269	\$0	\$0	\$1,824	\$1,007
Biotechnology	\$503	0	\$115	\$593	\$203	\$0	\$9	\$1,745	\$0	\$0	\$2,037	\$837
Chemicals	\$704	0	\$608	\$248	\$466	\$0	\$83	\$3,032	\$0	\$0	\$6,454	\$1,833
Construction	\$594	0	\$625	\$102	\$243	\$0	\$34	\$2,520	\$0	\$0	\$2,515	\$2,120
Consumer products	\$744	0	\$418	\$0	\$299	\$0	\$41	\$2,814	\$0	\$0	\$4,951	\$1,690
Diversified industrial products	\$566	0	\$464	\$60	\$336	\$0	\$41	\$1,875	\$0	\$0	\$3,394	\$999
Govt, public sector and NFP	\$540	0	\$444	\$116	\$271	\$0	\$11	\$2,201	\$0	\$0	\$2,831	\$2,165
Hospitality and leisure	\$707	0	\$823	\$240	\$657	\$0	34	\$2,876	\$0	\$0	\$5,213	\$1,600
Insurance	\$779	0	\$675	\$0	\$71	\$0	60	\$2,558	\$0	\$0	\$2,876	\$1,593
Media and entertainment	\$650	0	\$305	\$0	\$257	\$0	33	\$2,317	\$0	\$0	\$2,661	\$750
Mining and metals	\$650	0	\$650	\$0	\$531	\$0	33	\$2,456	\$0	\$0	\$3,503	\$1,879
Oil and gas	\$527	0	\$920	\$0	\$202	\$0	27	\$2,595	\$0	\$0	\$4,392	\$1,006
Other transportation	\$545	0	\$330	\$0	\$60	\$0	24	\$1,347	\$0	\$0	\$372	\$0
Pharmaceuticals	\$486	0	\$244	\$457	\$176	\$0	16	\$1,854	\$0	\$0	\$1,951	\$921
Power and utilities	\$549	0	\$447	\$0	\$350	\$220	20	\$2,243	\$229	\$0	\$2,892	\$0
Prof firms and services	\$650	0	\$570	\$83	\$442	\$0	21	\$2,644	\$0	\$0	\$4,332	\$2,006
Provider care	\$657	0	\$751	\$0	\$254	\$0	25	\$2,359	\$0	\$0	\$3,735	\$1,754
Real estate	\$540	0	\$650	\$0	\$0	\$0	28	\$2,068	\$0	\$0	\$3,724	\$950
Retail and wholesale	\$618	0	\$434	\$0	\$231	\$0	34	\$1,982	\$0	\$0	\$2,273	\$776
Technology	\$484	0	\$611	\$216	\$203	\$0	14	\$2,252	\$0	\$0	\$2,526	\$784
Telecommunications	\$560	0	\$797	\$461	\$306	\$0	24	\$2,727	\$0	\$0	\$3,157	\$2,461

2012 median CEO pay – mid-cap companies (\$ in thousands)

Industry sector	Current compensation								Potential post-employment compensation			
	Salary	Bonus	Stock awards	Option awards	Non-equity incentives	Change in pension value	All other comp	Total	Pension value	Deferred comp value	Change in control payout	Termination payout
Aerospace and defense	\$880	\$0	\$1,548	\$658	\$1,335	\$668	\$85	\$6,231	\$4,803	\$123	\$10,707	\$6,048
Airlines	\$600	\$0	\$1,841	\$0	\$554	\$9	\$93	\$3,825	\$0	\$0	\$11,013	\$0
Asset management	\$790	\$0	\$2,477	\$285	\$3,000	\$0	\$39	\$12,422	\$0	\$0	\$19,622	\$0
Automotive	\$950	\$0	\$1,491	\$961	\$1,480	\$54	\$121	\$6,475	\$0	\$410	\$12,372	\$11,753
Banking and capital markets	\$980	\$0	\$1,507	\$0	\$864	\$50	\$93	\$5,978	\$296	\$121	\$10,533	\$0
Biotechnology	\$782	\$0	\$1,363	\$1,693	\$807	\$0	\$26	\$4,986	\$0	\$25	\$12,411	\$5,345
Chemicals	\$894	\$0	\$3,009	\$1,161	\$1,471	\$329	\$260	\$7,485	\$754	\$324	\$20,074	\$4,428
Construction	\$993	\$0	\$3,741	\$45	\$1,650	\$2	\$275	\$8,423	\$0	\$805	\$13,290	\$3,105
Consumer products	\$1,000	\$0	\$2,350	\$1,686	\$1,260	\$98	\$207	\$7,770	\$577	\$1,259	\$19,260	\$4,184
Diversified industrial products	\$956	\$0	\$2,385	\$967	\$1,198	\$938	\$115	\$7,075	\$3,241	\$293	\$16,481	\$4,764
Govt, public sector and NFP	\$600	\$0	\$2,500	\$0	\$1,007	\$0	\$48	\$4,156	\$0	\$0	\$5,676	\$3,445
Hospitality and leisure	\$998	\$0	\$1,155	\$626	\$1,454	\$0	\$168	\$5,873	\$0	\$0	\$7,472	\$5,846
Insurance	\$984	\$0	\$1,903	\$112	\$1,205	\$0	\$207	\$7,193	\$0	\$460	\$12,151	\$4,975
Media and entertainment	\$1,000	\$0	\$307	\$0	\$812	\$0	\$127	\$9,289	\$0	\$0	\$10,050	\$8,683
Mining and metals	\$816	\$0	\$1,635	\$587	\$1,014	\$0	\$119	\$6,215	\$0	\$234	\$9,719	\$3,665
Oil and gas	\$744	\$0	\$2,580	\$0	\$963	\$0	\$126	\$5,824	\$0	\$284	\$12,898	\$1,370
Other transportation	\$589	\$0	\$833	\$393	\$1,474	\$0	\$27	\$3,789	\$0	\$257	\$6,958	\$365
Pharmaceuticals	\$801	\$0	\$2,122	\$1,387	\$991	\$0	\$97	\$5,815	\$0	\$32	\$9,255	\$2,526
Power and utilities	\$810	\$0	\$1,950	\$0	\$937	\$987	\$73	\$4,928	\$4,157	\$1,039	\$11,390	\$1,394
Prof firms and services	\$800	\$0	\$2,704	\$1,321	\$1,107	\$0	\$87	\$7,195	\$0	\$55	\$12,101	\$8,241
Provider care	\$1,066	\$0	\$4,711	\$2,016	\$2,345	\$122	\$167	\$12,467	\$856	\$995	\$21,842	\$19,512
Real estate	\$706	\$0	\$1,632	\$0	\$845	\$0	\$40	\$3,939	\$0	\$0	\$9,053	\$4,209
Retail and wholesale	\$997	\$0	\$1,722	\$960	\$1,188	\$0	\$78	\$7,075	\$0	\$261	\$13,347	\$5,669
Technology	\$700	\$0	\$2,046	\$901	\$751	\$0	\$14	\$6,051	\$0	\$0	\$8,382	\$2,151
Telecommunications	\$935	\$0	\$3,959	\$583	\$1,166	\$0	\$80	\$8,219	\$0	\$0	\$12,849	\$3,223

2012 median CEO pay – large-cap companies (\$ in thousands)

Industry sector	Current compensation								Potential post-employment compensation			
	Salary	Bonus	Stock awards	Option awards	Non-equity incentives	Change in pension value	All other comp	Total	Pension value	Deferred comp value	Change in control payout	Termination payout
Aerospace and defense	\$1,576	\$1,800	7,716	\$3,499	\$3,514	\$4,674	\$738	\$24,164	\$18,481	\$3,400	\$27,205	\$13,112
Airlines	\$1,263	\$0	0	\$5,372	\$6,575	\$0	\$471	\$13,681	\$25,577	\$0	\$6,072	\$0
Asset management	\$500	\$0	7,505	\$0	\$2,650	\$0	\$97	\$9,878	\$0	\$0	\$0	\$0
Automotive	\$1,386	\$0	2,300	\$2,137	\$3,884	\$2,598	\$153	\$15,244	\$11,026	\$831	\$25,523	\$1,914
Banking and capital markets	\$1,000	\$0	5,169	\$1,651	\$1,568	\$369	\$159	\$12,982	\$2,367	\$1,920	\$19,794	\$3,451
Biotechnology	\$1,102	\$0	2,554	\$3,087	\$2,000	\$0	\$145	\$9,385	\$0	\$2,296	\$20,130	\$6,351
Chemicals	\$1,173	\$0	3,892	\$2,935	\$2,455	\$3,180	\$189	\$13,146	\$13,728	\$2,789	\$15,382	\$2,228
Construction	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Consumer products	\$1,250	\$0	4,874	\$2,205	\$2,232	\$1,630	\$247	\$12,234	\$6,066	\$2,114	\$27,940	\$6,799
Diversified industrial products	\$1,225	\$0	3,599	\$2,926	\$2,500	\$2,233	\$447	\$17,104	\$11,426	\$4,072	\$33,167	\$7,721
Govt, public sector and NFP	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Hospitality and leisure	\$1,281	\$0	1,429	\$1,825	\$2,982	\$0	\$235	\$13,845	\$0	\$1,333	\$59,193	\$10,000
Insurance	\$1,050	\$0	5,613	\$2,996	\$2,614	\$231	\$173	\$14,286	\$910	\$1,123	\$37,208	\$20,737
Media and entertainment	\$2,000	\$0	5,441	\$4,101	\$5,150	\$227	\$435	\$26,436	\$220	\$3,826	\$18,333	\$41,973
Mining and metals	\$1,340	\$0	2,857	\$4,036	\$1,478	\$1,854	\$199	\$10,807	\$11,289	\$32	\$35,142	\$17,441
Oil and gas	\$1,337	\$0	4,207	\$2,585	\$1,899	\$285	\$258	\$15,229	\$79	\$2,248	\$25,059	\$9,097
Other transportation	\$1,023	\$0	5,335	\$451	\$1,148	\$1,517	\$124	\$12,917	\$17,514	\$809	\$27,935	\$0
Pharmaceuticals	\$1,354	\$0	5,119	\$2,931	\$2,513	\$1,448	\$110	\$14,021	\$8,554	\$1,389	\$23,865	\$8,987
Power and utilities	\$1,064	\$0	3,715	\$445	\$1,535	\$1,815	\$147	\$9,676	\$8,682	\$2,519	\$16,544	\$4,104
Prof firms and services	\$978	\$0	4,810	\$468	\$2,112	\$0	\$42	\$8,409	\$0	\$489	\$3,851	\$0
Provider care	\$1,116	\$0	4,320	\$2,313	\$2,114	\$0	\$200	\$8,516	\$0	\$5,133	\$32,770	\$33,961
Real estate	\$915	\$0	4,000	\$820	\$959	\$0	\$39	\$9,993	\$0	\$0	\$20,092	\$12,826
Retail and wholesale	\$1,206	\$0	4,438	\$2,423	\$2,194	\$20	\$177	\$11,365	\$0	\$2,060	\$19,877	\$10,437
Technology	\$898	\$0	5,412	\$1,579	\$1,633	\$0	\$40	\$11,725	\$0	\$0	\$15,978	\$4,362
Telecommunications	\$1,100	\$0	4,707	\$0	\$1,815	\$127	\$481	\$8,942	\$2,791	\$1,777	\$22,478	\$0

Median compensation of NEOs by market cap and position

2012 median pay of NEOs by market cap and position (\$ in thousands)

Market cap	Position	Salary	Bonus	Stock awards	Option awards	Non-equity incentives	Change in pension value	All other comp	Total
Small-cap	CEO	\$555	\$0	\$412	\$0	\$224	\$0	\$30	\$2,088
	CFO	\$313	\$0	\$160	\$0	\$74	\$0	\$15	\$863
	GC	\$300	\$0	\$154	\$17	\$92	\$0	\$16	\$797
	All NEOS	\$360	\$0	\$252	\$48	\$122	\$0	\$30	\$1,198
	All NEOS ex-CEO	\$307	\$0	\$173	\$34	\$88	\$0	\$25	\$914
Mid-cap	CEO	\$863	\$0	\$1,996	\$600	\$1,024	\$0	\$87	\$6,269
	CFO	\$437	\$0	\$558	\$164	\$345	\$0	\$35	\$2,006
	GC	\$389	\$0	\$402	\$160	\$286	\$0	\$36	\$1,658
	All NEOS	\$523	\$0	\$933	\$319	\$509	\$0	\$72	\$3,086
	All NEOS ex-CEO	\$443	\$0	\$595	\$195	\$370	\$0	\$59	\$2,210
Large-cap	CEO	\$1,145	\$0	\$4,292	\$2,146	\$2,107	\$112	\$178	\$12,572
	CFO	\$620	\$0	\$1,179	\$519	\$656	34	\$62	\$4,016
	GC	\$533	\$0	\$993	\$372	\$626	133	\$68	\$3,248
	All NEOS	\$711	\$0	\$2,030	\$882	\$959	206	\$134	\$6,151
	All NEOS ex-CEO	\$603	\$0	\$1,285	\$520	\$668	155	\$97	\$4,306

2012 median NEO pay (excluding CEOs) – small-cap companies (\$ in thousands)

Industry sector	Current compensation							Total
	Salary	Bonus	Stock awards	Option awards	Non-equity incentives	Change in pension value	All other comp	
Aerospace and defense	\$330	\$0	\$122	\$0	\$215	\$9	\$34	\$980
Airlines	\$255	\$10	\$330	\$0	\$140	\$0	\$78	\$748
Asset management	\$302	\$114	\$231	\$0	\$0	\$0	\$74	\$1,358
Automotive	\$359	\$0	\$168	\$0	\$138	\$0	\$38	\$874
Banking and capital markets	\$261	\$0	\$70	\$0	\$24	\$0	\$27	\$583
Biotechnology	\$322	\$0	\$58	\$218	\$73	\$0	\$17	\$865
Chemicals	\$335	\$0	\$168	\$42	\$160	\$3	\$47	\$995
Construction	\$309	\$0	\$196	\$52	\$93	\$0	\$35	\$864
Consumer products	\$370	\$0	\$164	\$16	\$138	\$0	\$37	\$996
Diversified industrial products	\$289	\$0	\$143	\$78	\$123	\$0	\$27	\$748
Govt, public sector and NFP	\$304	\$0	\$133	\$103	\$94	\$0	\$14	\$808
Hospitality and leisure	\$356	\$0	\$310	\$85	\$228	\$0	\$36	\$1,234
Insurance	\$354	\$0	\$240	\$0	\$102	\$0	\$43	\$1,046
Media and entertainment	\$380	\$2	\$207	\$33	\$126	\$0	\$29	\$1,218
Mining and metals	\$310	\$0	\$235	\$27	\$166	\$2	\$25	\$1,056
Oil and gas	\$290	35	\$396	\$0	\$45	\$0	\$25	\$1,166
Other transportation	\$312	\$0	\$212	\$0	\$33	\$0	\$14	\$822
Pharmaceuticals	\$293	\$0	\$88	\$200	\$82	\$0	\$17	\$811
Power and utilities	\$278	\$0	\$138	\$0	\$105	\$135	\$20	\$822
Prof firms and services	\$329	\$0	\$234	\$72	\$163	\$0	\$22	\$1,071
Provider care	\$353	\$0	\$288	\$0	\$114	\$0	\$29	\$1,022
Real estate	\$305	\$13	\$329	\$0	\$14	\$0	\$25	\$954
Retail and wholesale	\$332	\$0	\$193	\$29	\$94	\$0	\$25	\$939
Technology	\$286	\$0	\$266	\$146	\$83	\$0	\$17	\$1,020
Telecommunications	\$285	\$6	\$254	\$109	\$90	\$0	\$16	\$959

2012 median NEO pay (excluding CEOs) – mid-cap companies (\$ in thousands)

Industry sector	Current compensation							Total
	Salary	Bonus	Stock awards	Option awards	Non-equity incentives	Change in pension value	All other comp	
Aerospace and defense	\$409	\$0	\$461	\$365	\$460	\$206	\$72	\$2,133
Airlines	\$434	\$0	\$856	\$0	\$331	\$17	\$100	\$2,115
Asset management	\$526	\$0	\$1,610	\$174	\$900	\$0	\$213	\$5,254
Automotive	\$438	\$0	\$698	\$148	\$554	\$29	\$117	\$1,949
Banking and capital markets	\$495	\$0	\$677	\$117	\$401	\$50	\$62	\$2,334
Biotechnology	\$412	\$0	\$404	\$608	\$322	\$0	\$17	\$2,130
Chemicals	\$488	\$0	\$804	\$239	\$517	\$335	\$78	\$2,676
Construction	\$490	\$0	\$735	\$80	\$601	\$17	\$127	\$2,183
Consumer products	\$474	\$0	\$614	\$378	\$434	\$65	\$96	\$2,371
Diversified industrial products	\$451	\$0	\$523	\$245	\$425	\$276	\$78	\$2,369
Govt, public sector and NFP	\$566	\$53	\$6,188	\$1,461	\$880	\$54	\$250	\$9,451
Hospitality and leisure	\$457	\$38	\$453	\$159	\$507	\$0	\$83	\$2,334
Insurance	\$524	\$0	\$673	\$71	\$497	\$0	\$131	\$2,260
Media and entertainment	\$599	\$106	\$316	\$510	\$422	\$0	\$100	\$2,805
Mining and metals	\$365	\$0	\$468	\$119	\$233	\$114	\$85	\$1,660
Oil and gas	\$391	\$56	\$934	\$67	\$333	\$0	\$78	\$2,627
Other transportation	\$328	0	\$265	\$172	\$461	\$0	\$22	\$1,427
Pharmaceuticals	\$431	0	\$368	\$450	\$323	\$0	\$69	\$1,923
Power and utilities	\$410	0	\$544	\$0	\$285	\$231	\$48	\$1,764
Prof firms and services	\$444	0	\$549	\$222	\$379	\$5	\$76	\$2,050
Provider care	\$479	0	\$985	\$405	\$500	\$33	\$29	\$2,768
Real estate	\$354	0	\$512	\$0	\$293	\$0	\$45	\$1,766
Retail and wholesale	\$540	0	\$617	\$353	\$421	\$0	\$47	\$2,399
Technology	\$406	0	\$900	\$418	\$275	\$0	\$25	\$2,331
Telecommunications	\$448	0	\$849	\$200	\$380	\$0	\$98	\$2,535

2012 median NEO pay (excluding CEOs) – large-cap companies (\$ in thousands)

Industry sector	Current compensation							Total
	Salary	Bonus	Stock awards	Option awards	Non-equity incentives	Change in pension value	All other comp	
Aerospace and defense	\$743	\$501	\$1,473	\$946	\$721	\$1,078	\$171	\$6,548
Airlines	\$858	\$0	\$669	\$708	\$2,595	\$1,192	\$487	\$6,509
Asset management	\$388	\$0	\$1,574	\$0	\$1,688	\$0	\$70	\$5,789
Automotive	\$631	\$0	\$422	\$524	\$1,201	\$934	\$61	\$4,928
Banking and capital markets	\$719	\$0	\$3,031	\$481	\$758	\$166	\$83	\$5,928
Biotechnology	\$583	\$0	\$1,104	\$973	\$428	\$1	\$66	\$3,316
Chemicals	\$534	\$10	\$1,371	\$477	\$541	\$562	\$173	\$4,091
Construction	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Consumer products	\$699	\$0	\$1,219	\$561	\$640	\$439	\$140	\$4,242
Diversified industrial products	\$585	\$0	\$823	\$555	\$495	\$622	\$130	\$3,921
Govt, public sector and NFP	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Hospitality and leisure	\$674	\$0	\$449	\$667	\$959	\$0	\$114	\$3,771
Insurance	\$680	\$0	\$1,486	\$606	\$983	\$251	\$82	\$4,893
Media and entertainment	\$1,006	\$31	\$1,689	\$909	\$1,520	\$238	\$93	\$6,219
Mining and metals	\$591	\$3	\$986	\$1,369	\$590	\$590	\$100	\$4,189
Oil and gas	\$597	\$0	\$1,241	\$809	\$756	\$376	\$110	\$5,008
Other transportation	\$500	\$0	\$1,806	\$138	\$381	\$449	\$52	\$3,726
Pharmaceuticals	\$716	\$0	\$1,250	\$804	\$933	\$629	\$128	\$5,006
Power and utilities	\$554	\$0	\$929	\$0	\$556	\$519	\$72	\$3,157
Prof Firms and services	\$772	\$20	\$2,872	\$74	\$1,057	\$0	\$10	\$4,783
Provider care	\$549	\$0	\$3,054	\$913	\$688	\$0	\$82	\$5,781
Real estate	\$415	\$86	\$1,183	\$268	\$318	\$0	\$28	\$2,780
Retail and wholesale	\$703	\$0	\$1,276	\$530	\$898	\$1	\$129	\$3,493
Technology	\$511	\$0	\$2,229	\$403	\$521	\$0	\$45	\$4,261
Telecommunications	\$540	\$0	\$2,148	\$0	\$533	\$151	\$164	\$4,026

Beneficial ownership

2012 beneficial ownership data

Industry sectors	Average director and officer ownership				Number of 5% shareholders				Average holding of largest 5% shareholder				Average holding of 5% shareholders			
	Small-cap	Mid-cap	Large-cap	All	Small-cap	Mid-cap	Large-cap	All	Small-cap	Mid-cap	Large-cap	All	Small-cap	Mid-cap	Large-cap	All
Aerospace and defense	14%	5%	2%	10%	4	4	3	4	19%	15%	12%	17%	14%	8%	9%	12%
Airlines	13%	1%	8%	8%	6	4	2	5	17%	10%	7%	14%	10%	7%	6%	9%
Asset management	21%	7%	15%	18%	3	2	2	3	18%	9%	14%	16%	12%	7%	9%	11%
Automotive	18%	5%	2%	13%	4	3	2	4	21%	10%	12%	17%	13%	7%	8%	11%
Banking and capital markets	14%	5%	2%	12%	3	3	2	3	16%	10%	8%	14%	12%	8%	6%	11%
Biotechnology	13%	11%	3%	12%	4	4	3	4	16%	15%	8%	15%	11%	9%	7%	10%
Chemicals	17%	4%	1%	11%	4	3	2	4	20%	9%	7%	15%	14%	7%	6%	11%
Construction	15%	2%	n/a	12%	4	4	n/a	4	15%	28%	n/a	18%	11%	11%	n/a	11%
Consumer products	23%	11%	5%	17%	4	3	2	4	25%	16%	14%	21%	16%	13%	10%	14%
Diversified industrial products	11%	5%	5%	9%	4	3	2	4	19%	10%	10%	16%	13%	8%	8%	11%
Govt, public sector and NFP	25%	100%	n/a	30%	4	2	n/a	4	24%	51%	n/a	26%	17%	50%	n/a	19%
Hospitality and leisure	15%	8%	5%	12%	5	4	3	5	22%	13%	12%	19%	14%	9%	8%	12%
Insurance	17%	4%	5%	12%	4	4	2	4	26%	10%	13%	19%	17%	7%	10%	13%
Media and entertainment	36%	28%	13%	31%	4	4	2	4	39%	36%	33%	37%	27%	27%	28%	27%
Mining and metals	9%	3%	1%	8%	3	3	3	3	18%	14%	8%	17%	12%	13%	7%	12%
Oil and gas	14%	5%	4%	10%	4	3	2	4	22%	12%	9%	17%	15%	9%	7%	13%
Other transportation	18%	8%	5%	15%	4	3	3	3	23%	9%	9%	19%	17%	6%	7%	14%
Pharmaceuticals	18%	5%	1%	15%	5	4	2	4	16%	11%	7%	15%	12%	8%	6%	11%
Power and utilities	9%	2%	1%	4%	3	3	2	3	13%	8%	6%	10%	10%	7%	5%	8%
Prof Firms and services	19%	5%	6%	17%	5	4	1	5	20%	11%	8%	19%	14%	8%	8%	13%
Provider care	16%	13%	1%	15%	4	3	2	4	19%	22%	6%	19%	12%	21%	6%	14%
Real estate	10%	7%	5%	9%	4	5	4	4	14%	14%	9%	14%	9%	9%	7%	9%
Retail and wholesale	20%	12%	6%	17%	4	3	3	4	23%	17%	11%	20%	15%	13%	9%	14%
Technology	15%	8%	7%	13%	4	4	2	4	18%	16%	10%	17%	12%	12%	8%	12%
Telecommunications	17%	10%	4%	14%	4	4	2	4	23%	15%	7%	20%	14%	9%	7%	12%

Investor views through shareholder proposals

2012 vote results for shareholder-sponsored proposals

Industry sectors	Small-cap		Mid-cap		Large-cap		All companies	
	Average support	Number voted	Average support	Number voted	Average support	Number voted	Average support	Number voted
Aerospace and defense	84%	1	71%	2	32%	11	41%	14
Airlines	48%	1	30%	2	27%	2	33%	5
Asset management	43%	1	n/a	n/a	n/a	n/a	43%	1
Automotive	24%	5	63%	3	41%	11	40%	19
Banking and capital markets	48%	9	53%	11	23%	30	34%	50
Biotechnology	5%	1	39%	3	44%	8	39%	12
Chemicals	13%	1	71%	3	40%	8	46%	12
Construction	n/a	n/a	35%	1	n/a	n/a	35%	1
Consumer products	10%	3	45%	13	30%	23	33%	39
Diversified industrial products	52%	6	64%	8	32%	15	45%	29
Govt, public sector and NFP	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Hospitality and leisure	35%	3	58%	3	36%	5	42%	11
Insurance	n/a	n/a	47%	4	16%	6	28%	10
Media and entertainment	16%	1	50%	3	31%	11	34%	15
Mining and metals	45%	1	35%	2	36%	2	37%	5
Oil and gas	n/a	n/a	46%	9	36%	38	38%	47
Other transportation	n/a	n/a	44%	1	26%	4	30%	5
Pharmaceuticals	77%	1	19%	7	33%	31	31%	39
Power and utilities	15%	2	33%	19	22%	22	27%	43
Prof firms and services	63%	6	40%	4	n/a	n/a	54%	10
Provider care	58%	3	66%	2	39%	3	53%	8
Real estate	45%	7	28%	4	65%	4	46%	15
Retail and wholesale	36%	7	50%	10	22%	27	31%	44
Technology	67%	7	63%	4	33%	28	42%	39
Telecommunications	41%	2	26%	7	29%	13	29%	22

¹The companies comprising the 2007 and 2012 data sets are not the same as they represent companies in the Russell 3000 index at the time of their 2012 and 2007 meetings. The specific set of companies covered in different sections of the report may vary based on the applicability of the topic to the company or availability of data (e.g., some companies may not compensate their employees directly).

²Ernst & Young defined industry groups.

³Data on classified boards is based on the structure in place at the time of the 2007 and 2012 annual meetings. Amendments effective at the time of the meeting (assuming passage of proposal, if applicable) are considered. Boards in transition from staggered to annual elections for the full board are considered declassified, though not all directors may yet be subject to annual elections.

⁴Data on majority voting policies in director elections is based on the structure in place at the time of the 2007 and 2012 annual meetings, based on proxy statement disclosures. These disclosures vary, and in some cases appear to contradict existing bylaw and/or voting options on proxy ballots (e.g., majority voting requirement combined with only option to vote for or withhold on the proxy ballot). Amendments effective at the time of the meeting (assuming passage of proposal, if applicable) are considered. Companies that have director resignation policies in connection with plurality voting standards, but have not amended their charter/bylaws to provide for majority voting, are not included.

⁵In cases where a board has two independent board chairs or lead or presiding directors, they are treated as one for the purpose of counting the number of companies with these structures in place.

⁶SEC Release No. 34-68640; File No. SR-NASDAQ-2012-109 and SEC Release No. 34-68639; File No. SR-NYSE-2012-49

⁷“Key committees” refers to the standing subcommittees of the board charged with the audit, compensation and nominating functions. Committees that comprise the full board are not considered to be separate subcommittees. In a limited number of cases, companies may combine the compensation and nominating functions into one committee; for purposes of this report these are treated as separate committees.

⁸Age generally is as of meeting date; may vary based on actual birth date. Tenure is based on the year of the annual meeting less the year the director joined the board.

⁹Board service includes membership on boards of publicly traded companies, including those outside of the US. Service on multiple funds within a family of funds is considered as a single board seat. Service on boards of foundations, non-profits, universities or associations is not included.

¹⁰While nearly all companies provided disclosure on the number of meetings held, not all did. Board and key committee meeting counts include regular and special meetings, in-person and telephonic meetings; actions by written consent were excluded.

¹¹Board pay is generally based on the amount disclosed in the “total” column of the Director Compensation Table, which includes cash fees for board and committee service, grant date value of equity compensation, and any other compensation paid. Data has not been included for any director new to the board and not yet compensated or who has elected not to receive compensation.

¹²Pay data is based on disclosures for three fiscal years prior to the company’s annual meeting in 2012 or as available. For example, companies that recently became public may have fewer than three fiscal years of data available. Data does not include companies which do not directly compensate the named executive officers,

nor does it include foreign private issuers which do not provide full disclosure on compensation practices. For the purpose of the study, only one individual is considered CEO for each company; in cases where a company has a “co-CEO” structure, the highest paid or the longest serving individual is considered CEO and the other individual is considered an “other NEO.” In cases where there is a change in the CEO or CFO during the fiscal year, the individual who serves in that capacity for the greater part of the year is designated as the CEO or the CFO for that year.

¹³Executive compensation reported in median. Some companies may provide compensation in areas where the value at the median is reported as \$0; \$0 represents the midpoint of the data sample.

¹⁴Pension and deferred compensation generally are included in estimates of potential payouts under events such as a change in control and termination without cause, but practices may vary by company.

¹⁵Data reflects the businesses as they stood during that year (i.e., does not take into account any acquisitions that may have taken place after the meeting date).

¹⁶Significant shareholders include any owners of 5% or more of stock, including any insiders.

¹⁷Vote results are calculated based on votes cast for and against the proposal excluding abstentions and broker non-votes. For shareholder proposals, this is the standard for determining eligibility for resubmission of a proposal defined by the SEC and as a result the standard for assessing support for shareholder resolutions.

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