

2017 SAY ON PAY RESULTS

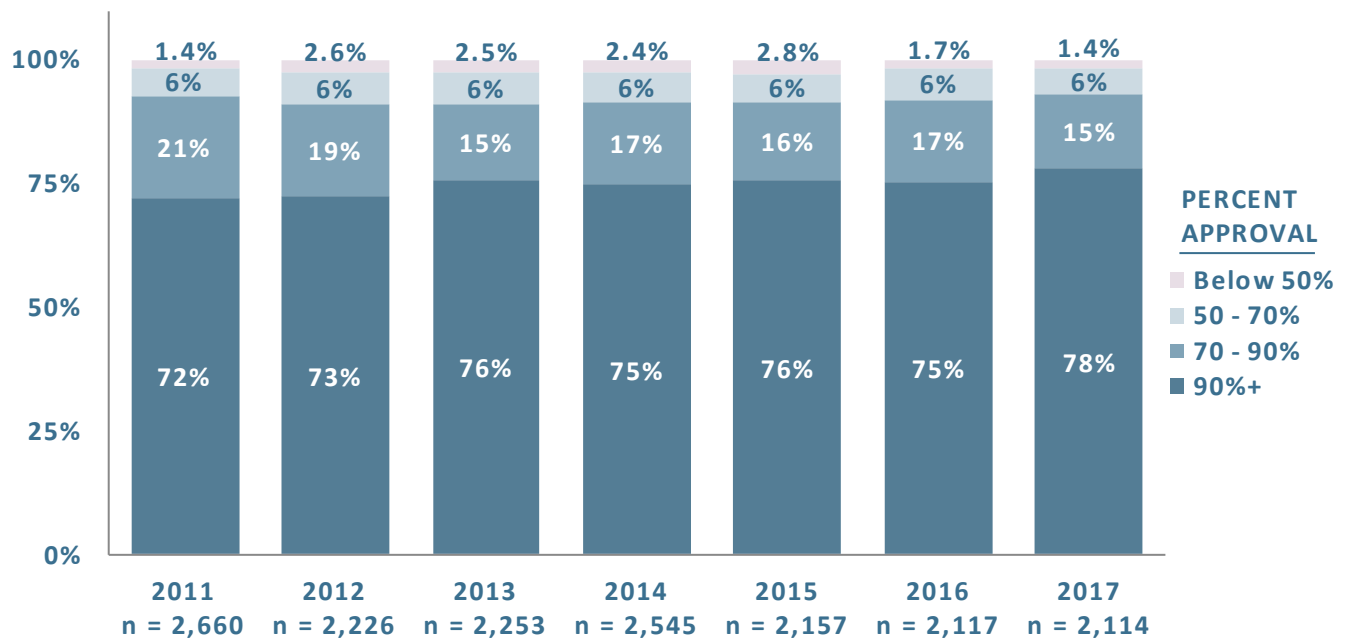
8/2/2017



2,114 COMPANIES

Breakdown of Say on Pay Vote Results

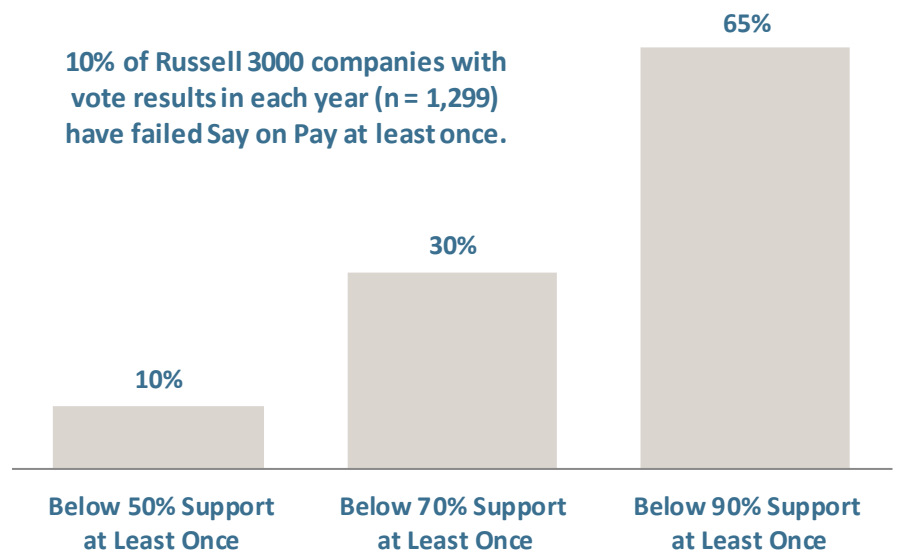
To date, 30 Russell 3000 companies (1.4%) have failed Say on Pay in 2017. One company has failed since our last report – McKesson.



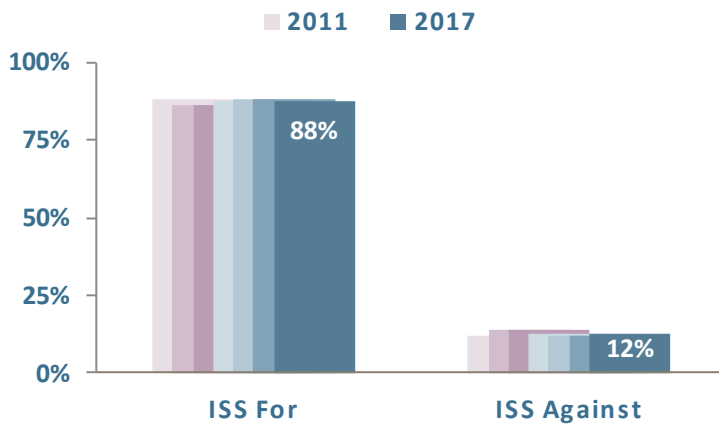
Since the Last Report

- The current failure rate (1.4%) is equal to the lowest observed rate, which occurred in 2011. The failure rate has not changed since our last report
- The percentage of companies receiving support above 90% in 2017 is slightly higher than any prior year
- The average vote result thus far in 2017 is 91.7%, which is the highest since voting began

10% of Russell 3000 companies with vote results in each year (n = 1,299) have failed Say on Pay at least once.

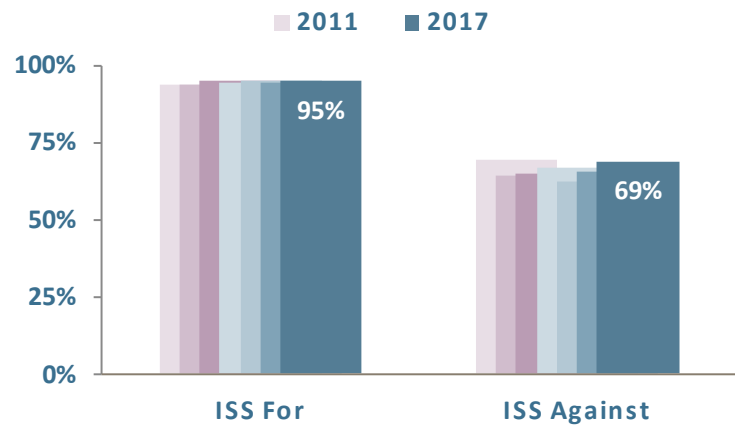


ISS Recommendation Breakdown



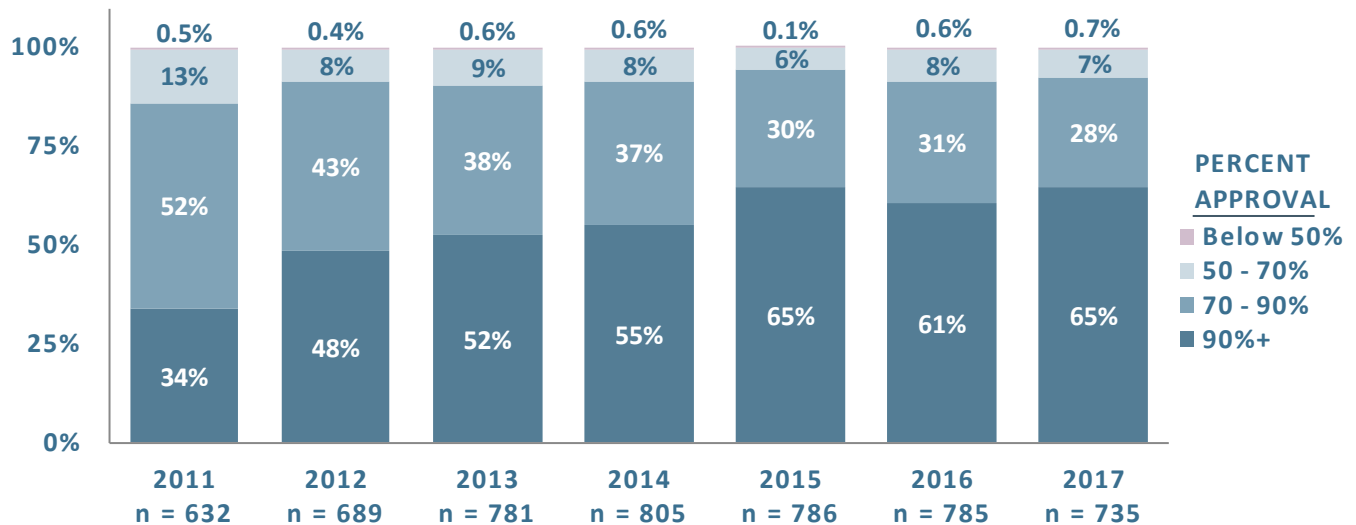
- ISS has recommended "Against" 12% of the companies it has assessed thus far in 2017

ISS Impact on Vote Results



- Shareholder support is 26% lower at companies that have received an ISS "Against" recommendation

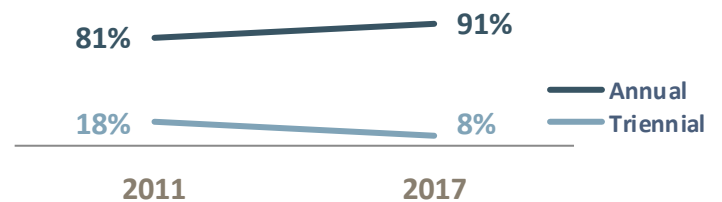
Breakdown of Equity Plan Proposal Votes



Governance Observations

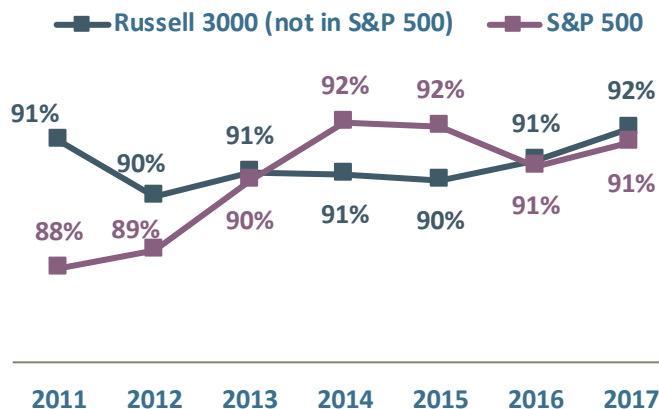
- The equity plan proposal failure rate (0.7%) thus far in 2017 is higher than any of the past seven years. However, the percentage of companies receiving over 90% support is also higher than any year over the same time period
- Shareholders are supporting annual Say on Pay voting in 91% of frequency votes thus far in 2017, a ten percentage point increase over 2011

Say on Pay Frequency Vote Results



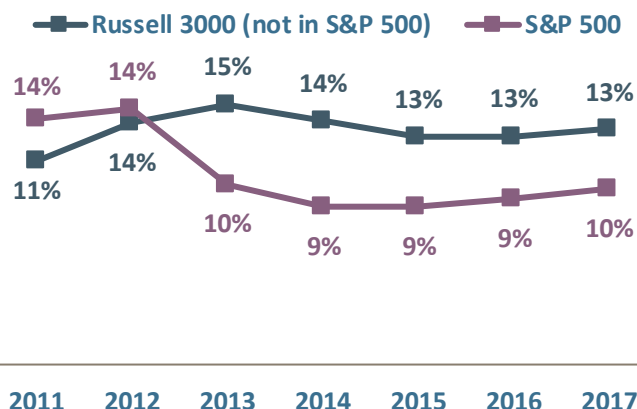
Note: 0.6% of companies in 2011 and 0.3% thus far in 2017 voted to hold a biennial Say on Pay vote.

Average Say on Pay Vote Results



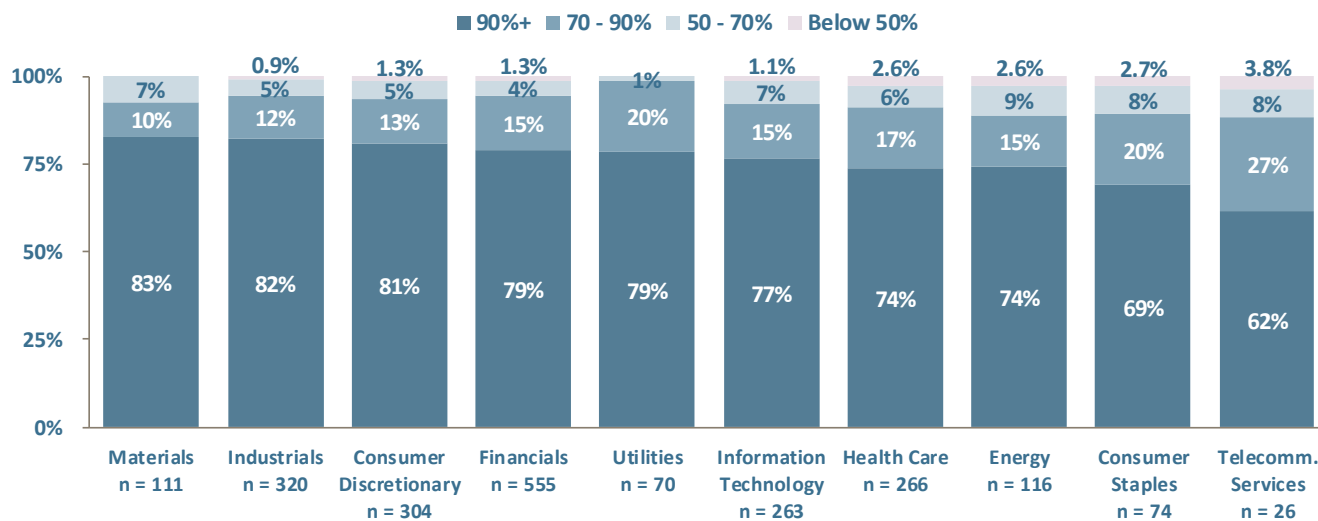
- The S&P 500 and Russell 3000 (not including S&P 500 companies) have had similar average vote results over the past two years

ISS "Against" Recommendations



- ISS has recommended "Against" Russell 3000 companies (not in the S&P 500) nearly 50% more often than companies in the S&P 500 since 2013

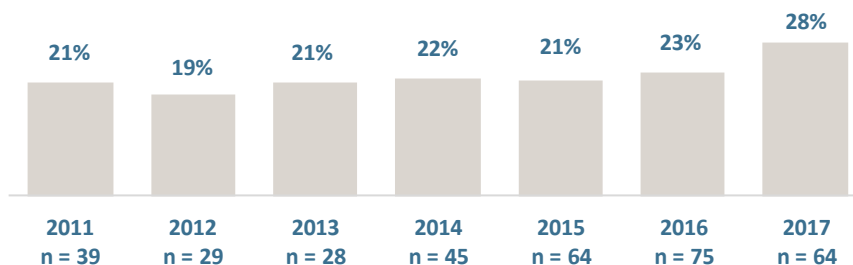
2017 Russell 3000 Say on Pay Results by GICS Sector



Governance Observations

- Environmental proposals have had the highest average vote support (28%) in 2017 than any prior year
- Four environmental proposals (6%) have received greater than 50% support in 2017. Only three environmental proposals (1%) passed in the previous six years

Environmental Proposal Average Vote Results



Likely Causes of Votes Under 50% in 2017

2017 Failed Say on Pay Vote Results¹

Russell 3000, n=30

Company	Say on Pay Vote Results			Number of Failures	Likely Causes of Votes Under 50%							
	2017 ▼	2016	YOY		Pay and Performance Relation	Problematic Pay Practices	Rigor of Performance Goals	Shareholder Outreach and Disclosure	Non-Performance Based Equity	Special Awards/ Mega-Grants	Benchmarking Practices	
	New York Community Bancorp, Inc.	50%	-		-	2	X					
Hospitality Properties Trust	48%	61%	-13%	1		X		X				
Sanchez Energy Corp.	47%	56%	-8%	1	X	X		X	X			
Universal Insurance Holdings, Inc.	47%	-	-	1		X						
Senior Housing Properties Trust	46%	47%	-1%	2		X		X				
Microsemi Corp.	45%	83%	-37%	1	X	X	X				X	
Argan, Inc.	45%	64%	-19%	2		X		X				
Bed Bath & Beyond, Inc.	44%	23%	21%	3	X			X				
Nabors Industries Ltd.	44%	36%	8%	6			X	X				
Spectrum Pharmaceuticals, Inc.	44%	59%	-16%	4	X	X		X	X			
Sprouts Farmers Markets, Inc.	43%	72%	-29%	1	X	X					X	
Whitestone REIT	43%	-	-	1		X		X	X			
SL Green Realty Corp.	43%	55%	-12%	1	X	X		X			X	X
SeaWorld Entertainment, Inc.	42%	82%	-39%	1	X	X			X			
Tutor Perini Corp.	42%	42%	0%	7	X		X					X
Medifast, Inc.	42%	-	-	2		X	X				X	
Endologix, Inc.	40%	85%	-45%	1	X							
American Axle & Manufacturing Holdings, Inc.	39%	97%	-58%	1	X		X					
Immunomedics, Inc.	38%	-	-	1		X						
FleetCor Technologies, Inc.	37%	-	-	2	X		X		X			
PHH Corp.	36%	71%	-34%	1	X						X	
Nuance Communications, Inc.	33%	33%	1%	4	X	X	X		X	X		
Atlas Air Worldwide Holdings, Inc.	32%	50%	-17%	3		X		X				
ConocoPhillips	32%	83%	-51%	1	X	X						
CytRx Corp.	31%	59%	-28%	1	X	X	X					
IMAX Corp.	30%	-	-	1	X	X			X			
McKesson Corp.	26%	80%	-54%	2	X	X						
Rockwell Medical, Inc.	26%	-	-	1	X	X						
NII Holdings, Inc.	23%	-	-	1	X			X				
Mylan NV	17%	65%	-48%	2	X	X						

¹ As of August 1, 2017.

Source: Semler Brossy data and analysis; Fund Votes LLC; ISS Voting Analytics.