

KFMC¹⁰⁰

What's new among high performing
companies in North America.

KORN FERRY
Institute

THE KORN FERRY MARKET CAP 100 2015

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INTRODUCTION

A changing of the guard, or more of the same?

Over the past five years, the Korn Ferry Market Cap 100 (KFMC¹⁰⁰) has tracked extensive demographic and professional data on the boards of directors of the largest companies in the US. Over the last few years, a strong push to modernize and innovate in the boardroom is evident. As recently as 2012, there still existed a board without a single female director, and only 37% of boards had three or more female directors. After incorporating the Class of 2015, however, every single board in the KFMC¹⁰⁰ has at least one female director, and 60% of KFMC¹⁰⁰ boards have three or more female directors. The average director is also getting younger. In the Class of 2015, only 32% of directors are age 60 or older, compared to 47% in the Class of 2012.*

While certain demographics are trending in a direction more representative of the American workforce, other categories continue to lag or have fallen behind. Class of 2015 directors are still overwhelmingly white (83%), male (71%), and American (90%). Hispanic-, African-, and Asian-Americans are still significantly underrepresented on the boards analyzed, with percentages stagnant in the single digits. Despite an overall increase in boards with strong female representation, only 29% of the new directors in the Class of 2015 are female, a 4% increase over the Class of 2011. The ratio of American to Non-American board members is also at its most extreme in the last five years, with only 10% of new directors hailing from outside of the US.

Looking beyond simple demographics, the question of innovation remains a hot topic in the boardroom. When looking at past work experience among Class of 2015 directors, 78% have previous experience as a corporate director- a 34% increase over the Class of 2011. This begs the question: who will provide the most value to a board? A seasoned director familiar with the landscape and inner workings of the corporate world, or an inexperienced director who might bring a new perspective to a board in need of a fresh pair of eyes?

Lead Directors have become more common and are being paid more for the specialized responsibilities they take on. In this year's report, Korn Ferry will be examining trends in the Lead Director role and sharing perspectives from conversations with several prominent Lead Directors, including noteworthy Lead Director Glenn Tilton. We welcome the opportunity to discuss the insights outlined in this year's report or any other questions you and your company may have around building a high performing board.

About the Korn Ferry Board Practice

The Korn Ferry Board Practice has recruited Board directors for more than 40 years. Our dedicated team is committed to improving board governance practices worldwide. Our offering includes Board Director Search, Succession Planning and Assessment, Board Effectiveness and Executive Compensation.

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*2012 is the first year Director Age was tracked for new directors specifically.

EXPANDING THE ROLE OF THE LEAD DIRECTOR.

The Korn Ferry CEO and Board Practice and its research arm, the Korn Ferry Institute, is focused on “high performance” — of CEOs, Boards, Chairpersons, and Lead Directors — as well as exceptional best practices around talent management. While we have strong opinions on the common characteristics, every year we look at the Market Cap 100 to see if we can uncover evolving trends to highlight as well as stimulate new research projects to see if these trends link to improved performance and best practices we should share with you.

Lead Director as Ex Officio Committee Member

One significant trend noted by Korn Ferry is the installation of the Lead Director as an ex officio member of all committees. Such a strategy gives the Lead Director full access to all aspects of the company and enables them to fulfill their role as an independent advisor to the Chairperson and CEO to the fullest extent. Glenn Tilton, former CEO of United Airlines and Lead Director of AbbVie and Phillips 66, reflected on the improved information flow: “I was on a call recently for Phillips 66 to review quarterly earnings as an ex officio member of the Audit and Finance committee. I get all the documentation from all the committees for review, as if I was a member. For a Lead Director not to be getting the information flow into Audit and Finance would seem to be a significant miss for the Lead Director... If you think about it, it's practical. I'm hard pressed to think of a disadvantage.”

Korn Ferry has identified a number of best practices that will enable boards to successfully implement and/or strengthen a Lead Director role and utilize the maximum potential of their independent perspective. In order to attract and retain the best Lead Director candidates, however, companies must be able to identify them, compensate them, evaluate them, and plan for their succession.

Identify

Before the search for a Lead Director even begins, boards must realize that this new “type” of Lead Director — with the associated increase in responsibility and level of integration into the leadership team — is likely to stick around longer than a traditional Director. This increased tenure makes selecting the best candidate that much more important. Ideally, boards should have an effective evaluation system that will identify potential candidates early on, enabling leadership to groom a member of the board for this leadership position. Especially in the situation when multiple directors or inappropriate directors believe themselves to be the best candidate for the Lead Director position, this process can create incredible tension within the board if not done carefully.

Compensate

Boards must also recognize the additional workload encountered by a Lead Director in this new expanded role. Once the best Lead Director has been identified and elevated to the role, they must be compensated accordingly. As a general trend, Lead Directors already tend to receive a higher retainer than other directors (see: “The Increasing Cost of Good Governance”), though the additional compensation tends to be minimal. As companies plan to expand the role of the Lead Director, we believe an additional retainer over the standard board compensation is appropriate to support an enhanced role.

“Companies are realizing the amount of work involved in being the Lead Director in the current governance environment, and slowly, without drawing too much attention to it, they are increasing the Lead Director’s pay.”

Irv Becker, North America leader for executive pay and governance at Korn Ferry Hay Group

Evaluate

While all boards should have a robust evaluation process in place to both optimize function and identify potential board leaders, this evaluation process should be extended to scrutinize the performance of the Lead Director. As a matter of practice, the Lead Director, as the ranking independent member of the board, is in the best position to oversee a constructive and meaningful evaluation process. Especially as more and more boards add the Lead Director as an ex officio member of all committees, the Lead Director has a unique perspective to manage this process. However, one of the most important positions on the board to evaluate is the Lead Director him- or herself, so the process should include a mechanism for an objective and thorough review — for example, an anonymous survey. While boards should be evaluated at least annually due to member turnover, the longer tenure of the Lead Director can accommodate a longer evaluation interval of two years.

Succession

Lastly, boards with an enhanced Lead Director role must have in place a process by which a successor to the Lead Director is determined. Just as boards have in place policies to ensure a smooth succession for the Chairperson and CEO role, the elevated role of the Lead Director requires similar attention. And, given that many of the characteristics that make a strong Lead Director come with the experience of a storied career in corporate leadership, Lead Directors tend to be older than their non-leadership counterparts (the average age of all Directors in the 2015 KFC¹⁰⁰ is 63, whereas the average age of a Lead Director is 68). Therefore, retirement is likely to be closer on the horizon and succession must be planned accordingly. Whereas the Lead Director has recently been the logical choice for Chair of the Nominating and Governance Committee, the new trend of having the Lead Director as an ex officio member of all committees necessitates a different Nom/Gov Chair. Therefore, the logical line of succession is Director to Nom/Gov Chairperson to Lead Director. While this is not a hard and fast rule, the responsibilities of the Nom/Gov Chairperson provide a venue well suited to test the strengths of a potential board leader.

Every company has its own unique challenges, and no one leadership structure will work for all organizations. However, the idea of having strong, independent board leadership is one that transcends the details of exactly how that leadership is structured. We welcome the opportunity to discuss the insights outlined in this year's report or any other questions you and your company may have around building a high performing board.

The Increasing Cost of Good Governance.

Over the past five years, director compensation has seen significant growth. The average board retainer among S&P 500 companies has increased 40% since 2010 and 98% since 2005. Similarly, the number of directors receiving extra compensation for leadership roles has also increased; 63% of lead or presiding directors receive additional compensation for that role, compared to 51% in 2011.

Korn Ferry Hay Group studied the 300 largest companies that filed a final definitive proxy statement between May 1, 2015 and April 30, 2016. The number of companies with additional Lead Director compensation stands at 190 (63.3%), compared to 184 (61.3%) in 2014 and 182 (60.7%) in 2013. Among those firms paying the Lead Director an additional fee, median additional compensation in 2015 was \$30,000 — up from \$25,000 in both 2014 and 2013.

While these jumps in compensation can be at least partially explained by an increased workload among all directors, the fact is that Lead Directors have been taking on more responsibility and a key role in improving board effectiveness — which surely merits additional compensation. “Companies are realizing the amount of work involved in being the lead director in the current governance environment, and slowly, without drawing too much attention to it, they are increasing the Lead Director’s pay,” says Irv Becker, North America leader for executive pay and governance at Korn Ferry Hay Group.

For additional information about trends in board compensation, contact Irv Becker at irv.becker@kornferry.com.





APPENDIX A: THE KFMC¹⁰⁰ COMPANIES.

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Sixteen companies joined the ranks of the KFMC¹⁰⁰ in 2015, including food products company Kraft Heinz, which resulted from the merge of Kraft Foods and Heinz, and PayPal, which was spun off from eBay. Google remains on the list, but was restructured as Alphabet.

Schlumberger Limited
The Kraft Heinz Company
Reynolds American Inc.
Simon Property Group, Inc.
BlackRock, Inc.
Enterprise Products Partners L.P.
The TJX Companies, Inc.
Target Corporation

Adobe Systems Incorporated
PayPal Holdings, Inc.
The Southern Company
Kimberly-Clark Corporation
The Bank of New York Mellon Corporation
The PNC Financial Services Group, Inc.

KFMC¹⁰⁰ MARKET CAPITALIZATION.

The KFMC¹⁰⁰ companies had a median market capitalization of \$81.2 billion on May 1, 2016 after the close of most companies' fiscal year. Exactly 42% of companies were valued at \$100 billion or more.

Market Cap	Percentage of Companies
\$40 billion – \$59.99 billion	33
\$60 billion – \$79.99 billion	15
\$80 billion – \$99.99 billion	10
\$100 billion – \$149.99 billion	17
\$150 billion – \$199.99 billion	9
\$200 billion and over	16

INDUSTRY SECTORS REPRESENTED.

Sector	Companies
Basic Materials	9
Conglomerates	3
Consumer Goods	15
Financial	15
Healthcare	12
Industrial goods	5
Services	20
Technology	16
Utilities	5

THE KORN FERRY MARKET CAP 100.

The KFC¹⁰⁰ companies ranked in order of market capitalization as of the close of markets on May 1, 2016.

Rank	Company	Market Cap	Industry
1	Apple Inc. Nasdaq-GS: AAPL	\$512,906.1	Computer Hardware
2	Alphabet Inc. Nasdaq-GS: GOOG	\$485,084.5	Internet Software and Services
3	Microsoft Corporation Nasdaq-GS: MSFT	\$397,818.2	Systems Software
4	Exxon Mobil Corporation NYSE: XOM	\$369,911.0	Integrated Oil and Gas
5	Berkshire Hathaway Inc. NYSE: BRK	\$361,847.3	Multinational Conglomerate Holding Company
6	Facebook, Inc. Nasdaq-GS: FB	\$339,146.3	Social Media
7	Amazon.com, Inc. Nasdaq-GS: AMZN	\$322,659.6	Internet Retail
8	Johnson & Johnson NYSE: JNJ	\$311,002.8	Pharmaceuticals
9	General Electric Company NYSE: GE	\$286,817.7	Industrial Conglomerates
10	Wells Fargo & Company NYSE: WFC	\$255,846.1	Diversified Banks
11	AT&T Inc. NYSE: T	\$240,699.6	Integrated Telecommunication Services

Rank	Company	Market Cap	Industry
12	JPMorgan Chase & Co. NYSE: JPM	\$233,228.1	Other Diversified Financial Services
13	The Procter & Gamble Company NYSE: PG	\$215,530.1	Household Products
14	Wal-Mart Stores, Inc. NYSE: WMT	\$212,149.6	Hypermarkets and Super Centers
15	Verizon Communications Inc. NYSE: VZ	\$209,195.1	Integrated Telecommunication Services
16	Pfizer Inc. NYSE: PFE	\$203,093.6	Pharmaceuticals
17	Chevron Corporation NYSE: CVX	\$194,708.6	Integrated Oil and Gas
18	The Coca-Cola Company NYSE: KO	\$194,592.4	Soft Drinks
19	Visa Inc. NYSE: V	\$187,119.8	Data Processing and Outsourced Services
20	The Walt Disney Company NYSE: DIS	\$170,270.7	Movies and Entertainment
21	The Home Depot, Inc. NYSE: HD	\$170,265.6	Home Improvement Retail
22	Oracle Corporation Nasdaq-GS: ORCL	\$167,239.4	Systems Software
23	Merck & Co., Inc. NYSE: MRK	\$153,165.0	Pharmaceuticals
24	Philip Morris International Inc. NYSE: PM	\$152,892.6	Tobacco
25	Bank of America Corporation NYSE: BAC	\$151,716.2	Other Diversified Financial Services
26	PepsiCo, Inc. NYSE: PEP	\$149,396.1	Soft Drinks
27	Comcast Corporation Nasdaq-GS: CMCSA	\$148,617.1	Cable and Satellite
28	Intel Corporation Nasdaq-GS: INTC	\$144,399.7	Semiconductors
29	International Business Machines Corporation NYSE: IBM	\$139,453.7	IT Consulting and Other Services
30	Cisco Systems, Inc. Nasdaq-GS: CSCO	\$137,729.2	Communications Equipment
31	Citigroup Inc. NYSE: C	\$137,002.5	Other Diversified Financial Services
32	UnitedHealth Group Incorporated NYSE: UNH	\$125,522.7	Managed Healthcare
33	Altria Group, Inc. NYSE: MO	\$123,518.3	Tobacco
34	Bristol-Myers Squibb Company NYSE: BMY	\$120,123.4	Pharmaceuticals

Rank	Company	Market Cap	Industry
35	Gilead Sciences, Inc. Nasdaq-GS: GILD	\$119,972.0	Biotechnology
36	Amgen Inc. Nasdaq-GS: AMGN	\$119,436.0	Biotechnology
37	McDonald's Corporation NYSE: MCD	\$112,517.9	Restaurants
38	CVS Health Corporation NYSE: CVS	\$111,696.5	Drug Retail
39	Schlumberger Limited NYSE: SLB	\$110,398.7	Oil and Gas Equipment and Services
40	Mastercard Incorporated NYSE: MA	\$107,419.6	Data Processing and Outsourced Services
41	3M Company NYSE: MMM	\$102,100.7	Industrial Conglomerates
42	Nike, Inc. NYSE: NKE	\$100,392.6	Footwear
43	AbbVie Inc. NYSE: ABBV	\$99,393.7	Pharmaceuticals
44	The Kraft Heinz Company Nasdaq-GS: KHC	\$96,631.9	Food Products
45	United Parcel Service, Inc. NYSE: UPS	\$92,577.0	Air Freight and Logistics
46	Honeywell International Inc. NYSE: HON	\$87,391.8	Aerospace and Defense
47	United Technologies Corporation NYSE: UTX	\$87,343.7	Aerospace and Defense
48	Walgreens Boots Alliance, Inc. NYSE: WBA	\$87,024.6	Drug Retail
49	The Boeing Company NYSE: BA	\$85,365.9	Aerospace and Defense
50	Starbucks Corporation Nasdaq-GS: SBUX	\$84,026.7	Restaurants
51	Celgene Corporation Nasdaq-GS: CELG	\$81,306.5	Biotechnology
52	Eli Lilly and Company NYSE: LLY	\$80,991.7	Pharmaceuticals
53	QUALCOMM Incorporated Nasdaq-GS: QCOM	\$75,076.3	Communications Equipment
54	U.S. Bancorp NYSE: USB	\$74,424.0	Diversified Banks
55	Union Pacific Corporation NYSE: UNP	\$74,111.9	Railroads
56	The Goldman Sachs Group, Inc. NYSE: GS	\$72,653.9	Investment Banking and Brokerage
57	Lockheed Martin Corporation NYSE: LMT	\$71,009.9	Aerospace & Defense

Rank	Company	Market Cap	Industry
58	Reynolds American Inc. NYSE: RAI	\$70,838.9	Tobacco
59	Mondelēz International, Inc. Nasdaq-GS: MDLZ	\$68,771.8	Packaged Foods
60	Lowe's Companies, Inc. NYSE: LOW	\$68,331.0	Home Improvement Retail
61	The Priceline Group Inc. Nasdaq-GS: PCLN	\$67,343.0	Internet Retail
62	Danaher Corporation NYSE DHR	\$67,072.0	Industrial Machinery
63	Costco Wholesale Corporation Nasdaq-GS: COST	\$66,263.6	Hypermarkets and Super Centers
64	Colgate-Palmolive Company NYSE: CL	\$64,627.7	Household Products
65	American International Group, Inc. NYSE: AIG	\$63,326.0	Multi-line Insurance
66	Simon Property Group, Inc. NYSE: SPG	\$63,282.2	Commercial Real Estate
67	American Express Company NYSE: AXP	\$62,463.9	Consumer Finance
68	Biogen Inc. Nasdaq-GS: BIIB	\$59,952.2	Biotechnology
69	BlackRock, Inc. NYSE: BLK	\$59,710.4	Investment Management
70	Time Warner Inc. NYSE: TWX	\$59,304.4	Movies and Entertainment
71	The Dow Chemical Company NYSE: DOW	\$59,116.9	Diversified Chemicals
72	Occidental Petroleum Corporation NYSE: OXY	\$58,296.3	Integrated Oil and Gas
73	Texas Instruments Incorporated NYSE: TXN	\$58,154.2	Semiconductors
74	Twenty-First Century Fox, Inc. Nasdaq-GS: FOX	\$58,133.7	Media Content
75	ConocoPhillips NYSE: COP	\$57,916.1	Integrated Oil and Gas
76	E.I. du Pont de Nemours and Company NYSE: DD	\$57,712.9	Commodity Chemicals
77	Thermo Fisher Scientific Inc. NYSE: TMO	\$57,643.7	Medical Equipment/Devices
78	Abbott Laboratories NYSE: ABT	\$57,090.8	Pharmaceuticals
79	NextEra Energy, Inc. NYSE: NEE	\$54,476.4	Electric Utilities and Renewable Energy

Rank	Company	Market Cap	Industry
80	Duke Energy Corporation NYSE: DUK	\$54,381.5	Electric Utilities and Natural Gas Distribution
81	Ford Motor Company NYSE: F	\$54,110.0	Automobile Manufacturers
82	Morgan Stanley NYSE: MS	\$52,873.8	Investment Banking and Brokerage
83	salesforce.com, inc. NYSE: CRM	\$52,409.0	Software
84	Enterprise Products Partners L.P. NYSE: EPD	\$52,331.6	Natural Gas and Crude Oil Pipelines
85	EMC Corporation NYSE: EMC	\$51,656.9	Computer Storage and Peripherals
86	The TJX Companies, Inc. NYSE: TJX	\$51,549.6	Retail
87	MetLife, Inc. NYSE: MET	\$50,452.3	Life and Health Insurance
88	General Motors Company NYSE: GM	\$48,881.9	Automobile Manufacturers
89	Target Corporation NYSE: TGT	\$47,749.0	Broadline Retail
90	Adobe Systems Incorporated Nasdaq-GS: ADBE	\$47,469.9	Software
91	PayPal Holdings, Inc. Nasdaq-GS: PYPL	\$47,293.3	Internet Software and Services
92	Express Scripts Holding Company Nasdaq-GS: ESRX	\$46,567.3	Healthcare Services
93	The Southern Company NYSE: SO	\$46,276.4	Power and Energy
94	EOG Resources, Inc. NYSE: EOG	\$45,519.6	Oil, Gas and Coal
95	Caterpillar Inc. NYSE: CAT	\$45,448.3	Construction and Farm Machinery and Heavy Trucks
96	Kimberly-Clark Corporation NYSE: KMB	\$45,095.2	Personal Care
97	FedEx Corporation NYSE: FDX	\$44,985.1	Delivery Services
98	American Tower Corporation NYSE: AMT	\$44,802.2	Wireless and Broadcast Infrastructure
99	The Bank of New York Mellon Corporation NYSE: BK	\$43,912.7	Financial Services
100	The PNC Financial Services Group, Inc. NYSE: PNC	\$43,867.1	Regional Banks



APPENDIX B:
THE KFMC¹⁰⁰ CLASS OF 2015
DIRECTOR PROFILES.

APPENDIX B: THE KPMC¹⁰⁰ CLASS OF 2015 DIRECTOR PROFILES.

Information in this section, unless otherwise noted, refers to publicly available data on the 103 directors who have newly joined the KPMC¹⁰⁰ Class of 2015. Historical comparisons do not evaluate the same 100 companies each year, as the composition of the KPMC¹⁰⁰ varies slightly from year to year.

GOVERNANCE EXPERIENCE.

Class of 2015	
First-time directors	22%
Experienced directors	78%

Historical comparison	2011	2012	2013	2014	2015
First-time directors	42%	27%	27%	25%	22%
Experienced directors	58%	27%	87%	75%	78%

CEO EXPERIENCE.

Class of 2015	
Past or present CEO experience with a public company	63%
No past or present CEO experience with a public company	37%

PROFESSIONAL EXPERIENCE.

Class of 2015*	
Same-industry experience	45%
Finance/Audit	57%
COO/Operations	19%
Public policy/Government	16%
Academic research	6%
Marketing/Sales	18%
Academic administration	6%
Technology	26%
Legal	5%

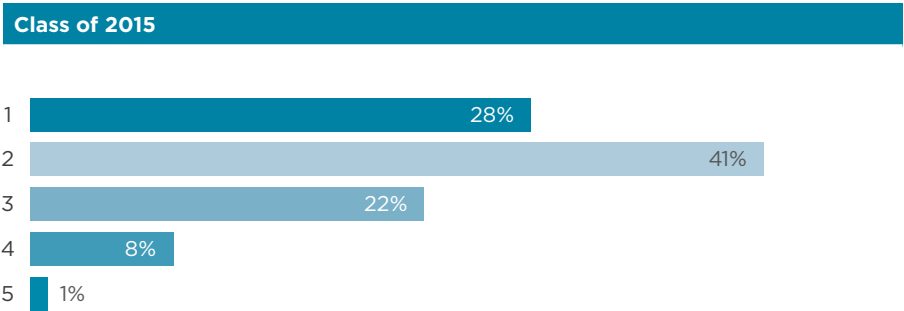
*Reported for 100 new board members; details for 3 directors of Enterprise Products Partners L.P. not available.

AGE OF DIRECTORS.

Class of 2015	2015
70 and older	2%
65 to 69	14%
60 to 64	29%
55 to 59	28%
50 to 54	19%
49 and younger	8%

Historical comparison	2012	2013	2014	2015
70 and older	2%	3%	6%	2%
65 to 69	20%	16%	11%	14%
60 to 64	25%	25%	14%	29%
55 to 59	27%	33%	28%	28%
50 to 54	16%	20%	25%	19%
49 and younger	10%	3%	16%	8%

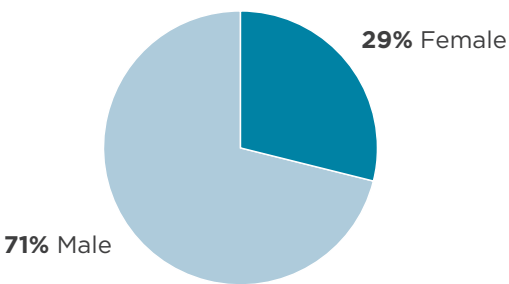
NUMBER OF BOARDS SERVED AMONG DIRECTORS.



Historical comparison	2011	2012	2013	2014	2015
1	41%	35%	26%	46%	28%
2	33%	38%	36%	29%	41%
3	21%	19%	23%	17%	22%
4	2%	4%	9%	5%	8%
5	2%	1%	5%	3%	1%

GENDER BALANCE.

Class of 2015



Historical comparison

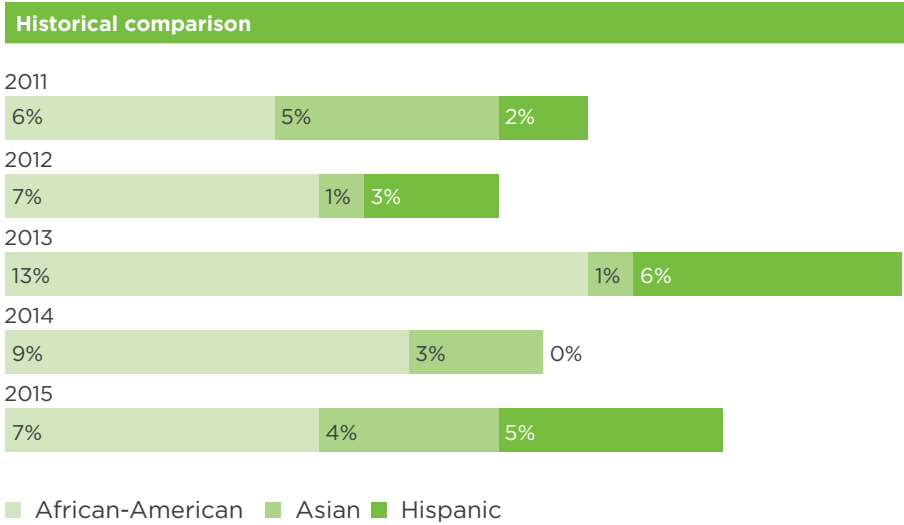


Male Female

DEMOGRAPHICS OF KFMC¹⁰⁰ DIRECTORS.

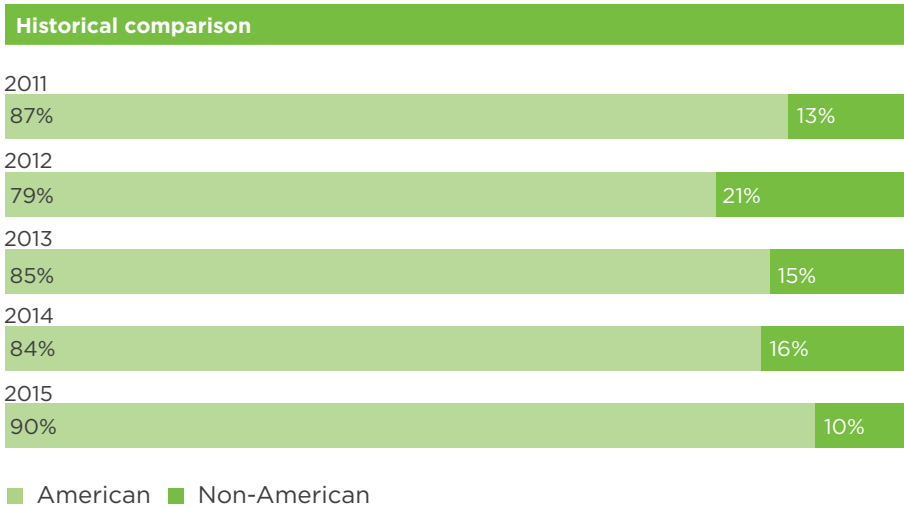
Class of 2015*	Seats newly filled in FY15	Incumbents' seats
African-American	7%	8%
Asian	4%	2%
Hispanic	5%	2%

*Ethnicity information was available for 103 of the new directors and 1,161 of the incumbent directors.



NATIONALITY OF KFMC¹⁰⁰ DIRECTORS.

Class of 2015	American	Non-American
Seats newly filled in FY15	90%	10%
Incumbents' seats	87%	13%







MEMBERS OF
THE CLASS OF 2015.

MEMBERS OF THE CLASS OF 2015.

Alistair Darling

New board
Morgan Stanley (NYSE:MS)
Profile
Former Chancellor of the
Exchequer for the U.K.

Anthony J. Vincierra

New board
QUALCOMM Incorporated
(Nasdaq-GS:QCOM)
Profile
Senior Advisor,
Texas Pacific Group
Other board(s)
DirecTV

Bertram L. Scott

New board
Lowe's Companies, Inc.
(NYSE:LOW)
Profile
Senior Vice President, Population
Health and Value Based Care,
Novant Health
Other board(s)
AXA Financial Inc.; Becton,
Dickinson and Co.

Brett J. Hart

New board
AbbVie Inc. (NYSE:ABBV)
Profile
Executive Vice President and
General Counsel, United Continental
Holdings, Inc.

Brian C. Rogers

New board
United Technologies Corporation
(NYSE:UTX)
Profile
Chairman, T. Rowe Price Group

Bruce A. Carlson

New board
Lockheed Martin Corporation
(NYSE:LMT)
Profile
Commander, Air Force
Materiel Command

C. Martin Harris

New board
Colgate-Palmolive Company
(NYSE:CL)
Profile
Chief Information Officer,
The Cleveland Clinic
Other board(s)
Healthstream Inc.; Invacare Corp.;
Thermo Fisher Scientific

Carin M. Barth

New board
Enterprise Products Partners L.P.
(NYSE:EPD)
Profile
Co-founder and President,
LB Capital Inc.

Cesar Conde

New board
PepsiCo, Inc. (NYSE:PEP)
Profile
Chairman, NBCUniversal
International Group and
NBCUniversal Telemundo
Enterprises
Other board(s)
Owens Corning

Charles H. Robbins

New board
Cisco Systems, Inc.
(Nasdaq-GS:CSCO)
Profile
CEO, Cisco Systems, Inc.

Charles W. Moorman IV

New board
Duke Energy Corporation
(NYSE:DUK)
Profile
Former Chairman and CEO,
Norfolk Southern Corp.
Other board(s)
Chevron Corp.

Christiana S. Shi

New board
Mondelēz International, Inc.
(Nasdaq-GS:MDLZ)
Profile
President- Direct-to-Consumer,
Nike, Inc.

Daniel R. Hesse

New board
The PNC Financial Services
Group, Inc.
(NYSE:PNC)
Profile
Former President and CEO,
Sprint Corp.

Darren W. Woods

New board
Exxon Mobil Corporation
(NYSE:XOM)
Profile
President, Exxon Mobil
Corporation

David B. Dillon

New board
3M Company (NYSE:MMM)
Profile
Retired Chairman of the Board
and Chief Executive Officer,
The Kroger Co.
Other board(s)
Union Pacific Corporation

David S. Taylor

New board
The Procter & Gamble Company
(NYSE:PG)
Profile
Group President-Global, Beauty,
Grooming and Health Care, The
Procter & Gamble Company

Dennis A. Muilenburg

New board
The Boeing Company
(NYSE:BA)
Profile
Chairman, President and CEO,
The Boeing Company
Other board(s)
Caterpillar Inc.

Dr. Robert D. Hormats

New board
American Tower Corporation
(NYSE:AMT)
Profile
Vice Chairman, Kissinger
Associates Inc.

Donald R. Knauss

New board
Target Corporation
(NYSE:TGT)
Profile
Former Executive Chairman,
The Clorox Company
Other board(s)
Kellogg Co.; McKesson Corp.

Douglas R. Oberhelman

New board
Exxon Mobil Corporation
(NYSE:XOM)
Profile
Chairman and CEO,
Caterpillar Inc.

Elder Granger

New board
Express Scripts Holding Company
(Nasdaq-GS:ESRX)
Profile
Retired U.S. Army Major General;
President and CEO, The 5Ps LLC
Other board(s)
DLH Holdings Corp.

Ellen M. Costello

New board
Citigroup Inc. (NYSE:C)
Profile
Former President, Chief
Executive Officer, BMO
Financial Corporation
Other board(s)
DH Corporation

Ernie L. Herrman

New board
The TJX Companies, Inc. (NYSE:TJX)
Profile
President and CEO, The TJX
Companies, Inc.

Eugene M. McQuade

New board
Citigroup Inc. (NYSE:C)
Profile
Former Vice Chairman, Citigroup
Inc. and Former Chief Executive
Officer, Citibank, N.A.
Other board(s)
XL Group

Fred Hassan

New board
Amgen Inc.
(Nasdaq-GS:AMGN)
Profile
Partner and Managing
Director, Warburg Pincus LLC
Other board(s)
Time Warner Inc.

Fredric G. Reynolds

New board
United Technologies Corporation
(NYSE:UTX)
Profile
Retired Executive Vice President
and Chief Financial Officer, CBS
Corporation
Other board(s)
Hess Corp.;
Mondelēz International, Inc.

Gary M. Rodkin

New board
Simon Property Group, Inc.
(NYSE:SPG)
Profile
Former CEO, ConAgra
Foods Inc.

Gerard J. Arpey

New board
The Home Depot, Inc.
(NYSE:HD)
Profile
Partner, Emerald Creek Group LLC;
Former Chief Executive Officer
of AMR Corporation and
American Airlines
Other board(s)
S.C. Johnson & Son, Inc.

Gordon M. Nixon

New board
BlackRock, Inc.
(NYSE:BLK)
Profile
Former President and CEO,
Royal Bank of Canada
Other board(s)
BCE Inc.; George Weston Ltd.

Gregory D. Wasson

New board
The PNC Financial Services
Group, Inc.
(NYSE:PNC)
Profile
Former President and CEO,
Walgreens Boots Alliance, Inc.
Other board(s)
Verizon Communications Inc.

Gregory G. Weaver

New board
Verizon Communications Inc.
(NYSE:VZ)
Profile
Former Chairman and CEO, Deloitte
& Touche LLP
Other board(s)
Goldman Sachs Trust

Gregory R. Page

New board
3M Company (NYSE:MMM)
Profile
Retired Chairman of the Board
and Chief Executive Officer,
Cargill, Incorporated
Other board(s)
Cargill, Incorporated; Deere & Co.;
Eaton Corp.

Hutham S. Olayan

New board
International Business Machines
Corporation (NYSE:IBM)
Profile
Chief Executive Officer and
President, Olayan America
Corporation
Other board(s)
Morgan Stanley

Jacquelyn A. Fouse, Ph.D.

New board
Celgene Corporation
(Nasdaq-GS:CELG)
Profile
President and Chief Operating
Officer, Celgene Corporation
Other board(s)
Dick's Sporting Goods

James Bell

New board

Apple Inc. (Nasdaq-GS:AAPL)

[Profile](#)

Former President, The Boeing Company

Other board(s)

The Dow Chemical Company;
JPMorgan Chase & Co.; CDW Corp.

Jane H. Lute

New board

Union Pacific Corporation
(NYSE:UNP)

[Profile](#)

Former Chief Executive Officer,
Center for Internet Security

Janet F. Clark

New board

Texas Instruments Incorporated
(NYSE:TXN)

[Profile](#)

Former Executive Vice President
and CFO, Marathon Oil Corp.

Other board(s)

EOG Resources Inc.

Jeffrey W. Ubben

New board

Twenty-First Century Fox, Inc.
(Nasdaq-GS: FOX)

[Profile](#)

CEO, ValueAct Capital

Other board(s)

Willis Group Holding Plc.

Jeffrey W. Henderson

New board

QUALCOMM Incorporated
(Nasdaq-GS:QCOM)

[Profile](#)

Advisory Director, Berkshire
Partners LLC

Other board(s)

Halozyne Therapeutics, Inc.;
FibroGen, Inc.

Jerome B. Abelman

New board

Reynolds American Inc.
(NYSE:RAI)

[Profile](#)

General Counsel and
Management Board Director
of Legal and External Affairs,
British American Tobacco Ltd.

John A. Paulson

New board

American International Group, Inc.
(NYSE:AIG)

[Profile](#)

President and Portfolio Manager,
Paulson & Co. Inc.

J. Chris Inglis

New board

FedEx Corporation (NYSE:FDX)

[Profile](#)

Professor, United States Naval
Academy

Other board(s)

Huntington Bancshares Inc.;
KEYW Corp.

John F. Milligan, Ph.D.

New board

Gilead Sciences, Inc.
(Nasdaq-GS:GILD)

[Profile](#)

President and CEO,
Gilead Sciences, Inc.

John Mulligan

New board

McDonald's Corporation (NYSE:MCD)

[Profile](#)

Executive Vice President
and COO, Target Corporation

John W. Stanton

New board

Costco Wholesale Corporation
(Nasdaq-GS:COST)

[Profile](#)

Founder, Trilogy International
Partners, Inc.

Other board(s)

Columbia Sportswear Co.;
Microsoft Corporation

Joseph J. Echevarria

New board

Pfizer Inc. (NYSE:PFE)

[Profile](#)

Former CEO, Deloitte LLP

Other board(s)

The Bank of New York Mellon
Corporation

Juan R. Luciano

New board

Eli Lilly and Company (NYSE:LLY)

[Profile](#)

Chairman and CEO, Archer
Daniels Midland

Julia A. Haller, M.D.

New board

Celgene Corporation
(Nasdaq-GS:CELG)

[Profile](#)

Ophthalmologist-in-Chief,
Wills Eye Hospital

Karen S Lynch

New board

U.S. Bancorp (NYSE:USB)

[Profile](#)

President, Aetna Inc.

Karl-Ludwig Kley

New board

Verizon Communications Inc.
(NYSE:VZ)

[Profile](#)

Chairman and CEO,
Merck KGaA

Other board(s)

BMW AG; Deutsche
Lufthansa AG

Laura J. Sen

New board

EMC Corporation
(NYSE:EMC)

[Profile](#)

Non-Executive Chairman, BJ's
Wholesale Club Inc.

Laurie Z. Douglas

New board

Lowe's Companies Inc.
(NYSE:LOW)

[Profile](#)

Senior Vice President, Chief
Information Officer, and Chief
Security Officer, Publix Super
Markets Inc.

Leonard D. Schaeffer

New board

Walgreens Boots Alliance, Inc.
(NYSE:WBA)

[Profile](#)

Judge Robert Maclay
Widney Chair and Professor,
University of Southern California

Other board(s)

scPharmaceuticals, Inc.;
Quintiles Transnational
Holdings, Inc.

Linda A. Mills

New board

American International Group, Inc.
(NYSE:AIG)

[Profile](#)

Former Corporate VP Operations,
Northrop Grumman Corporation

Other board(s)

Navient Corp.

Linda R. Gooden

New board

The Home Depot, Inc. (NYSE:HD)

[Profile](#)

Former Executive Vice President,
Lockheed Martin Information
Systems & Global Solutions Inc.

Other board(s)

Automatic Data Processing Inc.;

WGL Holdings Inc.;

General Motors Company

Lloyd A. Carney

New board

Visa Inc. (NYSE:V)

[Profile](#)

Chief Executive Officer,
Brocade Communications

Lloyd Dean

New board

McDonald's Corporation (NYSE:MCD)

[Profile](#)

President and CEO,
Dignity Health

Other board(s)

Navigant Consulting Inc.;

Wells Fargo & Co.

Lorrie M. Norrington

New board

Colgate-Palmolive Company
(NYSE:CL)

[Profile](#)

Operating Partner, Lead Edge
Capital LLC

Other board(s)

Autodesk Inc.; HubSpot Inc.

Lowell C. McAdam

New board

General Electric Company
(NYSE:GE)

[Profile](#)

CEO, Verizon

Communications Inc.

Lynn J. Good

New board

The Boeing Company
(NYSE:BA)

[Profile](#)

Chairman, President
and CEO, Duke Energy
Corporation

Lynn M. Vojvodich

New board

The Priceline Group Inc.
(Nasdaq-GS:PCLN)

[Profile](#)

Chief Marketing Officer,
salesforce.com

Madeline S. Bell

New board

Comcast Corporation
(Nasdaq-GS:CMCSA)

[Profile](#)

President and CEO,
The Children's Hospital
of Philadelphia

Maggie A. Wilderotter

New board

Costco Wholesale Corporation
(Nasdaq-GS:COST)

[Profile](#)

Executive Chairman,
Frontier Communications

Other board(s)

Juno Therapeutics Inc.;

Dreamworks Animation SKG

Marc N. Casper

New board

U.S. Bancorp
(NYSE:USB)

[Profile](#)

President and CEO, Thermo
Fisher Scientific Inc.

Maria E. Lagomasino

New board

The Walt Disney Company
(NYSE:DIS)

[Profile](#)

CEO and Managing Partner,
WE Family Offices

Other board(s)

Coca-Cola Co.;

Avon

Mark D. McLaughlin

New board

QUALCOMM Incorporated
(Nasdaq-GS:QCOM)

[Profile](#)

Chairman, President and
CEO, Palo Alto Networks, Inc.

Other board(s)

Opower

Mark Fields

New board

International Business Machines
Corporation (NYSE:IBM)

[Profile](#)

President and Chief Executive
Officer, Ford Motor Company

Mark G. Parker

New board

The Walt Disney Company
(NYSE:DIS)

[Profile](#)

President and CEO, Nike, Inc.

Mark J. Alles

New board

Celgene Corporation
(Nasdaq-GS:CELG)

[Profile](#)

CEO, Celgene Corporation

Mary C. Beckerle

New board

Johnson & Johnson
(NYSE:JNJ)

[Profile](#)

CEO, Huntsman Cancer Institute

Other board(s)

Huntsman Corporation

Mary N. Dillon

New board

Starbucks Corporation
(Nasdaq-GS:SBUX)

[Profile](#)

CEO, Ulta Salon Cosmetics
& Fragrances, Inc.

Melanie L. Healey

New board

Target Corporation (NYSE:TGT)

[Profile](#)

Former North America Group
President, The Procter & Gamble
Company

Other board(s)

Verizon Communications Inc.

Michael J. Angelakis

New board
Duke Energy Corporation
(NYSE:DUK)
Profile
Chairman and CEO, Atairos
Management LP
Other board(s)
Hewlett Packard Enterprise Co.

Michael J. Ward

New board
The PNC Financial Services
Group, Inc.
(NYSE:PNC)
Profile
Chairman and CEO, CSX Corp.
Other board(s)
Ashland Inc.

Michael O. Leavitt

New board
American Express Company
(NYSE:AXP)
Profile
Founder and Chairman, Leavitt
Partners LLC; Former Governor
of Utah
Other board(s)
HealthEquity Inc.; Medtronic plc

Monica C. Lozano

New board
Target Corporation
(NYSE:TGT)
Profile
Former Chairman, U.S. Hispanics
Media Inc.
Other board(s)
Bank of America Corporation

Murray S. Kessler

New board
Reynolds American Inc.
(NYSE:RAI)
Profile
Former Chairman,
President and CEO, Lorillard Inc.

Nobuyuki Hirano

New board
Morgan Stanley
(NYSE:MS)
Profile
President and CEO, MUFG
Other board(s)
MUFG

Padmasree Warrior

New board
Microsoft Corporation
(Nasdaq-GS:MSFT)
Profile
Former Chief Strategy and
Technology Officer,
Cisco Systems, Inc.
Other board(s)
The Gap, Inc.; Box, Inc.

Pamela J. Craig

New board
Merck & Co., Inc.
(NYSE:MRK)
Profile
Former Chief Financial
Officer, Accenture plc
Other board(s)
Akamai Technologies; Wal-Mart
Stores, Inc.

Patricia A. Woertz

New board
3M Company (NYSE:MMM)
Profile
Retired Chairman of the Board
and Chief Executive Officer,
Archer-Daniels-Midland Company
Other board(s)
The Procter & Gamble Company;
Royal Dutch Shell plc

Paul B. Rothman, MD

New board
Merck & Co., Inc.
(NYSE:MRK)
Profile
Dean of Medical Faculty and VP of
Medicine, John Hopkins University;
CEO, John Hopkins Medicine

Peter J. Arduini

New board
Bristol-Myers Squibb Company
(NYSE:BMJ)
Profile
President and CEO, Integra
LifeSciences Holdings Corporation

Randall L. Stephenson

New board
The Boeing Company (NYSE:BA)
Profile
Chairman and CEO, AT&T Inc.
Other board(s)
Emerson Electric Co.; AT&T Inc.

Renée J. James*

New board
Citigroup Inc. (NYSE:C)
Oracle Corporation
(Nasdaq-GS:ORCL)
Profile
Operating Executive,
The Carlyle Group LP
Other board(s)
Citigroup Inc.; Oracle Corporation;
Sabre Corp.; Vodafone Group Plc
*Ms. James was added to boards of both
Citigroup Inc. and Oracle Corporation in FY15

R. Hank Bachmann

New board
Enterprise Products Partners L.P.
(NYSE:EPD)
Profile
Former Executive Vice President,
Holdings GP

Richard W. Fisher

New board
AT&T Inc. (NYSE:T)
Profile
Former President and CEO, Federal
Reserve Bank of Dallas
Other board(s)
PepsiCo, Inc.

Robert L. Edwards

New board
Target Corporation (NYSE:TGT)
Profile
Former President and CEO,
AB Acquisition LLC
Other board(s)
Blackhawk Network Holdings Inc.

Robert Lerwill

New board
Reynolds American Inc. (NYSE:RAI)
Profile
Former CEO, Aegis Group
Other board(s)
ITC Ltd.; DJI Holdings Plc; Spire
Healthcare Group Plc

Samuel A. Di Piazza Jr.

New board
AT&T Inc. (NYSE:T)
Profile
Former CEO,
PricewaterhouseCoopers
International LTD
Other board(s)
ProAssurance Corp.; Jones Lang
LaSalle Inc.

Samuel J. Merksamer

New board

American International Group, Inc.
(NYSE:AIG)

Profile

Managing Director, Icahn Capital LP

Other board(s)

Cheniere Energy Inc.; Hertz Global Holdings; Navistar International Corp.; Transocean Partners LLC

Sandra B. Cochran

New board

Lowe's Companies Inc.
(NYSE:LOW)

Profile

President and CEO, Cracker Barrel Old Country Store Inc.

Other board(s)

Dollar General Corp.

Sandra E. Peterson

New board

Microsoft Corporation
(Nasdaq-GS:MSFT)

Profile

Group Worldwide Chairman, Johnson & Johnson

Other board(s)

Dun & Bradstreet Corporation

Sébastien M. Bazin

New board

General Electric Company (NYSE:GE)

Profile

CEO, Accor

Other board(s)

China Lodging Group

Steuart Walton

New board

Wal-Mart Stores, Inc.
(NYSE:WMT)

Profile

CEO, Game Composites, Ltd.

Thomas D. Woods

New board

Bank of America Corporation
(NYSE:BAC)

Profile

Former Vice Chairman and SEVP, Canadian Imperial Bank of Commerce

Other board(s)

Alberta Investment Management Corporation; DBRS Limited and DBRS Inc.

Timothy C. Wentworth

New board

Express Scripts Holding Company
(Nasdaq-GS:ESRX)

Profile

CEO, Express Scripts Holding Company

Travis A. Knight

New board

Nike, Inc.
(NYSE:NKE)

Profile

President and CEO, LAIKA, LLC

Vicki A. Hollub

New board

Occidental Petroleum Corporation
(NYSE:OXY)

Profile

CEO, Occidental Petroleum Corporation

Warner L. Baxter

New board

U.S. Bancorp
(NYSE:USB)

Profile

Chairman, President and CEO, Ameren Corporation

Wendell P. Weeks

New board

Amazon.com, Inc.
(Nasdaq-GS:AMZN)

Profile

President and CEO, Corning Inc.

Other board(s)

Merck & Co., Inc.

William C. Montgomery

New board

Enterprise Products Partners L.P.
(NYSE:EPD)

Profile

Managing Director and Partner, Quantum Energy Partners

Other board(s)

Apache Corp.



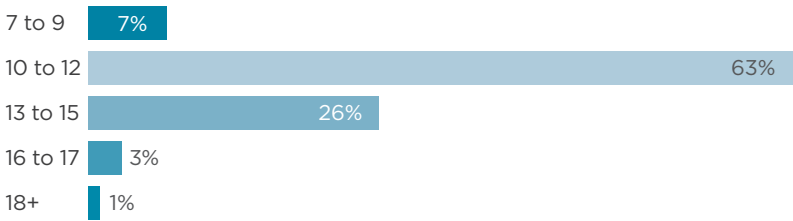


APPENDIX C: THE KFMC¹⁰⁰ BOARD PROFILES.

APPENDIX C: THE KFMC¹⁰⁰ BOARD PROFILES.

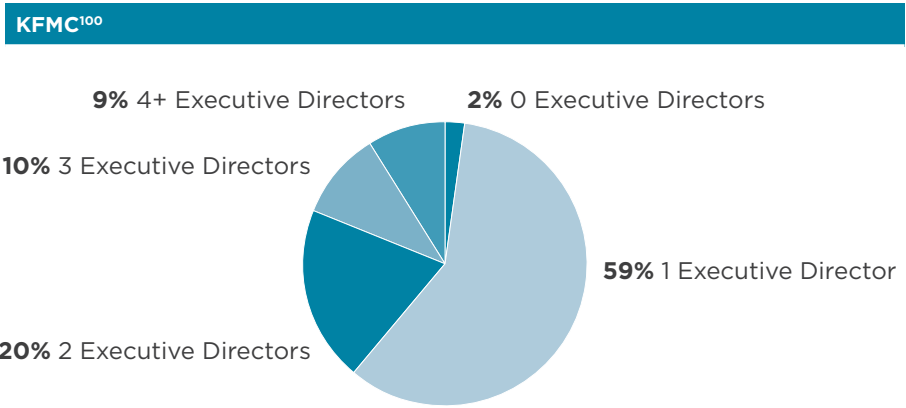
Information in this section, unless otherwise noted, refers to publicly available data on the 103 directors who have newly joined the KFMC¹⁰⁰ Class of 2015 as well as the 1,161 incumbent directors of KFMC¹⁰⁰ companies (including those who retired or resigned during the reporting period but were active board members during fiscal 2016). Historical comparisons do not evaluate the same 100 companies each year, as the composition of the KFMC¹⁰⁰ varies slightly from year to year.

BOARD SIZE.



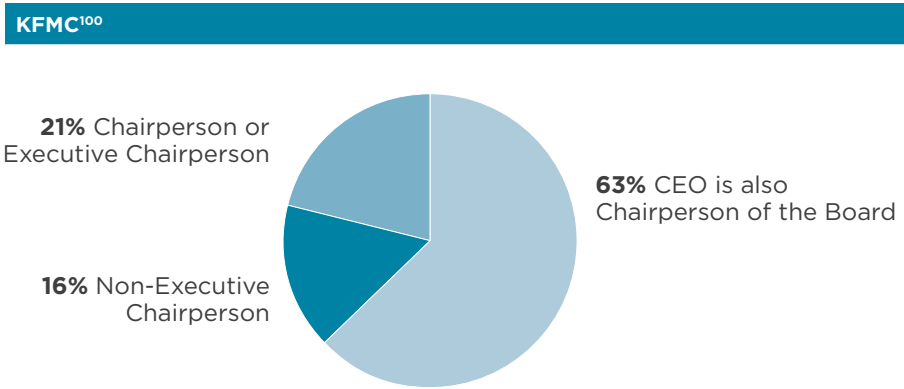
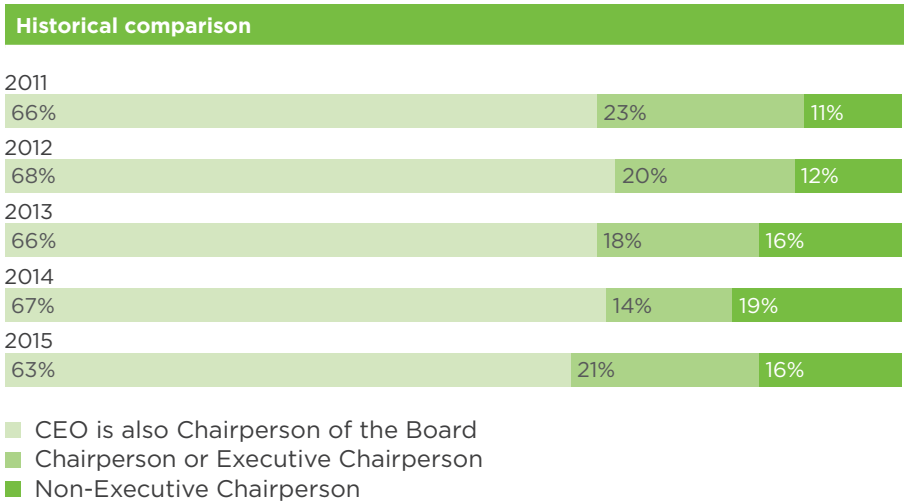
KFMC ¹⁰⁰					
Historical comparison	2011	2012	2013	2014	2015
7 to 9	11%	10%	12%	7%	7%
10 to 12	53%	57%	58%	57%	63%
13 to 15	32%	27%	24%	29%	26%
16 to 17	4%	6%	6%	7%	3%
18+					1%

BOARD INDEPENDENCE.

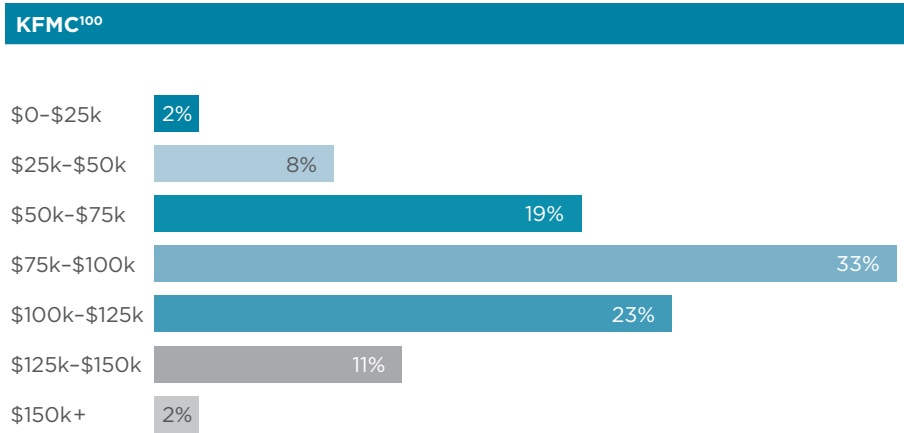


Historical comparison	2011	2012	2013	2014	2015
0 Executive Directors					2%
1 Executive Director	55%	58%	68%	63%	59%
2 Executive Directors	26%	25%	22%	19%	20%
3 Executive Directors	12%	11%	7%	13%	10%
4+ Executive Directors	11%	6%	3%	5%	9%

TYPE OF CHAIRPERSON.

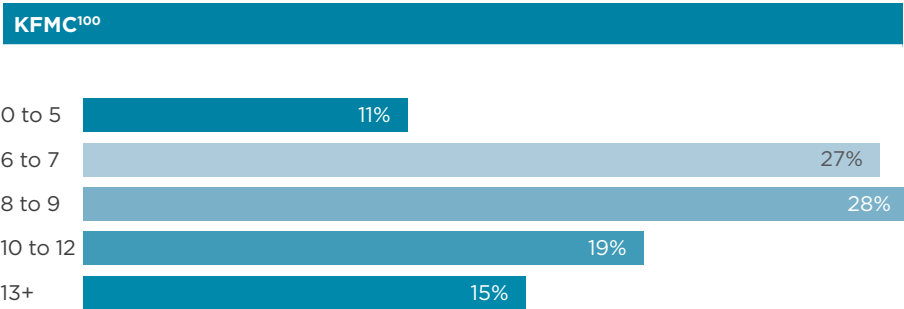


CASH RETAINERS FOR DIRECTORS.



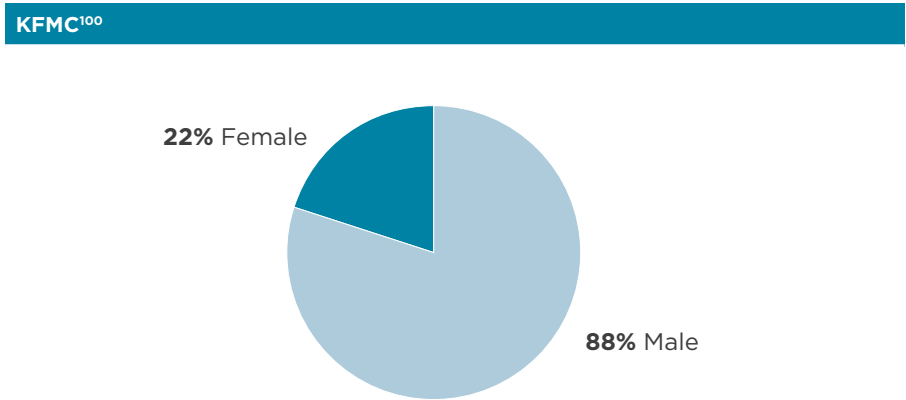
Historical comparison	2011	2012	2013	2014	2015
\$0-\$25k	4%	5%	4%	1%	2%
\$25k-\$50k	11%	10%	11%	10%	8%
\$50k-\$75k	31%	23%	16%	20%	19%
\$75k-\$100k	40%	37%	41%	38%	33%
\$100k-\$125k	10%	14%	15%	17%	23%
\$125k-\$150k	1%	6%	7%	10%	11%
\$150k+	3%	5%	6%	4%	2%

BOARD MEETINGS.



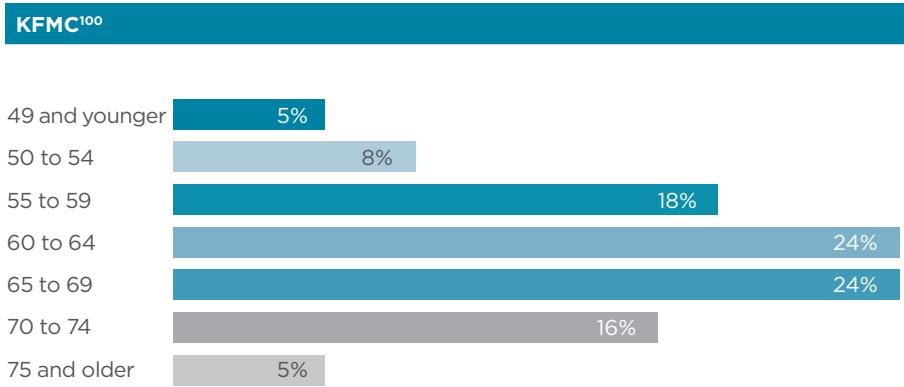
Historical comparison	2011	2012	2013	2014	2015
0 to 5	17%	10%	12%	11%	11%
6 to 7	34%	37%	38%	29%	27%
8 to 9	15%	22%	24%	26%	28%
10 to 12	21%	21%	17%	21%	19%
13+	13%	10%	9%	12%	15%

GENDER BALANCE ON KFMC¹⁰⁰ BOARDS.



Number of Female Directors Historical Comparison	2012	2013	2014	2015
0	1%	0%	0%	0%
1	15%	13%	14%	7%
2	45%	42%	38%	34%
3	23%	26%	29%	33%
4	13%	15%	15%	23%
5+	1%	4%	4%	4%

AGE OF KFMC¹⁰⁰ DIRECTORS.

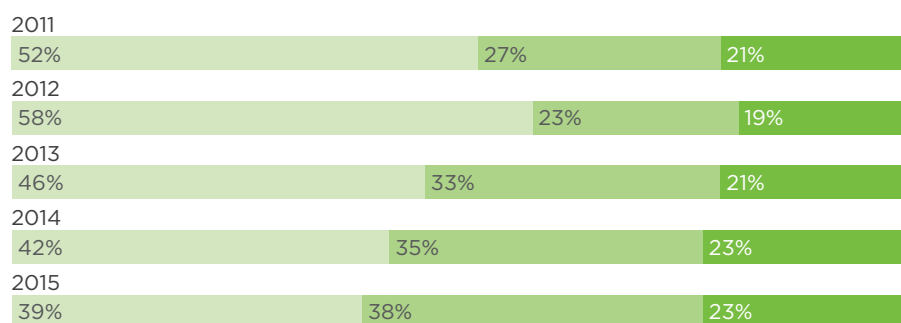


Historical comparison	2011	2012	2013	2014	2015
49 and younger	5%	4%	3%	4%	5%
50 to 54	10%	9%	7%	8%	8%
55 to 59	16%	18%	18%	17%	19%
60 to 64	22%	20%	21%	20%	24%
65 to 69	28%	28%	29%	27%	24%
70 to 74	14%	16%	17%	19%	16%
75 and older	5%	5%	5%	5%	5%

KPMC¹⁰⁰ RETIREMENT AGE POLICIES.

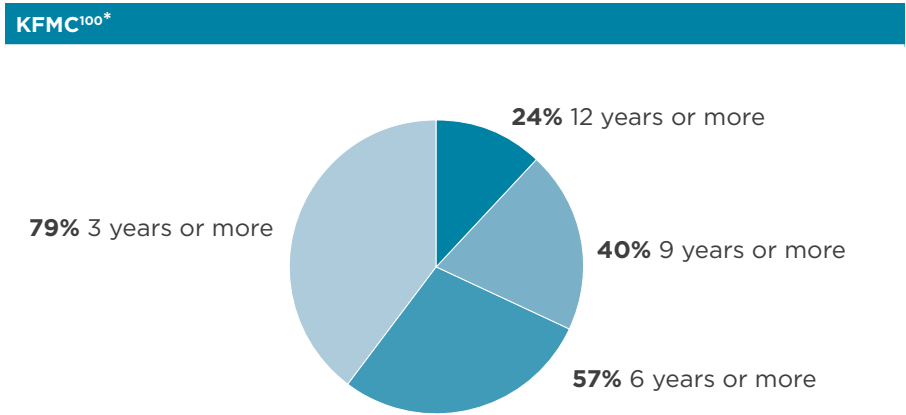
KPMC ¹⁰⁰	Number	Exceptions granted	Average director age
Has a mandatory retirement age policy	39	5	62.5
Has a mandatory retirement age policy that explicitly allows exceptions	38	22	63
No mandatory retirement age policy	23	-	64.3

Historical comparison



■ Mandatory Retirement Age
 ■ Mandatory w/ Exceptions
 ■ No Mandatory Retirement Age

DURATION OF DIRECTORSHIPS IN THE KFMC¹⁰⁰.

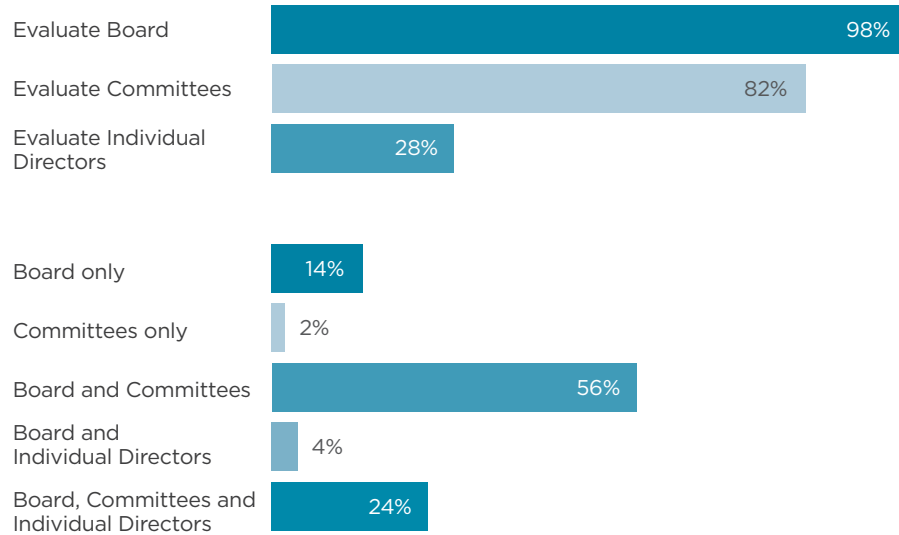


Historical comparison	2012	2013	2014	2015
12 years or more	20%	16%	20%	24%
9 years or more	33%	27%	35%	40%
6 years or more	53%	45%	53%	57%
3 years or more	75%	66%	74%	79%

*Excludes directors who retired or resigned in 2016.

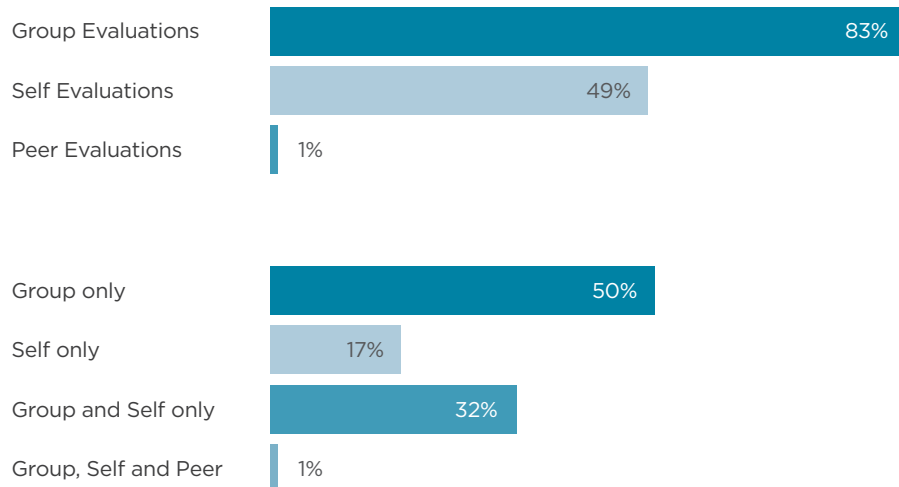
BOARD EVALUATION POLICY IN THE KFMC¹⁰⁰.

Companies within the KFMC¹⁰⁰ utilize a variety of evaluation techniques for their boards. These techniques range in granularity, from evaluating the board performance as a whole to evaluating each committee's performance, to evaluating the performance of individual directors. Most boards employ some combination of the three.



BOARD EVALUATION TYPE IN THE KFMC¹⁰⁰.

Regardless of the board's decision on evaluation granularity, different evaluation formats may be utilized. These formats include evaluation by group discussion, self-evaluation by the individual, or peer evaluation of fellow board members. Again, most boards employ some combination of the three formats.



ABOUT KORN FERRY

Korn Ferry is the preeminent global people and organizational advisory firm. We help leaders, organizations, and societies succeed by releasing the full power and potential of people. Our nearly 7,000 colleagues deliver services through our Executive Search, Hay Group and Futurestep divisions. Visit [kornferry.com](https://www.kornferry.com) for more information.

ABOUT THE KORN FERRY INSTITUTE

The Korn Ferry Institute, our research and analytics arm, was established to share intelligence and expert points of view on talent and leadership. Through studies, books, and a quarterly magazine, *Briefings*, we aim to increase understanding of how strategic talent decisions contribute to competitive advantage, growth, and success.

ABOUT KORN FERRY BOARD PRACTICE

Korn Ferry's Board Practice partners with organizations to achieve alignment on strategic direction, secure the right people for the right roles, and build the leadership capabilities necessary to deliver superior business performance. Our offering includes Board Director Search, Succession Planning and Assessment, Board Effectiveness and Executive Compensation.