



Get Behind the Data

An Analysis of Corporate Compensation Based on Pay Ratios

TABLE OF CONTENTS

- 3 An Overview of Pay Ratios
- 4 Tracking Pay Ratios in Financial Statements
- 5 What we found
 - Companies Reporting
 - How Are Pay Ratios Reporting
 - By the Numbers – Revenue
 - Additional Insights - Revenue
 - By the Numbers – International
 - A Deeper Dive by Segment (Financial Services)
- 13 About Calcbench

An Overview of Pay Ratios

The CEO-to-median employee pay ratio disclosure was one of the most contentious pieces of the Dodd-Frank legislation. It took the SEC three years to issue a proposal, but the CEO-to-employee pay ratio will be in the proxy filed in the spring of 2018 reporting fiscal year 2017 data.

The SEC defines the term “employee” to include any individual employed by the company or any of its subsidiaries as of the last day of the company’s last completed fiscal year. The definition includes any full-time, part-time, seasonal or temporary employee of the company or its subsidiaries including any non-U.S. employee, but excludes leased workers or any workers employed by a third party or affiliate.

Companies will be allowed to exclude a portion of non-U.S. employees (up to 5 percent of total employees).

Tracking Pay Ratios

On March 15, 2018, we surveyed the S&P 500 searching disclosures for “pay ratio.”

53 firms had some type of disclosure around pay ratio.

While most of the companies report actual ratios, 4 companies (of the 53) did not disclose actual data: JPMorgan, Willis Towers Watson Plc, BB&T, Lennar Corp.

By the numbers:

The average annual revenue of the S&P 500 firms reporting pay ratio data is: \$21.3B.

The average annual CEO compensation of these firms is \$12.2M.

The vast majority of CEO-to-median employee pay ratios fall between 150:1 and 425:1.

Here are some of the outliers:

Aptiv pay ratio is 2526:1

Hanesbrand pay ratio is 1830:1

Both have an international presence that may be skewing the numbers.

Conversely, Hunt JB Transport Services has a pay ratio of 15:1 and is U.S. based. And, Intuitive Surgical has a ratio of 32:1 with one of the highest median employee salary of \$157,491.

Companies Reporting Pay Ratios

Aes Corp
Apartment Investment &
Management Co
Aptiv PL
At&T Inc.
Bank of America Corp
Bank of New York Mellon Corp
Centene Corp
Citizens Financial Group
Coca Cola Co
Comerica Inc
Discover Financial Services
Dte Energy Co
Fastenal Co
Fifth Third Bancorp
Flir Systems Inc
Flour Corp
General Electric Co
Genuine Parts Co

Goodyear Tire & Rubber Co
Hanesbrands Inc.
Honeywell International Inc
Humana Inc
Hunt J B Transport Services Inc
Huntington Bancshares Inc
International Business Machines
Corp
Intuitive Surgical Inc
Iqvia Holdings Inc.
Kellogg Co
Kraft Heinz Co
M&T Bank Corp
Newmont Mining Corp
Noble Energy Inc
Northern Trust Corp
People's United Financial, Inc.
Pnc Financial Services Group, Inc.
Ppg Industries Inc

Public Service Enterprise
Group Inc
Regency Centers Corp
Regions Financial Corp
Schlumberger Limited
Sherwin Williams Co
Smith A O Corp
SNAP-ON Inc
Stanley Black & Decker, Inc.
Suntrust Banks Inc
Texas Instruments Inc
Textron Inc
Us Bancorp
Whirlpool Corp

How Are Pay Ratios Reported?

Companies are reporting pay ratios, methodologies on calculations and any exclusions. Example 1: Murphy USA Inc.

NOTICE OF 2018 ANNUAL MEETING AND PROXY STATEMENT

Executive Compensation (continued)

Mr. Corrigan's employment with the Company ended on March 8, 2018. In connection with his departure, Mr. Corrigan agreed to provide transition support through June 30, 2018. In exchange for executing a release of claims in favor of the Company, Mr. Corrigan will receive continued salary payments for three months commencing April 1, 2018, with a value of \$93,750, and an additional lump-sum severance payment of \$135,000 payable on June 30, 2018. Mr. Corrigan also agreed to comply with certain customary restrictive covenants following his separation. Any unvested equity awards held by Mr. Corrigan at the time of his separation will be forfeited, including his make-whole RSUs granted in connection with his hiring and any annual equity awards made thereafter.

2017 Pay Ratio Disclosure

Pay Ratio

In accordance with the requirements of Section 953(b) of the Dodd-Frank Act and Item 402(u) of Regulation S-K (which we collectively refer to as the "Pay Ratio Rule"), we are providing the following estimated information for 2017:

- the median of the annual total compensation of all of our employees (except our Chief Executive Officer) was \$16,831; our median employee is a part-time store employee;
- the annual total compensation of our Chief Executive officer was \$5,777,908; and
- the ratio of these two amounts was 343 to 1; we believe that this ratio is a reasonable estimate calculated in a manner consistent with the requirements of the Pay Ratio Rule.

SEC rules for identifying the median employee and calculating the pay ratio allow companies to apply various methodologies and apply various assumptions and, as result, the pay ratio reported by us may not be comparable to the pay ratio reported by other companies.

Methodology for Identifying Our "Median Employee"

To identify the median of the annual total compensation of all of our employees (other than our Chief Executive Officer), we first identified our total employee population from which we determined our "median employee". We selected our median employee as of December 31, 2017, from our employee population of approximately 9,600 individuals. As a marketer of retail motor fuel products and convenience merchandise through retail stores, over one-half of our employee population on this date was comprised of part-time employees.

To identify our "median employee" from our total employee population, we compared our employees' total cash compensation for 2017 (which included base wages and any additional cash awards). In making this determination, we annualized the compensation of full-time and part-time employees who were hired in 2017 but did not work for us for the entire fiscal year. We identified our "median employee" using this compensation measure, which was consistently applied to all our employees included in the calculation.

Determination of Annual Total Compensation of Our "Median Employee" and Our CEO

Once we identified our "median employee", we then calculated such employee's annual total compensation for 2017 using the same methodology we used for purposes of determining the annual total compensation of our NEOs for 2017 (as set forth in the 2017 Summary Compensation Table on page 27 of this Proxy Statement).

Our CEO's annual total compensation for 2017 for purposes of the Pay Ratio Rule is equal to the amount reported in the "Total" column in the 2017 Summary Compensation Table.

MURPHY USA INC. 33

How Are Pay Ratios Reported? (Continued)

Example 2: Bank Of America Corporation

CEO Pay Ratio

CEO Pay Ratio

Below is (i) the 2017 annual total compensation of our CEO; (ii) the 2017 annual total compensation of our median employee; (iii) the ratio of the annual total compensation of our CEO to that of our median employee, and (iv) the methodology we used to calculate our CEO pay ratio:

CEO Pay Ratio

CEO Annual Total Compensation*	\$21,791,812
Median Employee Annual Total Compensation	\$87,115
CEO to Median Employee Pay Ratio	250:1

* This annual total compensation is the Summary Compensation Table amount, plus certain nondiscriminatory benefits (including health insurance).

Methodology

Our CEO pay ratio is a reasonable estimate calculated in a manner consistent with SEC rules. Our methodology and process is explained below:

- Determined Employee Population.** We began with our global employee population as of October 1, 2017, including full-time, part-time, and seasonal or temporary workers, employed by our company or consolidated subsidiaries, but excluding our CEO.
- Identified the Median Employee.** We calculated compensation for each employee using base salary as of October 1, 2017 and estimated overtime, plus performance year 2016 cash incentives paid and equity awards granted in 2017. We identified employees within \$500 of the median compensation and removed those employees who had anomalous compensation characteristics. For each remaining employee, we estimated total compensation using a method similar to the Summary Compensation Table rules, but including employer health insurance contributions and the value of other benefits, and then identified the median employee.
- Calculated CEO Pay Ratio.** We calculated our median employee's annual total compensation for 2017 according to the SEC's instructions for preparing the Summary Compensation Table, including employer health insurance contributions and the value of other benefits. We then calculated our CEO's annual total compensation using the same approach to determine the pay ratio shown above.

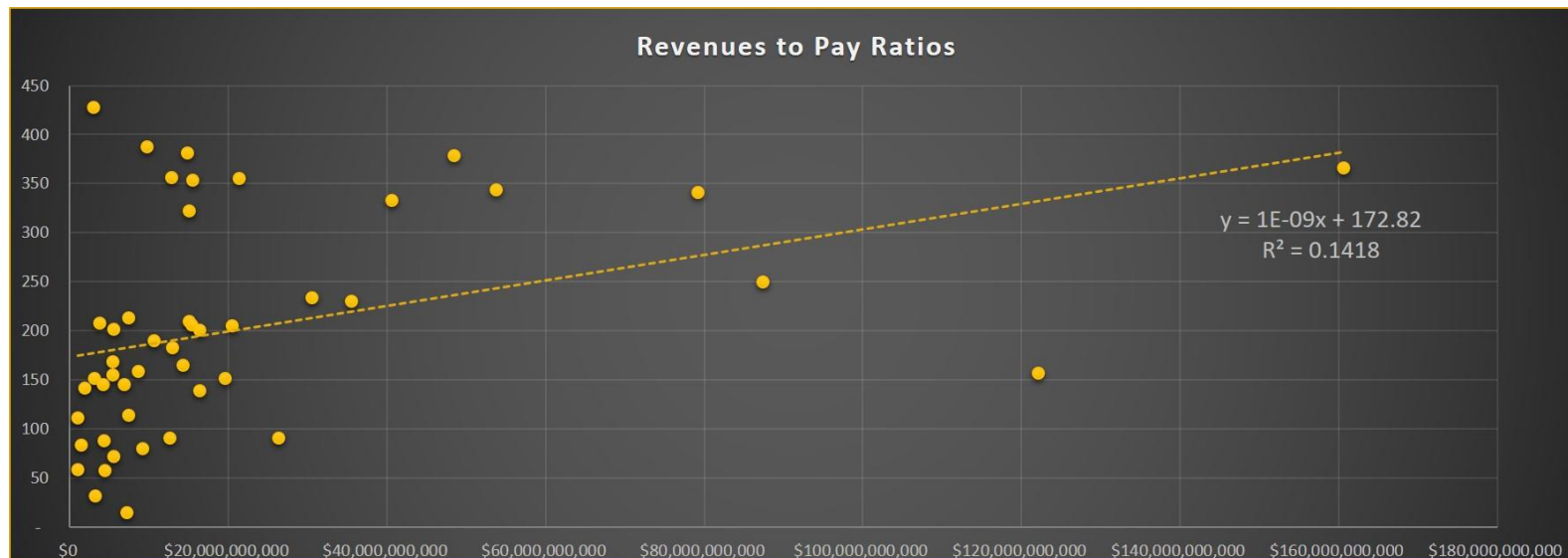
We invest in our employees at all levels in the company by rewarding performance that balances risk and reward, empowering professional growth and development, and by offering affordable benefits and programs that meet the diverse needs of our employees and their families. See "Being a Great Place to Work" on page 24 for additional details.

Bank of America Corporation 2018 Proxy Statement 63

By the Numbers - Revenue

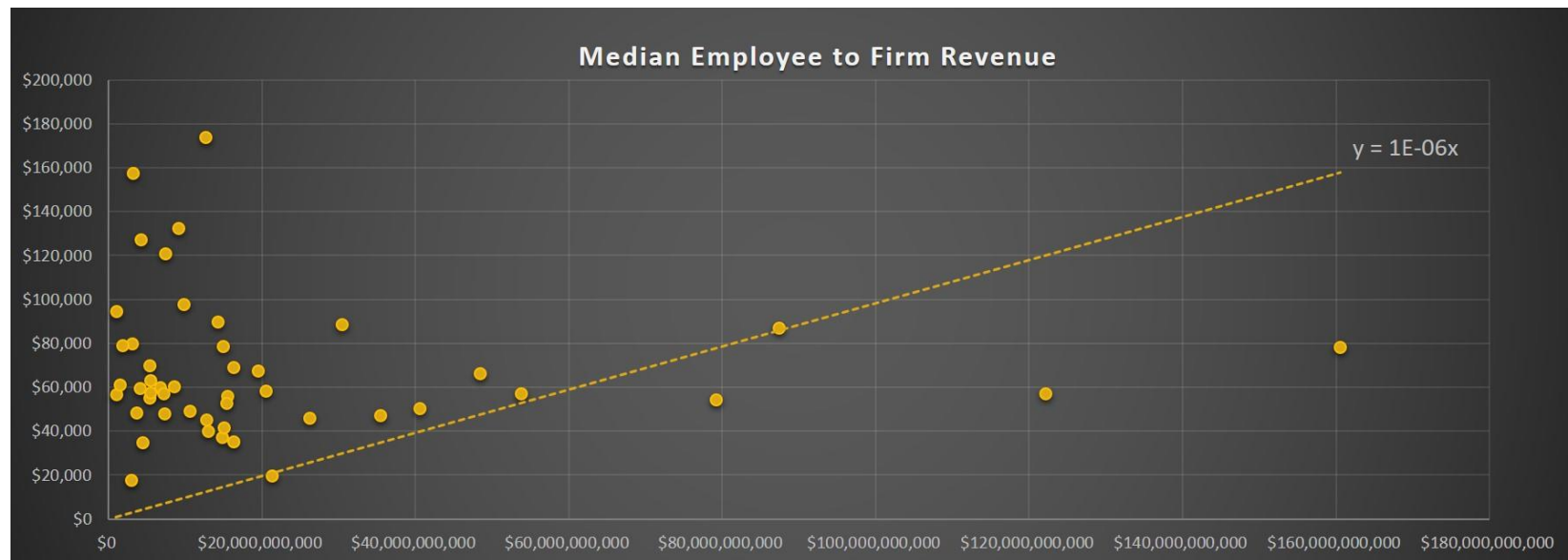
Companies with revenues above \$10B often report higher pay ratios. But there are exceptions.

The average pay ratio for companies under \$10B in revenue is 220:1; the average pay ratio for companies over \$10B in revenue is 337:1.



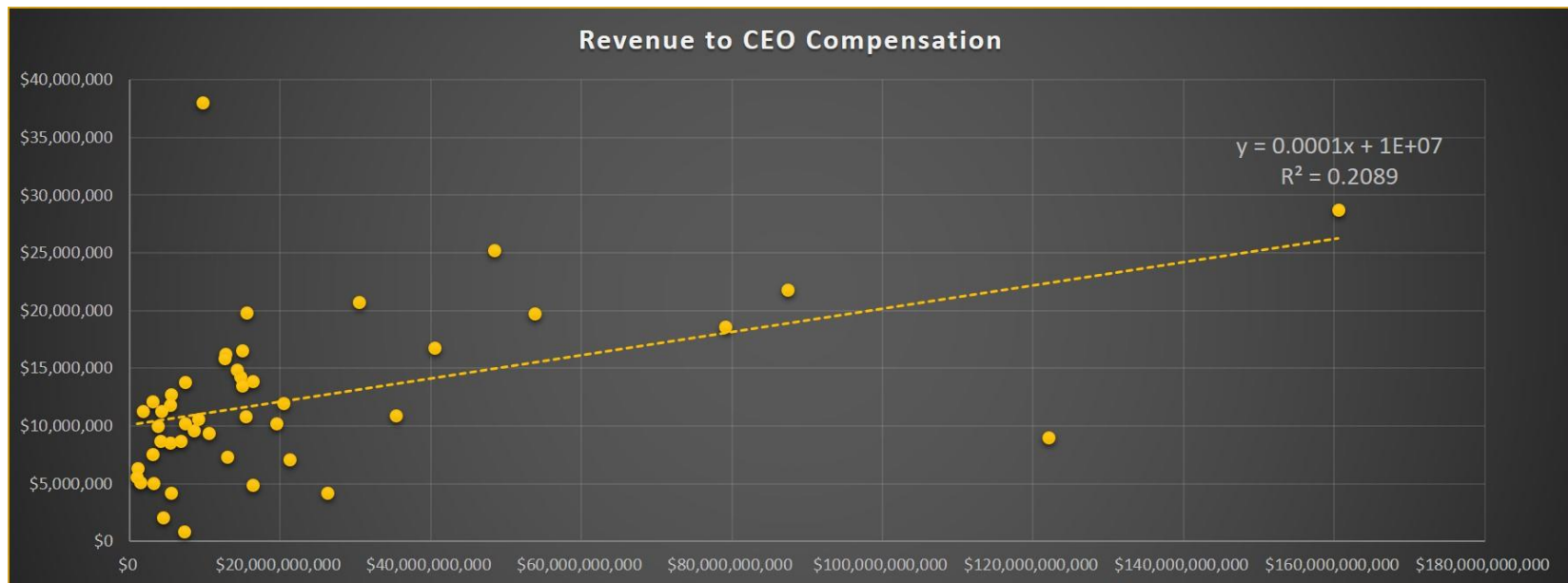
Additional Insights - Revenue

Likewise, as companies make more revenue, employees are paid more.



Additional Insights - Revenue

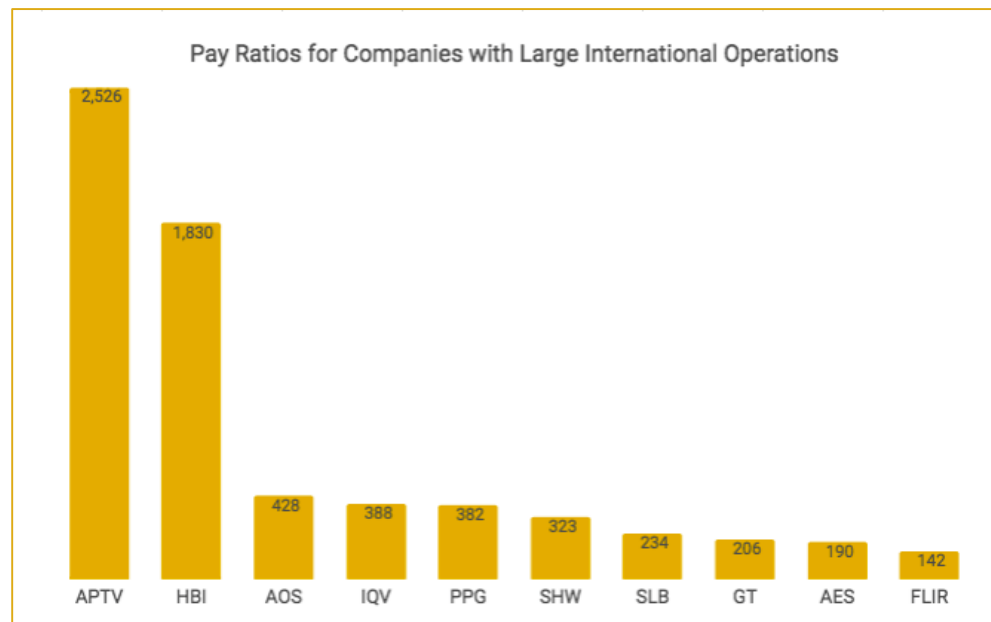
Another observation is that as companies make more revenue, CEOs are also paid more. For every \$50B a firm makes in revenue the CEO will make \$5M more.



By the Numbers – Large International Presence

Companies with a large international presence tend to report higher pay ratios. This is likely because international employees are paid at a lower rate than US employees.

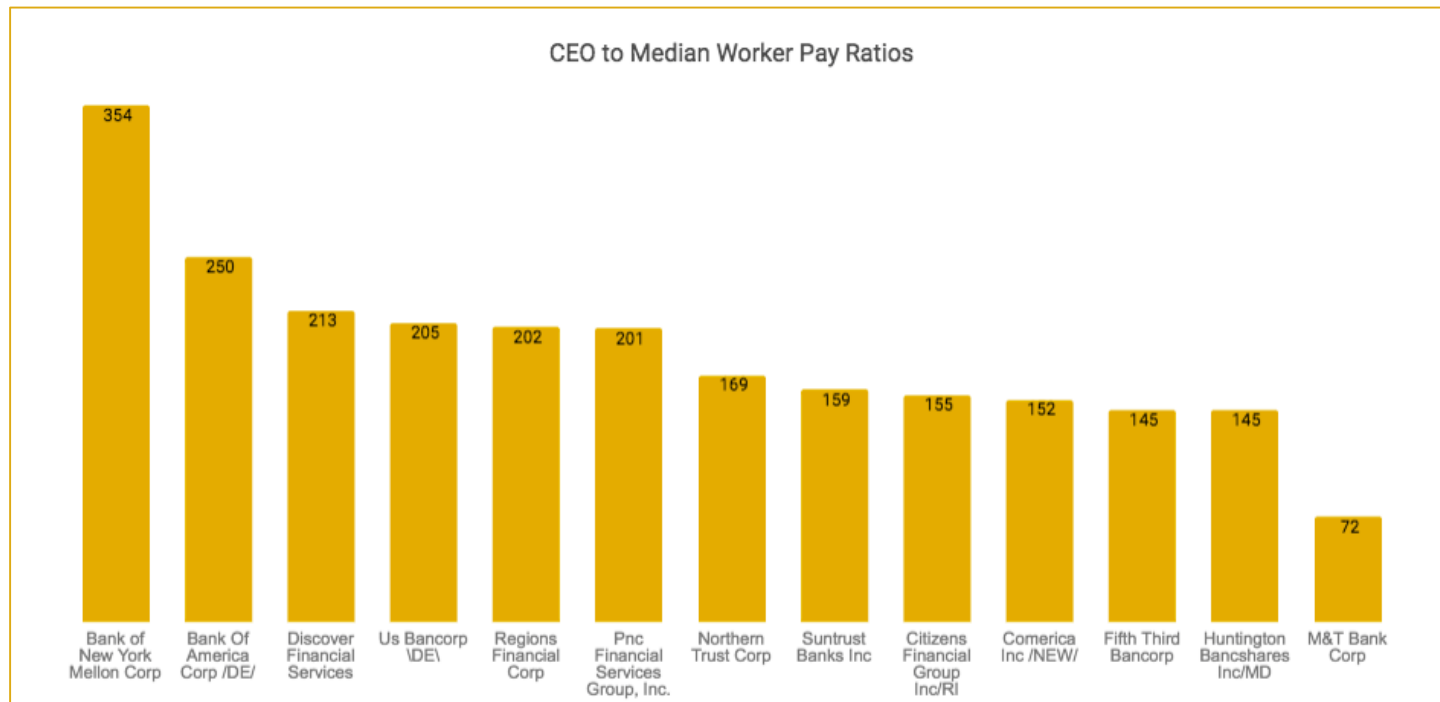
Average pay ratio for a company with a large international presence is 665:1 skewed by Aptiv and Hanesbrands.



A Deeper Segment Dive - Banks

Of the companies reporting data, 13 are banks.

Average CEO annual compensation: \$11.9M; Median employee salary: \$63.4K;
Average pay ratio: 187:1



About Calcbench

Calcbench is a proven data platform to help modernize financial analysis, reduce manual entry, avoid errors associated with manual entry, and trace all data back to the source.

Calcbench helps Fortune 500 companies, major money management firms and research firms become more productive and accurate in their financial analysis.

- Companies use Calcbench for the everyday raw data feed as well as for ad hoc corporate intelligence.
- Analysts use Calcbench to go deep with individual companies or perform peer comparisons.

With more than 200 million data points traceable back to the source, Calcbench enables users to Get Behind the Data.

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