

KFMC¹⁰⁰

Governance changes at the top 100 US companies by market capitalization

Board of directors
Class of 2014





The Korn Ferry Market Cap 100

2015



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Introduction

Each year, Korn Ferry examines current board practices—and change over prior years—as well as characteristics of newly added directors in the Korn Ferry Market Cap 100 (KFMC¹⁰⁰), US companies with the largest market capitalization.

We focus on this group of companies under the assumption that they are leaders in their sectors; regularly demonstrate outstanding results, as the list changes little year to year; and that they likely have adopted successful practices that might be extended to other companies.

KFMC 2015 key findings for the Class of 2014¹:

- **Functional/industry background** — The most sought-after new directors have a finance/audit background (50%), followed by same industry experience (47%), COO/Operations (32%), and Marketing/Sales (31%).
- **Age** — 17% of new directors are 65 and older, while 16% are 49 or younger.
- **Diversity** — 20% of new directors are women; 9% are African American; 3% are Asian American; and 0% are Hispanic American.
- **Global experience** — 35% of new directors have international work experience, and 21% were born and/or educated abroad.

Our data on the new class of directors, and developments on KFMC¹⁰⁰ boards, is followed by a Director Hall of Fame section. Martin Lipton, founding partner, Wachtell, Lipton, Rosen & Katz, and corporate governance innovator and giant, leads off with his thoughts on how boards need to change to meet new challenges. Then legendary directors Bonnie Hill, Irv Hockaday, and Jack Krol share their views—rooted in decades of experience—on how boards work best, both as a team and as a resource to the CEO.

We make it our business to keep abreast of important board trends and best practices, and we hope you find this report of interest and value.

¹Because the KFMC¹⁰⁰ is based on publicly available records, such as proxy reports, the data are from the previous year, 2014.

Corporate governance MVP

Martin Lipton



For boards and organizations, demands and risks are escalating, says a legendary expert on corporate governance, and boards need to change, too.

Martin Lipton, an innovator and titan in the realm of corporate governance, explains a “mantra” at Wachtell, Lipton, Rosen & Katz, the noted law firm he helped to found: “Each board should have the experience and expertise appropriate for the business.”

Within that deceptively simple statement, however, rests a complex challenge for boards. That’s because there is a ravenous demand for directors with the expertise, experience, and wisdom to help guide organizations toward their future, says Lipton, who for four decades has represented clients in many of the largest merger transactions, change-of-control contests, and boardroom crises.

Financial acumen, for example, is in exceedingly high demand now, as it is required on bank boards due to banking regulations, Lipton says. That demand, and knowledge about technology, cybersecurity, online retail, communications, and other areas, likely will extend to other industries and functions as boards, he says, recognize “a clear need for expertise to be added to advise management on strategy and performing their duties to pursue more appropriate risk management practices and new technologies.”

The auto industry offers a prime example: What are the management and governance implications for technology changes associated with self-driving cars, financing and leasing business changes, and perhaps even the transformation of companies, given these dramatic shifts?

How do boards, as a practical matter, add this new expertise? This is a significant issue for many boards, given the steady trend over recent

decades to pare down their size, combined with relatively low director turnover. This latest KFMC¹⁰⁰ report finds that 35% of directors on the boards of the largest US companies by market capitalization serve for nine years or more and 20% twelve years or more.

Filling the expertise gap.

As boards evolve, they may need to seek quicker turnover to add new, needed expertise, says Lipton, adding that there has to be a balance between building a board with desired expertise and not imposing turnover requirements.

He envisions one possible solution for boards to increase their required new skills and experience: expand when necessary. “A board of nine to 10 people won’t work in large, complex companies,” he says. “They may need 12 to 15 people. An increase in size may be dictated by the need for additional expertise.”

Another option may be to address the sensitive issues of director assessments and the adoption of more rigorous director qualifications. “Boards,” Lipton says, “have to focus on evaluations. Corporate governance people are watching—ISS (Institutional Shareholder Services) and major investors—are paying attention: Is the board being ‘refreshed’? Boards are feeling pressure on this now.”

Concern about board stagnation and unfettered director tenure may lessen as a new practice, common in the United Kingdom, may take hold and evolve in US governance: limits on the length of board service. But here, as with other governance practices, Lipton cautions against adhering to hard and fast rules. That’s because a board may wish to retain a valued director, perhaps someone with expertise not easily replaced. He also cautions that a crucial balance needs to be maintained between refreshing boards and allowing an effective team dynamic to flourish. “Boards function best when they are collegial

“The core purpose of corporate governance is to build sustainable growth in corporate and shareholder value for the benefit of all stakeholders. The vitality of the global economy depends upon our fostering a long-term orientation and resisting the pressure to measure success on the basis of myopic benchmarks.”

and directors develop relationships, and collegiality is the antithesis of turnover,” he observes.

Lipton also sees a potential role for boards to access needed knowledge and capacities with advisory directors who would not be granted formal standing. “This person,” he says, “would most likely have a great deal of experience, and attend board meetings and give advice.” Many companies, particularly large international enterprises, already have advisory boards that provide critical knowledge and entrée in specific markets.

Finally, Lipton says, boards should have ready access to a range of experts, internal and external, on any issue requiring counsel and comment. With the global business environment constantly transforming, and becoming increasingly specialized and sophisticated, boards tap experts with increasing frequency. Most large boards have sessions where experts explain new trends to keep directors current; this practice represents a fundamental change in the way boards operate.

Board leadership: a crucial role.

What’s the crux of making boards work effectively as a team? Lipton sees it as the right board leadership, “a critical selection,” he says, “and all too often based on seniority or people coming forward, not necessarily because they’re the best choice.” He muses about how so much of what works on boards hinges on relationships, intangibles that make adhering to selection

Portfolio

Founding partner, Wachtell, Lipton, Rosen & Katz. Chairman, Board of Trustees, New York University. Trustee, New York University School of Law (Chairman 1988–1998). Emeritus member, Council of the American Law Institute. Director, Institute of Judicial Administration. Honorary chair, the American College of Governance Counsel. Creator, Shareholders Rights Plan or “poison pill” in 1982, described by Columbia Law School Professor Ronald Gilson as “the most important innovation in corporate law since Samuel Calvin Tate Dodd invented the trust for John D. Rockefeller and Standard Oil in 1879.” In 1975, represented New York City in a series of complex transactions that resolved the two-year financial crisis and saved the city from bankruptcy. Also, in 1975, as a trustee of the NYU School of Law, Lipton played a major role in saving NYU from its financial crisis by selling the Mueller Macaroni Company.

guidelines tricky.

Lipton supports separating the chairman and CEO positions “only when there are compelling reasons,” such as in a crisis or when a new CEO could benefit from a mentor for a year or so. Otherwise, there is a “natural tension” between the chairman and the CEO, and this is not always desirable, he says: “I don’t really think you need an independent board leader. But it’s handy to have, and you can’t satisfy the governance people without one. But the board leader can’t usurp the role of the CEO.”

For CEOs to be effective, he advises them to surround themselves with capable staff and maintain collegial relationships with senior managers and directors. “Scandals of the past,” he says, “were due in several cases to imperial CEOs. Many of those companies even had good boards—at least great names—but they didn’t function because they were dominated by the CEO.”

The trap of “short-termism.”

Perhaps the most troubling, and potentially damaging, governance trend Lipton sees is what he calls “short-termism,” where boards “have been deprived of the ability to make reasoned decisions.”

This problem may be caused in part by the reliance on proxy advisory firms, he says, adding, “Shareholders must recognize that they are not serving their own interests, or the beneficiaries of the funds they manage, by outsourcing their responsibilities. It’s the responsibility of shareholders to exercise oversight of the companies they’re invested in.”

Companies are under terrible pressure from shareholders to demonstrate short-term performance, which has a major deleterious effect on investing in future growth via capital allocation, research and development (R&D), and employee training. But the most significant pressure, Lipton says, is on margins, which are a key factor in Wall Street’s evaluation of companies.

On a broader, societal level, “short-termism” leads to increased unemployment and less money for R&D. “The growing inequality we’re witnessing in Western societies is a result of the damper on GDP growth caused by restraint on investing in long-term growth,” he says. The United States “is not investing in hard and soft infrastructure, so there’s a growing deferred maintenance gap, and we’re not dealing with critical issues such as education, health care, and retirement.... We’ve lost a fundamental tenet of

American society, that each generation is supposed to leave things in better shape than the previous generation.”

Flexible, not rote, “best practices.”

When asked for his views on governance, especially what some deem “best practices,” Lipton likely will reply with a variation of “not necessarily.” He does not categorically endorse practices that some governance experts advocate, including smaller boards, director term limits, and separating the chair and CEO positions. To Lipton, it’s just not that simple; it depends on specific circumstances, and judgments need to be made.

He doesn’t believe that boards should be built around sitting CEOs. While the CEOs’ experience and perspective can be invaluable, given boards’ needs for a new, greater range of expertise, there must be more balance among directors, he says.

With no fear of being the iconoclast, Lipton opposes the long-term trend for boards to meet less often, arguing they should meet at least 10 times a year, with a strategic review of three to four days annually. “You really can’t function as a board without that review every year,” he says.

Lipton pauses for a moment and adds: “Standard Oil’s board, which included Rockefeller’s partners from companies he had acquired, knew the business intimately and met every morning to discuss what decisions needed to be made.” While that is admittedly an impractical governance model for large companies, the underlying goal—for directors to thoroughly understand and be engaged with the business—is essential. It is the model on which he and his own partners have built their highly successful firm.

Director Hall of Fame.

While the KFMC¹⁰⁰ 2015 chiefly seeks to welcome an incoming class of new directors, it is also important to acknowledge veteran director “athletes.” These are long-serving leaders who have contributed immeasurable value with broad operating and governance experience. They have the wisdom acquired from career-long track records to provide insight into challenges faced by boards and organizations today.

These three directors—Bonnie Hill, Irv Hockaday, and Jack Krol—have earned their elite status in the Director Hall of Fame.²



Bonnie Hill

Guiding principles as a director.

“Directors should see themselves as a resource for the CEO, understanding that their job is to provide broad oversight on issues including strategic planning, financial reporting, compensation, and policy directives. Equally important, the board must understand the difference between its role and management’s role, which is to run the day-

to-day operations of the company.”

“Each director brings different skills to the board. I’ve served on the board of 11 companies and been through a number of CEO transitions, and it was always important to have an engaged and knowledgeable board. CEOs should be able to look to directors for certain expertise, advice, and counsel. My strong suit has been governance, building relationships within the board and with shareholders. I also believe defining the rules of engagement inside and outside the boardroom is important.”

²We would like to thank Mike Hyter, Senior Partner in Korn Ferry’s Board & CEO Services Practice, for his efforts conducting these Director Hall of Fame interviews.

Partnering with the CEO.

“There are two categories of new CEOs: those who have served on a public company board and know the dynamics in the boardroom, and those who haven’t. The latter may need a little more partnering in the boardroom, with the lead director or non-executive chair as liaison. But their relationship with the CEO should never be a substitute for each director’s interaction with the CEO.

“Directors, serve on behalf of shareholders and, ultimately, the board and management have the same goal: to enhance shareholder value. We can never lose sight of why we’re elected. Board membership is not an entitlement, it’s an obligation.”

All directors have the same duties of loyalty and care. The lead director’s role is defined by the full board in partnership with the CEO, and all conflicts must be resolved based on factual evidence with a goal of achieving the best outcome for the company and its shareholders.”

Portfolio

President of B. Hill Enterprises, a consulting firm focused on corporate governance and issues of board organization and public policy. A quarter-century experience in corporate governance, now including California Water Service Group. Also sits on the board of the RAND Corporation, is a member of the Shareholders Directors Exchange (SDX), and is a founding member of the Lead Directors Network. Recent board service includes: The Home Depot, as lead director; Yum! Brands; and AK Steel Holding Corp. Recipient of NACD’s Kenneth B. West Lifetime Achievement Award.

On new directors.

“It’s the role of the lead director to make sure everyone is engaged and included during board meetings. I had a practice of asking around the table whether anyone had anything to add, because some directors will defer to others whom they believe have more expertise, or a bigger voice. New directors in particular are reluctant to ask questions, but no director should sit silently in the boardroom if he or she does not understand what is being discussed. Companies have their own vernacular, and it takes a while to get up to speed. That may mean spending time with management between meetings.”

“Before joining a board, there should be an opportunity for the candidate

to meet with other directors, learn about board governance policies, and meet other members of the management team. They should also familiarize themselves with easily accessible information on current issues, such as major lawsuits and other challenges the company is facing. Once on the board, they should expect a comprehensive orientation.”

“New directors, like all directors should show up prepared for board meetings by studying all materials that are sent in advance. It is important not to become a second-tier director, so stay engaged, ask questions, listen carefully, and seek the information you need to understand the issues. Shareholders are not expecting that it will take you three years to become productive. Remember, part of your value in being elected to the board is to add a fresh perspective, and look out for their interests.“



Irvine O. Hockaday Jr.

Lead director as mentor.

“In my experience, the most effective mentoring relationships arise rather naturally, as opposed to formally. I’ve seen both models, and the former, though elusive in happening, works better than the latter.”

“In any mentoring relationship, as parties evolve and as the person being mentored grows as a result, a new relationship may need to be created.”

“It’s really important for any relationship between the lead director and the CEO to be thoughtfully defined and understood. Both parties need to understand what the relationship is, and what it is not, as lack of definition can cause disappointments and misunderstandings.”

“I have not seen a formal process on boards I have been on where new directors are assigned to incumbent directors as their go-to person, but it’s a pretty interesting idea.”

“After a merger, the lead director can act as a bridge, unifying what may be two different cultures.”

Boards as a resource.

“Particularly when there is a shift in the strategy, directors can prove a valuable resource to the CEO and can ensure there is alignment among all relevant parties.”

“Directors who are recruited to fill gaps in board expertise can help guide the CEO, who cannot be expected to be a subject matter expert on everything. Particularly when a CEO is new on the job, the board can be the best resource he or she has.”

“A good mix of experience and skills is desirable on a board. Veteran directors provide a long-term view and experience dealing with a variety of situations, while new directors can provide a fresh view and knowledge in new areas of importance.”

Connecting the CEO and the board.

“When there is a new CEO, it’s important to have a discussion at the outset about how he or she will relate and interact with directors: How can we have an efficient pipeline to the CEO and back to the board that is designed to foster transparency and openness? There shouldn’t be a creeping disconnect between the board and the CEO.”

“I’ve been on the board of a company where the CEO believed he needed a connecting rod with the board, because it was scattered in its views of important subjects. As lead director, I suggested to the full board that, in the event the CEO wants guidance from time to time between board meetings, [there would be] these three people be available to the CEO; they would relay any interim discussions to the full board. Other directors were hesitant at first, but it worked.”

“Directors who serve as this connecting rod to the CEO should be those who relate best to the CEO and also have credibility with other directors. That relationship needs to be supported by all directors so as not to create a two-tiered board.”

“I’m a director, but I was once a CEO, and the most valuable thing a CEO can find on the board is an honest broker, a sounding board. It’s hard to find that internally if you’re the CEO, and having that available from the board is enormously helpful. But there has to be the right DNA and a mutual understanding of what the relationship consists of between board members and the CEO.”

Portfolio

Current boards include: The Estee Lauder Companies, as lead director; and the Kansas City Area Life Sciences Institute. Retired as president and chief executive officer of Hallmark Cards in 2001, and previously served as president and CEO of Kansas City Southern Industries Inc. Sat on the boards of: Aquila Inc.; Crown Media Holdings Inc.; Dow Jones & Company Inc.; Ford Motor Co., as former lead director; and Sprint Nextel Corp., as former lead director.



John A. Krol

Ensuring the CEO's success.

“One of duties of the lead director or non-executive chairman is to work with the CEO. You have to be someone the CEO can bounce ideas and problems off, with a clear understanding of the roles of both parties.”

“When there is a first-time CEO, maybe that person has difficulty dealing with the breadth of the job. I was vice chair of DuPont before I was appointed CEO, but when I became CEO the shock set in pretty quickly.”

“If the lead director can help make the CEO successful, it's an important part of making the company successful. Sometimes it's a good idea to bring in an outside coach, if a CEO needs additional support and development in the role.”

“Lots of ideas come up in executive sessions, and it's particularly helpful if the lead director or non-executive chairman can distill those down to one or two important things to share with the CEO. And it's important to share those insights with the CEO as soon as the executive session is over.”

Observing boundaries.

“As a lead director or non-executive chairman, you can't become the CEO's buddy, or you won't be able to provide helpful feedback, like on how to improve performance. But you have to develop trust. That's the first thing you have to do, because without that trust, the two of you won't work together effectively. The CEO has to understand you are there to help, and building that relationship can take time.”

“I think of roles and responsibilities in boxes: The governance side is something the board has to drive. The management team is responsible for operations and results – which is not to say the board can't help with ideas – and the results of the company. The board is responsible for oversight. While both sides have to observe boundaries, there will naturally be some overlap.”

“One of the most important responsibilities of the lead director or non-executive chairman is to help make the CEO successful.”

Mentoring new directors.

“In the beginning, as a new director, it’s normally more about learning than giving to the board.”

“I’ve been on 11 boards, and it’s always a learning process. When you work with a new director, you can’t come across as, ‘I know everything, I’m here to change you,’ but you can help them think about the culture of the board and expectations as a director.”

“It’s the personality you have that makes it work—a little joking, not so serious, so they don’t see you as the guy who is running the show but as a team member. It’s the personality that helps establish trust, so they feel free to call you and share a problem or an idea they want to propose to the board.”

“Serving as a director should be rewarding and fun, even during the toughest issues facing the company. Winning is fun!”

“People on boards are all pretty accomplished in their own right, but sometimes they have to be guided in becoming part of the team. They have to change their mindset from ‘what do I think?’ to ‘what do we think?’ ”

“Companies have different cultures, and you have to understand that there’s more than one way for a board and a company to be successful. It’s the job of a director to adapt; you might even learn something.”

Portfolio

Former CEO and chairman of E.I. du Pont Company. Has served on the boards of Delphi Automotive PLC and Pacolet-Milliken, as chairman; and on the boards of MeadWestvaco and Tyco International Ltd., as lead director. Has also sat in various positions on the boards of ACE Limited Insurance, Armstrong, GoHealth LLC, J.P. Morgan, and Milliken Company, as well as the advisory boards of Bechtel Corp. and Teijin.

About the 2015 Korn Ferry Market Cap 100.

The Korn Ferry Market Cap 100 (KFMC¹⁰⁰) are the US companies that had the largest market capitalization as of the close of markets on May 1, 2015, after the end of most firms' 2014 fiscal year. Companies were removed from the list if they were not traded primarily on the NYSE or Nasdaq, or were real estate investment trusts or public investment firms.

Appendix A: The KFMC¹⁰⁰ companies

Eight companies joined the ranks of the KFMC¹⁰⁰ in the last year:

Kinder Morgan Inc.

Target Corp.

FedEx Corp.

Regeneron Pharmaceuticals Inc.

McKesson Corp.

Kraft Foods Group Inc.

Salesforce.com Inc.

General Dynamics Corp.

Figure 1

Market capitalization of the KFMC¹⁰⁰ companies.

Market Cap	Percentage of Companies
\$30 billion – \$39.99 billion	0%
\$40 billion – \$59.99 billion	25%
\$60 billion – \$79.99 billion	22%
\$80 billion – \$99.99 billion	13%
\$100 billion – \$149.99 billion	15%
\$150 billion – \$199.99 billion	11%
\$200 billion and over	14%

Market capitalization is up-to-date as of May 1, 2015. Figures were captured using the Google Finance Stock Screener, available at: <https://www.google.com/finance#stockscreeener>.

Figure 2

Industry sectors represented.

Sector	Companies
Consumer Discretionary	15%
Consumer Staples	12%
Energy	8%
Financials	12%
Health Care	17%
Industrials	12%
Information Technology	16%
Materials	4%
Telecommunications Services	2%
Utilities	2%

Sector designations are based on information available at: https://eresearch.fidelity.com/eresearch/markets_sectors/sectors/sectors_in_market.jhtml5

Figure 3

The Korn Ferry Market Cap 100.

The KFMCI¹⁰⁰ companies ranked in order of market capitalization as of the close of markets on May 1, 2015 (in billions USD).

Rank	Company	Market cap	Industry
1	Apple Inc. (NasdaqGS:AAPL)	\$735.77	Computer hardware
2	Microsoft Corp. (NasdaqGS:MSFT)	\$392.95	Systems software
3	Google Inc. (NasdaqGS:GOOG)	\$374.43	Internet software and services
4	Exxon Mobil Corp. (NYSE:XOM)	\$368.98	Integrated oil and gas
5	Wells Fargo & Co. (NYSE:WFC)	\$285.37	Diversified banks
6	Johnson & Johnson (NYSE:JNJ)	\$276.60	Pharmaceuticals
7	General Electric Co. (NYSE:GE)	\$274.44	Industrial conglomerates
8	Wal-Mart Stores Inc. (NYSE:WMT)	\$252.10	Hypermarkets and super centers

Rank	Company	Market cap	Industry
9	JPMorgan Chase & Co. (NYSE:JPM)	\$253.72	Other diversified financial services
10	Facebook Inc. (NasdaqGS:FB)	\$222.05	Social media
11	Procter & Gamble Co. (NYSE:PG)	\$217.09	Household products
12	Chevron Corp. (NYSE:CVX)	\$209.90	Integrated oil and gas
13	Pfizer Inc. (NYSE:PFE)	\$209.08	Pharmaceuticals
14	Verizon Communications Inc. (NYSE:VZ)	\$205.92	Integrated telecommunication services
15	Amazon.com Inc. (NasdaqGS:AMZN)	\$198.09	Internet retail
16	Oracle Corp. (NasdaqGS:ORCL)	\$192.01	Systems software
17	Walt Disney Co. (NYSE:DIS)	\$185.84	Movies and entertainment
18	AT&T Inc. (NYSE:T)	\$180.63	Integrated telecommunication services
19	Coca-Cola Co. (NYSE:KO)	\$178.06	Soft drinks
20	International Business Machines Corp. (NYSE:IBM)	\$169.45	IT consulting and other services
21	Merck & Co. Inc. (NYSE:MRK)	\$168.55	Pharmaceuticals
22	Bank of America Corp. (NYSE:BAC)	\$168.29	Other diversified financial services
23	Visa Inc. (NYSE:V)	\$162.96	Data processing and outsourced services
24	Citigroup Inc. (NYSE:C)	\$162.61	Other diversified financial services
25	Intel Corp. (NasdaqGS:INTC)	\$155.63	Semiconductors
26	Gilead Sciences Inc. (NasdaqGS:GILD)	\$148.85	Biotechnology
27	Cisco Systems Inc. (NasdaqGS:CSCO)	\$147.65	Communications equipment
28	Comcast Corp. (NasdaqGS:CMCSA)	\$147.33	Cable and satellite
29	PepsiCo Inc. (NYSE:PEP)	\$141.13	Soft drinks
30	Home Depot Inc. (NYSE:HD)	\$139.57	Home improvement retail
31	Philip Morris International Inc. (NYSE:PM)	\$129.82	Tobacco

Rank	Company	Market cap	Industry
32	Schlumberger Ltd. (NYSE:SLB)	\$120.14	Oil and gas equipment and services
33	Amgen Inc. (NasdaqGS:AMGN)	\$120.06	Biotechnology
34	CVS Health Corp. (NYSE:CVS)	\$112.86	Drug retail
35	QUALCOMM Inc. (NasdaqGS:QCOM)	\$111.28	Communications equipment
36	Bristol-Myers Squibb Co. (NYSE:BMJ)	\$107.17	Pharmaceuticals
37	UnitedHealth Group Inc. (NYSE:UNH)	\$106.18	Managed healthcare
38	MasterCard Inc. (NYSE:MA)	\$103.79	Data processing and outsourced services
39	AbbVie Inc. (NYSE:ABBV)	\$102.76	Pharmaceuticals
40	United Technologies Corp. (NYSE:UTX)	\$101.56	Aerospace and defense
41	3M Co. (NYSE:MMM)	\$99.33	Industrial conglomerates
42	Boeing Co. (NYSE:BA)	\$99.25	Aerospace and defense
43	Altria Group Inc. (NYSE:MO)	\$98.89	Tobacco
44	Union Pacific Corp. (NYSE:UNP)	\$94.04	Railroads
45	Kinder Morgan Inc. (NYSE:KMI)	\$93.80	Integrated oil and gas
46	McDonald's Corp. (NYSE:MCD)	\$92.72	Restaurants
47	United Parcel Service Inc. (NYSE:UPS)	\$91.26	Air freight and logistics
48	Walgreens Boots Alliance Inc. (NYSE:WBA)	\$90.46	Drug retail
49	BIOGEN Inc. (NasdaqGS:BIIB)	\$88.06	Biotechnology
50	Celgene Corp. (NasdaqGS:CELG)	\$86.86	Biotechnology
51	Nike Inc. (NYSE:NKE)	\$85.38	Footwear
52	Goldman Sachs Group Inc. (NYSE:GS)	\$84.86	Investment banking and brokerage
53	ConocoPhillips (NYSE:COP)	\$84.19	Integrated oil and gas
54	Eli Lilly & Co. (NYSE:LLY)	\$79.99	Pharmaceuticals

Rank	Company	Market cap	Industry
55	Honeywell International Inc. (NYSE:HON)	\$79.41	Aerospace and defense
56	American Express Co. (NYSE:AXP)	\$78.78	Consumer finance
57	U.S. Bancorp (NYSE:USB)	\$76.62	Diversified banks
58	American International Group Inc. (NYSE:AIG)	\$76.40	Multi-line insurance
59	Starbucks Corp. (NasdaqGS:SBUX)	\$75.14	Restaurants
60	Morgan Stanley (NYSE:MS)	\$73.87	Investment banking and brokerage
61	Twenty-First Century Fox Inc. (NASDAQ:FOXA)	\$72.23	Media content
62	eBay Inc. (NasdaqGS:EBAY)	\$72.19	Internet software and services
63	Allergan Inc. (NYSE:AGN)	\$71.26	Pharmaceuticals and medical devices
64	Abbott Laboratories (NYSE:ABT)	\$70.23	Pharmaceuticals
65	Time Warner Inc. (NYSE:TWX)	\$70.20	Movies and entertainment
66	E.I. DuPont de Nemours & Co. (NYSE:DD)	\$66.26	Commodity chemicals
67	Lowe's Cos. Inc. (NYSE:LOW)	\$66.25	Home improvement retail
68	Priceline Group Inc. (NasdaqGS:PCLN)	\$64.63	Internet retail
69	Costco Wholesale Corp. (NasdaqGS:COST)	\$63.20	Hypermarkets and super centers
70	Ford Motor Co. (NYSE:F)	\$63.15	Automobile manufacturers
71	Mondelez International Inc. (NasdaqGS:MDLZ)	\$63.03	Packaged foods
72	Express Scripts Holding Co. (NasdaqGS:ESRX)	\$63.01	Healthcare services
73	Occidental Petroleum Corp. (NYSE:OXY)	\$61.80	Integrated oil and gas
74	Colgate-Palmolive Co. (NYSE:CL)	\$61.49	Household products
75	Hewlett-Packard Co. (NYSE:HPQ)	\$60.23	Computer hardware
76	Dow Chemical Co. (NYSE:DOW)	\$59.79	Diversified chemicals
77	Lockheed Martin Corp. (NYSE:LMT)	\$59.09	Aerospace & defense

Rank	Company	Market cap	Industry
78	MetLife Inc. (NYSE:MET)	\$58.47	Life and health insurance
79	Danaher Corp. (NYSE:DHR)	\$57.95	Industrial machinery
80	Texas Instruments Inc. (NYSE:TXN)	\$57.21	Semiconductors
81	General Motors Co. (NYSE:GM)	\$57.16	Automobile manufacturers
82	Duke Energy Corp. (NYSE:DUK)	\$55.19	Electric utilities and natural gas distribution
83	Monsanto Co. (NYSE:MON)	\$55.16	Fertilizers and agricultural chemicals
84	EOG Resources Inc. (NYSE:EOG)	\$54.54	Oil, gas, and coal
85	EMC Corp. (NYSE:EMC)	\$53.50	Computer storage and peripherals
86	Caterpillar Inc. (NYSE:CAT)	\$52.66	Construction and farm machinery and heavy trucks
87	McKesson Corp. (NYSE:MCK)	\$52.35	Drug retail
88	Target Corp. (NYSE:TGT)	\$50.70	Broadline retail
89	Thermo Fisher Scientific Inc. (NYSE:TMO)	\$50.49	Medical equipment/devices
90	Kraft Foods Group Inc. (NASDAQ:KRFT)	\$50.13	Food products
91	LyondellBasell Industries NV (NYSE:LYB)	\$49.33	Chemicals
92	Anadarko Petroleum Corp. (NYSE:APC)	\$48.87	Oil and gas exploration and production
93	FedEx Corp. (NYSE:FDX)	\$48.33	Delivery services
94	Salesforce.com Inc. (NYSE:CRM)	\$47.95	Software
95	PNC Financial Services Group Inc. (NYSE:PNC)	\$47.76	Regional banks
96	Regeneron Pharmaceuticals Inc. (NASDAQ:REGN)	\$46.55	Biotechnology
97	NextEra Energy Inc. (NYSE:NEE)	\$46.00	Electric utilities and renewable energy
98	DirecTV (NASDAQ:DTV)	\$45.76	Media content
99	General Dynamics Corp. (NYSE:GD)	\$45.36	Aerospace & defense
100	Capital One Financial Corp. (NYSE:COF)	\$44.78	Other diversified financial services

Appendix B: The KFMC¹⁰⁰ Class of 2014.

Information in this section, unless otherwise noted, refers to publicly available data on the 102 directors who have newly joined the KFMC100 Class of 2014 and the 1,101 current or incumbent directors of KFMC100 companies.

Figure 4

Governance experience in the Class of 2014.

New directorships by governance experience	
First-time directors	25%
Experienced directors	75%

Figure 5

CEO experience in the Class of 2014.

Past or present CEO experience with a public company	
Class of 2014	47%
Incumbents' seats	51%

Figure 6

Professional experience in the Class of 2014.

New directorships	
Same-industry experience	47%
Finance/Audit	50%
COO/Operations	32%
Public policy/Government	21%
Academic research	10%
Marketing/Sales	31%
Academic administration	5%
Nonprofit	9%
Technology	26%
Legal	15%

As in prior year editions of the KFMC¹⁰⁰ report, Public policy/Government corresponds to the “ExpPublicPolicy” variable in the KFMC¹⁰⁰ dataset. In order to qualify for ExpPublicPolicy, directors must have been in an official government position in which they influence legislation—excluding advisory roles.

Figure 7

Age of Class of 2014 directors.

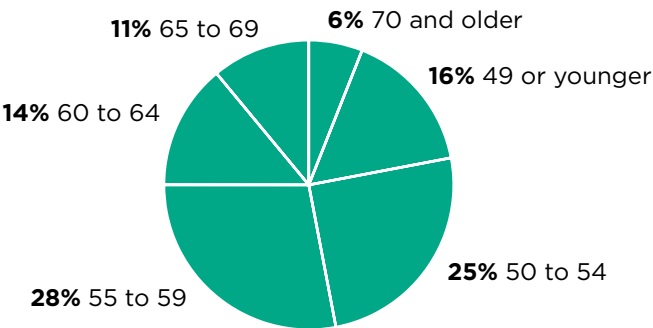
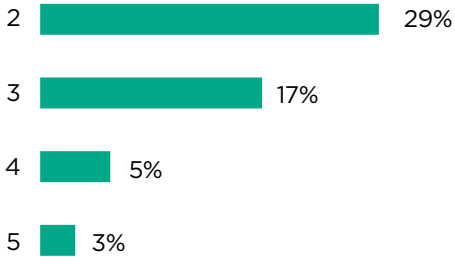


Figure 8**Board service among the Class of 2014.*****Number of boards served**

*46% of the KFMC100 class members serve on one board; this includes eight CEOs who sit only on their companies' boards. Four CEOs sit on their own companies' boards and one other.

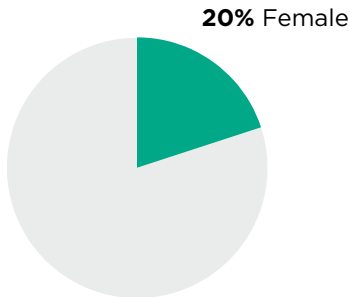
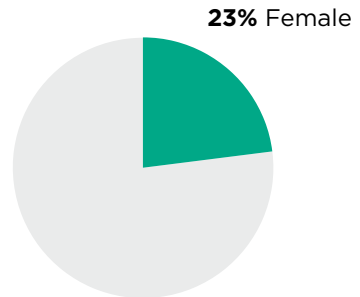
Figure 9**Women in the Class of 2014.****Percentage of new directors****Percentage of (78) new, independent directors**

Figure 10

Minorities in the Class of 2014.

	Class of 2014	Incumbents' seats
African American	9%	9%
Asian American	3%	2%
Hispanic American	0%	3%

Ethnicity information was available for 90 of the new directors and 983 of the incumbent directors.

Figure 11

Nationality of the Class of 2014.

	American	Non-American
Class of 2014	84%	16%
Incumbents' seats	88%	12%

Nationality information was available for 93 of the new directors and 1,039 of the incumbent directors.

Figure 12

Global experience of the Class of 2014.

International work experience	
Seats filled in 2014	35%
Incumbents' seats	26%

Born and/or educated abroad	
Seats filled in 2014	21%
Incumbents' seats	15%

Members of the Class of 2014

David Abney

New Board
 United Parcel Service Inc. (NYSE:UPS)
[Profile](#)
 CEO, United Parcel Service Inc.
 Other board(s)
 Johnson Controls Inc.

Daniel F. Akerson

New Board
 Lockheed Martin Corp. (NYSE:LMT)
[Profile](#)
 Vice Chairman and Special Advisor to the Board, The Carlyle Group LP

Joseph J. Ashton

New board
 General Motors Co. (NYSE:GM)
[Profile](#)
 Former Vice President, United Auto Workers

William S. Ayer

New board
 Honeywell International Inc. (NYSE:HON)
[Profile](#)
 Former Chairman and CEO, Alaska Air Group Inc.

Sondra L. Barbour

New board
 3M Co. (NYSE:MMM)
[Profile](#)
 Executive Vice President, Information Systems and Global Solutions, Lockheed Martin Corp.

Mary T. Barra

New board
 General Motors Co.
[Profile](#)
 CEO, General Motors Co.
 Other board(s)
 General Dynamics Corp.

Aneel Bhusri

New board
 Intel Corp. (NasdaqGS:INTC)
[Profile](#)
 Co-Founder and CEO, Workday Inc.
 Other board(s)
 Workday Inc.

Edward D. Breen

New board
 Comcast Corp. (NasdaqGS:CMCSA)
[Profile](#)
 Chairman and Former CEO, Tyco International plc
 Other board(s)
 E.I. DuPont de Nemours & Co.; Tyco International plc

Charles E. Bunch

New board
 ConocoPhillips (NYSE:COP)
[Profile](#)
 Chairman and CEO, PPG Industries Inc.
 Other board(s)
 PPG Industries Inc.; PNC Financial Services Group Inc.

Giovanni Caforio

New board
 Bristol-Myers Squibb Co. (NYSE:BMJ)
[Profile](#)
 CEO-Designate, Bristol-Myers Squibb Co.

Anthony (Tony) R. Chase

New board
 Anadarko Petroleum Corp. (NYSE:APC)
[Profile](#)
 Chairman and CEO, ChaseSource LP
 Other board(s)
 Paragon Offshore plc; Sarepta Therapeutics Inc.

Marjorie R. Cheshire

New board
 PNC Financial Services (NYSE:PNC)
[Profile](#)
 President and COO, A&R Development Corp.

Janet F. Clark

New board
 EOG Resources Inc. (NYSE:EOG)
[Profile](#)
 Former Executive Vice President and CFO, Marathon Oil Corp.

N. Anthony Coles Jr.

New board

McKesson Corp. (NYSE:MCK)

Profile

Chairman and CEO, Yumanity Therapeutics LLC; Former Chairman and CEO, Onyx Pharmaceuticals

Brian C. Cornell

New board

Target Corp. (NYSE:TGT)

Profile

Chairman and CEO, Target Corp.

Other board(s)

Polaris Industries Inc.

Alex B. Cummings Jr.

New board

Chevron Corp. (NYSE:CVX)

Profile

Executive Vice President and Chief Administrative Officer, The Coca-Cola Co.

Other board(s)

Coca-Cola Bottling Co. Consolidated

D. Scott Davis

New board

Johnson & Johnson (NYSE:JNJ)

Profile

Chairman and Former CEO, United Parcel Service Inc.

Other board(s)

United Parcel Service Inc.; Honeywell International Inc.

Rudolph F. deLeon

New board

General Dynamics Corp. (NYSE:GD)

Profile

Senior Fellow, Center for American Progress

John J. Donahoe

New board

Nike Inc. (NYSE:NKE)

Profile

President and CEO, eBay Inc.

Other board(s)

Intel Corp.; eBay Inc.

David W. Dorman

New board

eBay Inc. (NasdaqGS:eBay)

Profile

Former Chairman and CEO, AT&T Corp.

Other board(s)

CVS Health Corp.; Motorola Solutions Inc.; Yum! Brands Inc.

Marvin R. Ellison

New board

FedEx Corp. (NYSE:FDX)

Profile

Former Executive Vice President, U.S. Stores, Home Depot Inc.

Other board(s)

JC Penney Co. Inc.

Rona A. Fairhead

New board

PepsiCo Inc.

Profile

Chairman, BBC Trust

Other board(s)

HSBC Holdings plc

Claire S. Farley

New board

LyondellBasell Industries NV (NYSE:LYB)

Profile

Partner, Kohlberg Kravis Roberts & Co. LP

Other board(s)

FMC Technologies Inc.

Mark Fields

New board

Ford Motor Co. (NYSE:F)

Profile

President and CEO, Ford Motor Co.

Peter R. Fisher

New board

American International Group Inc. (NYSE:AIG)

Profile

Senior Fellow, Center for Global Business and Government; Former Head of Fixed Income Portfolio Management, BlackRock Inc.

Mark A. Flaherty

New board

The Goldman Sachs Group Inc. (NYSE:GS)

Profile

Former Vice Chairman, Wellington Management Co.

Ted A. Gardner

New board

Kinder Morgan Inc. (NYSE:KMI)

Profile

Managing Partner, Silverhawk Capital Partners

Other board(s)

Summit Materials Inc.

Julius Genachowski

New board

MasterCard Inc. (NYSE:MA)

Profile

Managing Director and Partner, The Carlyle Group LP; Former Chairman, Federal Communications Commission

Stephen J. Girsky

New board

General Motors Co. (NYSE:GM)

Profile

President, S.J. Girsky & Co.

Craig B. Glidden

New board

LyondellBasell Industries NV (NYSE:LYB)

Profile

Executive Vice President, Chief Legal Officer, and Secretary, LyondellBasell Industries NV

Joseph W. Gorder

New board

Anadarko Petroleum Corp. (NYSE:APC)

Profile

Chairman, President, and CEO, Valero Energy Corp.

Other board(s)

Valero Energy Corp.; Valero Energy Partners

Isabella D. Goren

New board

LyondellBasell Industries NV (NYSE:LYB)

Profile

Former Senior Vice President and CFO, AMR Corp.

Other board(s)

GAP Inc.

Alex Gorsky

New board

International Business Machines Corp. (NYSE:IBM)

Profile

Chairman and CEO, Johnson & Johnson

Other board(s)

Johnson & Johnson

Naren K. Gursahaney

New board

NextEra Energy Inc. (NYSE:NEE)

Profile

President and CEO, ADT Corp.

Peter D. Hancock

New board

American International Group Inc. (NYSE:AIG)

Profile

President and CEO, AIG Inc.

Other board(s)

AIG Inc.

Kimberly J. Harris

New board

U.S. Bancorp (NYSE:USB)

Profile

President and CEO, Puget Energy Inc. and Puget Sound Energy Inc.

Greg J. Hayes

New board

United Technologies Corp. (NYSE:UTX)

Profile

President and CEO, United Technologies Corp.

Other board(s)

Nucor Corp.

Wayne M. Hewett

New board

The Home Depot Inc. (NYSE:HD)

Profile

President, Platform Specialty Products Corp.

Other board(s)

Platform Specialty Products Corp.; Ingredion Inc.

Thomas W. Horton

New board

Wal-Mart Store Inc. (NYSE:WMT)

Profile

Former Chairman, President, and CEO, AMR Corp.

Other board(s)

QUALCOMM Inc.

Gary L. Hultquist

New board

Kinder Morgan Inc. (NYSE:KMI)

Profile

Managing Director, Viant Group LLC

Other board(s)

Resolute Energy Corp.

Jon M. Huntsman Jr.

New board

Chevron Corp. (NYSE:CVX)

Profile

Chairman, The Atlantic Council; Former U.S. Ambassador to China

Other board(s)

Caterpillar Inc.; Ford Motor Co.; Huntsman Corp.

Darren R. Huston

New board

The Priceline Group Inc.
(NASDAQ:PCLN)

Profile

Director, President, and CEO, The Priceline Group Inc.

Glenn H. Hutchins

New board

AT&T Inc. (NYSE:T)

Profile

Co-Founder, Silver Lake Partners LP

Other board(s)

NASDAQ OMX Group Inc.

Robert A. Ingram

New board

Regeneron Pharmaceuticals Inc.
(NASDAQ:REGN)

Profile

General Partner, Hatteras Venture Partners

Other board(s)

Cree Inc.; Valeant Pharmaceuticals International Inc.; Edwards Lifesciences Corp.

Merit E. Janow

New board

MasterCard Inc. (NYSE:MA)

Profile

Dean, School of International and Public Affairs, Columbia University

Other board(s)

Trimble Navigation Ltd.

Thomas P. Joyce Jr.

New board

Danaher Corp. (NYSE:DHR)

Profile

President and CEO, Danaher Corp.

Alfred F. Kelly Jr.

New board

Visa Inc. (NYSE:V)

Profile

Former President, American Express Co.

Other board(s)

MetLife Inc.

V. Maureen Kempston Darkes

New board

Schlumberger Ltd. (NYSE:SLB)

Profile

Group Vice President and President, Latin America, Africa, and Middle East, General Motors Corp.

Other board(s)

Balfour Beatty plc; Enbridge Inc.; Canadian National Railway Co.; Brookfield Asset Management Inc.

William E. Kennard

New boards

AT&T Inc. (NYSE:T); Duke Energy Corp.
(NYSE:DUK)

Profile

Former U.S. Ambassador to the European Union; Former Chairman of the FCC

Other board(s)

Ford Motor Co.; MetLife Inc.

Klaus-Christian Kleinfeld

New board

Hewlett-Packard Co.

Profile

Chairman and CEO, Alcoa Inc.; Former President and CEO, Siemens Corp.

Other board(s)

Morgan Stanley; Alcoa Inc.

Donald R. Knauss

New board

McKesson Corp. (NYSE:MCK)

Profile

Executive Chairman, Clorox Co.

Other board(s)

Clorox Co.; Kellogg Co.

Jan Koum

New board

Facebook Inc. (NasdaqGS:FB)

Profile

CEO and Co-Founder, WhatsApp Inc.

Ronald L. Kuehn Jr.

New board

Kinder Morgan Inc. (NYSE:KMI)

Profile

Former Chairman, El Paso Pipeline Partners LP

Teri List-Stoll

New board

Microsoft Corp. (NasdaqGS:MSFT)

Profile

Executive Vice President, CFO, Kraft Foods Group

Other board(s)

Danaher Corp.

Marcos M. Lutz

New board

Monsanto Co. (NYSE:MON)

Profile

CEO, Cosan SA Industria e Comercio

Other board(s)

Cosan Ltd. Monsanto Co.

Thomas J. Lynch Jr.

New board

Bristol-Myers Squibb Co. (NYSE:BMJ)

Profile

Director, Yale Cancer Center; Professor of Internal Medicine, Yale Cancer Center

Jun Makihara

New board

Philip Morris International Inc. (NYSE:PM)

Profile

Chairman, Neoteny Co. Ltd.

Other board(s)

Shinsei Bank Ltd.; Monex Group Inc.

Harish M. Manwani

New board

QUALCOMM Inc. (NasdaqGS:QCOM)

Profile

Former CEO, Unilever plc

Other board(s)

Nielsen NV; Pearson plc; Whirlpool Corp.; Hindustan Unilever Ltd.

Judy A. McGrath

New board

Amazon.com Inc. (NasdaqGS:AMZN)

Profile

Former Chairman and CEO, Viacom Media Networks Inc.

Carl D. McMillon

New board

Wal-Mart Stores Inc. (NYSE:WMT)

Profile

President and CEO, Wal-Mart Stores Inc.

Craig A. Menear

New board

The Home Depot Inc. (NYSE:HD)

Profile

President and CEO, Home Depot Inc.

Judith A. Miscik

New board

Morgan Stanley (NYSE:MS)

Profile

President and Vice Chairman, Kissinger Associates; Former Deputy Director for Intelligence, Central Intelligence Agency

Other board(s)

EMC Corp.

Steve M. Mollenkopf

New board

QUALCOMM Inc. (NasdaqGS:QCOM)

Profile

CEO, QUALCOMM Inc.

Garrison M. Morfit

New board

Microsoft Corp. (NasdaqGS:MSFT)

Profile

President, ValueAct Capital

Denise M. Morrison

New board

MetLife Inc. (NYSE:MET)

Profile

President and CEO, Campbell Soup Co.

Other board(s)

Campbell Soup Co.

Alan R. Mulally

New board

Google Inc. (NasdaqGS:GOOG)

Profile

Former President and CEO, Ford Motor Co.

Satya Nadella

New board

Microsoft Corp. (NasdaqGS:MSFT)

Profile

CEO, Microsoft Corp.

Michael A. Neal

New board

JPMorgan Chase & Co. (NYSE:JPM)

Profile

Former Vice Chairman, General Electric Co.; Former CEO and Chairman, GE Capital

Joseph L. Neubauer

New board

Mondelez International Inc. (NasdaqGS:MDLZ)

Profile

Chairman, ARAMARK

Other board(s)

Macy's Inc.; ARAMARK

Peter Oppenheimer

New board

The Goldman Sachs Group Inc. (NYSE:GS)

Profile

Former Senior Vice President and CFO, Apple Inc.

Karyn F. Ovelmen

New board

LyondellBasell Industries NV (NYSE:LYB)

Profile

Executive Vice President and CFO, LyondellBasell Industries NV

David C. Page

New board

PepsiCo Inc. (NYSE:PEP)

Profile

Director, Whitehead Institute for Biomedical Research; Professor, Massachusetts Institute of Technology

Roderick A. Palmore

New board

Express Scripts Holding Co. (NasdaqGS:ESRX)

Profile

Executive Vice President, General Counsel, Chief Compliance and Risk Management Officer, and Secretary, General Mills Inc.

Other board(s)

Goodyear Tire & Rubber Co.; CBOE Holdings Inc.; General Mills Inc.

Bhavesh (Bob) V. Patel

New board

LyondellBasell Industries NV (NYSE:LYB)

Profile

Executive Vice President, LyondellBasell Industries NV

Frederik D. Paulsen Jr.

New board

Philip Morris International Inc. (NYSE:PM)

Profile

Chairman, Ferring Group

Nelson Peltz

New board

Mondelez International Inc. (NasdaqGS:MDLZ)

Profile

CEO and Founding Partner, Triun Fund Management LP

Other board(s)

Madison Square Garden Co.; Wendy's Co.

Michelle A. Peluso

New board

Nike Inc. (NYSE:NKE)

Profile

CEO, Gilt Groupe Inc.

Michael B. Polk

New board

Colgate-Palmolive Co. (NYSE:CL)

Profile

President and CEO, Newell Rubbermaid Inc.

Other board(s)

Newell Rubbermaid Inc.

Colin L. Powell

New board

Salesforce.com Inc. (NYSE:CRM)

Profile

Former U.S. Secretary of State; Retired Chairman, Joint Chiefs of Staff

Patrick Quarles

New board

LyondellBasell Industries NV (NYSE:LYB)

Profile

Division Senior Vice President, Intermediates and Derivatives, LyondellBasell Industries NV

Arthur C. Reichstetter

New board

Kinder Morgan Inc. (NYSE:KMI)

Profile

Private Investment Manager

Timothy D. Roberts

New board

LyondellBasell Industries NV (NYSE:LYB)

Profile

Executive Vice President, LyondellBasell Industries NV

Barry S. Rosenstein

New board

Walgreens Boots Alliance Inc. (NYSE:WBA)

Profile

Managing Partner and Co-Portfolio Manager, JANA Partners LLC

Susan R. Salka

New board

McKesson Corp. (NYSE:MCK)

Profile

President and CEO, AMN Healthcare Services Inc.

Other board(s)

AMN Healthcare Services Inc.

Charles W. Scharf

New board

Microsoft Corp. (NasdaqGS:MSFT)

Profile

CEO, Visa Inc.

Other board(s)

Visa Inc.

Ulf (Mark) M. Schneider

New board

E.I. DuPont de Nemours & Co. (NYSE:DD)

Profile

President and CEO, Fresenius SE & Co. KGaA

Other board(s)

Fresenius SE & Co. KGaA

Laura J. Schumacher

New board

General Dynamics Corp.

Profile

Executive Vice President, Business Development, External Affairs, General Counsel, AbbVie Inc.

James C. Smith

New board

Pfizer Inc. (NYSE:PFE)

Profile

President and CEO, Thomson Reuters Corp.

Other board(s)

Thomson Reuters Corp.

William A. Smith

New board

Kinder Morgan Inc. (NYSE:KMI)

Profile

Former Partner, Galway Group LP

Other board(s)

Eagle Rock Energy Partners LP

John Stankey

New board

United Parcel Service Inc. (NYSE:UPS)

Profile

Group President and Chief Strategy Office, AT&T Inc.

John W. Stanton

New board

Microsoft Corp. (NasdaqGS:MSFT)

Profile

Founder, Trilogy International Partners Inc.

Other board(s)

Columbia Sportswear Co.

Kevin Systrom

New board

Wal-Mart Stores Inc. (NYSE:WMT)

Profile

CEO and Co-Founder, Instagram

Henri A. Termeer

New board

Allergan Inc. (NYSE:AGN)

Profile

President and Director, Genzyme Corp.

Other board(s)

Aveo Pharmaceuticals Inc.; PROQR Therapeutics NV; Verastem Inc.; Abiomed Inc.

Tidjane Thiam

New board

Twenty-First Century Fox Inc. (NasdaqGS:FOX)

Profile

Group Chief Executive, Prudential plc

Other board(s)

Prudential plc

Susan L. Wagner

New board

Apple Inc. (NasdaqGS:AAPL)

Profile

Director, BlackRock Inc.

Other board(s)

Swiss Re AG; BlackRock Inc.

Elisse B. Walter

New board

Occidental Petroleum Corp. (NYSE:OXY)

Profile

Former Commissioner, U.S. Securities and Exchange Commission

Maynard G. Webb Jr.

New board

Visa Inc. (NYSE:V)

Profile

Founder Webb Investment Network LLC

Other board(s)

Yahoo Inc.; Salesforce.com Inc.

R. Sanders Williams

New board

Amgen Inc. (NasdaqGS:AMGN)

Profile

President, Gladstone Institutes Inc.

Other board(s)

Laboratory Corp. of America Hldgs.

Scott W. Wine

New board

U.S. Bancorp (NYSE:USB)

Profile

Chairman and CEO, Polaris Industries Inc.

Other board(s)

Polaris Industries Inc.; Terex Corp.

Mark O. Winkelman

New board

The Goldman Sachs Group Inc. (NYSE:GS)

Profile

Private Investor; Former Co-Head, Fixed Income Division, Goldman Sachs & Co.

Other board(s)

Anheuser-Busch Inbev SA

Susan D. Wojcicki

New board

Salesforce.com Inc. (NYSE:CRM)

Profile

CEO, YouTube LLC

Appendix C: The KFMC¹⁰⁰ boards

Information in this section refers to publicly available data on the 100 companies covered in this study.

Figure 13

Board size.

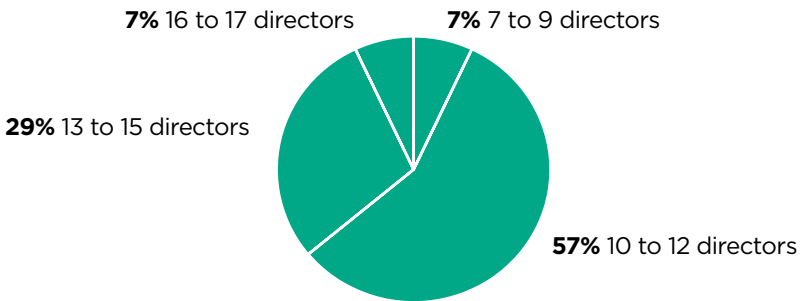


Figure 14

Board independence.

In the KFMC100, 82% of boards had one or two executive directors. The rest were independent directors.

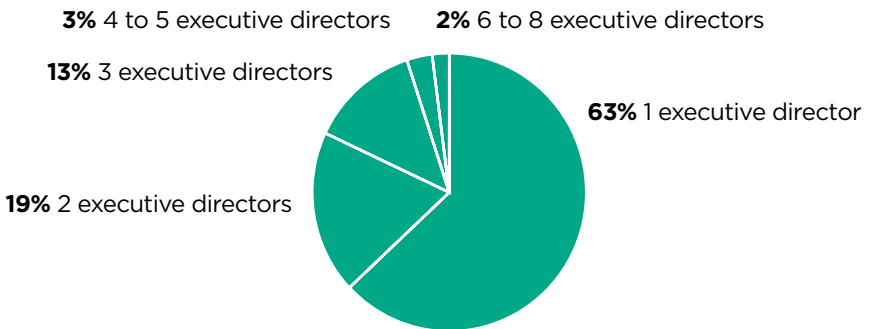


Figure 15

Type of chairman.

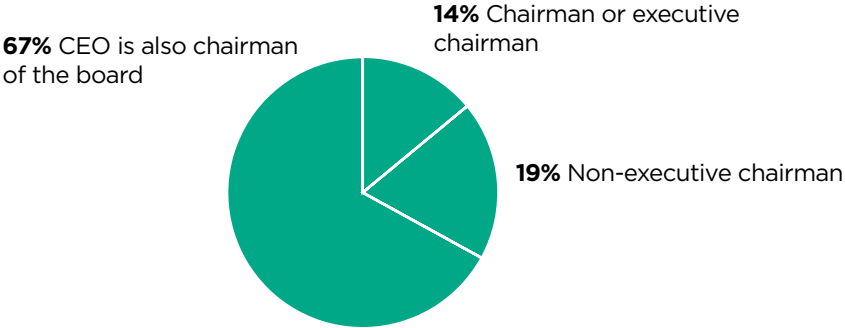


Figure 16

Compensation and retainers for directors.

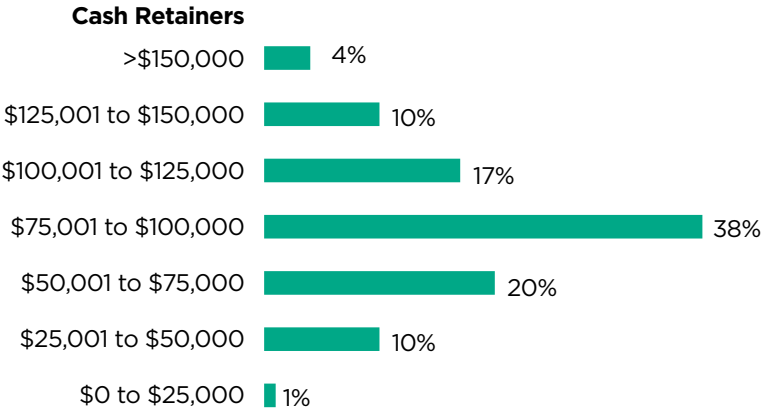
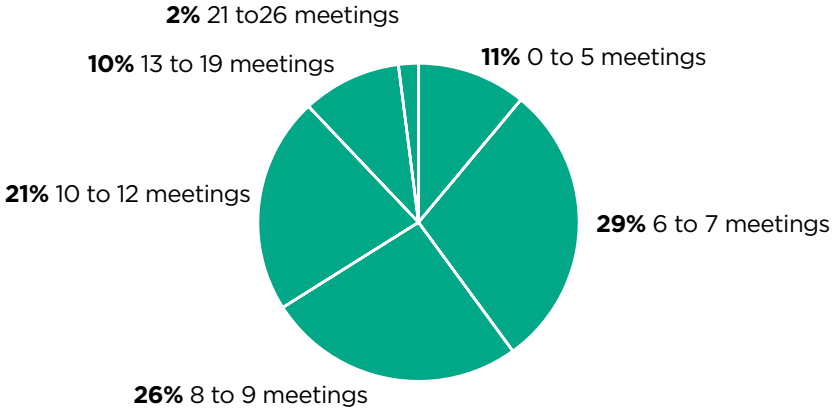


Figure 17**Board meetings in 2014.**

Percentages do not add up to 100%. The number of board meetings held in 2014 was available for 99 companies; following their pending acquisition by AT&T, DirecTV did not publish this information.

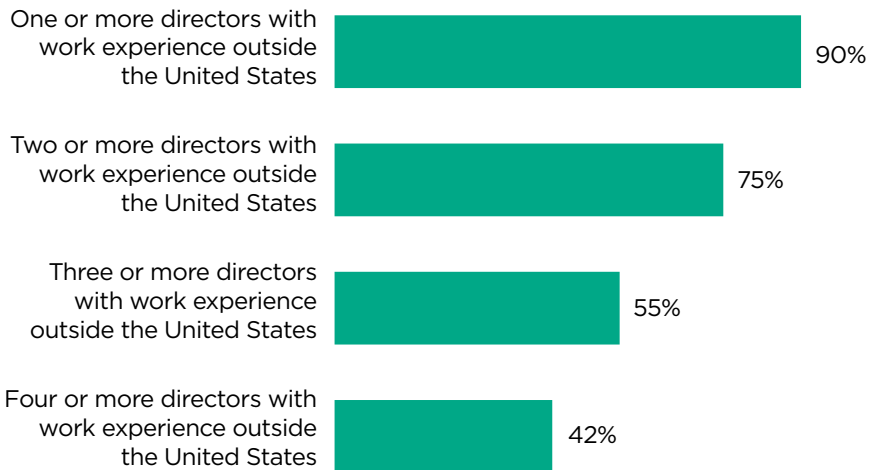
Figure 18**Global experience on KFMC¹⁰⁰ boards.**

Figure 19

Gender balance on KFMC¹⁰⁰ boards.

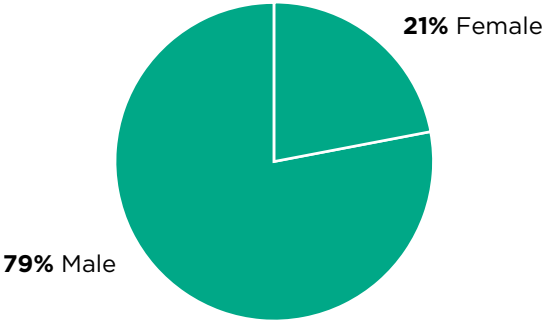


Figure 20

Distribution of female directors among KFMC¹⁰⁰ boards.

Number of female directors

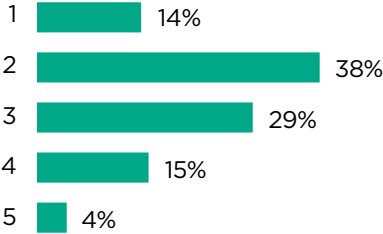
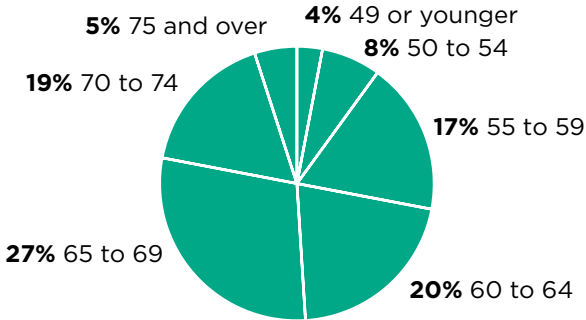


Figure 21**Age of KFMC¹⁰⁰ directors.****Directors by age range**

As in prior year editions of the KFMC¹⁰⁰ report, Figure 21 is based on current non-CEO directors, covering 1,102 of them.

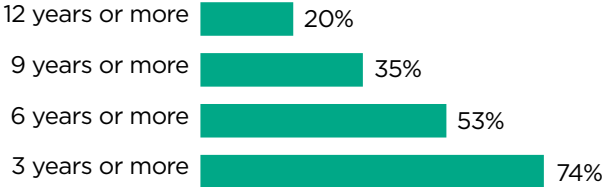
Figure 22**KFMC¹⁰⁰ retirement-age policies.**

Retirement policy	Percentage of companies	Exceptions	Average director age
Mandatory retirement age	42%	14	62.9
Mandatory retirement age with exceptions	35%	23	63.4
No mandatory retirement age	23%	--	65.6

Figure 23

Duration of directorships in the KFMC¹⁰⁰.

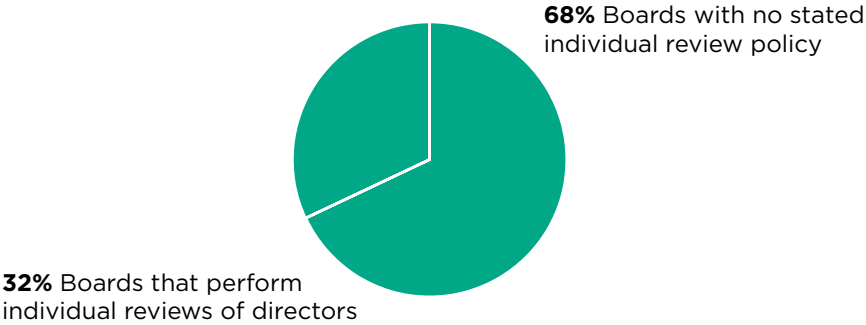
Board seats held for



This publicly available tenure information applies to 1,203 directors. As in prior year editions of the KFMC¹⁰⁰ report, the sum of the percentages shown in Figure 23 is more than 100% since each category below “12 or more years” is cumulative.

Figure 24

Individual director review policy in the KFMC¹⁰⁰.



Companies were determined to have an individual director review policy if their corporate governance guidelines call for an annual evaluation of individual board members, as opposed to reviews of the board as a whole or entire committees.

Korn Ferry Board Practice

Korn Ferry's Board Practice comprises an elite group of senior consultants who have recruited directors for more than 150 of the largest companies in America. Our work encompasses recruiting entire boards for spin-off companies, emerging companies and IPOs, private firms, and those emerging from bankruptcy. We maintain a steady focus on meeting the diverse specification criteria we are charged to recruit as well as ensuring the culture and team fit with other directors that is essential to board effectiveness.

The Korn Ferry Board Practice is led by some of our firm's most senior leaders, and unites several former board practice leaders from competing firms, or what we refer to as a "team of rivals." The advantage of this alliance for clients is that it provides unparalleled access to new and creative candidate ideas and contacts.

We maintain our edge as governance leaders by publishing our own innovative research and by partnering with preeminent organizations in this arena, including NACD, the Wharton School, and McKinsey. In addition, we lead forums with chairmen and lead directors, CEOs, and committee chairs to promote an open exchange of new ideas. Our recent book, *Boards That Lead*, published by Harvard Business Review in 2014, was cited as the Governance Book of the Year by "Directors & Boards" magazine.

Should you wish to discuss any challenges your board is currently facing, please contact us:

<http://www.kornferry.com/solutions/build/board-and-ceo-services>

Dennis Carey

Vice Chairman

dennis.carey@kornferry.com

215.656.5348

Joe Griesedieck

Vice Chairman and Co-Leader, Board and CEO Services

joe.griesedieck@kornferry.com

415.288.5367

Robert Hallagan

Vice Chairman and Managing Director, Board Leadership Services
robert.hallagan@kornferry.com
617.790.5790

Steve Mader

Vice Chairman and Managing Director, Board and CEO Services
steve.mader@kornferry.com
617.790.5700

Nels Olson

Vice Chairman and Co-Leader, Board and CEO Services
nels.olson@kornferry.com
202.955.0926

Jane Stevenson

Vice Chairman, Board and CEO Services and Global leader for CEO
Succession
jane.stevenson@kornferry.com
404.222.4022

About Korn Ferry

Korn Ferry is the preeminent authority on leadership and talent. For nearly half a century, clients have trusted us to recruit world-class leaders. Today, we are their partner in designing organizational strategy and developing their people to achieve unimaginable success. For more information, visit www.kornferry.com.

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.



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