

## Dear All,

We hope the new year is off to a great start for all of you. Here at L&A we are excited to hit the ground running and tackle new challenges as we start preparing for proxy season. We have some great pieces to share with you and hope they are a good resource in planning your compensation strategies for 2019.

The first piece is an L&A original article that highlights the key components of an effective compensation plan to ensure incentivized performance and position companies to achieve their business goals. In the article we offer 3 resolutions to help make your 2019 pay practices an asset.

The second article shares important considerations for directors and compensation committees to take into account in the year ahead. These include Dodd-Frank regulations, ISS policies, say-on-pay, shareholder activism, equity awards and section 162(m).

The last piece takes a look at trends in corporate governance at the regional and global level, providing great insights on how to navigate these areas. Key trends include board quality, corporate culture, investor emphasis on long-termism, ESG concerns and the impact of activist investors.

Lastly, we have finalized the results for our 2019 Energy Pay Pulse Survey and have included a brief overview of the most notable findings. Please feel free to [contact us](#) if you have any questions or are interested in participating in the next Energy Pay Pulse Survey.

We appreciate each and every one of you and as always, let us know if there is a particular subject you'd like to learn more about.

Sincerely,



Brent Longnecker and the L&A Team  
Chairman and CEO  
Longnecker & Associates



## Compensation Resolutions for the New Year

While many businesses have a solid business plan in place, they often neglect implementing a compensation strategy. Without proper planning, it's easy to offer too much or too little money to compete for talent and with the labor market at 3.9% unemployment (December 2018); it is critical to get compensation right to attract and retain the best.

More troublesome is that some businesses fail to have a compensation strategy in place that aligns with their company's mission.

[READ MORE](#)

## Compensation Season 2019

Boards of directors and their compensation committees will soon shift attention to the 2019 compensation season. Key considerations in the year ahead include the following:

### Dodd-Frank Act Regulations

Final Hedging Disclosure Rules. New Item 407(i) of Regulation S-K requires a company to describe any employee or director hedging policies or to state that it does not have any such policies.

[READ MORE](#)

## 2019 Global & Regional Trends in Corporate Governance

Institutional investors (both active managers and index fund giants) spent the last few years raising their expectations of public company boards—a trend we expect to see continue in 2019. The demand for board quality, effectiveness, and accountability to shareholders will continue to accelerate across all global markets.

[READ MORE](#)

## 2019 Energy Pay Pulse Survey Results

Through our Energy Pay Pulse Survey, L&A continues to comprehensively assess trends within the energy industry and observe the changes which are taking place to reflect the importance of retaining top talent. This year's survey generated notable results:

- Based on performance forecasts versus formula, annual incentive payouts for 2018 performance are projected to be at **100%** of target.
- Overall, **80%** of organizations are projecting to maintain LTI award values in 2019.

[QUESTIONS?](#)

## Compensation Discussion & Analysis (CD&A) Disclosure Preparations

As we start gearing up for proxy season, L&A is ready to assist you in the development and overall structure of your CD&A disclosure. Leveraging extensive experience and knowledge of real-time best practices in the evolving shareholder communication platform, our consultants will help you craft an effective message to your investor audience while fulfilling SEC requirements.

**CONTACT US BELOW TO GET STARTED!**

[GET STARTED](#)

## JOIN US AT OUR UPCOMING EVENTS

### NACD Austin - Making the Tough Decisions

**Thursday, February 7**  
**4:00 p.m. – 7:00 p.m.**

Intercontinental SFA Austin  
701 Congress Ave  
Austin, TX 78701

Join us for a conversation with retired Lt. General and Green Beret, David Fridovich on leadership and the art of making tough decisions.

[REGISTER](#)

### NACD Houston - The Future of Healthcare

**Thursday, February 28**  
**7:00 a.m. – 9:15 a.m.**

Junior League of Houston  
1811 Briar Oaks  
Houston, TX 77057

Join us for this important discussion on the current state of healthcare, how we got here, the effects of future innovation and what directors need to know.

[REGISTER](#)

### NACD Austin - Nonprofit Governance

**Friday, April 5**  
**11:00 a.m. – 1:00 p.m.**

Stay tuned for more details on this exciting program!

[REGISTER](#)

## Let's Work Together

We know what it takes to attract, retain and motivate key talent. Contact us to develop a plan that works for your business.

[GET IN TOUCH](#)

**281.378.1350**

Compensation Services  
Incentive Plan Design  
Litigation Support  
Strategic & Governance Advisory  
Restructuring Services

## Get to Know Us

**Carson Hughes**  
CONSULTANT



**Hometown:** Olive Branch, Mississippi

**What's your key to success?** If you're not struggling, you're not learning

**If you could have dinner with someone famous (dead or alive) who would it be?** Nikola Tesla

**How long have you been with Longnecker & Associates?** 4 Months

**What's a fun fact about you most people don't know?** I have won 2 state champions in high school with the marching band.