



Energy Insights



WHAT DO THIS YEAR'S BONUS PAYOUTS LOOK LIKE?

CEO Payouts for Energy Companies in the S&P 500 Varied Considerably

Posted by Tracy Glassel on May 2, 2013

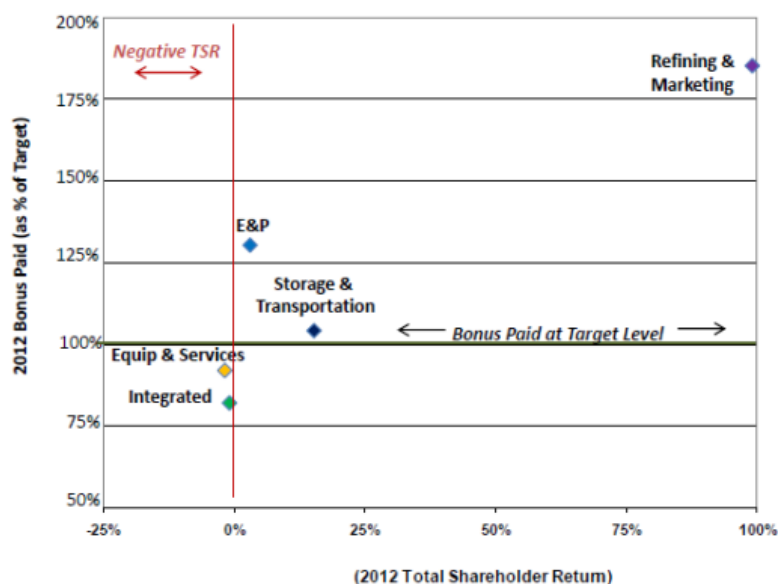
This is a question we hear frequently this time of year — and now that many of the 2013 proxy statements have been filed, we thought we'd share our insights on CEO bonus payouts.

We focused on S&P 500 CEOs from the different energy industry segments and discovered CEO bonuses varied significantly—by individual and by industry segment

- **Refining & Marketing** had a strong year with an average 100% total shareholder return (TSR). Bonuses paid reflected this performance.
- Conversely, **Integrated** and **Equipment & Services** companies averaged negative TSR and paid bonuses below targeted level.
- **E&P** and **Storage & Transportation** companies ranked somewhere in the middle, but with different results. Storage & Transportation delivered bonuses that averaged slightly above target. E&P companies paid 131% of target despite averaging single digit shareholder returns. However, we observed an overall lower level of payout among E&P companies than in recent years and a wider range above and below target level.

The graph depicts average bonus payout against TSR, a commonly used metric for ISS and others to measure performance.

Level of Bonus Payouts (% of Target) Relative to One Year Total Shareholder Return



The table below summarizes the average and range of bonus outcomes by industry segment.

Energy Industry Segments	Range of Bonus Payouts as % of Target		Average Bonus	Average One Year TSR
	Low	High		
E&P	0%	250%	131%	3%
Integrated	0%	157%	82%	-1%
Storage & Transportation	65%	139%	104%	15%
Refining & Marketing	166%	200%	185%	100%
Equipment & Services	0%	135%	92%	-2%

Meridian Comment

Reviewed 2013 proxy statements filed as of 4/24/2013. Energy industry breakout based on S&P 500 companies' eight digit GICS code (when statistically necessary, included additional companies from the Russell 3000). Only CEOs with disclosed target bonus opportunity included in analysis. Data source for total shareholder return: Standard & Poor's Research Insight