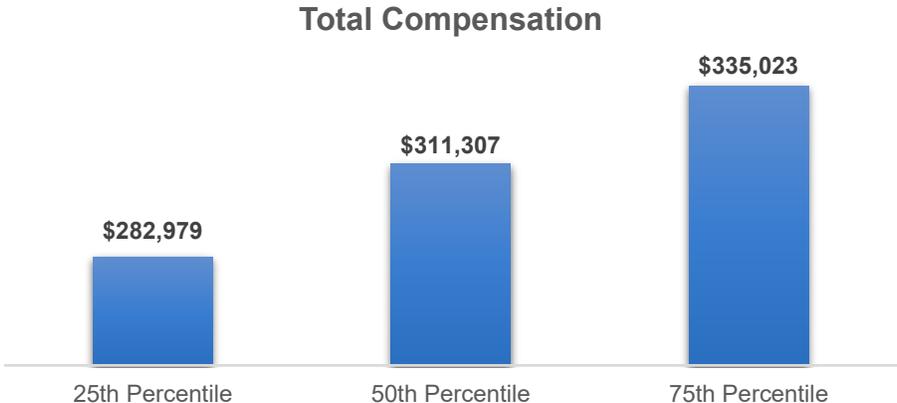


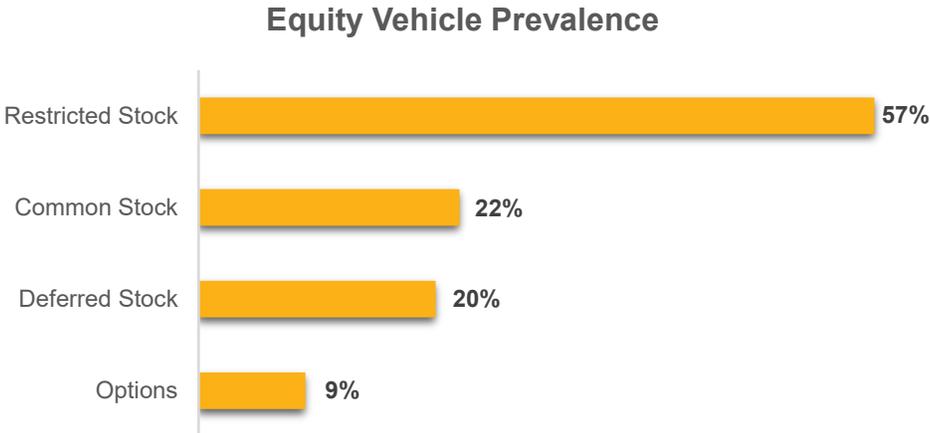
S&P 500 Outside Director Compensation Analysis Insights

Meridian’s S&P 500 Outside Director Compensation Analysis offers insights into director compensation programs at the largest U.S. public corporations (with median revenue of \$12.8 billion and median market cap of \$28.5 billion). Data is based on the most recent proxy filings. The full insights can be downloaded by clicking on the “Download Insight as a PDF” on this page. Highlights of the analysis are outlined below:

- **Total Compensation:** Median average total director compensation was \$311,307. However, there is a relatively narrow range of just over \$50,000 between the 25th and 75th percentiles of director compensation.



- **Pay Mix:** Director compensation packages are weighted more toward equity than cash, with 60% of compensation delivered in the form of equity.
- **Annual Equity Grants:** Nearly all (98%) companies provide some type of annual equity award to outside directors. Typically, equity awards are granted using full-value shares as opposed to stock options.



Note: Sum of Equity Vehicle Prevalence is greater than 100% due to some companies granting multiple forms of equity

— RSUs typically vest 1 year after the grant date.

- **Timing of Equity Grants:** 69% of companies grant equity on or around the annual meeting. A small minority (9%) of companies grant equity quarterly, while the remaining companies grant equity at other times.
- **Board Meeting Fees:** The use of board meeting fees has declined considerably over the last decade or more with only 8% of the S&P 500 providing per meeting fees to directors.
- **Committee Meeting Fees:** Committee meeting fees are similarly rare and have been replaced, in some cases, by committee retainers. Currently, 40% of companies pay a retainer for committee membership.



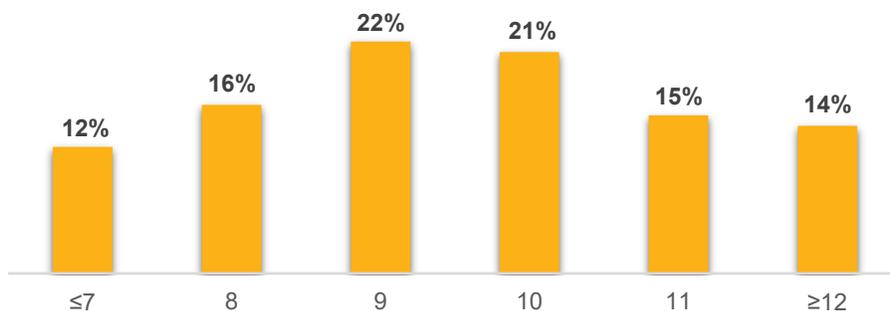
- **Committee Chair Retainers:** It is nearly universal (95%) for S&P 500 companies to pay incremental leadership fees to directors that Chair one of the three most common committees – Audit, Compensation and Nominating & Governance.

Median Committee Chair Additional Retainers



- **Board Leadership Additional Pay:** 90% of Lead Independent Directors and 94% of Non-Executive Chairs receive incremental leadership fees for board leadership roles. Median incremental compensation paid to lead directors is \$40,000, while median incremental compensation paid to non-executive chairs is \$170,000.
- **Stock Ownership Guidelines:** 96% of companies disclose stock ownership guidelines for outside directors, most often expressed as a multiple of the cash board retainer (typically 5x); the most typical time allotted for achievement is 5 years. The median value of stock ownership guidelines is \$500,000.
- **Holding Requirements:** Of companies with stock ownership guidelines, 39% also require directors to hold a percentage of stock awarded with “hold until met” (i.e., hold until ownership requirement is met) as the most prevalent holding requirement.
- **Board and Committee Composition:** Median number of outside directors is nine, with four members typically serving on each of the Audit, Compensation and Nominating & Governance Committees.

Number of Outside Directors



- **Gender Diversity:** All boards include at least one female director on their board, with the median number of female directors being three.

This survey was co-authored by Christopher Power, Carrie Guenther and Tyler Papineau. Questions and comments should be directed to Mr. Power (cpower@meridiancp.com), Ms. Guenther (cguenther@meridiancp.com) or Mr. Papineau (tpapineau@meridiancp.com).