

2016 SAY ON PAY RESULTS

RUSSELL 3000
129 COMPANIES

IN THIS REPORT...

TRENDS IN PROXY ACCESS VOTES

MARCH 23, 2016

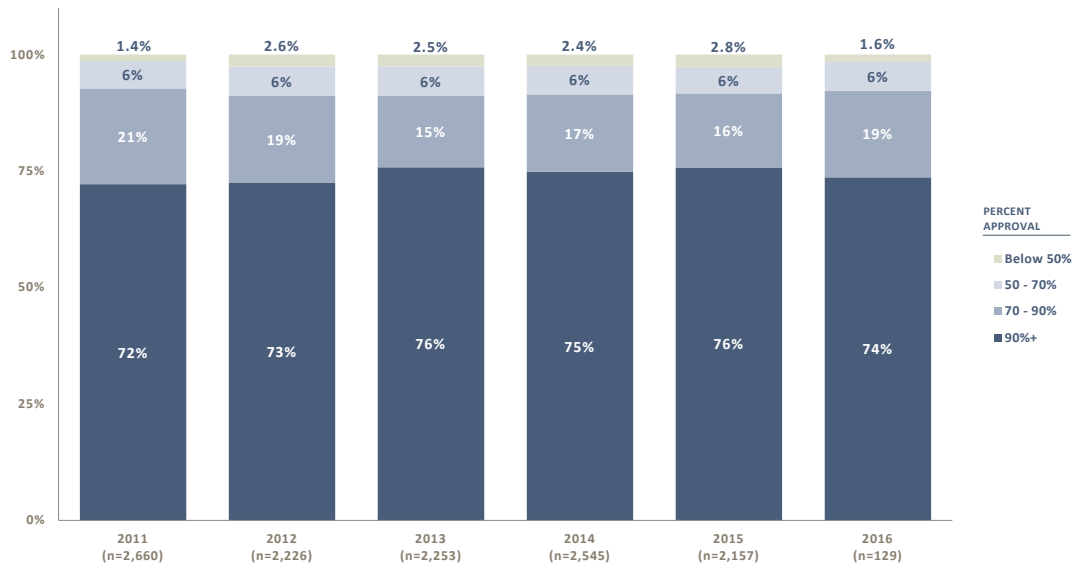
RESULTS AT A GLANCE:



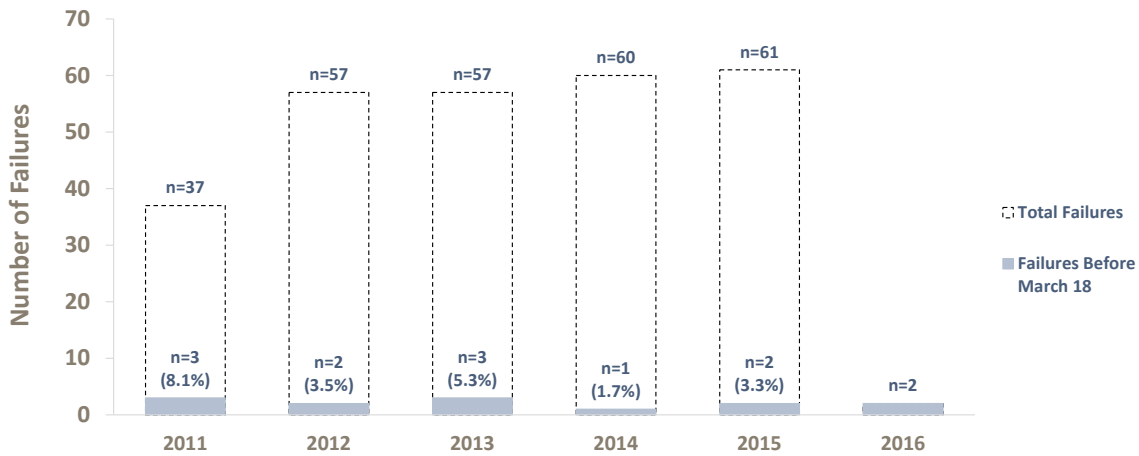
SUMMARY OF VOTE RESULTS (n=129)

- To date, 2 Russell 3000 companies (1.6%) have failed Say on Pay in 2016 – Nuance Communications and Tetra Tech
- Average vote result to date in 2016 is 91%

SAY ON PAY VOTE RESULTS (2011-2016)



- At this point last year, 2 companies in the Russell 3000 had failed Say on Pay



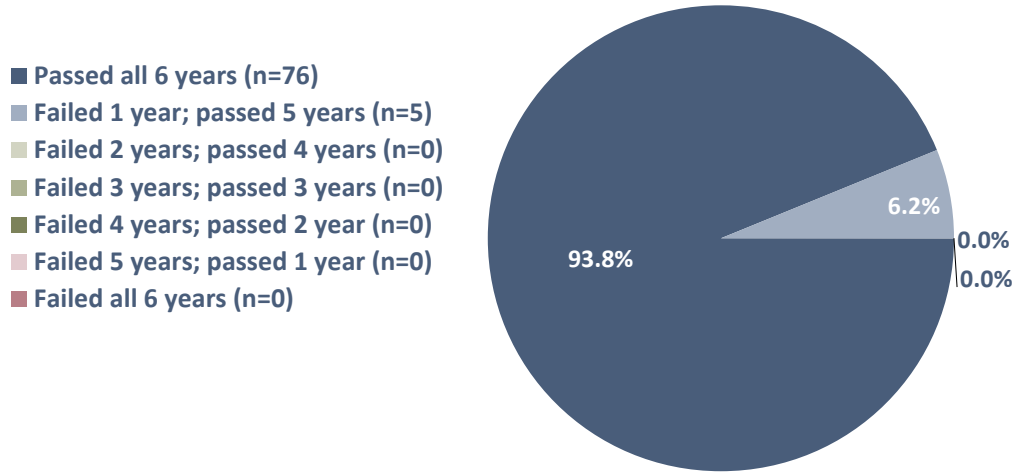
Source: Semler Brossy data and analysis; Fund Votes LLC.

Notes: As of March 18, 2016. The 2016 sample includes companies that had an Annual Meeting and Say on Pay vote in calendar year 2016. Year over year data presented in this document does not reflect a constant sample given turnover in the Russell 3000 used for each year as well as differences in how frequently companies hold votes.

For FY 2016, Russell 3000 sample effective as of June 30, 2015.

COMPANIES WITH 6 YEARS OF VOTE RESULTS (n=81)

— Most companies have passed Say on Pay every year since it became mandatory in 2011

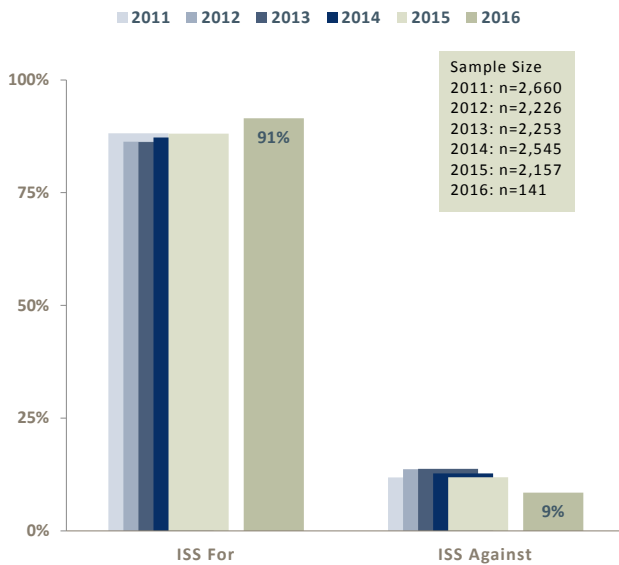


IMPACT OF ISS RECOMMENDATIONS

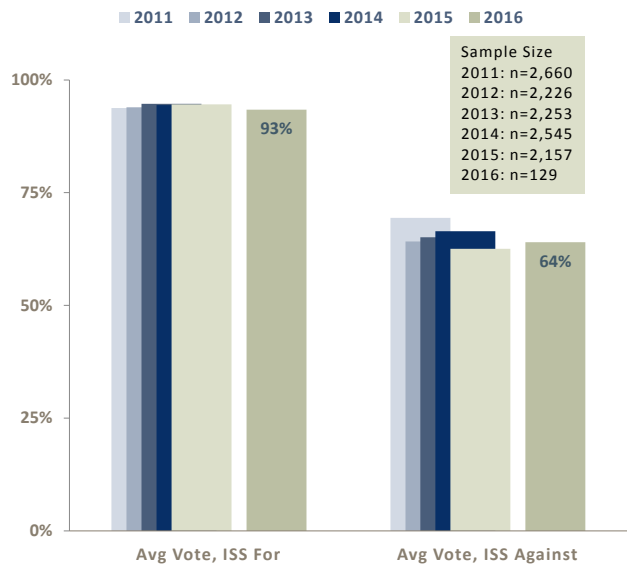
— ISS has recommended that shareholders vote ‘Against’ Say on Pay at 9% of companies it has assessed¹ in 2016

— Shareholder support was 29% lower at companies with an ISS ‘Against’²

ISS RECOMMENDATION BREAKDOWN¹



IMPACT ON VOTE RESULTS²



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

¹ Based on ISS’ assessment of 141 companies, of which 12 have received ‘Against’ from ISS; 129 companies (in total) have reported vote results.

² Reflects only those companies whose vote results have been reported.

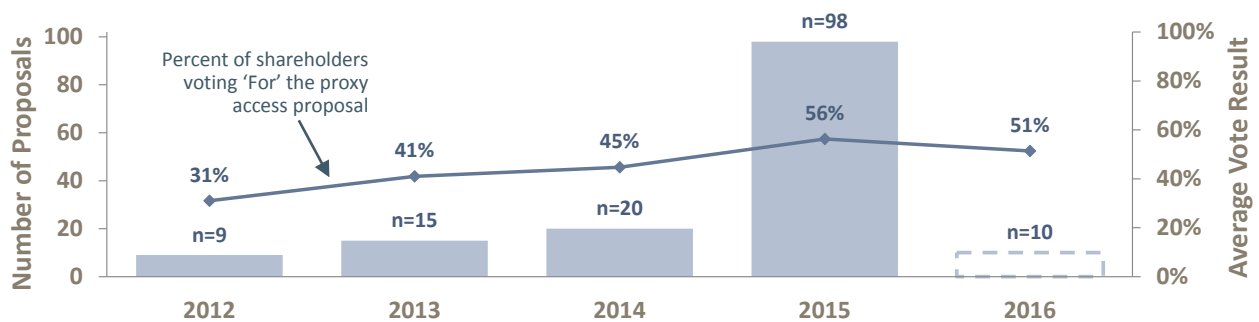
REPORT TOPIC: TRENDS IN PROXY ACCESS VOTE RESULTS

Proxy access rights have been a topic of discussion since a 2010 D.C. Circuit Court ruling allowed shareholders to submit proposals for proxy access procedures. Proxy access proposals, if adopted, give some shareholders the right to nominate their own director candidates on a company’s Board of Director proxy ballot. Shareholder proxy access proposals have varied widely from the SEC-adopted standard, but resolutions mirroring the SEC standard generally receive the highest levels of support.

- The number of proxy access proposals has increased every year since 2012. In 2015, proxy access proposals increased 400% from the prior year. Over half of proxy access proposals brought forth in 2015 came from Scott Stringer, the NYC Comptroller

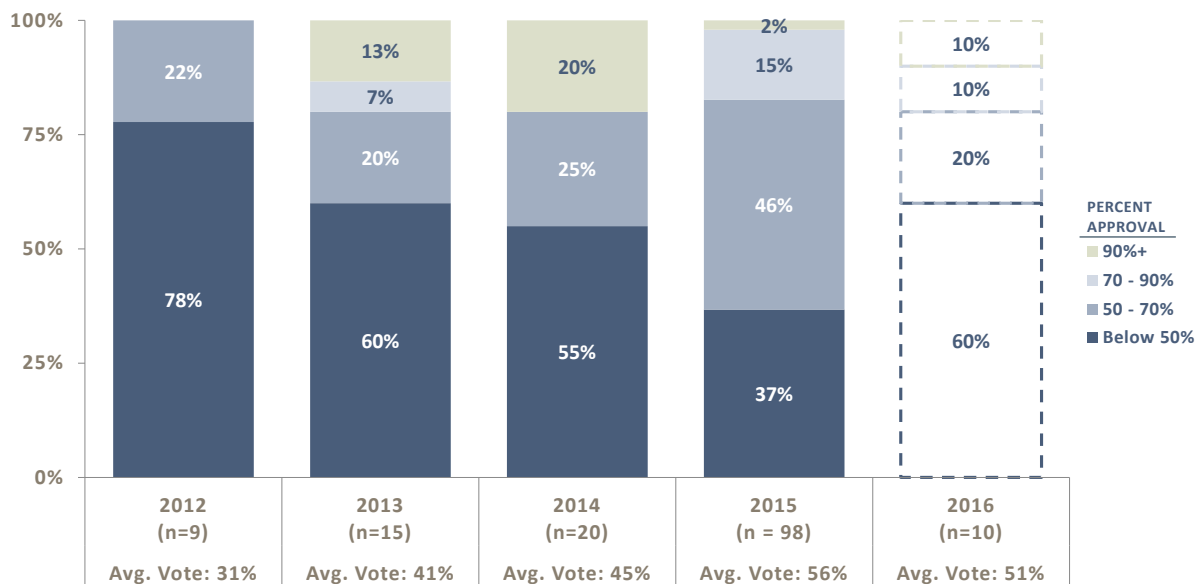
Average proxy access vote results have increased since 2012

Proxy Access Vote Frequency and Average Vote Result by Year



- The average vote result of proxy access proposals (56% in 2015) is significantly lower than Say on Pay proposals (91% in 2015)

The percent of proxy access proposals receiving shareholder support above 50% has increased since 2012. 2015 was the first year in which a majority of access proposals had support above 50%, indicating more proposals may be following proxy access best practices as outlined by proxy advisors and other large shareholders



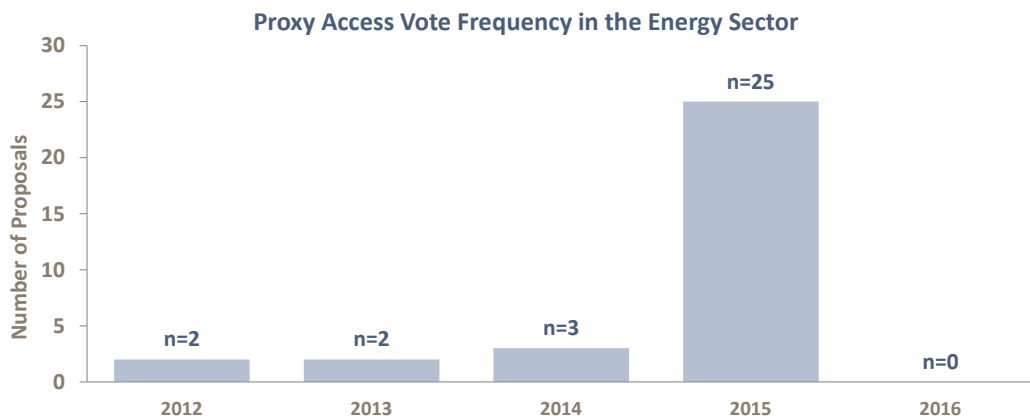
Source: Semler Brossy data and analysis; Fund Votes LLC; ISS Voting Analytics.

Notes: As of March 18, 2016. Represents all companies that held a proxy access vote. Charts show only proposals with available vote results. 21 total proxy access proposals have been filed in 2016 as of March 18.

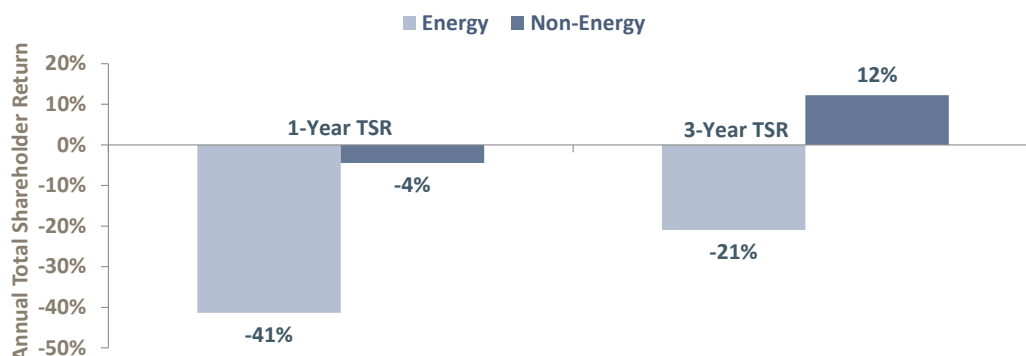
REPORT TOPIC: TRENDS IN PROXY ACCESS VOTE RESULTS

- The Energy sector saw the biggest increase in proxy access proposals among all GICS sectors, increasing from three in 2014 to 25 in 2015

The Energy sector accounted for 26% of all proposals put to a vote in 2015; no other sector accounted for more than 14% of voted-on proposals. The increase in proposals, coinciding with decreasing stock prices in the Energy sector in 2015, indicates shareholders may be addressing poor company performance with governance-related solutions



1- and 3-Year Annual Total Shareholder Return for Russell 3000 Companies



Case Study: Apache Corporation

- Of the 25 proxy access proposals in the Energy sector in 2015, Apache Corporation was the only company to receive support for the proposal from both the Board and ISS. Apache's Board noted that strong investor support at peer companies (including Chesapeake Energy) influenced its recommendation

As a result of the Board's recommendation, Apache's proxy access proposal received strong shareholder support. The vote result of 92% far exceeded the next most-supported proposal of 71%

The shareholder proposal at Apache followed the general proxy access guidelines set forth by ISS, who declared proxy access standard in many markets. ISS also noted that the Company submitted a proposal to de-classify the Board. In conjunction, the proposals were seen as governance best-practices

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

Notes: As of March 18, 2016. Represents all companies that held a proxy access vote. Charts show only proposals with available vote results. Two total proxy access proposals from companies in the Energy sector have been filed in 2016 as of March 18.

APPENDIX: COMPANIES UNDER 50% IN 2016

2016 Failed Say on Pay Vote Results¹

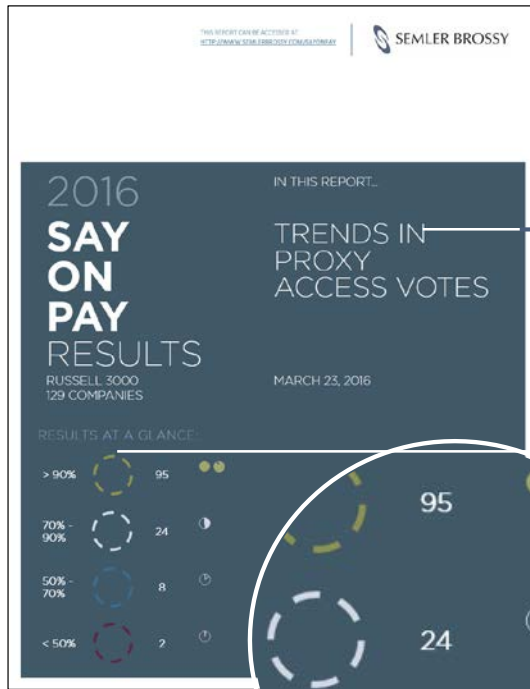
Russell 3000, n=2

Company	Meeting Date	GICS Industry	S&P 500	FYE 2015 Revenue (\$MM)	Say on Pay Vote Results			TSR (as of FYE 2015)			Number of Failures
					2016 ▼	2015	YOY	1-Yr	3-Yr	5-Yr	
Tetra Tech, Inc.	03/03/16	Commercial Services & Supplies		\$1,719	40%	59%	-19%	0%	-3%	24%	1
Nuance Communications, Inc.	01/27/16	Software		\$1,931	33%	15%	18%	8%	-34%	4%	3

¹ As of March 18, 2016.

Source: Semler Brossy data and analysis; Fund Votes LLC; FactSet.

DATA AT A GLANCE: A GUIDE TO OUR REPORT COVERS



EACH ISSUE OF OUR 2016 REPORT CONTAINS an update to vote results and in-depth coverage of a special topic related to Say on Pay

EACH COLORED CIRCLE REPRESENTS the vote results for 50 Russell 3000 companies

REPORT SPECIAL TOPIC rotates each issue

2016 VOTING GROUP divides companies by the results of their 2016 Say on Pay vote

FILLED CIRCLES represent 50 companies with vote results within the range

PARTIAL CIRCLES represent fewer than 50 companies with vote results within the range

For more information on Say On Pay results, or how to subscribe to our weekly report, please contact us at dialogue@semlerbrossy.com, or 310.481.0180. We also welcome you to visit our website for additional articles and thought papers on all aspects of executive compensation.

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