



THE BDO 600

2018 Study of CEO and CFO Compensation Practices
of 600 Mid-Market Public Companies

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Introduction

BDO GLOBAL EMPLOYER SERVICES PRACTICE

BDO's Global Employer Services practice consists of an experienced and dedicated team of professionals who are committed to assisting leadership and boards with developing strategies and compensation programs designed to attract, retain, and reward the executive team. Our services include designing and benchmarking executive compensation programs including cash- and equity-based programs, board remuneration, compensation committee development, nonqualified and deferred compensation plans, advising on tax and accounting issues, and other related services.

Our services are tailored and scalable, designed to accommodate the unique needs of public, private, and non-profit clients of all sizes and across all industries including multinational Fortune 500 companies.

Executive compensation weighs heavily on the minds of most companies today. External pressures scrutinizing executive pay practices continue to intensify as shareholder activists, investors and employees demand greater transparency. Tax reform added complexity to the tax implications of executive pay. Designing a smart, well-balanced compensation strategy and program requires careful consideration of both internal and external factors. Accounting, regulatory and tax issues must be evaluated alongside the effectiveness of incentive programs designed to reward executives for their contributions toward achieving organizational goals.

ABOUT THE BDO 600 STUDY

This study examines the CEO and CFO compensation plans of 600 middle market public companies, reviewing the key components of pay packages and providing comparisons by title, company size and industry.

The BDO 600 Study details the compensation practices for Chief Executive Officers (CEOs) and Chief Financial Officers (CFOs) of publicly traded companies in the following industries:

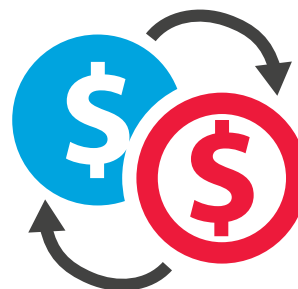
- ▶ Energy
- ▶ Financial services—banking
- ▶ Financial services—nonbanking
- ▶ Healthcare
- ▶ Manufacturing
- ▶ Real estate
- ▶ Retail
- ▶ Technology

Companies in the six non-financial services industries have annual revenues between \$100 million and \$3 billion. Companies in the two financial services industries have assets between \$100 million and \$6 billion. All data in our study were extracted from proxy statements that were filed between April 2017 and March 2018. Consolidated proxy data were provided by Salary.com.

Our study is unique in the industry because it focuses on middle-market companies; most compensation studies focus on much larger companies.

In fiscal year 2017, **CEO** Total Direct Compensation increased by an average of

4.4%



In fiscal year 2017, **CFO** Total Direct Compensation increased by an average of

4.5%

How To Use This Study

The data collected from the 600 companies in the sample represent the compensation policy in effect at each company as of each company's fiscal year-end, as disclosed in the executive compensation narrative in public filings. We analyzed the data in aggregate by the standard five components of compensation: salary, bonus and annual incentives, stock options, other long-term incentives (LTI), and full-value stock awards.

TYPES OF COMPENSATION

- ▶ **"Salary"** is the annualized salary received by the incumbent.
- ▶ **"Bonus and Annual Incentives"** comprises discretionary bonuses earned as well as payments received under annual incentive plans.
- ▶ **"Stock Options"** values are the grant date fair value awards as reported by each company. If a company did not report these values, the values were calculated using the FAS123R assumptions as reported by the company. Irregular grants have been annualized.
- ▶ **"Full-value Stock Awards"** data include both stock and stock unit awards. The grant date fair value of the awards was used in this analysis. Irregular grants have been annualized.
- ▶ **"Other LTI"** refers to payments received under long-term incentive plans.
- ▶ **"Total Direct Compensation" (TDC)** represents the sum of salary, bonus and annual incentives, stock options, full-value stock awards, and other LTI for each incumbent.

SCOPE FACTORS

Compensation data for the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are organized by company size and industry. Compensation can be benchmarked by either of these factors to obtain different perspectives on compensation practices.

COMPANY SIZE

Most traditional executive compensation studies use annual revenues (or assets in the case of financial services institutions) as the primary scope factor because of the well-established and direct correlation between company size and executive compensation.

Our study reports compensation for three groups of companies based on size:

| Size Category | Revenue Range | Asset Range (Financial Services) |
|---------------|--------------------------------|----------------------------------|
| Group A | \$100 million – \$500 million | \$100 million – \$1.25 billion |
| Group B | \$500 million – \$1.25 billion | \$1.25 billion – \$2.5 billion |
| Group C | \$1.25 billion – \$3 billion | \$2.5 billion – \$6 billion |

INDUSTRY

This study also reports compensation for CEOs and CFOs based on industry, including:

- ▶ Energy
- ▶ Financial Services – Banking
- ▶ Financial Services – Nonbanking
- ▶ Healthcare
- ▶ Manufacturing
- ▶ Real Estate
- ▶ Retail
- ▶ Technology

ADDITIONAL NOTES ON THE STUDY

In cases where there was more than one CEO or CFO within the fiscal year, we used the compensation for the incumbent who occupied the position for the majority of the fiscal year.

To establish a common comparative base for all 600 companies in the study sample, a consistent methodology was used to value compensation levels including annualizing salary data as appropriate. If a company could not be brought into parity with other companies in the sample, then that company was excluded from the sample and replaced with a similar company in order to obtain a representative sample across industries and company size.

CEO PAY FOR PERFORMANCE ANALYSIS

For the first time, BDO examined the relationship between the financial performance of the BDO 600 companies and the CEO's 2017 compensation levels and compensation mix. Results were tabulated in aggregate and by industry where possible.

METHODOLOGY FOR CEO PAY FOR PERFORMANCE

BDO developed a regression model and identified those aspects of CEO pay that were significantly correlated with company performance. Financial performance indicators include the following:

- ▶ Top line performance – revenue growth
- ▶ Shareholder returns – total shareholder return (TSR) growth
- ▶ Profitability – earnings per share (EPS) growth

Two categories of CEO compensation were used to predict financial performance:

- ▶ Compensation levels – annual base salary, short-term incentive (STI), annualized long-term incentives (LTI), and total direct compensation (TDC)
- ▶ Pay mix – percentage of annual TDC paid in base salary, annual incentive, and long-term incentives.

Pay For Performance Findings - CEO

SUMMARY FINDINGS

We discovered a correlation between improved financial performance and CEO compensation, notably a greater percentage of pay “at risk.” Pay at risk includes “variable pay” in the form of annual and long-term incentives.

CEO PAY FOR PERFORMANCE ANALYSIS BY COMPANY SIZE

For all company sizes, companies that compensated CEOs with more risk-based pay demonstrated the strongest revenue growth and three-year total shareholder return (TSR).

1. For the largest companies in the sample (Group C), we see some additional drivers of performance, such as:
 - a. Higher short-term incentives (STIs) as a percentage of total direct compensation (TDC) tended to predict stronger three-year earnings per share (EPS) performance.
 - b. A larger percentage of CEO pay at risk predicted better three-year EBITDA performance.
2. Small and mid-sized companies (Groups A and B) whose CEOs had a greater amount of pay at risk had an associated increase in TSR.

CEO PAY FOR PERFORMANCE ANALYSIS BY INDUSTRY

The correlation between CEO pay and financial performance was much stronger at the industry level than the aggregate level. The banking, manufacturing, technology and retail industries exhibited the strongest correlations. Placing more CEO pay at risk correlated to the following results:

- ▶ Banking: a higher percentage of LTI was associated with higher revenue growth and earnings per share
- ▶ Manufacturing: experienced higher three-year total shareholder returns
- ▶ Technology: reported higher three-year revenue growth
- ▶ Retail: reported higher three-year revenue growth

There was no detectable relationship between the CEO's performance-based pay and company performance for energy or real estate companies. However, both industries are highly sensitive to other factors, such as economic fluctuations, which can mask the correlation between pay and performance.

“A well-designed compensation plan should lead to better financial results, although critics point to the danger of being overly focused on the short-term” said Tom Ziemba, Global Employer Services Managing Director and Compensation Consulting practice leader. “It’s about finding the right balance. Executive pay plans need to include the right mix of targets to incentivize long-term growth and nonfinancial successes.”



Overall Results

Key findings from our analysis of CEO and CFO compensation based on company size are summarized here.

1. In aggregate, CEOs and CFOs experienced moderate pay increases of 4.4 percent and 4.5 percent respectively: most of these increases consisted of bonuses and annual incentives, as well as stock options and full value stock awards.

2. Pay continues to be highly correlated with company size: As chart 2 illustrates, a positive correlation exists between CEO and CFO compensation and company size.

Average CEO total direct compensation ranges from \$2,480,144 for companies in the smallest size category¹ (Group A) to \$4,955,242 for companies in the largest size category² (Group C). Average CFO total direct compensation ranges from \$1,008,536 for companies in Group A to \$1,999,329 for companies in Group C.

3. Midsize company CEOs see biggest pay increase: CEOs in Group A experienced a slight decrease in pay (1 percent) while CEOs in Group B experienced a 6 percent increase. Pay remained flat year-over-year for CEOs of the largest companies in the sample (Group C). CFO pay increased across all groups; Group C experienced the largest increase at 5 percent.

CHART 1
OVERALL RESULTS - TOTAL DIRECT COMPENSATION (TDC)

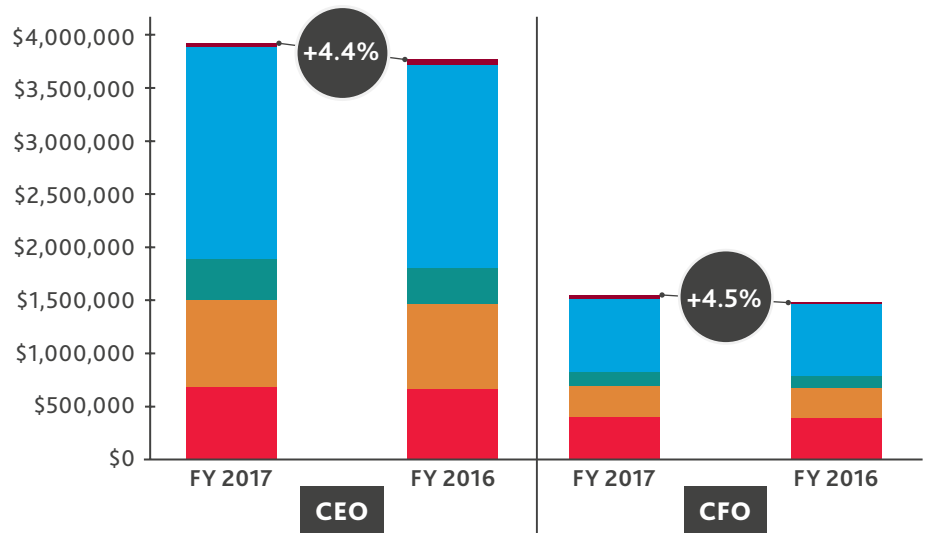
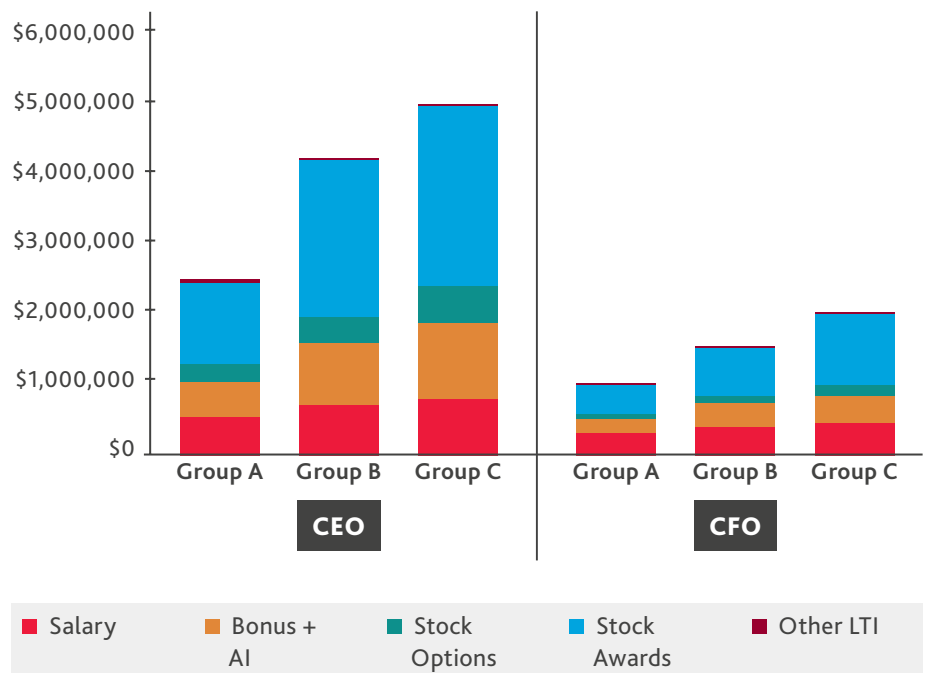


CHART 2
OVERALL RESULTS BY COMPANY SIZE



1 \$100 million – \$500 million revenues and \$100 million – \$1.25 billion in assets (financial services)

2 \$1.25 billion – \$3 billion revenues and \$2.5 billion – \$6 billion in assets (financial services)

CHART 3
YEAR-OVER-YEAR CHANGE IN TDC

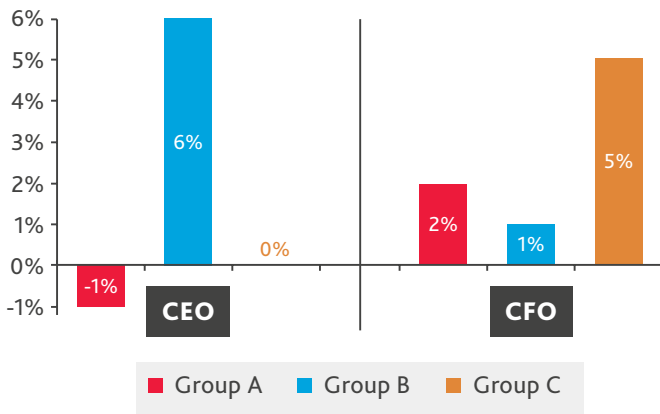


CHART 4
CFO TDC AS % OF CEO TDC

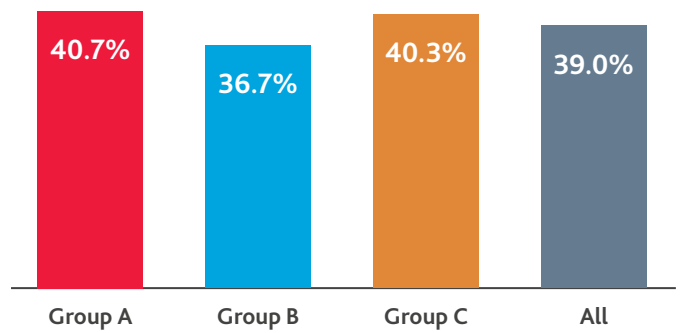
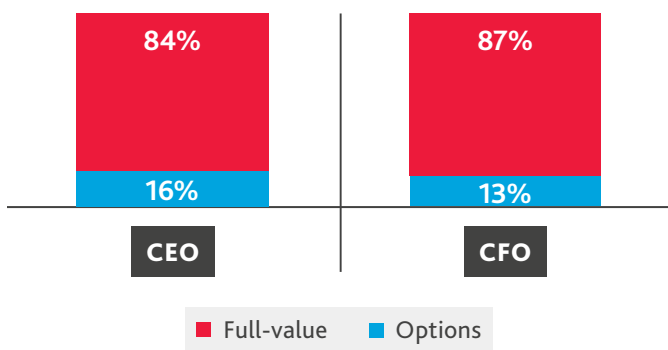


CHART 5
MIX OF OPTIONS VS. FULL-VALUE SHARES

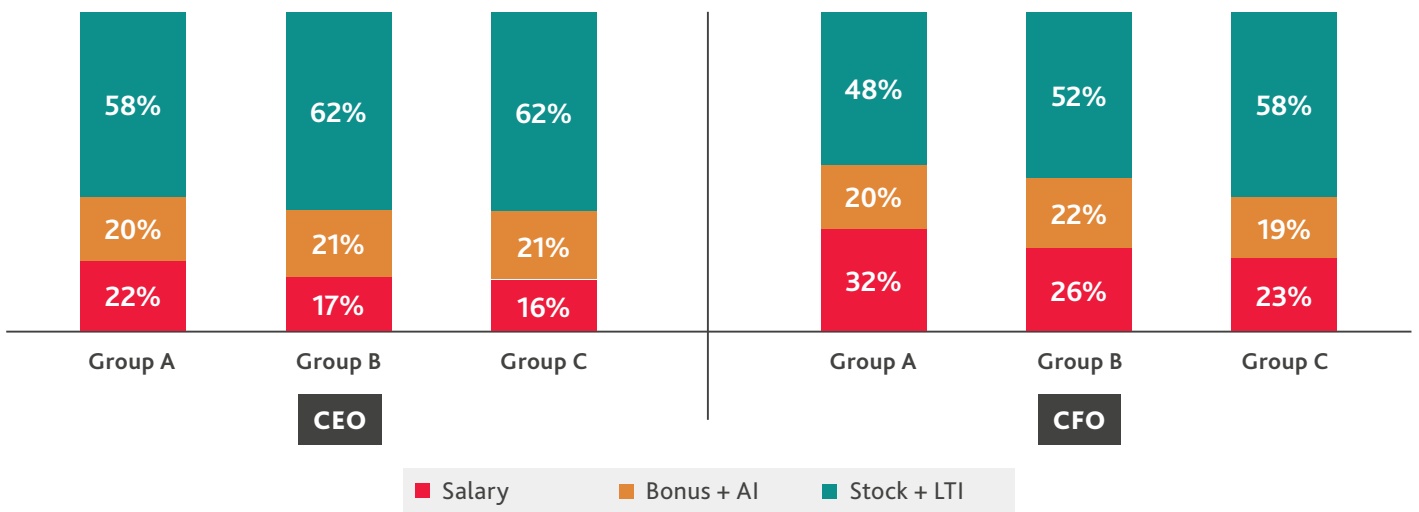


4. **The bigger the company, the smaller the gap between CEO and CFO pay:** CFOs are paid approximately 40 percent of the total direct compensation that CEOs in our sample received. CEOs in Group C continue to receive a larger percentage of total direct compensation in annual incentives compared to CEOs in the other groups. Chart 3 illustrates year-over-year compensation movement for the CEOs and CFOs for each size category. CFOs are paid approximately 40 percent of the TDC of CEOs in our sample (see chart 4).

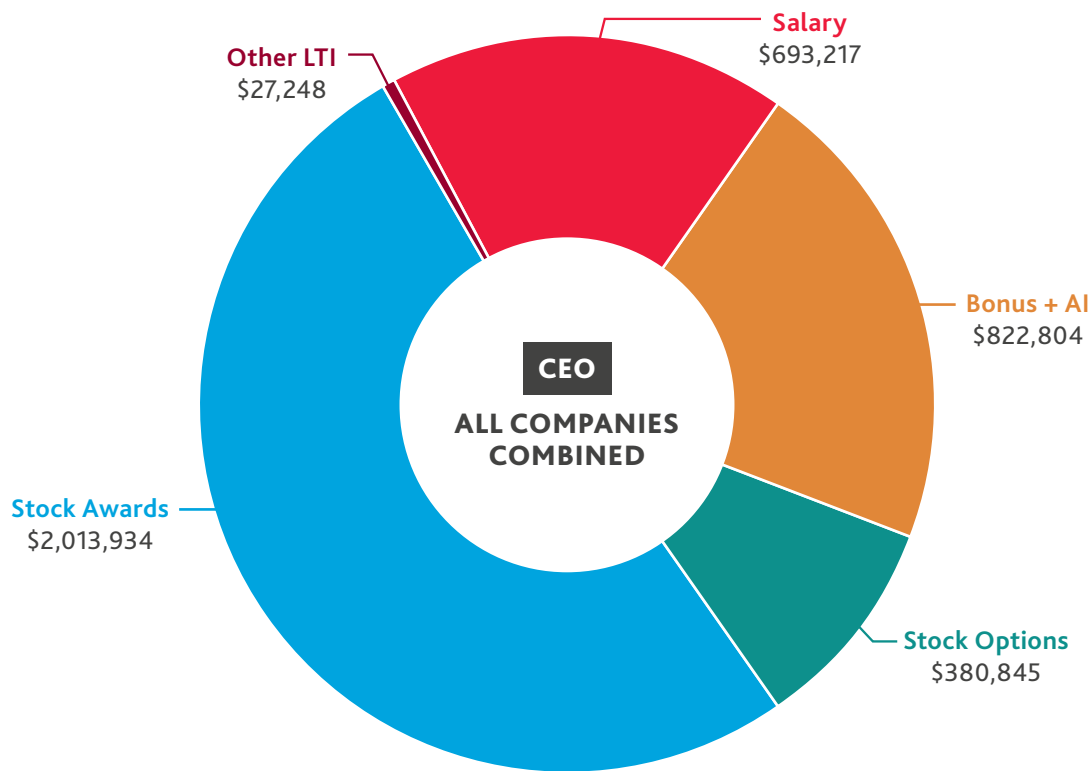
5. **Full-value shares dominate long-term incentives:** Stock options are losing favor, as most companies (regardless of size) opted to give both CEOs and CFOs full-value stock (see chart 5).

6. **Larger companies place the greatest percentage of pay at risk:** Chart 6 illustrates how variable compensation for both the CEO and CFO increases in tandem with company size.

CHART 6
PAY MIX BY COMPANY SIZE



The following pages detail our findings for the CEO and CFO.



The table below summarizes average pay for the CEO, comparing fiscal year 2017 to 2016. The percent increase, or decrease, for each pay component is provided. Total Direct Compensation (TDC) for the CEO position increased by 4.4 percent

| Position | Year | Average Salary | Bonus and Annual Incentives | Stock Options | Full -Value Stock Awards | Other LTI | TDC |
|-------------------------------|---------|----------------|-----------------------------|---------------|--------------------------|-----------|-------------|
| CEO | FY 2017 | \$693,217 | \$822,804 | \$380,845 | \$2,013,934 | \$27,248 | \$3,938,048 |
| | FY 2016 | \$683,072 | \$790,564 | \$340,262 | \$1,923,947 | \$32,493 | \$3,770,338 |
| Change Over Prior Year | | 1.5% | 4.1% | 11.9% | 4.7% | N/A* | 4.4% |

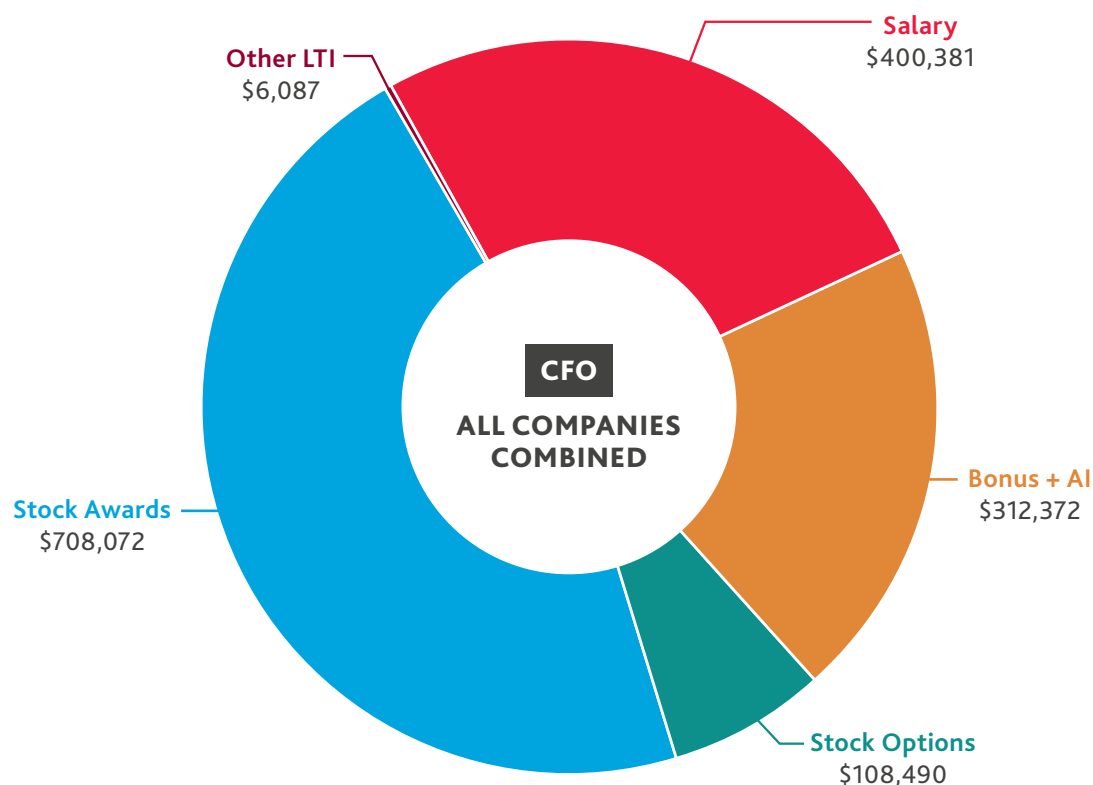
(*Because not all CEOs received annual LTI payments, year-over-year comparisons may not accurately indicate market trends.)

COMPENSATION MIX

The compensation mix has remained fairly consistent from FY 2013 through FY 2017. The average compensation mix for CEOs in 2017 continues to favor long-term incentives and equity with little change year-over-year.

| Position | Year | Annual Cash | LTI | Total |
|----------|------|-------------|-----|-------|
| CEO | 2017 | 38% | 62% | 100% |
| | 2016 | 39% | 61% | 100% |

The majority of equity value provided to both CEOs and CFOs is delivered through full-value stock awards.



The table below summarizes average pay for the CFO, comparing fiscal year 2017 to 2016. The percent increase, or decrease, for each pay component is provided. Total Direct Compensation (TDC) for the CFO position increased by 4.5 percent.

| Position | Year | Average Salary | Bonus and Annual Incentives | Stock Options | Full -Value Stock Awards | Other LTI | TDC |
|-------------------------------|---------|----------------|-----------------------------|---------------|--------------------------|-----------|-------------|
| CFO | FY 2017 | \$400,381 | \$312,372 | \$108,490 | \$708,072 | \$6,087 | \$1,535,402 |
| | FY 2016 | \$395,509 | \$298,016 | \$97,660 | \$670,101 | \$7,334 | \$1,468,620 |
| Change Over Prior Year | | 1.2% | 4.8% | 11.1% | 5.7% | N/A* | 4.5% |

(*Because not all CFOs received annual LTI payments, year-over-year comparisons may not accurately indicate market trends.)

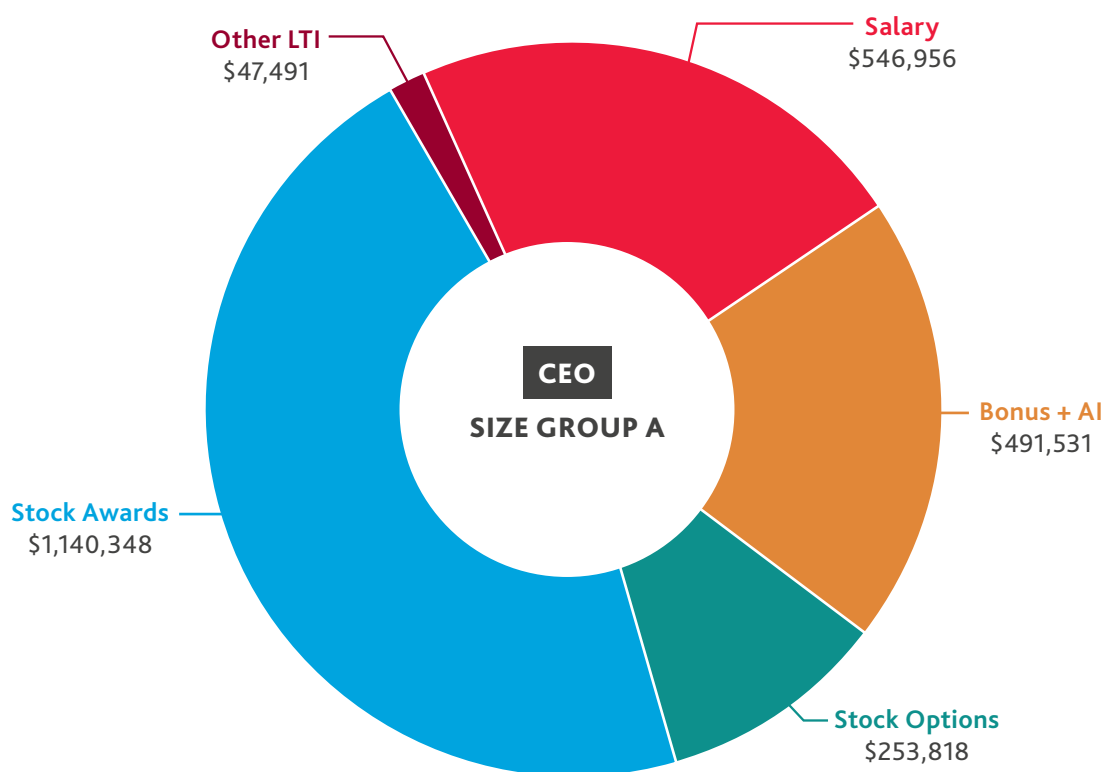
COMPENSATION MIX

Compared to the CEO, the CFO average compensation mix in 2017 is more evenly split between cash and long-term incentives/equity.

| Position | Year | Annual Cash | LTI | Total |
|----------|------|-------------|-----|-------|
| CFO | 2017 | 46% | 54% | 100% |
| | 2016 | 47% | 53% | 100% |

The remainder of this study presents results by company size and industry.

Results By Company Size



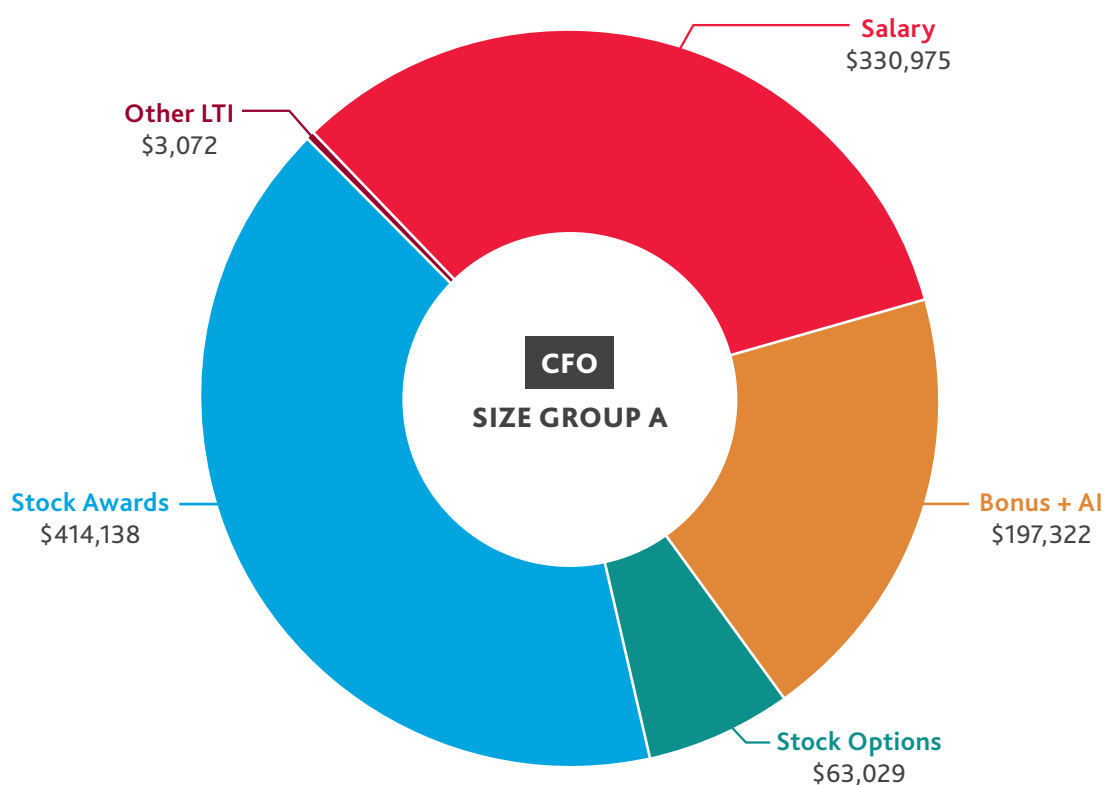
The average compensation paid to CEOs of the smallest sized companies for fiscal years 2017 and 2016 is listed in the table below.

| Position | Year | Average Salary | Bonus and Annual Incentives | Stock Options | Full -Value Stock Awards | Other LTI | TDC |
|----------|------|----------------|-----------------------------|---------------|--------------------------|-----------|-------------|
| CEO | 2017 | \$546,956 | \$491,531 | \$253,818 | \$1,140,348 | \$47,491 | \$2,480,144 |
| | 2016 | \$562,532 | \$570,097 | \$220,057 | \$1,125,907 | \$25,115 | \$2,503,708 |

COMPENSATION MIX.

CEOs experienced a 3 percent increase in the amount of compensation delivered through long-term incentives and equity in 2017 compared to 2016.

| Position | Year | Annual Cash | LTI | Total |
|----------|------|-------------|-----|-------|
| CEO | 2017 | 42% | 58% | 100% |
| | 2016 | 45% | 55% | 100% |



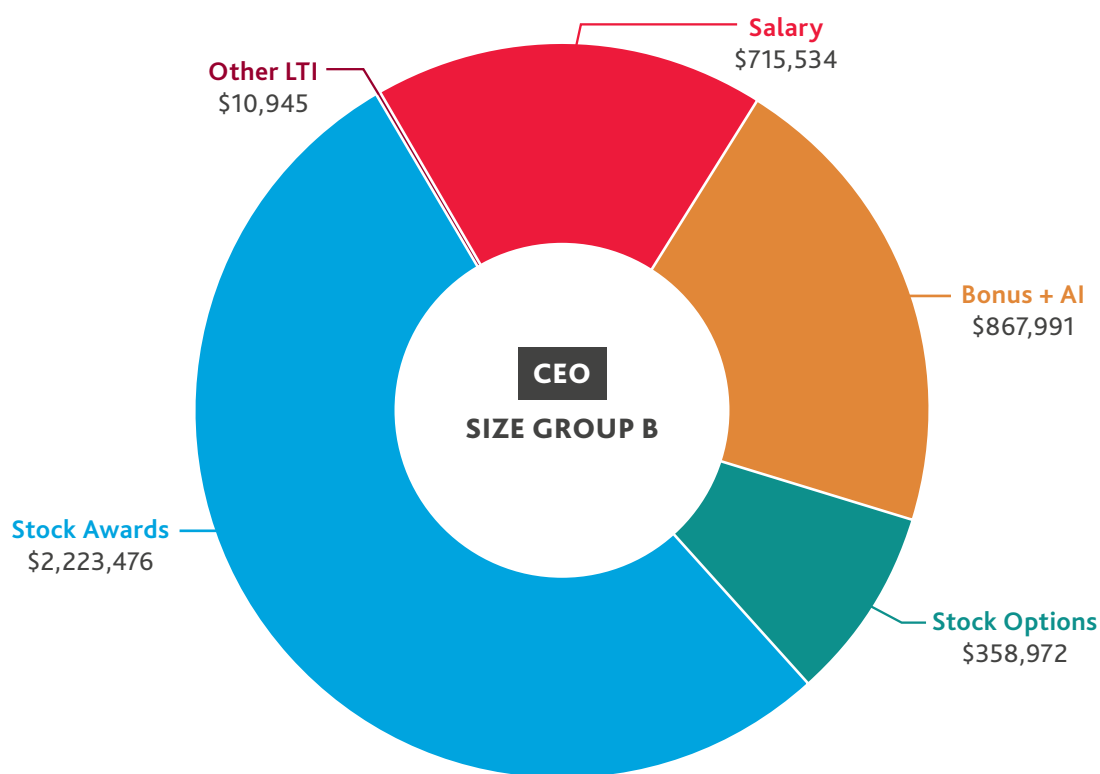
The average compensation paid to CFOs of the smallest sized companies for fiscal years 2017 and 2016 is provided in the table below.

| Position | Year | Average Salary | Bonus and Annual Incentives | Stock Options | Full -Value Stock Awards | Other LTI | TDC |
|----------|------|----------------|-----------------------------|---------------|--------------------------|-----------|-------------|
| CFO | 2017 | \$330,975 | \$197,322 | \$63,029 | \$414,138 | \$3,072 | \$1,008,536 |
| | 2016 | \$326,337 | \$205,799 | \$54,951 | \$403,376 | \$1,692 | \$992,155 |

COMPENSATION MIX

CFOs experienced a slight increase in the amount of compensation delivered through long-term incentives and equity in 2017 compared to 2016.

| Position | Year | Annual Cash | LTI | Total |
|----------|------|-------------|-----|-------|
| CFO | 2017 | 52% | 48% | 100% |
| | 2016 | 54% | 46% | 100% |



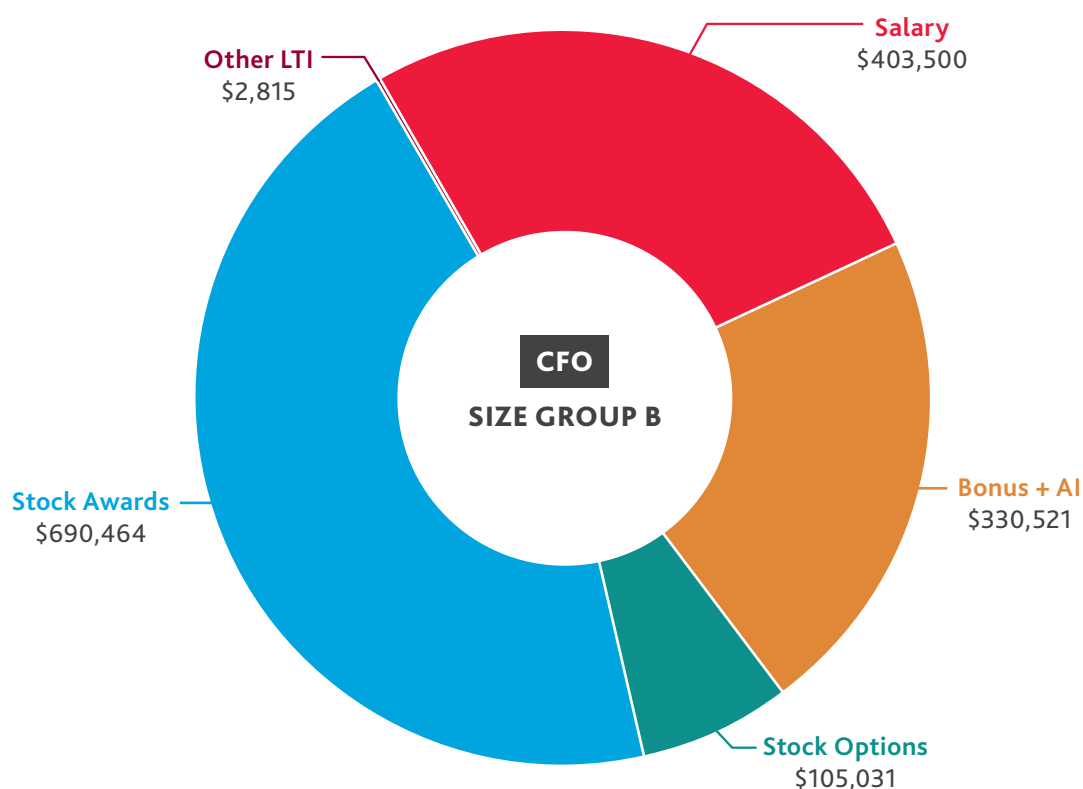
The average compensation paid to CEOs of mid-sized companies for fiscal years 2017 and 2016 is listed in the table below. The year-over-year increase in CEO total direct compensation was driven by increases in bonuses and annual incentives as well as stock options and full-value stock awards

| Position | Year | Average Salary | Bonus and Annual Incentives | Stock Options | Full -Value Stock Awards | Other LTI | TDC |
|----------|------|----------------|-----------------------------|---------------|--------------------------|-----------|-------------|
| CEO | 2017 | \$715,534 | \$867,991 | \$358,972 | \$2,223,476 | \$10,945 | \$4,176,918 |
| | 2016 | \$697,497 | \$775,547 | \$309,309 | \$2,104,642 | \$40,398 | \$3,927,393 |

COMPENSATION MIX.

Despite the increase to CEO total direct compensation noted between 2016 and 2017, the compensation mix remained consistent year-over-year.

| Position | Year | Annual Cash | LTI | Total |
|----------|------|-------------|-----|-------|
| CEO | 2017 | 38% | 62% | 100% |
| | 2016 | 38% | 62% | 100% |



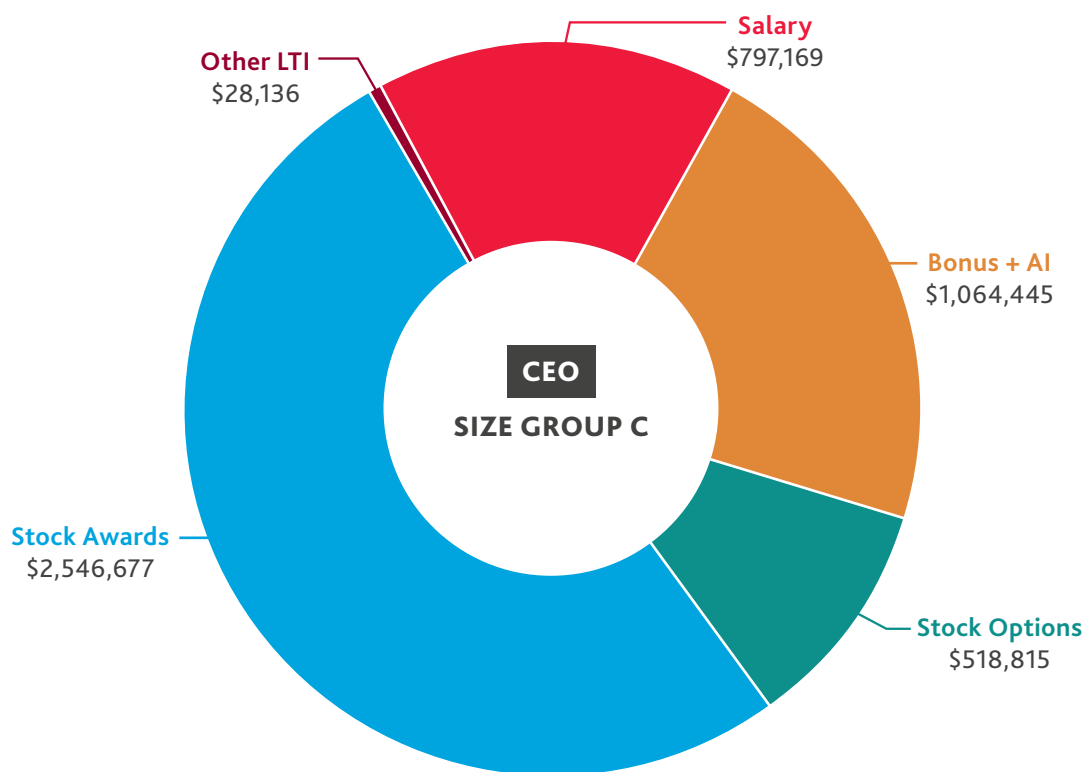
The average compensation paid to CFOs of midsized companies for fiscal years 2017 and 2016 is listed in the table below. CFO total direct compensation saw little change.

| Position | Year | Average Salary | Bonus and Annual Incentives | Stock Options | Full -Value Stock Awards | Other LTI | TDC |
|----------|------|----------------|-----------------------------|---------------|--------------------------|-----------|-------------|
| CFO | 2017 | \$403,500 | \$330,521 | \$105,031 | \$690,464 | \$2,815 | \$1,532,331 |
| | 2016 | \$396,057 | \$282,209 | \$90,383 | \$742,216 | \$9,335 | \$1,520,200 |

COMPENSATION MIX.

The use of long-term incentives and equity for CFO compensation dropped 3 percent in 2017 compared to 2016.

| Position | Year | Annual Cash | LTI | Total |
|----------|------|-------------|-----|-------|
| CFO | 2017 | 48% | 52% | 100% |
| | 2016 | 45% | 55% | 100% |



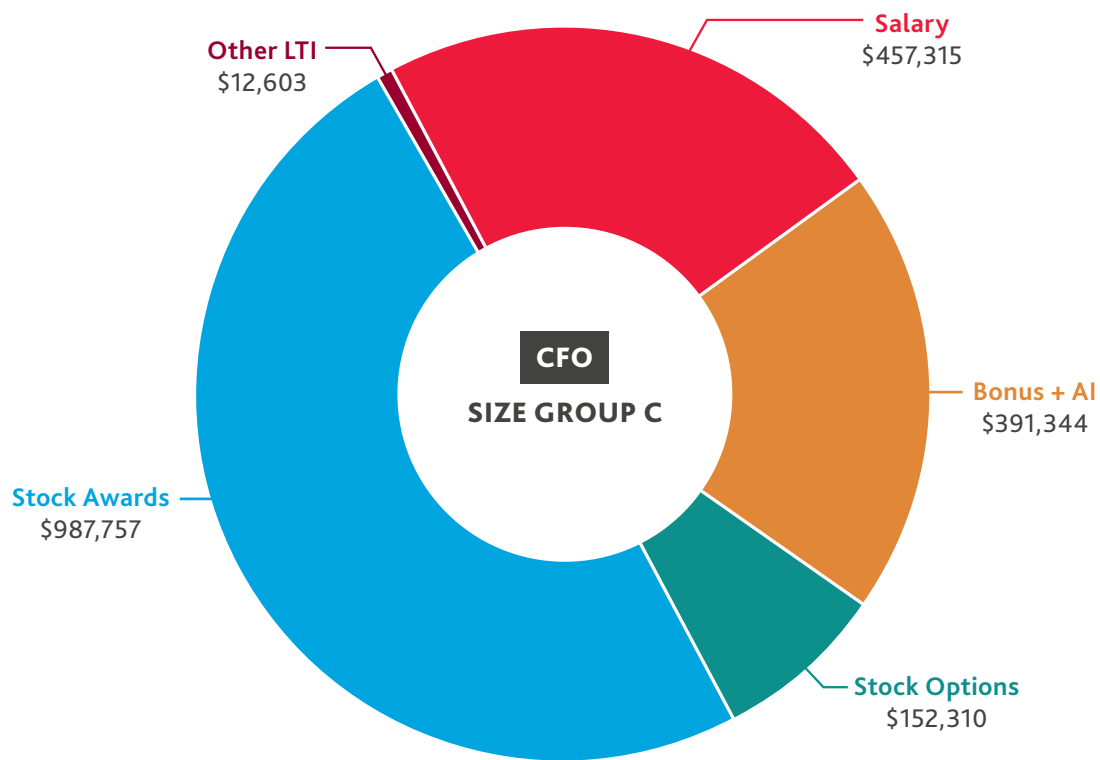
The average compensation paid to CEOs of the largest companies in our sample for fiscal years 2017 and 2016 is listed in the table below. CEO total direct compensation was relatively consistent year-over-year

| Position | Year | Average Salary | Bonus and Annual Incentives | Stock Options | Full -Value Stock Awards | Other LTI | TDC |
|----------|------|----------------|-----------------------------|---------------|--------------------------|-----------|-------------|
| CEO | 2017 | \$797,169 | \$1,064,445 | \$518,815 | \$2,546,677 | \$28,136 | \$4,955,242 |
| | 2016 | \$797,580 | \$1,051,506 | \$510,859 | \$2,576,046 | \$30,764 | \$4,966,755 |

COMPENSATION MIX.

The CEO pay mix in 2017 remained fairly level with 2016.

| Position | Year | Annual Cash | LTI | Total |
|----------|------|-------------|-----|-------|
| CEO | 2017 | 38% | 62% | 100% |
| | 2016 | 37% | 63% | 100% |



The average compensation paid to CFOs of the largest companies in our sample for fiscal years 2017 and 2016 is listed in the table below.

| Position | Year | Average Salary | Bonus and Annual Incentives | Stock Options | Full -Value Stock Awards | Other LTI | TDC |
|----------|------|----------------|-----------------------------|---------------|--------------------------|-----------|-------------|
| CFO | 2017 | \$457,315 | \$391,344 | \$152,310 | \$985,757 | \$12,603 | \$1,999,329 |
| | 2016 | \$468,397 | \$415,743 | \$152,129 | \$864,162 | \$10,849 | \$1,911,280 |

COMPENSATION MIX.

CFOs received a larger percentage of compensation through long-term incentives and equity in 2017 compared to 2016.

| Position | Year | Annual Cash | LTI | Total |
|----------|------|-------------|-----|-------|
| CFO | 2017 | 42% | 58% | 100% |
| | 2016 | 46% | 54% | 100% |

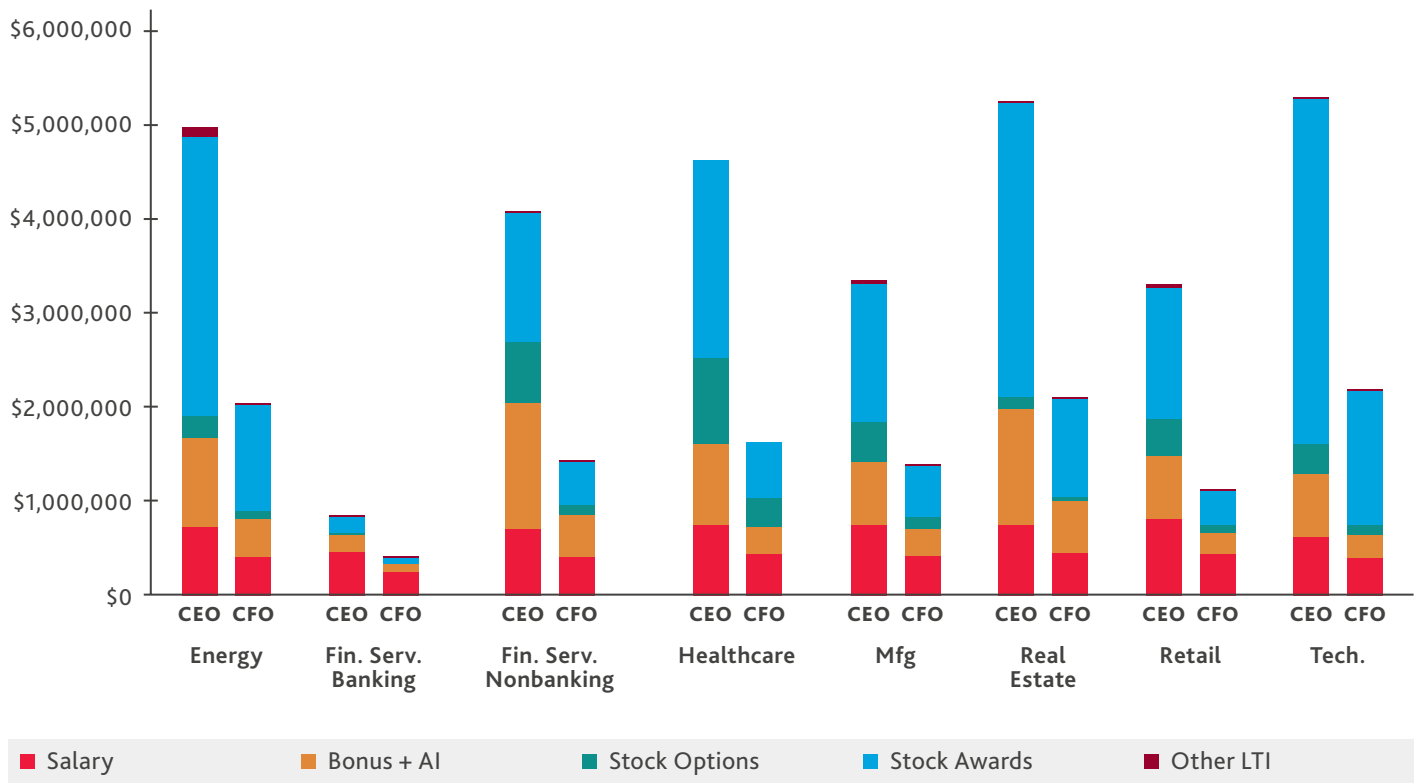
Results By Industry

SUMMARY OF FINDINGS

For middle market companies, industry is just as important as company size for benchmarking CEO and CFO compensation. As indicated in the chart on the right, CEO and CFO compensation levels vary considerably by industry.



OVERALL RESULTS BY INDUSTRY



CHANGES TO CEO COMPENSATION

CEOs in the energy industry experienced the largest year-over-year increase in average total direct compensation (17 percent), followed by real estate with a 9 percent increase. Retail industry CEOs experienced an 8 percent increase. CEOs in the technology and financial services (nonbanking) industries experienced the lowest increase (4 percent).

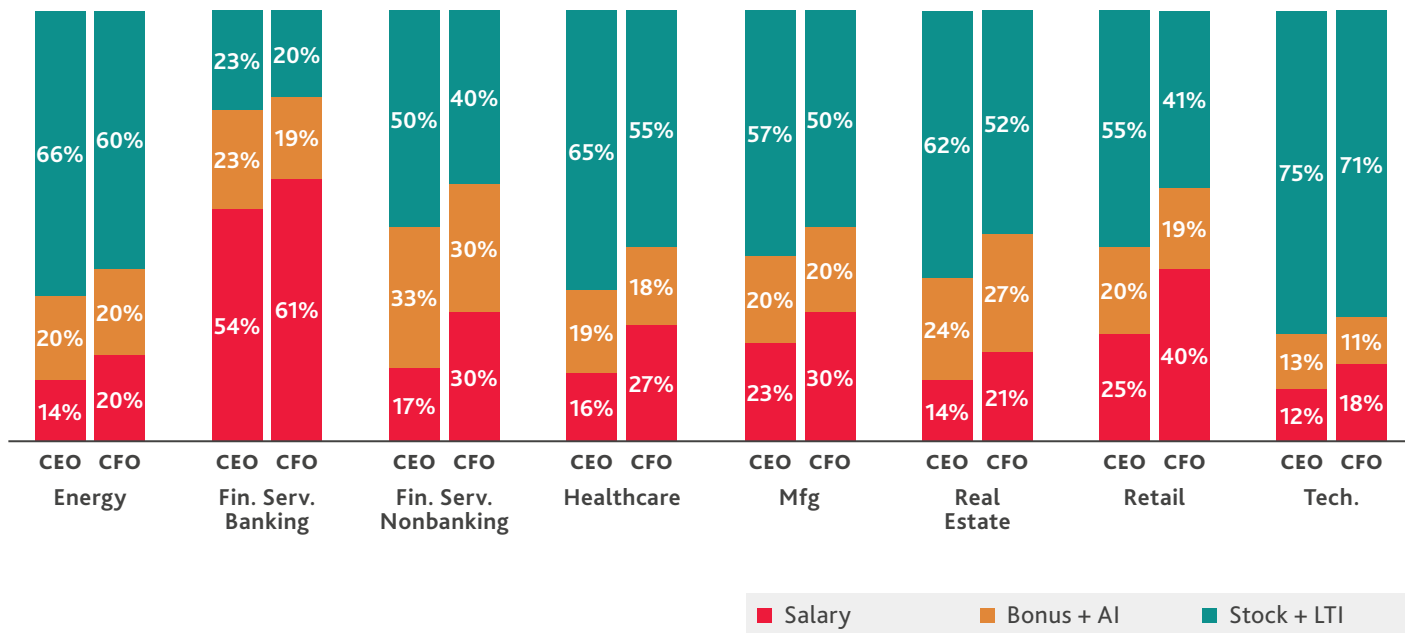
Average compensation varies widely from \$5,311,656 for technology industry CEOs to \$838,260 for CEOs in the financial services-banking industry. Our findings reveal that companies in the financial services-banking industry favor cash over equity, with a compensation mix of 77 percent cash and 23 percent equity/LTI. Other industries feature a more balanced compensation mix between annual cash and equity/LTI.

CHANGES TO CFO COMPENSATION

Technology industry CFOs experienced the largest increase in average total direct compensation (10 percent) while CFOs in the real estate and financial services-banking industries experienced a 6 percent increase.

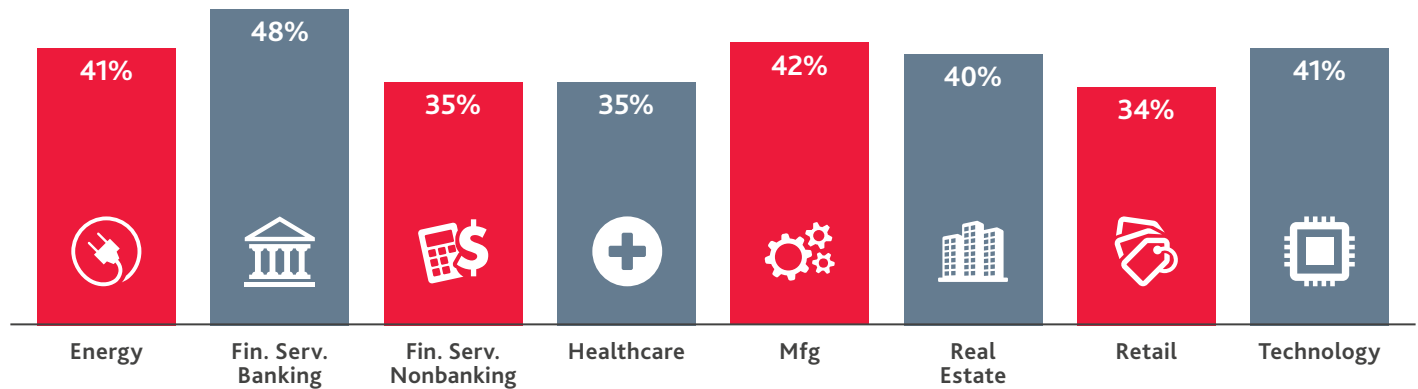
Technology industry CFOs also have the highest average compensation at \$2,187,924; CFOs of financial services-banking industry companies fall on the lowest end at \$402,152. The CFO compensation mix is similar to that of CEOs; companies in the financial services-banking industry favor cash over equity, with a compensation mix of 80 percent cash and 20 percent equity/LTI. Other industries feature a more balanced mix of pay between annual cash and equity/LTI. Full-value stock awards are favored over stock options for companies across all industries.

PAY MIX BY INDUSTRY



The relationship of CFO to CEO pay varies somewhat by industry. The biggest gap is found in the retail industry where CFOs earn 34 percent of the CEO's average total direct compensation. CFOs in the financial services-banking industry are the most well-paid as a percentage of CEO compensation, earning 48 percent of what CEOs make.

CFO TDC AS % OF CEO TDC

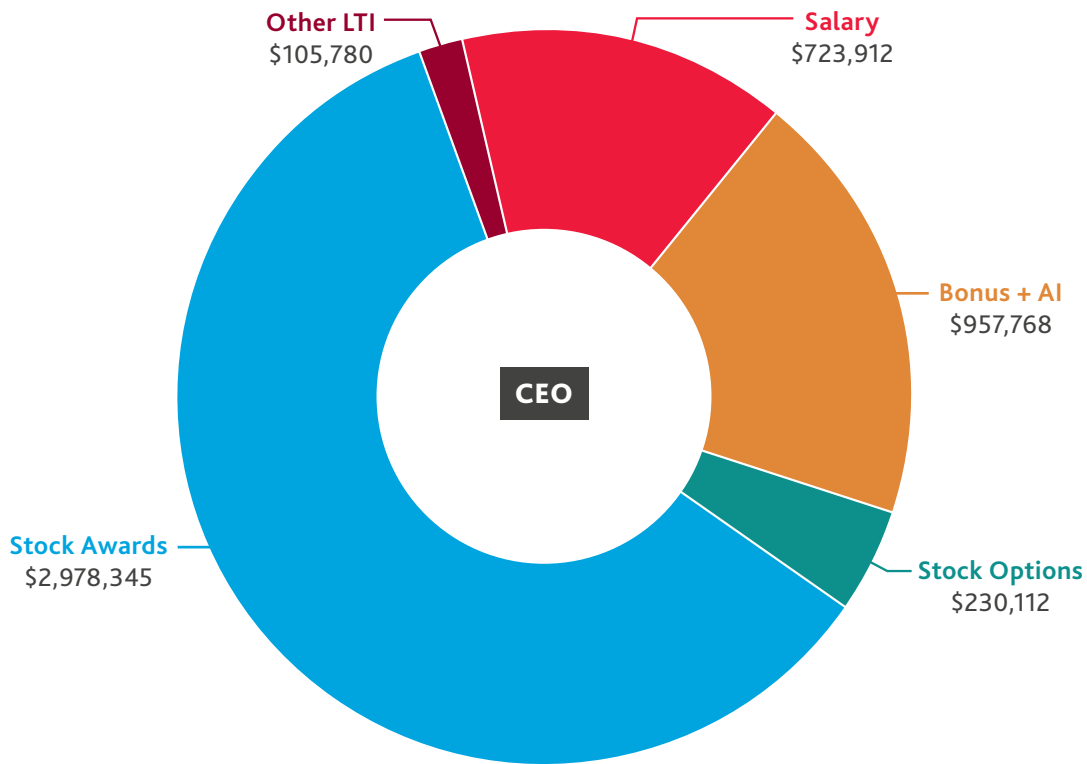


The following pages detail our findings for each of the eight industries.



STUDY BY INDUSTRY

Energy



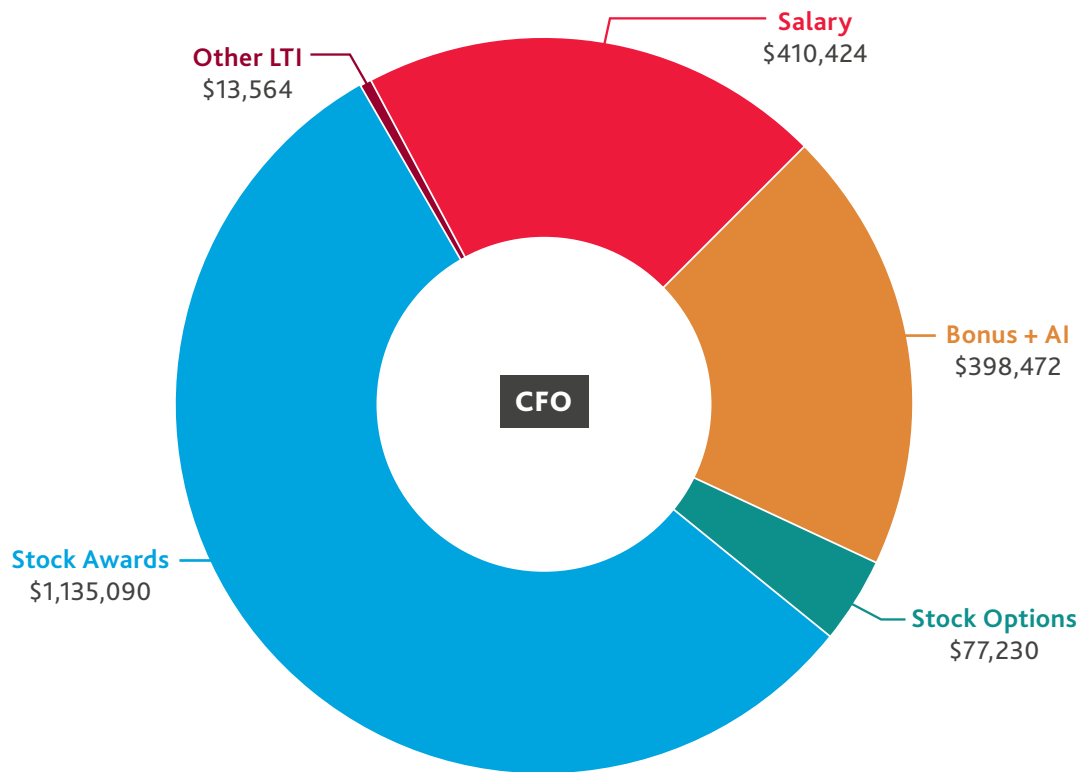
The average total direct compensation paid to energy industry CEOs for fiscal years 2017 and 2016 is listed below. Historically, energy industry CFOs reported the highest average compensation among all industries included in this study. In recent years, energy industry CEO compensation levels have fallen behind real estate and technology. Nonetheless, the average increase in pay was the highest of our industry groupings at 17%.

| Positions | Average Salary | Bonus and Annual Incentives | Stock Options | Full -Value Stock Awards | Other LTI | TDC |
|-------------------------------|----------------|-----------------------------|---------------|--------------------------|-----------|-------------|
| CEO 2017 | \$723,912 | \$957,768 | \$230,112 | \$2,978,345 | \$105,780 | \$4,995,917 |
| CEO 2016 | \$701,515 | \$875,551 | \$186,644 | \$2,472,990 | \$34,356 | \$4,271,056 |
| Change Over Prior Year | 3.2% | 9.4% | 23.3% | 20.4% | N/A* | 17.0% |

(*Because not all CEOs received annual LTI payments, year-over-year comparisons may not accurately indicate market trends.)

The resulting 2017 compensation mix is listed below.

| Position | Year | Annual Cash | LTI | Total |
|----------|------|-------------|-----|-------|
| CEO | 2017 | 34% | 66% | 100% |
| | 2016 | 37% | 63% | 100% |



The average total direct compensation paid to energy industry CFOs for fiscal years 2017 and 2016 is listed below.

| Positions | Average Salary | Bonus and Annual Incentives | Stock Options | Full -Value Stock Awards | Other LTI | TDC |
|-------------------------------|----------------|-----------------------------|---------------|--------------------------|-----------|-------------|
| CFO 2017 | \$410,424 | \$398,472 | \$77,230 | \$1,135,090 | \$13,564 | \$2,034,780 |
| CFO 2016 | \$394,335 | \$322,131 | \$75,161 | \$1,129,569 | \$22,866 | \$1,944,062 |
| Change Over Prior Year | 4.1% | 23.7% | 2.8% | 0.5% | N/A* | 4.7% |

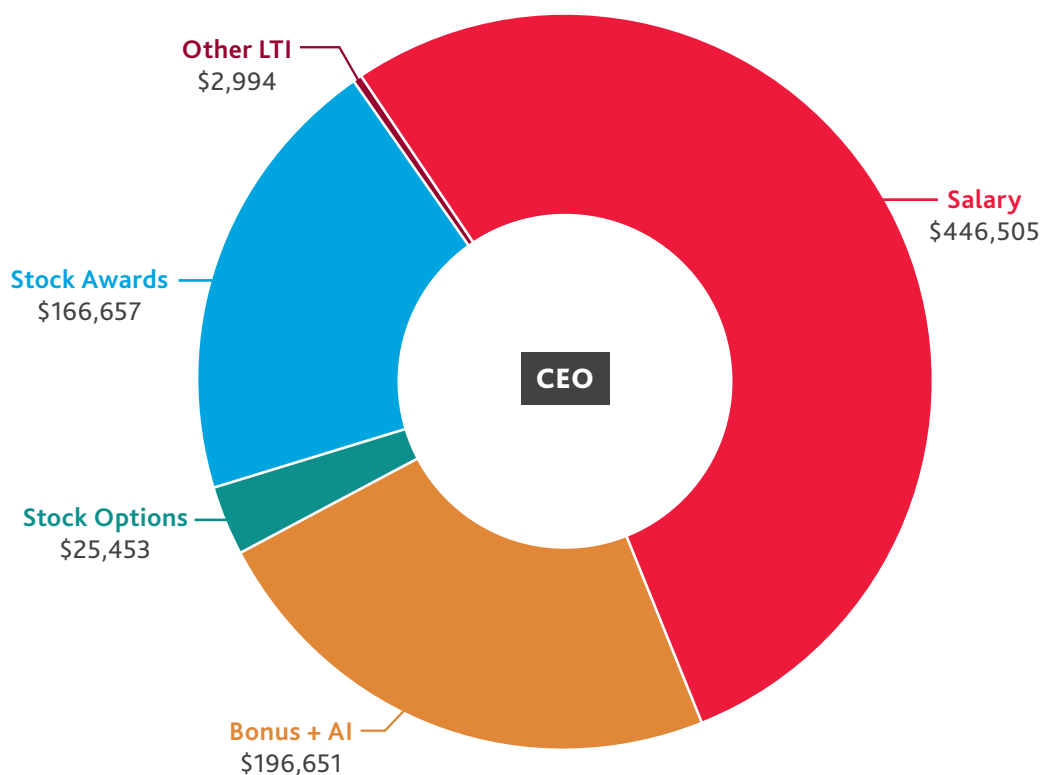
(*Because not all CFOs received annual LTI payments, year-over-year comparisons may not accurately indicate market trends.)

The resulting 2017 compensation mix is listed below.

| Position | Year | Annual Cash | LTI | Total |
|----------|------|-------------|-----|-------|
| CFO | 2017 | 40% | 60% | 100% |
| | 2016 | 37% | 63% | 100% |

STUDY BY INDUSTRY

Financial Services – Banking



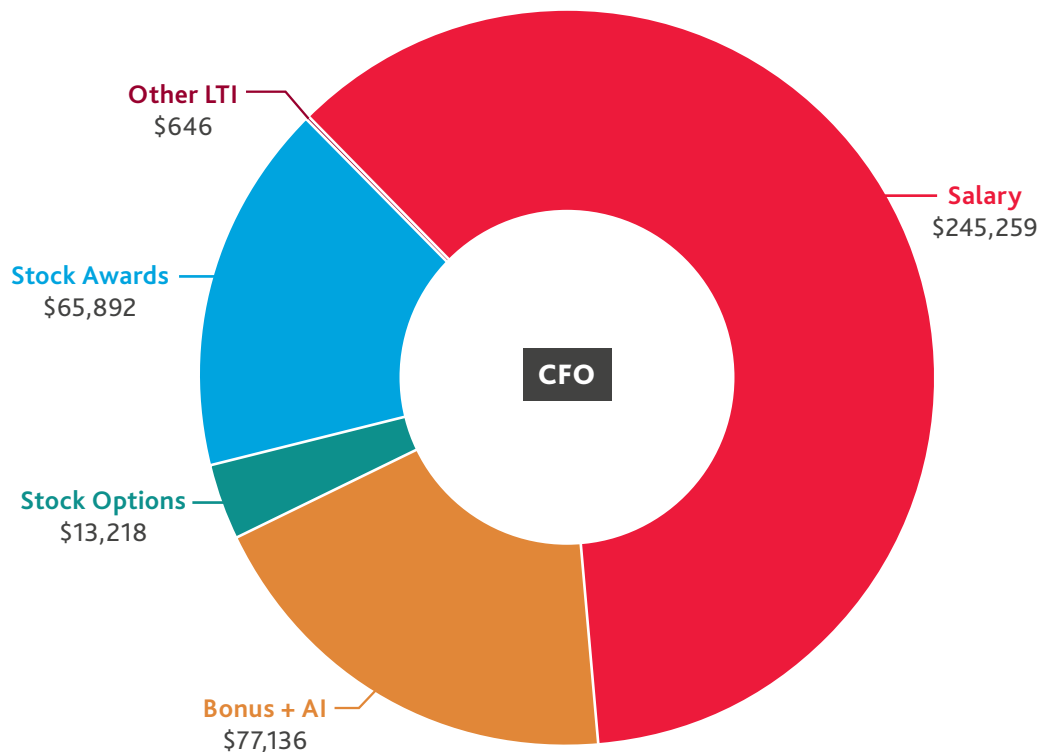
The average total direct compensation paid to CEOs of companies in the financial services-banking industry for fiscal years 2017 and 2016 is listed below. Financial services-banking institutions provide the highest percentage of compensation in terms of salary and bonus/annual incentives among all industries studied. Average CEO (and CFO) compensation levels, however, remain the lowest of all industries included in our study.

| Positions | Average Salary | Bonus and Annual Incentives | Stock Options | Full -Value Stock Awards | Other LTI | TDC |
|-------------------------------|----------------|-----------------------------|---------------|--------------------------|-----------|-----------|
| CEO 2017 | \$446,505 | \$196,651 | \$25,453 | \$166,657 | \$2,994 | \$838,260 |
| CEO 2016 | \$430,201 | \$187,597 | \$24,934 | \$167,820 | \$13,471 | \$824,023 |
| Change Over Prior Year | 3.8% | 4.8% | 2.1% | -0.7% | N/A* | 1.7% |

(*Because not all CEOs received annual LTI payments, year-over-year comparisons may not accurately indicate market trends.)

The resulting 2017 compensation mix is listed below.

| Position | Year | Annual Cash | LTI | Total |
|----------|------|-------------|-----|-------|
| CEO | 2017 | 77% | 23% | 100% |
| | 2016 | 75% | 25% | 100% |



The average total direct compensation paid to CFOs of companies in the financial services-banking industry for fiscal years 2017 and 2016 is listed below.

| Positions | Average Salary | Bonus and Annual Incentives | Stock Options | Full -Value Stock Awards | Other LTI | TDC |
|-------------------------------|----------------|-----------------------------|---------------|--------------------------|-----------|-----------|
| CFO 2017 | \$245,259 | \$77,136 | \$13,218 | \$65,892 | \$646 | \$402,151 |
| CFO 2016 | \$239,833 | \$73,947 | \$7,229 | \$56,001 | \$1,476 | \$378,486 |
| Change Over Prior Year | 2.3% | 4.3% | 82.8% | 17.7% | N/A* | 6.3% |

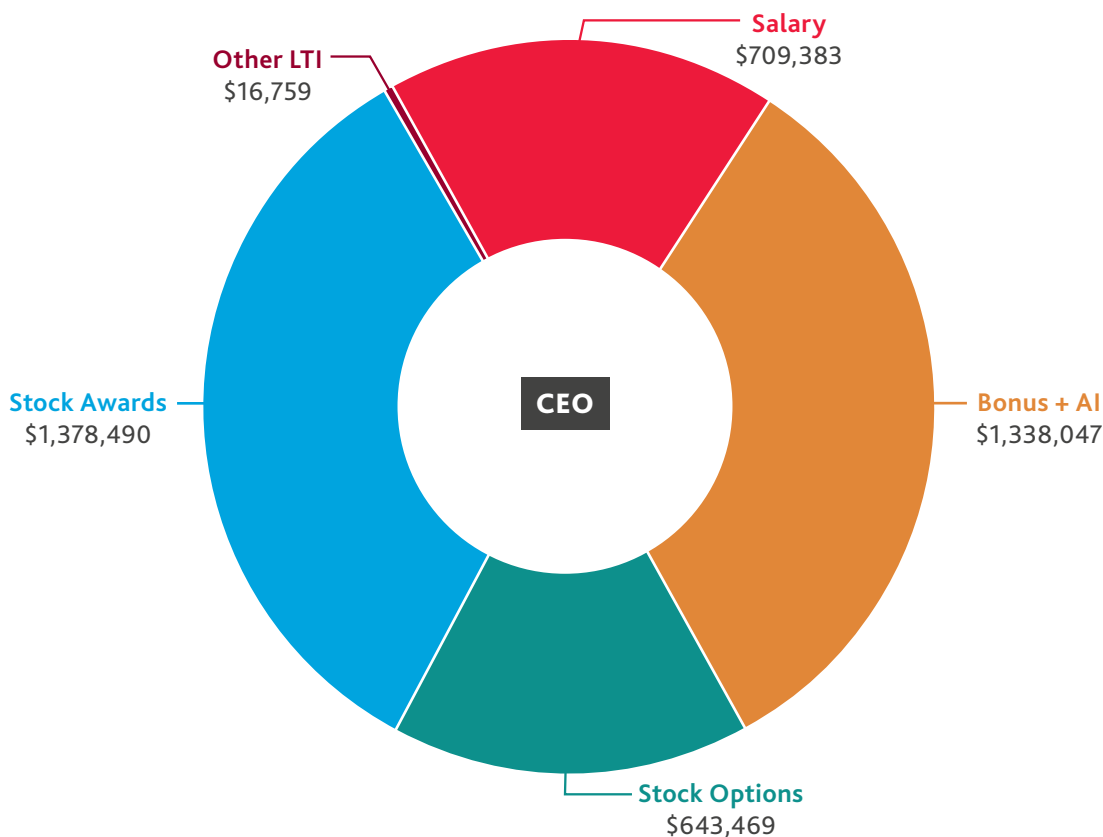
(*Because not all CFOs received annual LTI payments, year-over-year comparisons may not accurately indicate market trends.)

The resulting 2017 compensation mix is listed below.

| Position | Year | Annual Cash | LTI | Total |
|----------|------|-------------|-----|-------|
| CFO | 2017 | 80% | 20% | 100% |
| | 2016 | 83% | 17% | 100% |

STUDY BY INDUSTRY

Financial Services – Nonbanking



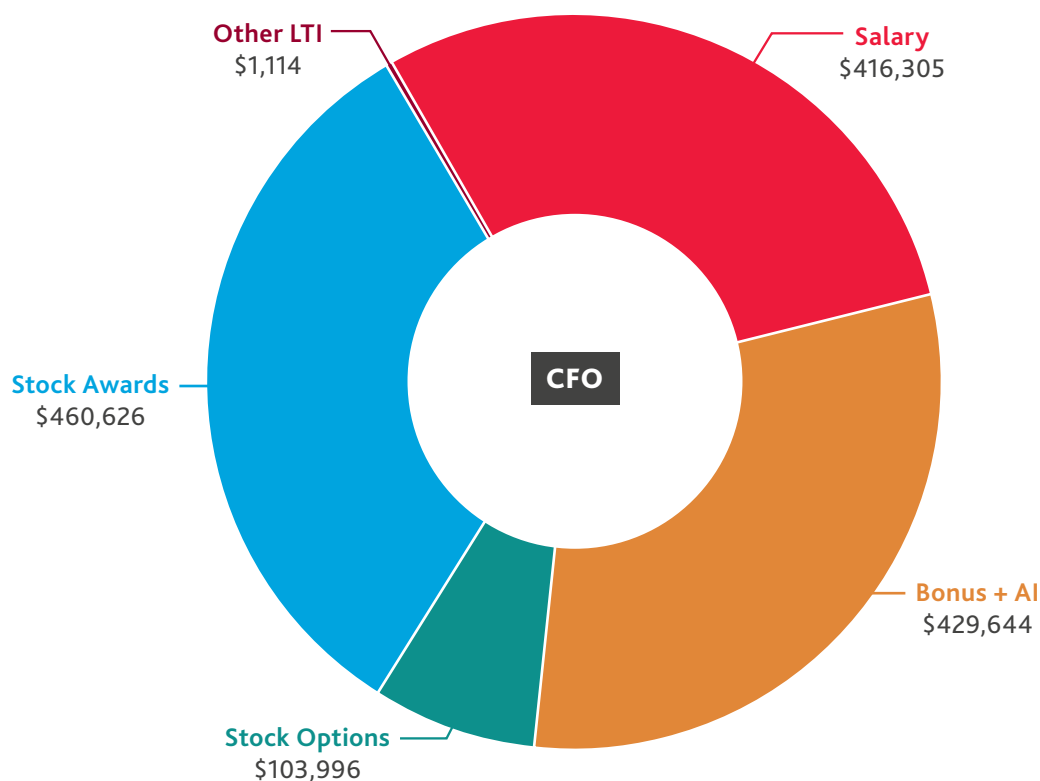
The average total direct compensation paid to CEOs of companies in the financial services-nonbanking industry for fiscal years 2017 and 2016 is listed below. The year 2016 was the first instance in which the CEO was paid more in long-term incentives/equity (51 percent) compared to annual cash (49 percent); 2017 brought a more even split between annual cash and long-term incentive/equity.

| Positions | Average Salary | Bonus and Annual Incentives | Stock Options | Full -Value Stock Awards | Other LTI | TDC |
|-------------------------------|----------------|-----------------------------|---------------|--------------------------|-----------|-------------|
| CEO 2017 | \$709,383 | \$1,338,047 | \$643,469 | \$1,378,490 | \$16,759 | \$4,086,148 |
| CEO 2016 | \$690,952 | \$1,223,223 | \$395,339 | \$1,563,445 | \$56,314 | \$3,929,273 |
| Change Over Prior Year | 2.7% | 9.4% | 62.8% | -11.8% | N/A* | 4.0% |

(*Because not all CEOs received annual LTI payments, year-over-year comparisons may not accurately indicate market trends.)

The resulting 2017 compensation mix is listed below.

| Position | Year | Annual Cash | LTI | Total |
|----------|------|-------------|-----|-------|
| CEO | 2017 | 50% | 50% | 100% |
| | 2016 | 49% | 51% | 100% |



The average total direct compensation paid to CFOs of companies in the financial services-nonbanking industry for fiscal years 2017 and 2016 is listed below.

| Positions | Average Salary | Bonus and Annual Incentives | Stock Options | Full -Value Stock Awards | Other LTI | TDC |
|-------------------------------|----------------|-----------------------------|---------------|--------------------------|-----------|-------------|
| CFO 2017 | \$416,305 | \$429,644 | \$103,996 | \$460,626 | \$1,114 | \$1,411,685 |
| CFO 2016 | \$409,997 | \$434,678 | \$85,095 | \$498,245 | \$2,603 | \$1,430,618 |
| Change Over Prior Year | 1.5% | -1.2% | 22.2% | -7.6% | N/A* | -1.3% |

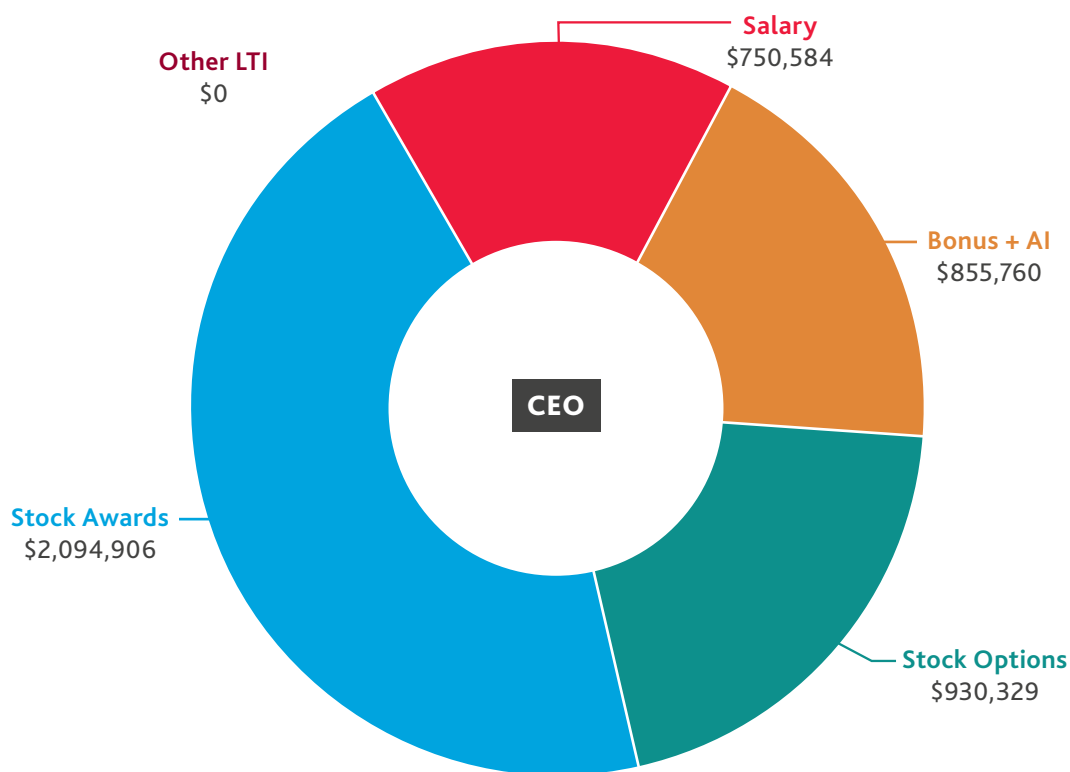
(*Because not all CFOs received annual LTI payments, year-over-year comparisons may not accurately indicate market trends.)

The resulting 2017 compensation mix is listed below.

| Position | Year | Annual Cash | LTI | Total |
|----------|------|-------------|-----|-------|
| CFO | 2017 | 60% | 40% | 100% |
| | 2016 | 59% | 41% | 100% |

STUDY BY INDUSTRY

Healthcare



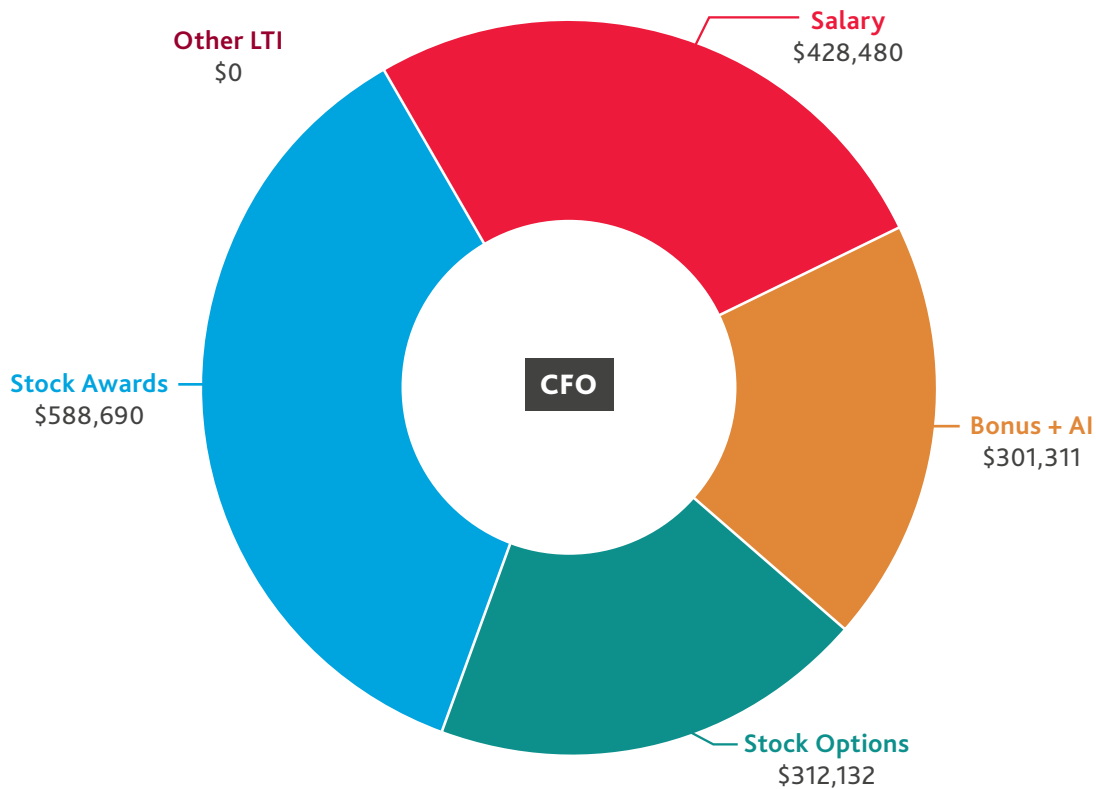
The average total direct compensation paid to healthcare industry CEOs for fiscal years 2017 and 2016 is listed below. Although total direct compensation for CEOs remained relatively consistent year-over-year, the use of both annual incentives and stock options each increased by 18 percent. Compensation paid as long-term incentives and equity decreased by 3 percent between 2016 and 2017.

| Positions | Average Salary | Bonus and Annual Incentives | Stock Options | Full -Value Stock Awards | Other LTI | TDC |
|-------------------------------|----------------|-----------------------------|---------------|--------------------------|-----------|-------------|
| CEO 2017 | \$750,584 | \$855,760 | \$930,329 | \$2,094,906 | \$0 | \$4,631,579 |
| CEO 2016 | \$732,461 | \$727,584 | \$793,345 | \$2,299,821 | \$36,446 | \$4,589,657 |
| Change Over Prior Year | 2.5% | 17.6% | 17.3% | -8.9% | N/A* | 0.9% |

(*Because not all CEOs received annual LTI payments, year-over-year comparisons may not accurately indicate market trends.)

The resulting 2017 compensation mix is listed below.

| Position | Year | Annual Cash | LTI | Total |
|----------|------|-------------|-----|-------|
| CEO | 2017 | 35% | 65% | 100% |
| | 2016 | 32% | 68% | 100% |



The average total direct compensation paid to healthcare industry CFOs for fiscal years 2017 and 2016 is listed below.

| Positions | Average Salary | Bonus and Annual Incentives | Stock Options | Full -Value Stock Awards | Other LTI | TDC |
|-------------------------------|----------------|-----------------------------|---------------|--------------------------|-----------|-------------|
| CFO 2017 | \$428,480 | \$301,311 | \$312,132 | \$588,690 | \$0 | \$1,630,613 |
| CFO 2016 | \$474,365 | \$258,692 | \$225,003 | \$619,375 | \$7,905 | \$1,585,340 |
| Change Over Prior Year | -9.7% | 16.5% | 38.7% | -5.0% | N/A* | 2.9% |

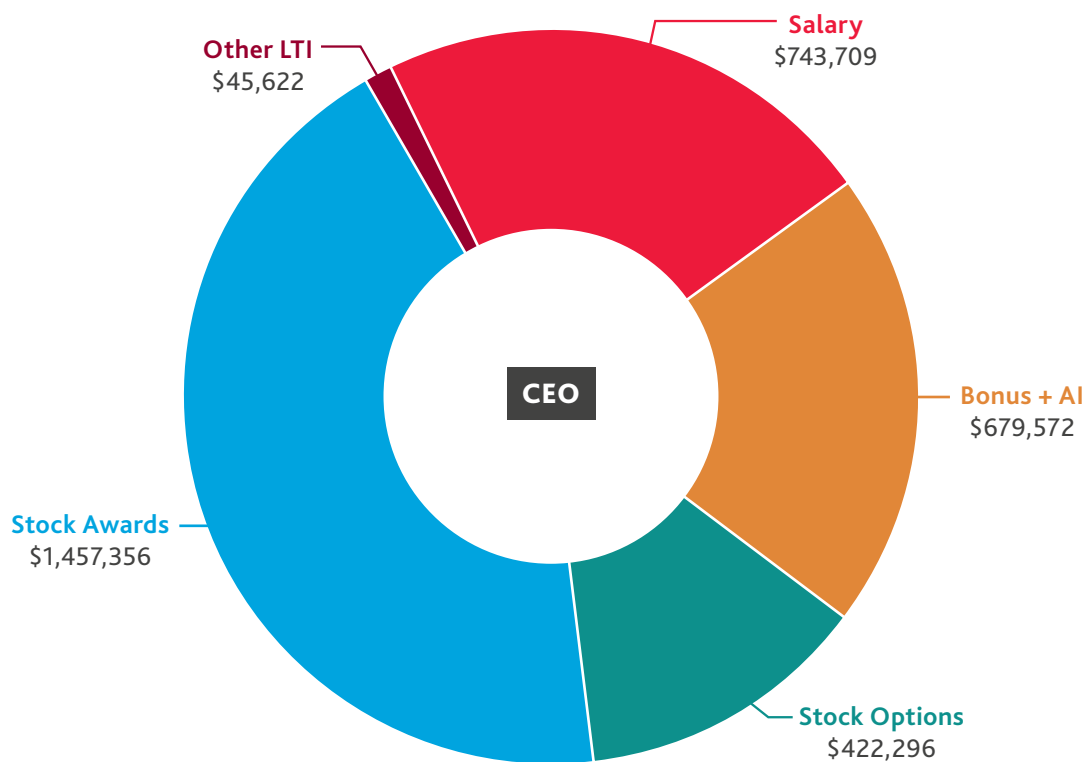
(*Because not all CFOs received annual LTI payments, year-over-year comparisons may not accurately indicate market trends.)

The resulting 2017 compensation mix is listed below.

| Position | Year | Annual Cash | LTI | Total |
|----------|------|-------------|-----|-------|
| CFO | 2017 | 45% | 55% | 100% |
| | 2016 | 46% | 54% | 100% |

STUDY BY INDUSTRY

Manufacturing



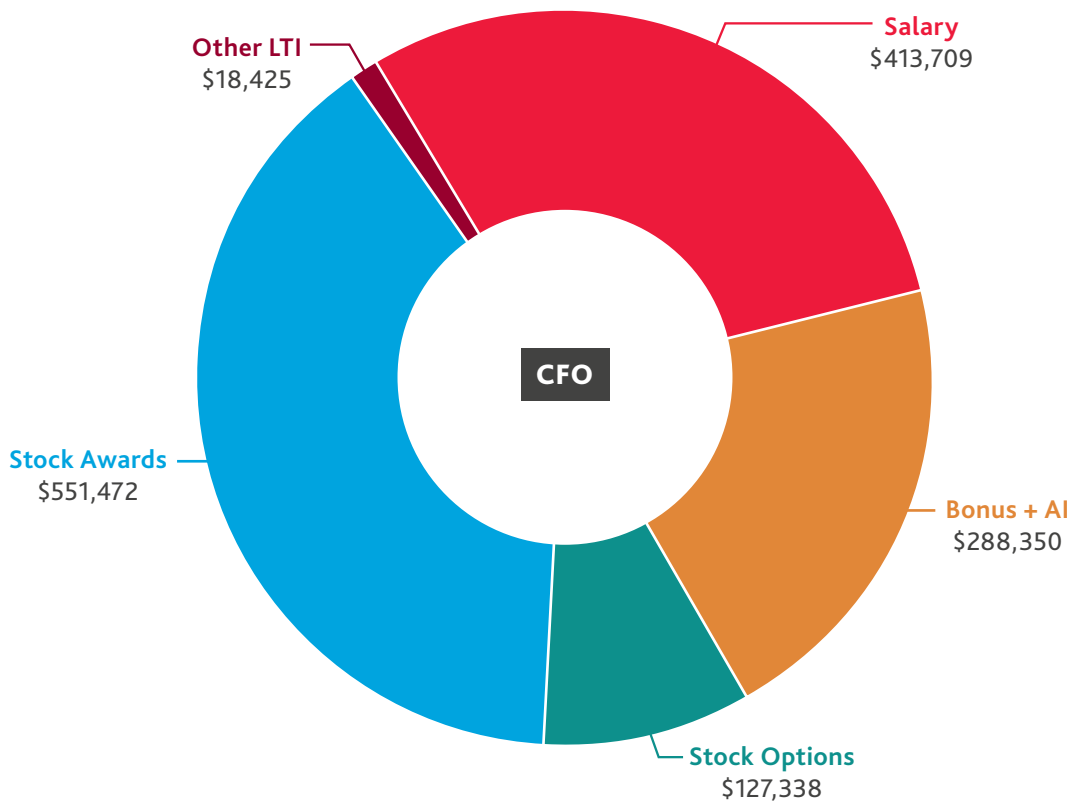
The average total direct compensation paid to manufacturing CEOs for fiscal years 2017 and 2016 is listed below. Manufacturing was the only industry in which CEOs experienced a decrease in pay in 2017 as compared to 2016.

| Positions | Average Salary | Bonus and Annual Incentives | Stock Options | Full -Value Stock Awards | Other LTI | TDC |
|-------------------------------|----------------|-----------------------------|---------------|--------------------------|-----------|-------------|
| CEO 2017 | \$743,709 | \$679,572 | \$422,296 | \$1,457,356 | \$45,622 | \$3,348,555 |
| CEO 2016 | \$720,309 | \$897,999 | \$501,099 | \$1,427,493 | \$73,859 | \$3,620,759 |
| Change Over Prior Year | 3.2% | -24.3% | -15.7% | 2.1% | N/A* | -7.5% |

(*Because not all CEOs received annual LTI payments, year-over-year comparisons may not accurately indicate market trends.)

The resulting 2017 compensation mix is listed below.

| Position | Year | Annual Cash | LTI | Total |
|----------|------|-------------|-----|-------|
| CEO | 2017 | 43% | 57% | 100% |
| | 2016 | 45% | 55% | 100% |



The average total direct compensation paid to manufacturing CFOs for fiscal years 2017 and 2016 is listed below. CFOs experienced a modest 1 percent increase in total direct compensation; while there was a year-over-year increase in the use of long-term incentives and equity, the gains were negated by a significant drop in annual incentive payouts.

| Positions | Average Salary | Bonus and Annual Incentives | Stock Options | Full -Value Stock Awards | Other LTI | TDC |
|-------------------------------|----------------|-----------------------------|---------------|--------------------------|-----------|-------------|
| CFO 2017 | \$413,709 | \$288,350 | \$127,338 | \$551,472 | \$18,425 | \$1,399,294 |
| CFO 2016 | \$391,180 | \$345,989 | \$119,923 | \$510,158 | \$13,128 | \$1,380,378 |
| Change Over Prior Year | 5.8% | -16.7% | 6.2% | 8.1% | N/A* | 1.4% |

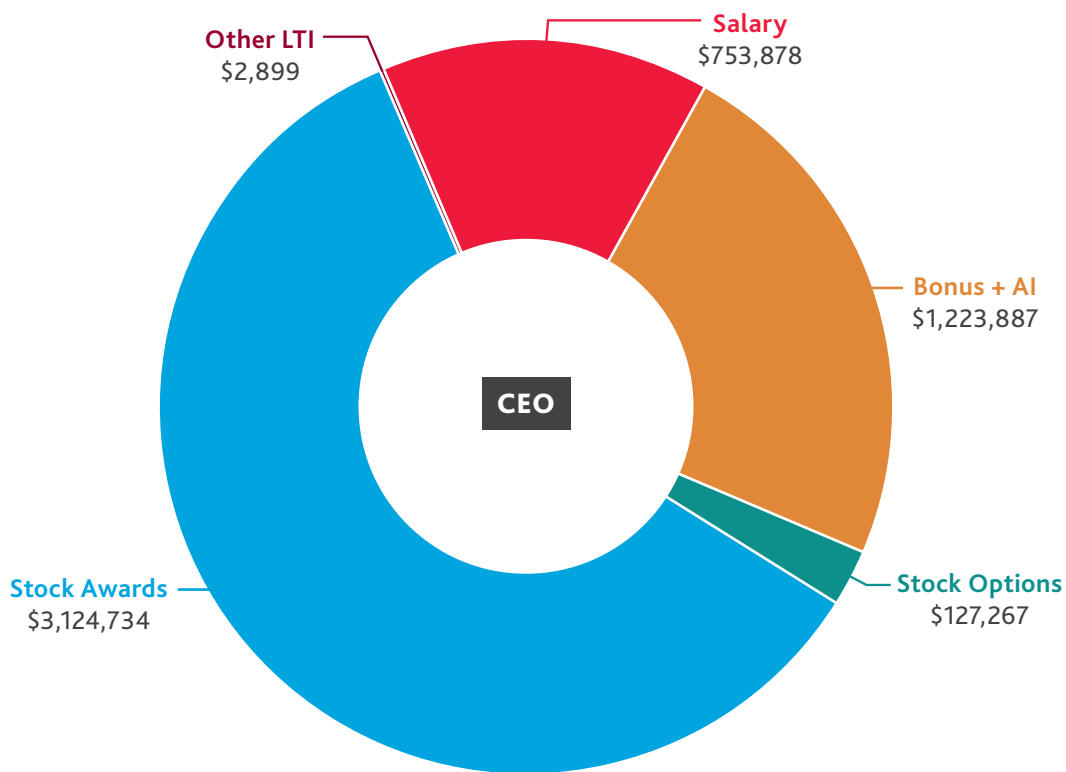
(*Because not all CFOs received annual LTI payments, year-over-year comparisons may not accurately indicate market trends.)

The resulting 2017 compensation mix is listed below.

| Position | Year | Annual Cash | LTI | Total |
|----------|------|-------------|-----|-------|
| CFO | 2017 | 50% | 50% | 100% |
| | 2016 | 53% | 47% | 100% |

STUDY BY INDUSTRY

Real Estate



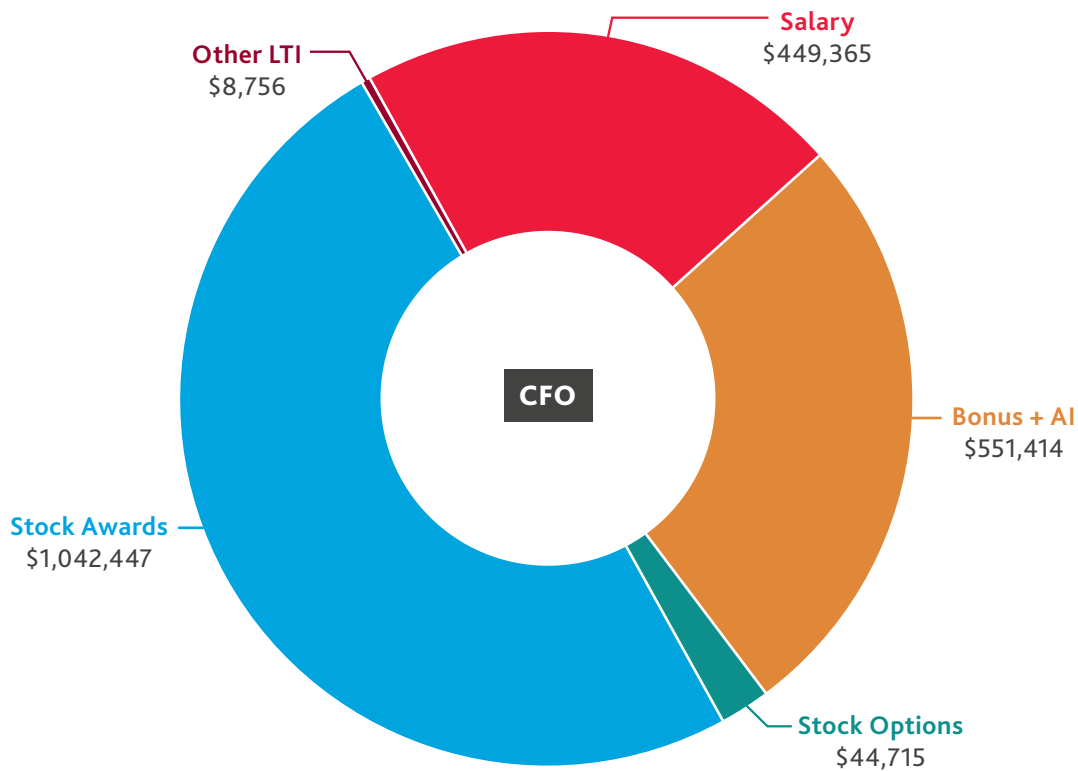
The average total direct compensation paid to CEOs of companies in the real estate industry for fiscal years 2017 and 2016 is listed below. Real estate CEOs are the second highest paid among all industry groups, reporting a 9 percent pay increase over the prior year.

| Positions | Average Salary | Bonus and Annual Incentives | Stock Options | Full -Value Stock Awards | Other LTI | TDC |
|-------------------------------|----------------|-----------------------------|---------------|--------------------------|-----------|-------------|
| CEO 2017 | \$753,878 | \$1,223,887 | \$127,267 | \$3,124,734 | \$2,899 | \$5,232,665 |
| CEO 2016 | \$736,847 | \$1,158,617 | \$137,277 | \$2,762,966 | \$0 | \$4,795,707 |
| Change Over Prior Year | 2.3% | 5.6% | -7.3% | 13.1% | N/A* | 9.1% |

(*Because not all CEOs received annual LTI payments, year-over-year comparisons may not accurately indicate market trends.)

The resulting 2017 compensation mix is listed below.

| Position | Year | Annual Cash | LTI | Total |
|----------|------|-------------|-----|-------|
| CEO | 2017 | 38% | 62% | 100% |
| | 2016 | 40% | 60% | 100% |



The average total direct compensation paid to CFOs of companies in the real estate industry for fiscal years 2017 and 2016 is listed below.

| Positions | Average Salary | Bonus and Annual Incentives | Stock Options | Full -Value Stock Awards | Other LTI | TDC |
|-------------------------------|----------------|-----------------------------|---------------|--------------------------|-----------|-------------|
| CFO 2017 | \$449,365 | \$551,414 | \$44,715 | \$1,042,447 | \$8,756 | \$2,096,697 |
| CFO 2016 | \$432,000 | \$489,741 | \$46,369 | \$1,009,236 | \$0 | \$1,977,346 |
| Change Over Prior Year | 4.0% | 12.6% | -3.6% | 3.3% | N/A* | 6.0% |

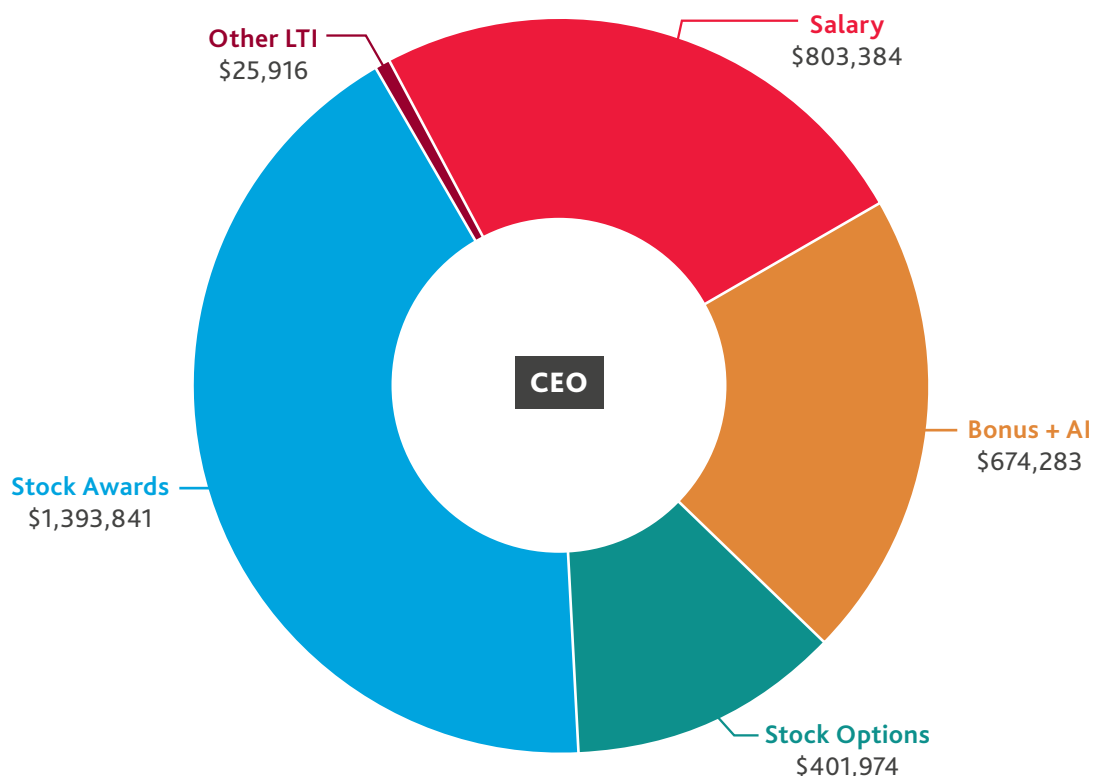
(*Because not all CFOs received annual LTI payments, year-over-year comparisons may not accurately indicate market trends.)

The resulting 2017 compensation mix is listed below.

| Position | Year | Annual Cash | LTI | Total |
|----------|------|-------------|-----|-------|
| CFO | 2017 | 48% | 52% | 100% |
| | 2016 | 47% | 53% | 100% |

STUDY BY INDUSTRY

Retail



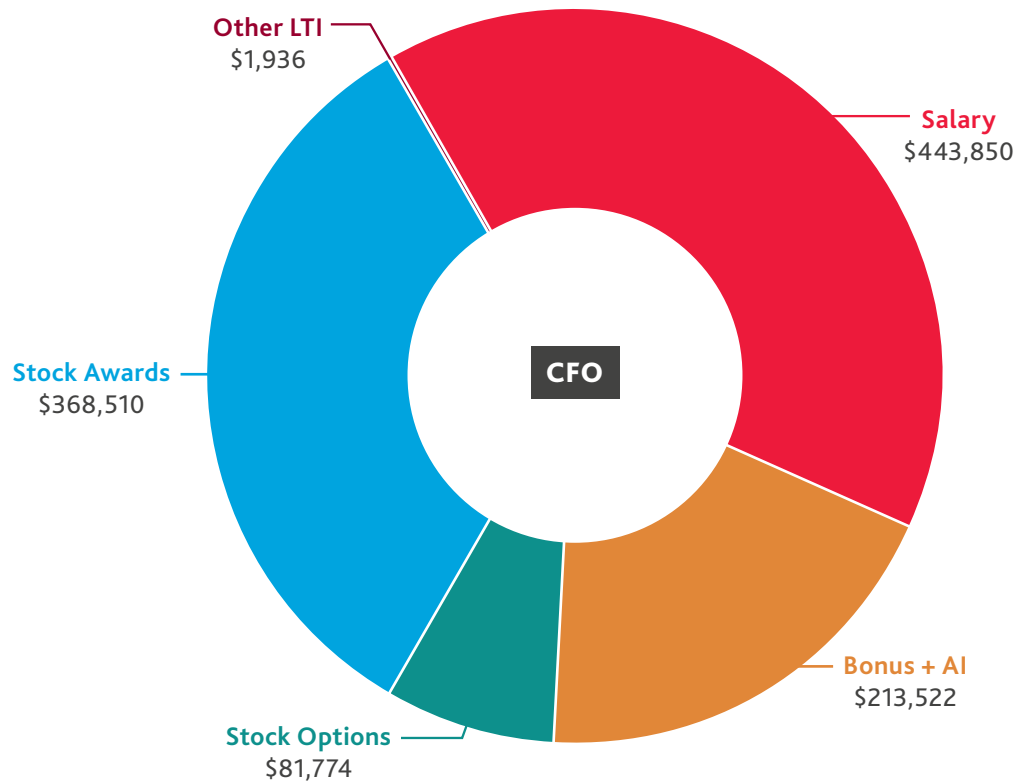
The average total direct compensation paid to retail industry CEOs for fiscal years 2017 and 2016 is listed below. The compensation mix for retail industry CEOs was more equity-focused in 2017, with a bigger share of compensation paid via stock options and full-value stock awards.

| Positions | Average Salary | Bonus and Annual Incentives | Stock Options | Full -Value Stock Awards | Other LTI | TDC |
|-------------------------------|----------------|-----------------------------|---------------|--------------------------|-----------|-------------|
| CEO 2017 | \$803,384 | \$674,283 | \$401,974 | \$1,393,841 | \$25,916 | \$3,299,398 |
| CEO 2016 | \$795,354 | \$644,423 | \$348,198 | \$1,218,374 | \$36,753 | \$3,043,102 |
| Change Over Prior Year | 1.0% | 4.6% | 15.4% | 14.4% | N/A* | 8.4% |

(*Because not all CEOs received annual LTI payments, year-over-year comparisons may not accurately indicate market trends.)

The resulting 2017 compensation mix is listed below.

| Position | Year | Annual Cash | LTI | Total |
|----------|------|-------------|-----|-------|
| CEO | 2017 | 45% | 55% | 100% |
| | 2016 | 47% | 53% | 100% |



The average total direct compensation paid to retail industry CFOs for fiscal years 2017 and 2016 is listed below.

| Positions | Average Salary | Bonus and Annual Incentives | Stock Options | Full -Value Stock Awards | Other LTI | TDC |
|-------------------------------|----------------|-----------------------------|---------------|--------------------------|-----------|-------------|
| CFO 2017 | \$443,850 | \$213,522 | \$81,774 | \$368,510 | \$1,936 | \$1,109,592 |
| CFO 2016 | \$432,698 | \$176,475 | \$98,922 | \$354,993 | \$9,592 | \$1,072,680 |
| Change Over Prior Year | 2.6% | 21.0% | -17.3% | 3.8% | N/A* | 3.4% |

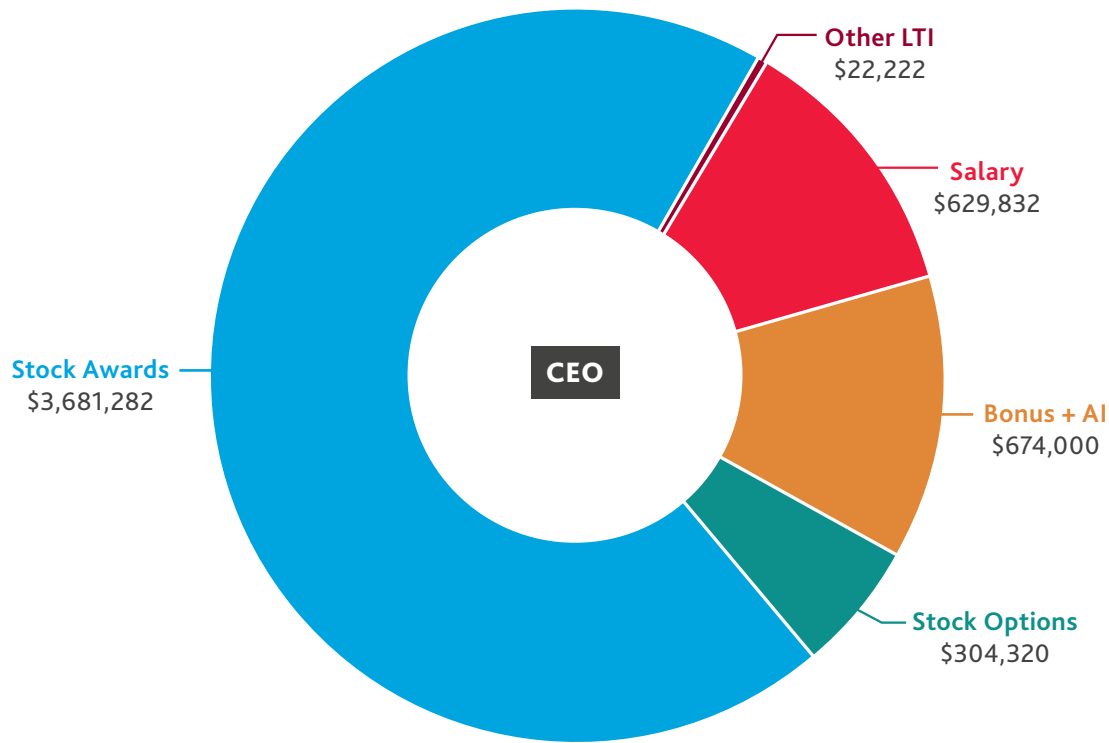
(*Because not all CFOs received annual LTI payments, year-over-year comparisons may not accurately indicate market trends.)

The resulting 2017 compensation mix is listed below.

| Position | Year | Annual Cash | LTI | Total |
|----------|------|-------------|-----|-------|
| CFO | 2017 | 59% | 41% | 100% |
| | 2016 | 57% | 43% | 100% |

STUDY BY INDUSTRY

Technology



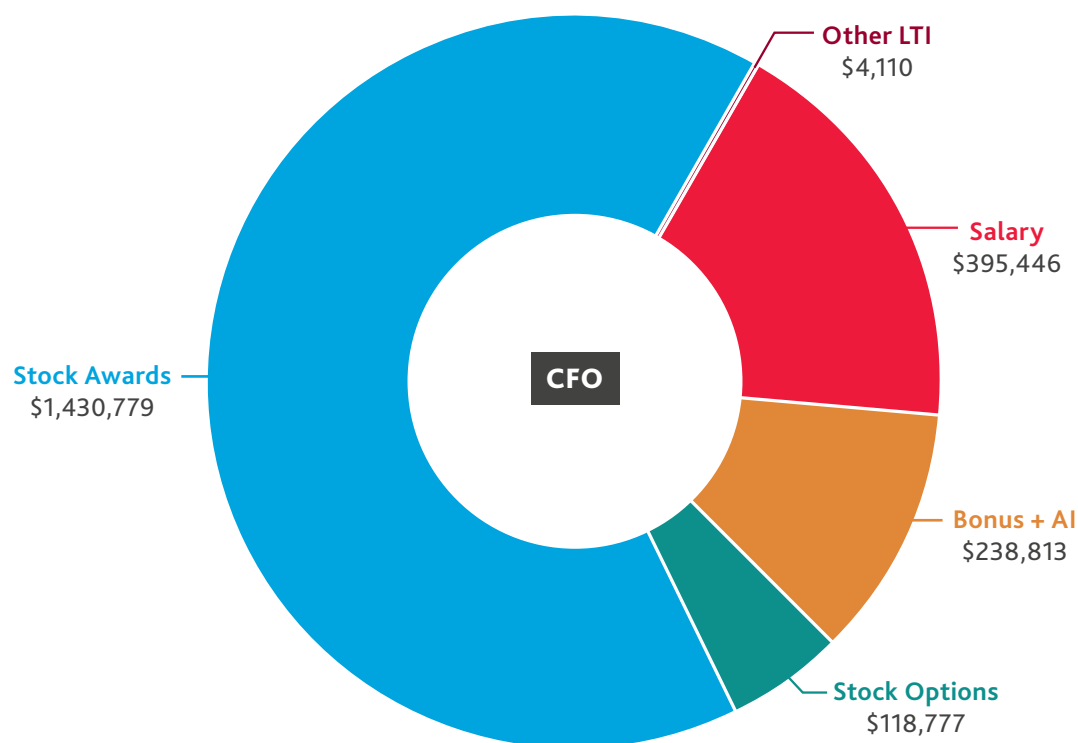
The average total direct compensation paid to technology industry CEOs for fiscal years 2017 and 2016 is listed below. This is the third year in a row that technology company CEOs ranked as the most highly compensated among all industry groups. Technology company CEOs receive a higher percentage of compensation in the form of long-term incentives and equity compared to CEOs in any other industry studied.

| Positions | Average Salary | Bonus and Annual Incentives | Stock Options | Full -Value Stock Awards | Other LTI | TDC |
|-------------------------------|----------------|-----------------------------|---------------|--------------------------|-----------|-------------|
| CEO 2017 | \$629,832 | \$674,000 | \$304,320 | \$3,681,282 | \$22,222 | \$5,311,656 |
| CEO 2016 | \$650,859 | \$574,708 | \$327,262 | \$3,534,254 | \$6,644 | \$5,093,727 |
| Change Over Prior Year | -3.2% | 17.3% | -7.0% | 4.2% | N/A* | 4.3% |

(*Because not all CEOs received annual LTI payments, year-over-year comparisons may not accurately indicate market trends.)

The resulting 2017 compensation mix is listed below.

| Position | Year | Annual Cash | LTI | Total |
|----------|------|-------------|-----|-------|
| CEO | 2017 | 25% | 75% | 100% |
| | 2016 | 24% | 76% | 100% |



The average total direct compensation paid to technology industry CFOs for fiscal years 2017 and 2016 is listed below. Technology company CFOs receive a higher percentage of compensation in the form of long-term incentives and equity than CFOs in any other industry studied.

| Positions | Average Salary | Bonus and Annual Incentives | Stock Options | Full -Value Stock Awards | Other LTI | TDC |
|-------------------------------|----------------|-----------------------------|---------------|--------------------------|-----------|-------------|
| CFO 2017 | \$395,446 | \$238,813 | \$118,777 | \$1,430,779 | \$4,110 | \$2,187,925 |
| CFO 2016 | \$387,203 | \$281,011 | \$125,915 | \$1,190,634 | \$851 | \$1,985,614 |
| Change Over Prior Year | 2.1% | -15.0% | -5.7% | 20.2% | N/A* | 10.2% |

(*Because not all CFOs received annual LTI payments, year-over-year comparisons may not accurately indicate market trends.)

The resulting 2017 compensation mix is listed below.

| Position | Year | Annual Cash | LTI | Total |
|----------|------|-------------|-----|-------|
| CFO | 2017 | 29% | 71% | 100% |
| | 2016 | 34% | 66% | 100% |

The BDO 600: 2018 Study of CEO and CFO Compensation Practices of 600 Mid-Market Public Companies examined the compensation practices of publicly-traded companies in the energy, financial services–banking, financial services–nonbanking, healthcare, manufacturing, real estate, retail, and technology industries. Companies in the six non-financial service industries in our study have annual revenues between \$100 million and \$3 billion. Companies in the two financial services industries in our study have assets between \$100 million and \$6 billion.

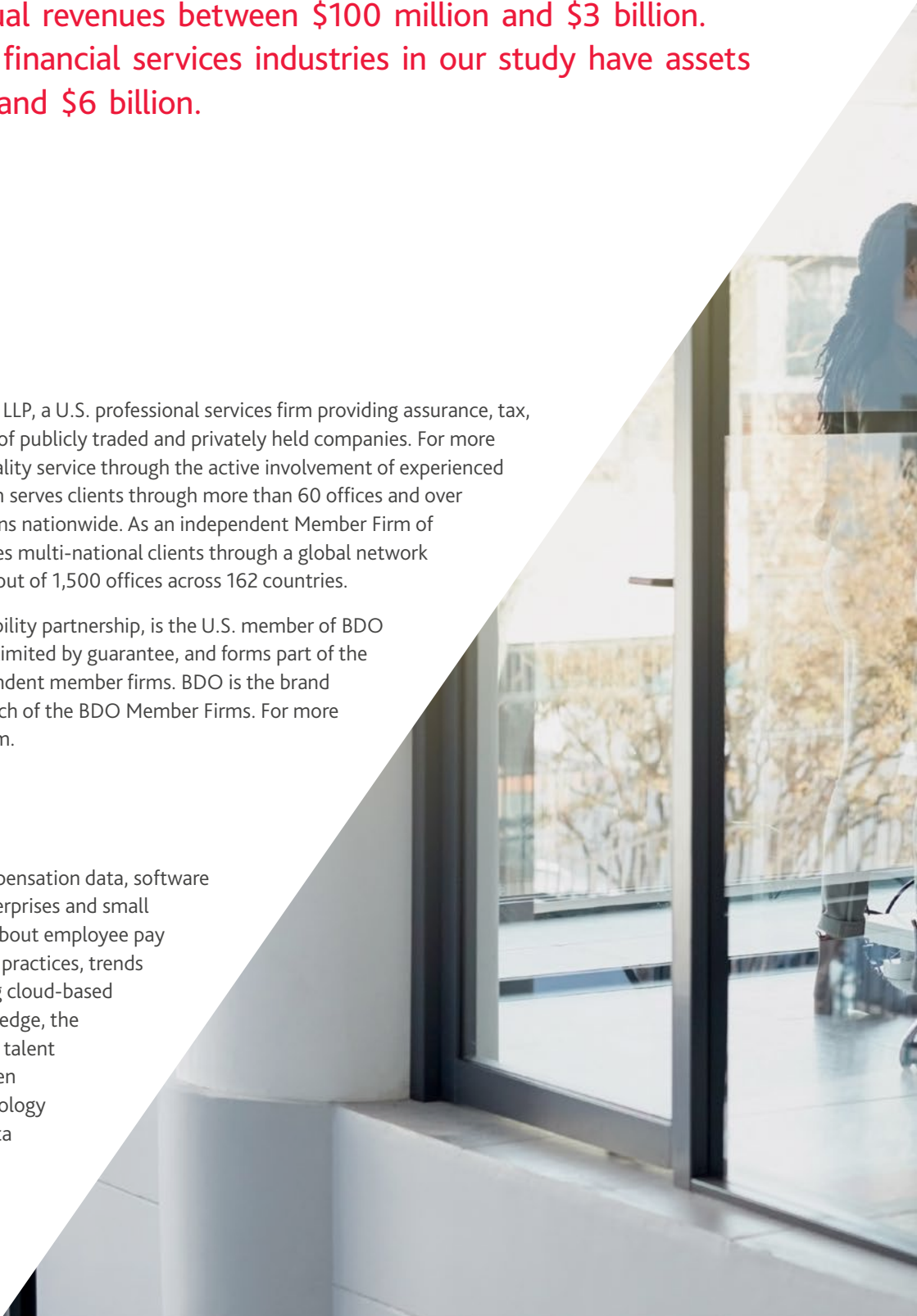
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LAST NAME

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PHONE

SUBJECT

MESSAGE

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