

Extra Space Storage Inc.  
Form 8-K  
September 04, 2008

# SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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## FORM 8-K

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### CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

August 28, 2008

(Date of Report (Date of Earliest Event Reported))

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## EXTRA SPACE STORAGE INC.

(Exact Name of Registrant as Specified in Its Charter)

**Maryland**  
(State or Other Jurisdiction  
of Incorporation)

**001-32269**  
(Commission File Number)

**20-1076777**  
(IRS Employer  
Identification Number)

**2795 East Cottonwood Parkway, Suite 400**

**Salt Lake City, Utah 84121**

(Address of Principal Executive Offices)

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**(801) 562-5556**

(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**ITEM 5.02 DEPARTURE OF DIRECTORS OR CERTAIN OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF CERTAIN OFFICERS; COMPENSATORY ARRANGEMENTS OF CERTAIN OFFICERS.**

On August 28, 2008, the Compensation Committee of the Board of Directors of Extra Space Storage Inc. (the Company) approved, and the Company entered into, amended and restated employment agreements (collectively, the Restated Employment Agreements) with each of Kenneth M. Woolley, the Company's Chief Executive Officer, Kent W. Christensen, the Company's Chief Financial Officer and Executive Vice President, Karl Haas, the Company's Chief Operating Officer and Executive Vice President, and Charles L. Allen, the Company's Chief Legal Officer and Executive Vice President. The Restated Employment Agreements replace the existing employment agreements with these executive officers.

The Restated Employment Agreements are substantially similar and provide for the following:

The Restated Employment Agreements have a term of three years, with automatic annual renewals thereafter unless the Company or the executive provides notice of non-renewal.

In the event that the executive is terminated without cause or terminates his employment for good reason, he will be entitled to severance equal to two times his base salary and bonus (greater of prior year's bonus or average prior three years bonus). In addition, in exchange for a general release of claims, the executive will receive:

outplacement services for six months in accordance with the Company's policy;

a lump sum equal to the cost of continuing his health benefits under COBRA based on the rate in effect at termination, plus taxes on such amount for two years; and

full vesting in all equity compensation grants and pension and deferred compensation plans.

For purposes of severance, cause includes (i) commission of or indictment for or formal admission to a felony, crime of moral turpitude, dishonesty, breach of trust or unethical business conduct, or any crime involving the Company; (ii) willful misconduct, willful or gross neglect, fraud, misappropriation or embezzlement in the performance of his duties; (iii) repeated failure to follow the directions of the Company's Board of Directors or the Company's policies and procedures, or to devote his full business time and efforts to the Company; (iv) willful and continued failure to perform his properly assigned duties; and (v) breach of covenants regarding non-competition, nonsolicitation and confidentiality. An executive will have good reason to terminate if (A) following notice and opportunity to cure, the executive's authority duties or responsibilities are reduced, or he is assigned duties materially inconsistent with his position; (B) his salary is materially reduced; (C) he is required to relocate more than 100 miles from Salt Lake City, Utah; or (D) the Company willfully and materially breaches the Restated Employment Agreement.

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In the event of a change in control of the Company, each executive:

will be entitled to a bonus equal to the pro rata bonus that executive would have received as an annual bonus for such year based on the Company's annualized performance results through the date of the change in control;

may terminate his employment for any reason during the six months following a change in control, and such termination will be considered for "good reason" entitling him to severance, as described above; and

will be entitled to a tax gross-up on any excess parachute payments so that on an after excise tax basis he would receive an amount equal to what he would have received if the excise tax provisions of Section 4999 of the Internal Revenue Code of 1986, as amended, did not apply. However, the tax gross-up does not apply if by reducing the executive's parachute payments by 10% or less the excise tax would not be imposed. In that case, the executive's parachute payments will be so reduced.

Each of the executives has agreed to the following restrictive covenants:

he will not solicit any employee to leave the Company during the term of his employment, or for a one-year period following his termination;

he will not compete with the Company during employment; and

he will not at any time, either during employment or after, disclose or use any of the Company's confidential information.

The foregoing description of the Restated Employment Agreements does not purport to be complete and is qualified in its entirety by reference to the complete text of the Restated Employment Agreements, which are filed as Exhibits 10.1 through 10.4 to this report, and incorporated herein by reference.

**ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.**

(d) The following exhibits are filed herewith:

<b>Exhibit No.</b>	<b>Description</b>
10.1	Amended and Restated Employment Agreement, dated as of August 28, 2008, by and between Extra Space Storage Inc., Extra Space Storage LP and Kenneth M. Woolley.
10.2	Amended and Restated Employment Agreement, dated as of August 28, 2008, by and between Extra Space Storage Inc., Extra Space Storage LP and Kent W. Christensen.
10.3	Amended and Restated Employment Agreement, dated as of August 28, 2008, by and between Extra Space Storage Inc., Extra Space Storage LP and Karl Haas.
10.4	Amended and Restated Employment Agreement, dated as of August 28, 2008, by and between Extra Space Storage Inc., Extra Space Storage LP and Charles L. Allen.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: September 4, 2008

EXTRA SPACE STORAGE INC.

By	/s/ Kent W. Christensen	
	Name:	Kent W. Christensen
	Title:	Executive Vice President and Chief Financial Officer

**EXHIBIT INDEX**

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**BR>**

4 of 11 non-management directors joined the Board within the last 6 years  
 CEO Succession Planning Overseen by the Talent and Compensation Committee, in consultation with the CEO. The Talent and Compensation Committee reports at least annually to full Board  
 Financial Expertise

3 "audit committee financial experts" on our Audit Committee Annual Election of Directors

Yes Voting for Directors Majority of votes cast Right to Call Special Meetings

Shareholders with at least 50% of the outstanding shares can call Special Meetings Advisory Say-on-Pay Vote Annual Poison Pill

No Equity Ownership Guidelines

CEO 8x salary

Other NEOs 5x salary

Board of Directors 3x annual cash retainer

Share Holding Requirements Officers who have not reached target equity ownership must retain at least 50% of net after-tax shares received upon vesting and exercise of awards until target reached Hedging of Company Shares

Prohibited for all employees and members of the Board of Directors Clawback Provisions Equity and annual incentive plans permit recoupment in case of a restatement for material non-compliance with financial reporting requirements

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**Executive Compensation Programs**

2017 was another record year, as we grew both US GAAP and Adjusted Net Income to \$1.6 billion, or \$7.53 earnings per share ("EPS"), representing a 23.8% year-over-year growth in Adjusted EPS, despite the impact from the 2017 hurricane season and the challenges from the redeployment of our South Korea sailings due to China's South Korea travel restrictions. We met our **Double-Double** targets, exceeding the Adjusted EPS target by \$0.75 and achieving Return on Invested Capital ("ROIC") in excess of 10%. We turned the year at a record booked position, as well as brand preference and guest satisfaction scores at an all-time high. Our compensation programs responded to these outcomes as outlined below.



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We place significant focus on the design of our executive compensation programs as we believe their effectiveness is crucial to our success as a company. We assess our programs regularly and strive to continuously make improvements as well as incorporate shareholder feedback. Our 2017 executive compensation program was

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generally consistent with the prior year's program with the exception that we further increased the emphasis on performance for our Chairman & CEO's compensation package by adjusting the split on his long-term incentive compensation from 60% performance shares/40% restricted stock units to 75% performance shares/25% restricted stock units. Similarly, the split for other NEOs was adjusted from 50% performance shares/50% restricted stock units to 60% performance shares/40% restricted stock units.

For a detailed discussion of our executive compensation program, please see the "Compensation Discussion and Analysis" beginning on page 29.

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**ROYAL CARIBBEAN CRUISES LTD.**

1050 Caribbean Way  
Miami, Florida 33132

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

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To our Shareholders:

Notice is hereby given that the Annual Meeting of Shareholders of Royal Caribbean Cruises Ltd. will be held at 9:00 A.M., EDT, on Monday, May 21, 2018 at the JW Marriott Marquis Miami, 255 Biscayne Boulevard Way, Miami, Florida 33131, for the following purposes:

1. To elect twelve directors to our Board of Directors, each for a one-year term expiring in 2019;
2. To hold an advisory vote to approve the compensation of our named executive officers;
3. To ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018; and
4. To transact such other business as may properly come before the meeting and any adjournment thereof.

The Board of Directors has fixed the close of business on April 18, 2018 as the record date for the determination of shareholders entitled to notice of and to vote at the meeting or any adjournment thereof.

To make it easier for you to vote, Internet voting is available. The instructions on your proxy card describe how to use these convenient services.

**The proxy statement and accompanying materials are being mailed on or about April 23, 2018. All shareholders are cordially invited to attend the meeting in person. Whether or not you expect to attend in person, you are urged to vote as soon as possible by Internet or mail so that your shares may be voted in accordance with your wishes. The giving of a proxy does not affect your right to revoke it later or vote your shares in person in the event you should attend the Annual Meeting.**

April 23, 2018

/s/ Bradley H. Stein  
General Counsel and Secretary  
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**ROYAL CARIBBEAN CRUISES LTD.**

**1050 Caribbean Way  
Miami, Florida 33132**

**PROXY STATEMENT  
FOR ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD MAY 21, 2018**

This proxy statement is being furnished to you in connection with the solicitation of proxies by our Board of Directors (the "Board") to be used at the Annual Meeting of Shareholders (the "Annual Meeting") to be held at the JW Marriott Marquis Miami, 255 Biscayne Boulevard Way, Miami, Florida 33131 on Monday, May 21, 2018 at 9:00 a.m., EDT, and any adjournments or postponements thereof. References in this proxy statement to "we," "us," "our," the "Company" and "Royal Caribbean" refer to Royal Caribbean Cruises Ltd. The complete mailing address, including zip code, of our principal executive offices is 1050 Caribbean Way, Miami, Florida 33132 and our telephone number is (305) 539-6000.

**IMPORTANT INFORMATION REGARDING THE AVAILABILITY OF PROXY MATERIALS**

This proxy statement and our Annual Report on Form 10-K for the year ended December 31, 2017 are available online at [www.proxyvote.com](http://www.proxyvote.com). Instead of receiving copies of our future annual reports, proxy statements, and proxy cards by mail, shareholders can elect to receive an email that will provide electronic links to our proxy materials and an electronic link to the proxy voting site. Choosing to receive your future proxy materials online will save us the cost of printing and mailing documents to you and help conserve natural resources. You may sign up for electronic delivery by visiting [www.proxyvote.com](http://www.proxyvote.com). If you elect to receive these materials by electronic delivery, you may change your election at any time.

**GENERAL INFORMATION**

**Who May Vote**

Each share of our common stock outstanding as of the close of business on April 18, 2018 (the "Record Date") is entitled to one vote at the Annual Meeting. At the close of business on the Record Date, 211,746,787 shares of our common stock were outstanding and entitled to vote. You may vote all of the shares owned by you as of the close of business on the Record Date. These shares include shares that are (1) held of record directly in your name (in which case, you are a "Record Holder" with respect to such shares) and (2) held for you as the beneficial owner through a broker, bank or other nominee (in which case, you are a "Beneficial Holder" with respect to such shares). There are some distinctions between being a Record Holder and a Beneficial Holder as described herein.

***Shares held of record***

If your shares are registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, you are considered the Record Holder with respect to those shares, and this proxy statement was sent directly to you by Royal Caribbean. As the Record Holder, you have the right to grant your voting proxy directly to us or to vote in person at the Annual Meeting. We have enclosed a proxy card for you to use. You may also vote on the Internet as described in the proxy card and below under the heading "How to Vote."

***Shares owned beneficially***

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the Beneficial Holder of shares held in street name, and this proxy statement was forwarded to you by your broker or other nominee who is considered, with respect to those shares, the shareholder of record. As the Beneficial Holder, you have the right to direct your broker or other nominee on how to vote the shares in your account, and you are also invited to attend the Annual Meeting.

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**Requirements to Attend the Annual Meeting**

You are invited to attend the Annual Meeting if you are a Record Holder or Beneficial Holder as of the Record Date. If you are a Record Holder, you must bring proof of identification such as a valid driver's license for admission to the Annual Meeting. If you are a Beneficial Holder, you will need to provide proof of ownership by bringing either your proxy card provided to you by your broker or a copy of your brokerage statement showing your share ownership as of the Record Date.

**How to Vote**

***Voting in Person***

Shares held in your name as the Record Holder may be voted in person at the Annual Meeting. Shares for which you are the Beneficial Holder may be voted in person at the Annual Meeting only if you obtain a legal proxy from the broker or other nominee that holds your shares giving you the right to vote the shares. Even if you plan to attend the Annual Meeting, we recommend that you also vote by proxy as described below so that your vote will be counted if you later decide not to attend the meeting.

***Voting Without Attending the Annual Meeting***

Regardless of how you hold your shares, you may vote your shares without attending the Annual Meeting. You may vote by granting a proxy or, for shares held as a Beneficial Holder, by submitting voting instructions to your broker or other nominee. You may also vote using the Internet or by mail as outlined on your proxy card. Please see your proxy card or the information your broker or other holder of record provided to you for more information on these options. Votes cast by Internet have the same effect as votes cast by submitting a written proxy card.

**How Proxies Work**

All properly executed proxies will be voted in accordance with the instructions contained thereon and, if no choice is specified, the proxies will be voted:

**FOR** the election of the twelve nominees for director named below (Proposal No. 1);

**FOR** the approval of the compensation of our named executive officers (Proposal No. 2); and

**FOR** the ratification of the selection of PricewaterhouseCoopers LLP (Proposal No. 3).

Under New York Stock Exchange ("NYSE") rules, if you are a Beneficial Holder and do not provide specific voting instructions in a timely fashion to your broker or other nominee that holds your shares, such broker or nominee will not be authorized to vote your shares on any matters other than Proposal No. 3 regarding the ratification of the auditors. Therefore, failure to provide your broker or other nominee with specific voting instructions in a timely fashion will result in "broker non-votes" with respect to Proposals No. 1 and 2.

**Matters to be Presented**

We are not aware of any matters to be presented for a vote at the Annual Meeting other than those described in this proxy statement. If any matters not described in this proxy statement are properly presented at the meeting, the proxies will use their own judgment to determine how to vote your shares. If the meeting is postponed or adjourned, the proxies will vote your shares on the new meeting date in accordance with your previous instructions, unless you have revoked your proxy.

**Votes Necessary to Approve Proposals**

We will hold the Annual Meeting if we have a quorum, which requires the presence, in person or represented by proxy, of holders of a majority of the outstanding shares of common stock as of the Record Date. If you vote via the Internet or sign and return your proxy card, your shares will be counted to determine whether we have a quorum, even if you abstain or fail to vote on any of the proposals listed on the proxy card. If the persons present or



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represented by proxy at the Annual Meeting constitute the holders of less than a majority of the outstanding shares of common stock as of the Record Date, we will not have a quorum and the Annual Meeting may be adjourned to a subsequent date for the purpose of obtaining a quorum.

The affirmative vote of a majority of the votes cast is required to approve each proposal.

Although abstentions and broker non-votes will be counted for purposes of determining whether a quorum is present, they will not have any effect on the outcome of any proposal.

Prior to the Annual Meeting, we will select one or more inspectors of election for the meeting. Such inspectors shall determine the number of shares of common stock represented at the Annual Meeting, the existence of a quorum and the validity and effect of proxies. They shall also receive, count and tabulate ballots and votes and determine the results thereof.

**Revoking a Proxy**

Any proxy may be revoked by a shareholder at any time prior to the final vote at the Annual Meeting by voting again on a later date via the Internet (only your latest Internet proxy submitted prior to the Annual Meeting will be counted), by signing and submitting a later-dated proxy or by attending the Annual Meeting and voting in person. However, your attendance at the Annual Meeting will not automatically revoke your proxy unless you vote again at the Annual Meeting or specifically request that your prior proxy be revoked by delivering to our Corporate Secretary at 1050 Caribbean Way, Miami, Florida 33132 a written notice of revocation prior to the Annual Meeting.



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**CORPORATE GOVERNANCE**

We are committed to maintaining strong governance practices as we evolve as a company and regularly assess our practices to determine effectiveness and whether additional enhancements should be made.

**Corporate Governance Principles**

We have adopted corporate governance principles which, along with our Board committee charters, provide the framework for the governance of the Company. The corporate governance principles address such matters as director qualifications, director independence, director compensation, Board committees and committee evaluations. Copies of these principles and our Board committee charters are posted in the corporate governance section on our website at [www.rclcorporate.com/investors](http://www.rclcorporate.com/investors).

**Board of Directors and Committees**

*Meetings*

The Board held five meetings during 2017. In 2017, each of our directors attended at least 75% of an aggregate of all meetings of the Board and of any committees on which he or she served during the period the director was on the Board or committee. Our independent directors regularly meet in executive session without management directors present. The Lead Director presides at such meetings.

We do not have a formal policy regarding Board member attendance at the annual shareholders meeting. Two of our Board members attended our 2017 annual shareholders meeting.

*Board Committees*

The Board has established four standing committees: the Audit Committee, the Nominating and Corporate Governance Committee, the Safety, Environment and Health Committee, and the Talent and Compensation Committee, each of which consists solely of independent directors. Each committee has adopted a written charter, meets periodically throughout the year, reports its actions and recommendations to the Board, receives reports from senior management, annually evaluates its performance and has the authority to retain outside advisors in its discretion. The primary responsibilities of each committee are summarized in the charts below and set forth in more detail in each committee's written charter, which can be found in the corporate governance section on our website at [www.rclcorporate.com/investors](http://www.rclcorporate.com/investors). In addition to these committees, the Board may, from time to time, authorize additional Board committees to assist the Board in executing its responsibilities.

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**Audit Committee**

**Members:**

*William L. Kimsey (Chair)*  
*Maritza G. Montiel*  
*Vagn O. Sørensen*  
*Bernt Reitan*

**Responsibilities:**

Oversight of

○

the integrity of our financial statements

○

the qualifications and independence of our principal independent auditor

○

the performance of our internal audit function and principal independent auditor

○

our compliance with the legal and regulatory requirements in connection with the foregoing

Review of and discussions with management and the principal independent auditor regarding the annual audited and quarterly financial statements of the Company and related disclosures

Preparation of Report of the Audit Committee (page 57)

**Meetings Held During  
2017: 9**

**Independence and Financial Expertise:**

The Board has determined that each member of the Audit Committee is independent within the meaning of the NYSE and the U.S. Securities and Exchange Commission (the "SEC") standards of independence for directors and audit committee members

The Board has concluded that Mr. Kimsey, Ms. Montiel and Mr. Sørensen each qualify as an "audit committee financial expert" within the meaning of SEC rules

**Nominating and Corporate Governance Committee**

**Members:**

*Thomas J. Pritzker (Chair)*  
*John F. Brock*  
*William L. Kimsey*  
*Eyal M. Ofer*

**Responsibilities:**

Identification of individuals qualified to become Board members

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*Arne Alexander Wilhelmsen*

Recommendation to the Board of director nominees

Recommendation to the Board of corporate governance principles

Recommendation to the Board of Board committee nominees

Recommendation to the Board of Board committee structure, operations and Board reporting

Oversee evaluation of Board and management performance

**Meetings Held During  
2017: 5**

**Independence:**

The Board has determined that each member of the Nominating and Corporate Governance Committee is independent within the meaning of the NYSE standards of independence for directors

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**Safety, Environment and Health Committee**

**Members:**

*William K. Reilly (Chair)*  
*Eyal M. Ofer*  
*Vagn O. Sørensen*  
*Donald Thompson*

**Responsibilities:**

Oversight of our management concerning the implementation and monitoring of our safety (including security), environmental and health programs and policies

Monitor overall safety, environment and health compliance and performance

Review of safety, environment and health programs and policies on board our cruise ships

**Meetings Held During**

**2017:** 4

**Talent and Compensation Committee**

**Members:**

*Bernt Reitan (Chair)*  
*John F. Brock*  
*Ann S. Moore*  
*Vagn O. Sørensen*  
*Donald Thompson*

**Responsibilities:**

Overall responsibility for approving and evaluating the executive compensation plans, policies and programs of the Company

Annual determination of CEO compensation levels, taking into account corporate goals and CEO performance against these goals

Annual determination of senior executive compensation levels

Periodic review and recommendations for director compensation

Periodic review of talent development programs and succession planning

Preparation of Report of the Talent and Compensation Committee (page 44)

**Meetings Held During 2017:**

4

**Independence:**

The Board has determined that each member of the Talent and Compensation Committee is independent within the meaning of the NYSE standards of independence for directors and compensation committee members

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**Board Leadership Structure**

The Board believes that one of its key responsibilities is to evaluate and implement an optimal leadership structure to facilitate appropriate oversight by an engaged Board of Directors. The Board regularly considers these matters and has concluded that the current leadership structure is appropriate to the Company's current circumstances.

The current leadership structure of the Board consists of:

<b>Name</b>	<b>Title</b>
Richard Fain	Chairman and Chief Executive Officer
William Kimsey	Lead Director, Chairman of Audit Committee
Bernt Reitan	Chairman of Talent and Compensation Committee
Thomas Pritzker	Chairman of Nominating and Corporate Governance Committee
William Reilly	Chairman of Safety, Environment and Health Committee

Mr. Kimsey is our Lead Director. As Lead Director, Mr. Kimsey is responsible for presiding at and calling meetings of non-management directors, serving as a liaison between the Chairman and the non-management directors, advising the Chairman on and approving Board meeting agendas and schedules as well as information sent to the Board and, if requested by major shareholders, being available as appropriate for consultation and direct communication. The Lead Director serves at the pleasure of the non-management directors and may be replaced at any time by a majority of the non-management directors.

The Board also regularly reviews the management structure within the Company and has concluded that combining the roles of Chairman and Chief Executive Officer is the most appropriate for our current circumstances. Mr. Fain has served as both Chairman & CEO for 30 years. His experience and knowledge of our company and his position in our industry are unparalleled. He has effectively led the Company in both roles during the Company's evolution, including through a number of challenging industry and macroeconomic environments. Over the years, he has developed strong working relationships and trust with other members of the Board. Further, the Board believes that the significant leadership roles undertaken by Mr. Kimsey as well as the various independent directors who chair the other Board committees strike an appropriate balance between effective Board leadership and independent oversight of management.

While currently appropriate, the Board notes that this conclusion is specific to today's circumstances. As these specific circumstances change, the Board intends to review the leadership structure, including the issue of combining the Chairman and Chief Executive Officer roles, and to make any changes that are appropriate at that time.

**Talent Development and Succession Planning**

Our Talent and Compensation Committee is responsible for overseeing our talent development programs for our senior executives, including initiatives and practices to further enhance their skills and experience in order to ensure the continuity of capable management. As part of this responsibility, the Talent and Compensation Committee, in consultation with the Chairman & CEO, annually reviews and reports to the Board on management succession planning. This review includes an assessment of the qualifications for the Chief Executive Officer job, an evaluation of potential successors to the position, consideration of the appropriate process going forward and a review of our emergency management succession plan.

**Risk Oversight and Board Role**

We have a formal enterprise risk management program. Pursuant to this program, management annually performs a Company-wide enterprise risk assessment under the supervision of the Audit & Advisory Services

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department. This assessment is updated at least once during the course of the year. The assessment identifies those risks inherent in our business plans and strategies with the greatest potential to impact the achievement of our business objectives. This assessment is used to provide us with a risk-based approach to managing our business. Management reviews and discusses the risk assessment report and updates thereto with the Audit Committee and the Board. In addition, committees of the Board consider and review with management at regularly scheduled committee meetings ongoing financial, strategic, operational, legal and compliance risks inherent in the business activities applicable to each committee's area of responsibility. The committee chairs inform the Board of the outcome of these reviews through reports to the Board at the regularly scheduled Board meetings.

**Director Independence**

Under our corporate governance principles, two-thirds of our directors are required to be independent within the meaning of the NYSE standards of independence for directors. Our corporate governance principles contain guidelines established by the Board to assist it in determining director independence in accordance with these NYSE standards. The Board believes that directors who do not meet the NYSE independence standards also make valuable contributions to the Board and to the Company by reason of their experience and wisdom, and the Board expects that some minority of its Board will not meet the NYSE independence standards.

To be considered independent under the NYSE independence standards, the Board must determine that a director does not have any direct or indirect material relationship with the Company or any of its subsidiaries (collectively, the "Royal Caribbean Group"). The Board has established the following guidelines to assist it in determining director independence in accordance with those standards:

A director will not be independent if:

- the director is, or has been within the preceding three years, an employee of the Royal Caribbean Group, or an immediate family member is, or has been within the preceding three years, an executive officer of the Royal Caribbean Group, other than in each instance as interim Chairman, interim CEO or other interim executive officer;
- the director or an immediate family member has received during any twelve-month period within the preceding three years more than \$120,000 in direct compensation from the Royal Caribbean Group other than (A) director and committee fees, (B) pension and other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), (C) compensation for former services as an interim Chairman, interim CEO or other interim executive officer or (D) compensation to an immediate family member for service as a non-executive employee of the Royal Caribbean Group;
- the director is a current partner or employee of Royal Caribbean's internal or external auditor (in either case, the "Auditor") or has an immediate family member who is either (A) a current partner of the Auditor or (B) a current employee who personally works on Royal Caribbean's audit;
- the director or an immediate family member was within the last three years a partner or employee of the Auditor and personally worked on Royal Caribbean's audit within that time;
- the director or an immediate family member is, or has been within the preceding three years, employed as an executive officer of another company where any of Royal Caribbean's current executive officers at the same time serves or served on the compensation committee of that other company; or
- the director is an employee of another company that does business with the Royal Caribbean Group, or the director has an immediate family member that is an executive officer of another company that does business with the Royal Caribbean Group and, in either case, the annual payments to, or payments from, the Royal Caribbean Group within any of the three most recently completed fiscal years exceed \$1,000,000 or two percent of the annual consolidated gross revenues of the other company (whichever is greater).





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The following commercial relationships will not be considered to be material relationships that would impair a director's independence:

- if a director is an employee of another company that does business with the Royal Caribbean Group and the annual payments to, or payments from, the Royal Caribbean Group are less than \$1,000,000 or two percent of the annual consolidated revenues of the company he or she serves as an employee (whichever is greater);
- if a director is an employee of another company which is indebted to the Royal Caribbean Group, or to which the Royal Caribbean Group is indebted, and the total amount of indebtedness to the other is less than two percent or \$1,000,000 (whichever is greater) of the total consolidated assets of the company he or she serves as an employee; and
- if an immediate family member of a director is an executive officer of another company that does business with the Royal Caribbean Group, and the annual payments to, or payments from, the Royal Caribbean Group, are less than \$1,000,000 or two percent of the annual consolidated revenues of the company the immediate family member serves as an executive officer (whichever is greater).

Each director must regularly disclose to the Board whether his or her relationships satisfy these independence tests. Based on these disclosures and other information available to it, the Board has determined that each of the directors is independent with the exception of Mr. Fain, who is not considered independent as a result of his position as Chairman & CEO of the Company. In determining that Mr. Pritzker is independent, the Board considered the transactions described below in "Certain Relationships and Related Person Transactions Related Person Transactions."

**Selection of Director Candidates**

In identifying and evaluating candidates for nomination to the Board, the Nominating and Corporate Governance Committee considers the personal and professional ethics, integrity and values of the candidate, his or her willingness and ability to evaluate, challenge and stimulate, and his or her ability to represent the long-term interests of the shareholders. The Nominating and Corporate Governance Committee also considers the candidate's experience in business and other areas that may be relevant to the activities of the Company, his or her leadership ability, the applicable independence requirements, the current composition of the Board and the appropriate balance between the value of continuity of service by existing members of the Board with that of obtaining a new perspective.

The Board recognizes the value and importance of diversity and has designed our director nomination process to consider diversity when evaluating prospective nominees. As diversity can encompass many attributes, our corporate governance principles provide that diversity includes matters of race, gender and ethnicity. The Nominating and Corporate Governance Committee is committed to seeking out qualified and diverse director candidates, including women and individuals from minority groups, to include in the pool from which nominees are chosen.

The Nominating and Corporate Governance Committee has been committed to refreshing the Board by adding new directors. Four new members have been added to the Board within the past six years. Such refreshment brings different experiences to the Board and expands the Board's diversity in terms of gender, race and ethnicity.

The Nominating and Corporate Governance Committee regularly engages third party search firms to identify or assist in identifying potential director nominees. The Nominating and Corporate Governance Committee seeks to identify director candidates from a variety of sources, including search firms, personal connections, shareholder recommendations and recommendations by others. The Nominating and Corporate Governance Committee will consider director candidates recommended by shareholders that are submitted as described in our amended and restated by-laws. During the last year, we employed an outside firm to assist us with our search process for new directors.

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**Family Relationships**

There are no family relationships among our executive officers and directors or director nominees.

**Code of Ethics**

The Board has adopted a Code of Business Conduct and Ethics that applies to all our employees, including our executive officers, and our directors. A copy of the Code of Business Conduct and Ethics is posted in the corporate governance section of our website at [www.rclcorporate.com/investors](http://www.rclcorporate.com/investors) and is available in print, without charge, to shareholders upon written request to our Corporate Secretary at Royal Caribbean Cruises Ltd., 1050 Caribbean Way, Miami, Florida 33132. Any amendments to the code or any waivers from any provisions of the code granted to executive officers or directors that require disclosure under the applicable SEC or NYSE rules will be posted on our website at [www.rclcorporate.com/investors](http://www.rclcorporate.com/investors).

**Compensation Committee Interlocks and Insider Participation**

During 2017, none of the members of the Talent and Compensation Committee (a) was an officer or employee of the Company or any of its subsidiaries, (b) was a former officer of the Company or any of its subsidiaries or (c) had any related party relationships requiring disclosure under Item 404 of SEC Regulation S-K. During 2017, no executive officer of the Company served as a member of the board of directors or on the compensation committee of any other company, one of whose executive officers or directors serve or served as a member of the Board or the Talent and Compensation Committee of the Company.

**Contacting Members of the Board**

The Board welcomes questions and comments. Interested parties who wish to communicate with non-management members of the Board can address their communications to the attention of our Corporate Secretary at our principal address at 1050 Caribbean Way, Miami, Florida 33132 or via email to [bstein@rcl.com](mailto:bstein@rcl.com). The Corporate Secretary maintains a record of all such communications and promptly forwards to the Lead Director those communications that the Corporate Secretary believes require immediate attention. The Corporate Secretary periodically provides a summary of all such communications to the Lead Director and he, in turn, notifies the Board or the chairs of the relevant committees of the Board of those matters that he believes are appropriate for further action or discussion.

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT****Principal Shareholders**

This table sets forth information as of April 6, 2018 about persons we know to beneficially own<sup>(1)</sup> more than five percent of our common stock.

Name of Beneficial Owner	Shares of Common Stock (#)	Percentage of Ownership <sup>(2)</sup>
AWILHELMSSEN AS	29,934,512 <sup>(3)</sup>	14.14%
The Vanguard Group	17,779,202 <sup>(4)</sup>	8.40%
Osiris Holdings Inc.	11,277,680 <sup>(5)</sup>	5.33%
BlackRock, Inc.	10,999,466 <sup>(6)</sup>	5.20%

- (1) A person is deemed to be the beneficial owner of securities to which such person has the right to acquire within 60 days from April 6, 2018, including upon the exercise of options, warrants and other convertible securities.
- (2) Applicable percentage ownership is based on 211,744,589 shares of common stock outstanding as of April 6, 2018.
- (3) AWILHELMSSEN AS is a Norwegian corporation, the indirect beneficial owners of which are members of the Wilhelmsen family of Norway. The shares reported in the table include 5,035,259 shares owned by AWECO Invest AS, an affiliate of AWILHELMSSEN AS. AWILHELMSSEN AS has the power to vote and dispose of the shares owned by AWECO Invest AS pursuant to an agreement between AWILHELMSSEN AS and AWECO Invest AS. The address of AWILHELMSSEN AS is Beddingen 8, Aker Brygge, Vika N-0118 Oslo, Norway.
- (4) Represents shares beneficially owned by The Vanguard Group, 100 Vanguard Blvd., Malvern, PA 19355. The foregoing information is based solely on a Schedule 13G/A filed by The Vanguard Group with the SEC on February 8, 2018.
- (5) Osiris Holdings Inc. ("Osiris") is a Liberian corporation, the indirect beneficial owner of which is a trust primarily for the benefit of certain members of the Ofer family. The shares reported in the table include 9,656,380 shares owned by Osiris and 1,621,300 shares owned by a subsidiary of Osiris. The address of Osiris is c/o Global Holdings Management Group S.A.M., 3 ruelle Saint Jean, 98000 Monaco.
- (6) Represents shares beneficially owned by BlackRock, Inc., 55 East 52<sup>nd</sup> Street, New York, NY 10055. The foregoing information is based solely on a Schedule 13G filed by BlackRock, Inc. with the SEC on February 1, 2018.

**Security Ownership of Directors and Executive Officers**

This table sets forth information as of April 6, 2018 about the number of shares of common stock beneficially owned<sup>(1)</sup> by (i) our directors; (ii) the named executive officers listed in the "Compensation Discussion and Analysis" below; and (iii) our directors and executive officers as a group.

The number of shares beneficially owned by each named person or entity is determined under rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose.

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No shares of common stock held by our directors or named executive officers have been pledged.

Name of Beneficial Owner	Shares of Common Stock (#) <sup>(2)</sup>	Percentage of Ownership <sup>(3)</sup>
Michael W. Bayley	4,421	*
John F. Brock	11,927	*
Richard D. Fain	1,206,340 <sup>(4)</sup>	*
Adam M. Goldstein	114,726	*
William L. Kimsey	17,983	*
Jason T. Liberty		*
Lisa Lutoff-Perlo		*
Maritza G. Montiel	3,371	*
Ann S. Moore	13,730	*
Eyal M. Ofer	27,652 <sup>(5)</sup>	*
Thomas J. Pritzker	815,530	*
William K. Reilly	14,332	*
Bernt Reitan	7,862	*
Vagn O. Sørensen	20,449	*
Donald Thompson	4,288	*
Arne Alexander Wilhelmsen	29,941,928 <sup>(6)</sup>	14.14%
<b>All directors and executive officers as a group (20 persons)</b>	<b>32,307,550</b>	<b>15.26%</b>

\* Denotes beneficial ownership of less than 1% of the outstanding shares of common stock

(1) A person is deemed to be the beneficial owner of securities to which such person has the right to acquire within 60 days from April 6, 2018, including upon the exercise of options, warrants and other convertible securities.

(2) The holdings reported in this column for each person include shares of common stock issuable upon the exercise of stock options that are exercisable as of April 6, 2018 or will be exercisable within 60 days from April 6, 2018 and the vesting of restricted stock units and performance shares that are scheduled to settle within 60 days from April 6, 2018 as follows:

Mr. Fain	72,525	Mr. Ofer	11,164	<b>Director/Officer</b>	<b>125,492</b>
Mr. Pritzker	11,164			<b>group</b>	

(3) Applicable percentage ownership is based on 211,744,589 shares of common stock outstanding as of April 6, 2018.

(4) Includes 216,206 shares owned by various trusts primarily for the benefit of certain members of the Fain family. Mr. Fain disclaims beneficial ownership of some or all of these shares. Does not include shares owned by other trusts for the benefit of members of the Fain family in which Mr. Fain does not have any beneficial or pecuniary interest or shares directly or indirectly owned by Mr. Fain's adult children. Also includes 30,000 shares owned by the Fain Family Foundation. Mr. Fain disclaims beneficial ownership of these shares.

(5) Does not include 11,277,680 shares beneficially owned by Osiris.

(6) Includes 29,934,512 shares beneficially owned by AWILHELMSSEN AS. Mr. Wilhelmsen disclaims beneficial ownership of these shares.

Table of Contents**EQUITY COMPENSATION PLAN INFORMATION**

The following table summarizes our equity plan information as of December 31, 2017.

<b>Plan Category</b>	<b>Column A: Number of Securities to Be Issued Upon Exercise of Outstanding Options, Warrants and Rights</b>	<b>Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights</b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column A)</b>
Equity compensation plans approved by security holders	1,363,773 <sup>(1)</sup>	\$ 32.1457 <sup>(2)</sup>	5,215,076 <sup>(3)</sup>
Equity compensation plans not approved by security holders			
<b>Total</b>	<b>1,363,773</b>	<b>\$ 32.1457</b>	<b>5,215,076</b>

- 
- (1) Includes outstanding stock options, unvested or unsettled restricted stock units and unvested performance shares under our 2000 Stock Award Plan and our 2008 Equity Incentive Plan.
- (2) Represents the weighted average exercise price of stock options outstanding without regard to equity awards that have no exercise price (including restricted stock units and performance shares).
- (3) Includes shares available for issuance under our 2008 Equity Incentive Plan.

**SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires the Company's directors, certain officers and persons who beneficially own more than 10% of our common stock (collectively, "Reporting Persons") to file reports of beneficial ownership and changes in beneficial ownership with the SEC. Based solely upon our review of such reports or written representations of such Reporting Persons, the Company believes that during 2017 all Reporting Persons complied with all applicable reporting requirements under Section 16(a) of the Exchange Act, except that Thomas J. Pritzker filed an amended Form 3 on September 6, 2017 to disclose 40,000 shares of our common stock that were owned by a trust for which Mr. Pritzker acted as co-trustee and which were inadvertently omitted from Mr. Pritzker's original Form 3.

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**PROPOSAL 1 ELECTION OF DIRECTORS**

**General**

The Board currently consists of twelve directors. On the recommendation of the Nominating and Corporate Governance Committee, the Board has nominated each of our twelve directors for re-election. Once elected, a director holds office until the next annual shareholders meeting and until a respective successor is duly elected and qualified or until his or her earlier resignation or removal.

If any of the nominees is unexpectedly unavailable for election, shares represented by validly delivered proxies will be voted for the election of a substitute nominee designated by our Board or our Board may determine to reduce the size of our Board. Each person nominated for election has agreed to serve if elected.

**Director Nominees**

Set forth below is biographical information for the nominees as well as the key attributes, experience and skills that the Board believes each nominee brings to the Board.

**John F. Brock**

**Director since** February 2014

**Age:** 69

**Board Committees:** Nominating and Corporate Governance Committee; Talent and Compensation Committee

**Other Public Company Boards:** None

Mr. Brock retired as Chief Executive Officer of Coca-Cola European Partners in December 2016, having served in that role since the formation of that Company in May 2016. Prior to that, Mr. Brock served as Chairman and Chief Executive Officer of Coca-Cola Enterprises Inc. since April 2008 and as Chief Executive Officer since April 2006. From February 2003 until December 2005, Mr. Brock was Chief Executive Officer of InBev, S.A., a global brewer, and from March 1999 until December 2002, he was Chief Operating Officer of Cadbury Schweppes plc, an international beverage and confectionery company. From April 2007 to December 2007, Mr. Brock served as a director of Dow Jones & Company, Inc., a publisher and provider of global business and financial news. From 2004 to 2006, he served as a director of the Campbell Soup Company, a global manufacturer and marketer of branded convenience food products. From 2003 to 2005, he served as a director of Interbrew/Inbrew, a beer brewing company. He also served as a director of Reed Elsevier, a publisher, from 1997 to 2003. Mr. Brock is a Trustee and Chair of the Georgia Tech Foundation, and is Chairman of Horizons Atlanta, a philanthropic organization that enhances education for underserved children. Mr. Brock is also a member of the Executive Board of MidOcean Partners, a private equity firm.

**Specific Qualifications, Attributes, Skills and Experience:**

Mr. Brock brings senior leadership and strategic and global expertise from his most recent position as Chairman and Chief Executive Officer of one of the world's largest independent Coca-Cola bottlers. Prior to his retirement, Mr. Brock demonstrated effective and efficient leadership of a complex, publicly traded company competing in the highly competitive international beverage industry.

**Richard D. Fain, Chairman**

**Director since** 1981

**Age:** 70

**Board Committees:** None

**Other Public Company Boards:** None

Mr. Fain has served as director since 1981 and as our Chairman and Chief Executive Officer since 1988. Mr. Fain has been involved in the shipping industry for over 40 years. Mr. Fain is a recognized industry leader, having participated in cruising for 30 years and having held a number of prominent industry positions, such as

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Chairman of the Cruise Lines International Association (CLIA), the largest cruise industry trade association. He is also actively engaged in civic organizations dedicated to the betterment of our community. He currently serves as Chairman of the University of Miami Board of Trustees as well as on the National Board of the Posse Foundation. He is also former chairman of the Miami Business Forum, the Greater Miami Convention and Visitors Bureau, and the United Way of Miami-Dade.

**Specific Qualifications, Attributes, Skills and Experience:**

Mr. Fain's breadth of experiences, tenure and leadership provide incomparable insights into the history, operations, and strategic vision of the Company as well as the evolution and direction of the cruise industry as a whole. As our Chairman & CEO for 30 years, Mr. Fain has grown the Company from a one-brand Caribbean-centric operation with berthing capacity of approximately 5,000 to the second largest cruise company in the world with a portfolio of global and regional brands that operate around the globe with berthing capacity of approximately 130,000.

**William L. Kimsey, Lead Director**

**Director since** 2003

**Age:** 75

**Board Committees:** Audit Committee (Chairman); Nominating and Corporate Governance Committee

**Other Public Company Boards:** Accenture Plc (New York Stock Exchange)

Mr. Kimsey was employed for 32 years through September 2002 with the independent public accounting firm Ernst & Young L.L.P. From 1998 through 2002, Mr. Kimsey served as the Chief Executive Officer of Ernst & Young Global and Global Executive Board member of Ernst & Young and from 1993 through 1998 as the Firm Deputy Chairman and Chief Operating Officer. From 2003 until 2018, Mr. Kimsey served on the board and chaired the audit committee of Accenture Plc. From 2004 until 2008, he served on the board of NAVTEQ Corporation and was the chairman of its audit committee. From 2003 through 2014, Mr. Kimsey also served on the board and the audit committee of Western Digital Corporation. Mr. Kimsey is a certified public accountant and a member of the American Institute of Certified Public Accountants.

**Specific Qualifications, Attributes, Skills and Experience:**

As former Chief Executive Officer of one of the largest public accounting firms in the world, Mr. Kimsey brings substantial accounting and finance knowledge and expertise to the Board as well as experience serving on and chairing the audit committees of a number of other large, well-regarded public corporations.

**Maritza G. Montiel**

**Director since** December 2015

**Age:** 66

**Board Committees:** Audit Committee

**Other Public Company Boards:** AptarGroup, Inc. (New York Stock Exchange); McCormick & Company (New York Stock Exchange)

Ms. Montiel served as Deputy Chief Executive Officer and Vice Chairman of Deloitte LLP from 2011 through her retirement in May 2014. Prior to these positions, she held numerous senior management roles at Deloitte, including Managing Partner (Leadership Development and Succession, Deloitte University) from 2009 to 2011, and Regional Managing Partner from 2001 to 2009. During Ms. Montiel's tenure at Deloitte, she was the Advisory Partner for many engagements in which Deloitte was the principal auditor. Ms. Montiel is a Board member of AptarGroup, Inc. where she chairs the Audit Committee, and a Board member of McCormick & Company where she is a member of the Compensation Committee.

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**Specific Qualifications, Attributes, Skills and Experience:**

Leveraging her more than 35 years of advising companies (including providing attestation services for public companies) across a wide cross-section of industries, Ms. Montiel brings to the Board significant financial and advisory experience. The Board also benefits from her deep and broad working knowledge of the strategic and governance challenges faced by today's large organizations and her experience overseeing risk and compliance in her role as Deputy CEO of Deloitte.

**Ann S. Moore**

**Director since** May 2012

**Age:** 67

**Board Committees:** Talent and Compensation Committee

**Other Public Company Boards:** None

Ms. Moore served as Chairman and Chief Executive Officer of Time Inc. from July 2002 to September 2010 and served as Chairman through December 2010. Prior to that, Ms. Moore was Executive Vice President of Time Inc., where she had executive responsibilities for a portfolio of magazines including Time, People, InStyle, Teen People, People en Español and Real Simple. Ms. Moore joined Time Inc. in 1978 in Corporate Finance. Since then, she held consumer marketing positions at Sports Illustrated, Fortune, Money and Discover, moving to general management of Sports Illustrated in 1983 and to publisher of People in 1991. From 1993 to May 2014, Ms. Moore served on the Board of Directors of Avon Products Inc. She was also a director of the Wallace Foundation from 2004 through June 2016.

**Specific Qualifications, Attributes, Skills and Experience:**

Ms. Moore's extensive experience in consumer-driven publishing and media brings to the Board recognized management and entrepreneurial capabilities. As the leader of one of the largest magazine companies in the United States, Ms. Moore successfully expanded the footprint of many of the company's flagship brands and oversaw her company's transition to digital platforms.

**Eyal M. Ofer**

**Director since** 1995

**Age:** 67

**Board Committees:** Nominating and Corporate Governance Committee; Safety, Environment and Health Committee

**Other Public Company Boards:** None

Mr. Ofer has served as a director since May 1995. Mr. Ofer is Chairman of Ofer Global, a private portfolio of international businesses principally focused on shipping, real estate, banking and investments. Mr. Ofer is also Chairman of the Zodiac Group, a private organization based in Monaco that owns a diversified fleet of over 150 large ocean-going vessels trading worldwide and operated through Zodiac Maritime in London. Mr. Ofer is also Chairman of Global Holdings, a private real estate group that specializes in large scale commercial real estate and high-end residential developments and hotels in top-tier cities globally.

**Specific Qualifications, Attributes, Skills and Experience:**

Mr. Ofer brings to the Board over 30 years of significant leadership in the international maritime industry, including over 20 years of service on our Board of Directors. Mr. Ofer also provides considerable expertise in both real estate and finance matters, having played a leading role throughout his career in both expanding and diversifying his family's shipping enterprise into sectors including real estate, cruise lines, hotels and banking.



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## Thomas J. Pritzker

**Director since 1999**

**Age:** 67

**Board Committees:** Nominating and Corporate Governance Committee (Chairman)

**Other Public Company Boards:** Hyatt Hotels Corporation (New York Stock Exchange)

Mr. Pritzker is Executive Chairman of Hyatt Hotels Corporation and Chairman and CEO of The Pritzker Organization, which provides investment and business advisory services to the Thomas J. Pritzker family enterprise. Over his career he has been involved in founding significant companies in a variety of fields including container leasing (Triton), biotech (Bay City Capital) and health care (Reliant Pharmaceuticals and First Health). He has also been engaged in building existing companies in a number of industries. Outside of business, Mr. Pritzker is Chairman of the Board of the Hyatt Foundation, which sponsors the Pritzker Architecture Prize. He is also Chairman of the Center for Strategic & International Studies in Washington DC. He is a member of the Board of Trustees of the University of Chicago, the Art Institute of Chicago and the Aspen Strategy Group. He also organized and founded the Pritzker Neuropsychiatric Disorders Research Consortium, which is a collaborative research effort into the genetic basis of psychiatric disorders.

### **Specific Qualifications, Attributes, Skills and Experience:**

Mr. Pritzker brings to the Board a proven record of outstanding leadership and strategic skills, having been involved over the course of his career in acquiring and building mature companies in a number of different industries and founding significant companies in the fields of container leasing, biotech and health care. From his role as Executive Chairman of Hyatt Hotels Corp., Mr. Pritzker provides considerable and valuable experience in overseeing a globally focused hospitality business with operations in 20 of the 25 most populous urban centers around the world and strong brand presence in high growth markets for Royal Caribbean, such as China.

## William K. Reilly

**Director since 1998**

**Age:** 78

**Board Committees:** Safety, Environment and Health Committee (Chairman)

**Other Public Company Boards:** Enviva Partners LP (New York Stock Exchange)

Mr. Reilly is the Founding Partner of Aqua International Partners L.P., a private equity fund established in 1997 and dedicated to investing in companies engaged in water. From 1989 to 1993, Mr. Reilly served as the Administrator of the U.S. Environmental Protection Agency. He has also previously served as the first Payne Visiting Professor at Stanford University, President of the World Wildlife Fund and President of The Conservation Foundation. He is Chairman Emeritus of the World Wildlife Fund and Chairman of the Advisory Committee to the Nicholas Institute for Environmental Policy Solutions at Duke University. He serves as a director of Enviva Partners LP, a publicly traded master limited partnership that aggregates wood fiber and processes it into a transportable form. From 1993 until April 2012, Mr. Reilly also served on the Board of Directors of E.I. duPont de Nemours and Company and from 1997 until May 2013, he served on the Board of Directors of ConocoPhillips. In May 2010, President Obama named Mr. Reilly to serve as co-chair of the National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling, which released its report on January 11, 2011. In December 2012, the President named Mr. Reilly to the Council for Global Development. In 2017, Mr. Reilly became a director of the Center for Strategic and International Studies, a non-profit research and communication organization in Washington DC.

### **Specific Qualifications, Attributes, Skills and Experience:**

Mr. Reilly brings to the Board his wealth of environmental, safety and regulatory expertise gained through significant leadership roles within a number of distinguished environmental organizations, including the U.S. Environmental Protection Agency and the World Wildlife Fund, and on important environmental projects, including serving as co-chair of the National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling.

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## Bernt Reitan

**Director since 2004**

**Age:** 70

**Board Committees:** Audit Committee; Talent and Compensation Committee (Chairman)

**Other Public Company Boards:** None

Until his retirement in August 2010, Mr. Reitan was an Executive Vice President of Alcoa Inc. and the Group President for the Global Primary Products division, with responsibility for the strategic management of Alcoa Inc.'s alumina refineries and primary aluminum smelters worldwide and associated businesses, such as metal purchasing, trading and transportation. Mr. Reitan joined Alcoa Inc. in 2000 as general manager of Alcoa World Alumina & Chemicals and was named President of Alcoa World Alumina & Chemicals in January 2001. In July of that year, he was elected a Vice President of Alcoa Inc. In January 2003, he was appointed President, Alcoa Primary Metals. In November 2004, he was named an Executive Vice President of the company. Before joining Alcoa Inc., he was employed for 20 years in a number of positions with Elkem ASA in Norway. Mr. Reitan served on the board of Yara ASA from May 2009 until May 2014. Mr. Reitan served on the board of REC ASA from May 2010 until May 2012. Mr. Reitan holds a master's degree in civil engineering from the Technical University, Trondheim, Norway.

### **Specific Qualifications, Attributes, Skills and Experience:**

As a former senior executive officer of Alcoa Inc. and Group President for its Global Primary Products division, Mr. Reitan brings to the Board valuable leadership and operational knowledge and experience in running a global business. His years of experience as an executive in the alumina business provides useful insight to the Board in operating a complex business in many different countries, including knowledge in the areas of global logistics and risk management.

## Vagn O. Sørensen

**Director since 2011**

**Age:** 58

**Board Committees:** Audit Committee; Safety, Environment and Health Committee; Talent and Compensation Committee

**Other Public Company Boards:** Air Canada (Toronto Stock Exchange); FLSmidth A/S (Copenhagen Stock Exchange); SSP Group plc (London Stock Exchange); Scandic Hotels AB (Nasdaq Stockholm)

Mr. Sørensen brings to the Board over 20 years of experience in the aviation industry, having served as the President and CEO of Austrian Airlines Group from 2001 through 2006. Prior to that, he served in a variety of roles with Scandinavian Airlines Systems, including as Executive Vice President and Deputy CEO. He currently owns and is President of VS Consulting and serves as a Board member and Chairman for a number of corporations throughout Europe and Canada, including Air Canada, FLSmidth A/S, SSP Group plc, Nordic Aviation Capital A/S and Scandic Hotels AB (Mr. Sørensen has announced that he will resign from this board at the company's annual general meeting on April 26, 2018).

### **Specific Qualifications, Attributes, Skills and Experience:**

Mr. Sørensen's breadth of experience in the aviation industry and, before that, the insurance industry brings useful insight to the Board, especially with respect to matters impacting the travel industry and risk management. He also provides significant experience within the shipping industry gained through his prior service as Deputy Chairman of DFDS A/S, one of the largest short-seas operators in Europe. Through his service on a number of other boards in Europe and Canada, Mr. Sørensen also provides the Board with diverse perspectives.

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## Donald Thompson

**Director since** May 2015

**Age:** 55

**Board Committees:** Safety, Environment and Health Committee; Talent and Compensation Committee

**Other Public Company Boards:** Northern Trust Corporation (Nasdaq Global Select Market)

Prior to his current role as Founder and Chief Executive Officer of Cleveland Avenue, LLC, a venture capital firm, Mr. Thompson served as President and Chief Executive Officer of McDonald's Corporation from 2012 until March 2015. Previously, Mr. Thompson served as President and Chief Operating Officer of McDonald's Corporation from 2010 to 2012 and President of McDonald's USA from 2006 to 2010. Prior to joining McDonald's, Mr. Thompson served six years as an Electrical Engineer for the Northrop Corporation, where he specialized in power supply design and manufacturing for high technology radar systems. Mr. Thompson also served as director of McDonald's Corporation from 2011 to March 2015 and as a director of Exelon Corporation from 2007 to 2013. Since March 2015, Mr. Thompson has served as a director of Northern Trust Corporation. He also serves on the board of Beyond Meat, as an Advisory Board member of DocuSign, Inc. and on numerous civic and philanthropic boards. He is a member of the Executive Leadership Council, the Commercial and Economic Clubs of Chicago, Business Council, World Business Chicago and the Arthur M. Brazier Foundation. He serves as a Trustee on the boards of the Cleveland Avenue Foundation for Education, Northwestern Memorial Hospital and Purdue University.

### **Specific Qualifications, Attributes, Skills and Experience:**

Mr. Thompson brings to the Board significant strategic leadership and collaboration skills as well as valuable global business perspective. His 25-year career at McDonald's, the world's leading global foodservice retailer, culminated in leading the company from 2012 through 2015. In his role as President & CEO of McDonald's, Mr. Thompson directed strategy and operations for over 30,000 restaurants in over 100 countries, working closely with thousands of independent owner/operators, corporate staff and restaurant employees around the world.

## Arne Alexander Wilhelmsen

**Director since** 2003

**Age:** 52

**Board Committees:** Nominating and Corporate Governance Committee

**Other Public Company Boards:** None

Mr. Wilhelmsen is Chairman of the board of directors of AWILHELMSSEN AS, the holding company for the AWILHELMSSEN group of companies, after having served as the Chairman of the board of directors of AWILHELMSSEN Management AS from 2008 through June 2013. Mr. Wilhelmsen was elected Chairman of the Board of AWECO Invest AS in 2011 and Chairman of the Board of AWILHELMSSEN HOLDING AS in June 2016. He has held a variety of positions within the AWILHELMSSEN group of companies since 1995. In addition, Mr. Wilhelmsen serves as Chairman of the board of his wholly owned company Pan Sirius AS. From 1996 through 1997, Mr. Wilhelmsen was engaged as a marketing analyst for the Company and from 2001 through 2009 served as a member of the board of directors of Royal Caribbean Cruise Line AS, a wholly owned subsidiary of the Company that was responsible for the sales and marketing activities of the Company in Europe.

### **Specific Qualifications, Attributes, Skills and Experience:**

As the leader of an investment company with varied interests across a number of business segments, including shipping, cruise, real estate and retail, Mr. Wilhelmsen brings a diverse knowledge base and strategic insight to the Board. As the representative of the Company's largest shareholder and one of the Company's original founders, Mr. Wilhelmsen also provides a valuable historical perspective to the Board.

### **Board Recommendation**

**THE BOARD UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE "FOR" THE ELECTION OF EACH OF THE NOMINEES FOR DIRECTOR NAMED ABOVE.**

Table of Contents**Director Compensation for 2017**

Directors who are also Company employees do not receive any compensation for their services as directors.

For services in 2017, each non-employee director was entitled to receive an annual cash retainer of \$80,000 for a full year of service. In addition, our Lead Director received a further annual cash retainer of \$50,000, which increased to \$75,000 for 2018.

We also pay annual cash retainers for chairing and service on various Board committees. The amount of these retainers in 2017 for a full year of service was as follows:

<b>Committee Role</b>	<b>Audit Committee</b>	<b>Talent &amp; Compensation Committee</b>	<b>Nominating &amp; Corporate Governance Committee</b>	<b>Safety, Environment &amp; Health Committee</b>
Chairman	\$ 30,000	\$ 20,000	\$ 10,000	\$ 10,000
Member	\$ 20,000	\$ 10,000	\$ 7,500	\$ 7,500

Directors do not earn fees for each meeting attended; however, they are reimbursed for their travel expenses and, occasionally, for those of an accompanying guest.

In 2017, each non-employee director received restricted stock units with a fair market value of \$150,000 as of the grant date. These restricted stock units vested in full immediately upon grant and settled one year following the date of grant. Our stock ownership guidelines require directors to accumulate ownership of at least \$240,000 of our common stock (which is 3 times their annual cash retainer for Board service), including the value of restricted stock and restricted stock units, within three years of becoming a director. If the value of their stock holdings falls below this amount, directors cannot sell shares of our common stock until the value once again exceeds the required amount. In addition, non-employee directors may not be granted awards with a dollar value in excess of \$500,000 in any one calendar year.

Beginning in 2018, at the discretion of the Board, each non-employee director is eligible to receive an annual grant of equity awards with an aggregate value of \$180,000 as of the grant date. In accordance with the foregoing, in February 2018, each non-employee director received restricted stock units with a fair market value of \$180,000 as of the grant date. These restricted stock units vested in full immediately upon grant and will settle one year following the date of grant.

In order to increase their knowledge and understanding of our business, we encourage our non-management Board members and their families to experience our cruises. As a result, we have adopted a Non-Management Director Cruise Policy. Under this policy, with certain limited exceptions, a Board member is entitled to up to two complimentary staterooms on two cruises per year for the Board member and any immediate family accompanying the Board member on the cruise. Additional guests traveling with a Board member will receive a 15% discount off the lowest available fare for up to five staterooms. The Chairman & CEO may grant exceptions to this policy in his discretion but did not do so in 2017.

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The table below summarizes the compensation of each person serving as a non-employee director in 2017.

**2017 Director Compensation Table**

Name	Fees Earned or Paid in			Total
	Cash	Stock Awards <sup>(1),(2)</sup>	All Other Compensation <sup>(3)</sup>	
John F. Brock	\$ 97,500	\$ 146,959	\$ 18,576	\$ 263,035
William L. Kimsey	\$ 167,500	\$ 146,959	\$ 12,205	\$ 326,664
Ann S. Moore	\$ 90,000	\$ 146,959	\$ 43,142	\$ 280,101
Maritza G. Montiel	\$ 100,000	\$ 146,959		\$ 246,959
Eyal M. Ofer	\$ 95,000	\$ 146,959		\$ 241,959
Thomas J. Pritzker	\$ 90,000	\$ 146,959		\$ 236,959
William K. Reilly	\$ 90,000	\$ 146,959	\$ 25,609	\$ 262,568
Bernt Reitan	\$ 120,000	\$ 146,959	\$ 16,784	\$ 283,743
Vagn O. Sørensen	\$ 117,500	\$ 146,959	\$ 17,657	\$ 282,116
Donald Thompson	\$ 97,500	\$ 146,959		\$ 244,459
Arne Alexander Wilhelmsen	\$ 87,500	\$ 146,959		\$ 234,459

- (1) The column titled "Stock Awards" reports the fair value of restricted stock unit awards at their grant date in 2017 calculated in accordance with the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718. For the assumptions used in valuing these awards for purposes of computing this expense, please see Note 9 of the consolidated financial statements in the Company's Annual Report for the year ended December 31, 2017.
- (2) As of December 31, 2017, each non-employee director listed in the table held 1,578 vested restricted stock units. As of December 31, 2017, certain non-employee directors listed in the table held vested options to purchase the following aggregate number of shares of common stock: Mr. Ofer, 14,176; and Mr. Pritzker, 14,176.
- (3) These amounts relate to discounts on Company cruises provided to directors. The aggregate value of other compensation that would be reportable in this column made available to non-employee directors other than Mr. Brock, Mr. Kimsey, Ms. Moore, Mr. Reilly, Mr. Reitan and Mr. Sørensen is less than \$10,000 per person.

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**CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS**

**Related Person Transaction Policy and Procedures**

We have a written Related Person Transaction Policy that requires review of all relationships and transactions in which the Company is a participant and a "related person" which includes any director, executive officer or greater than 5% beneficial owner of the Company or any immediate family member of the foregoing has a direct or indirect material interest. Under this policy, each director, director nominee and executive officer is required to promptly notify the Corporate Secretary of any such transaction. The Corporate Secretary then presents such transactions to the Audit Committee, which is responsible for reviewing and determining whether to approve or ratify the transactions. The following types of transactions are deemed not to create or involve a material interest on the part of the related person and do not require approval or ratification under the policy, unless the Audit Committee determines that the facts and circumstances of the transaction warrant its review:

transactions involving the purchase or sale of products or services in the ordinary course of business, not exceeding \$120,000;

transactions in which the related person's interest derives solely from his or her service as a director of another corporation or organization that is a party to the transaction;

transactions in which the related person's interest derives solely from his or her ownership of less than 10% of the equity interest in another person (other than a general partnership interest) which is a party to the transaction;

transactions in which the related person's interest derives solely from his or her ownership of a class of equity shares of the Company and all holders of that class of equity securities received the same benefit on a pro rata basis;

compensation arrangements of any executive officer, other than an individual who is an immediate family member of a related person; and

non-executive director compensation arrangements.

In reviewing transactions submitted to them, the Audit Committee reviews and considers all relevant facts and circumstances to determine whether the transaction is in, or not inconsistent with, the best interests of the Company and its shareholders, including, without limitation:

the commercial reasonableness of the terms;

the benefit and perceived benefit, or lack thereof, to the Company;

opportunity costs of alternative transactions;

the character of the related person's interest; and

the actual or apparent conflict of interest of the related person.

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If after the review described above, the Audit Committee determines not to approve or ratify the transaction, it will be cancelled or unwound as the Audit Committee considers appropriate and practicable.

### **Related Person Transactions**

The Audit Committee reviewed and approved or ratified the following transactions in accordance with our Related Person Transaction Policy.

During the year ended December 31, 2017, we paid Hyatt Hotels Corporation approximately \$635,000 for hotel stays of our guests and employees traveling on business and for use of Hyatt Hotels' facilities for business purposes. The amount represents less than 0.01% of Hyatt's revenues for 2017 and approximately 1.6% of our transportation and lodging expense for the same period. As in prior years, there are no specific arrangements or understandings between us and Hyatt Hotels Corporation in this regard. Hyatt is a major hotel chain and it would be imprudent for us to exclude them. Mr. Thomas J. Pritzker, one of our directors, is Executive Chairman of the Hyatt Hotels Corporation.

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**EXECUTIVE COMPENSATION**

**Compensation Discussion and Analysis**

2017 was another record year, as we grew both US GAAP and Adjusted Net Income to \$1.6 billion, or \$7.53 earnings per share ("EPS"), representing a 23.8% year-over-year growth in Adjusted EPS, despite the impact from the 2017 hurricane season and the challenges from the redeployment of our South Korea sailings due to China's South Korea travel restrictions. We met our **Double-Double** targets, exceeding the Adjusted EPS target by \$0.75 and achieving Return on Invested Capital ("ROIC") in excess of 10%. We turned the year at a record booked position, as well as brand preference and guest satisfaction scores at an all-time high. Our compensation programs responded to these outcomes as outlined below.





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We place significant focus on the design of our executive compensation programs as we believe their effectiveness is crucial to our success as a company. We assess our programs regularly and strive to continuously make improvements as well as incorporate shareholder feedback. Our 2017 executive compensation program was generally consistent with the prior year's program with the exception that we further increased the emphasis on performance for our Chairman & CEO's compensation package by adjusting the split on his long-term incentive compensation from 60% performance shares/40% restricted stock units to 75% performance shares/25% restricted stock units. Similarly, the split for other NEOs was adjusted from 50% performance shares/50% restricted stock units to 60% performance shares/40% restricted stock units.

In furtherance of our compensation program objectives, we maintain a high level of corporate governance standards within our executive compensation programs as follows:

#### **What We Do**

Establish a mix of compensation components, including fixed and variable pay and short- and long-term incentives, that encourages focus on both the short- and long-term interests of the Company and its shareholders

Hold our executives to meaningful stock ownership guidelines

Provide severance benefits in the event of a change-of-control only if there is an accompanying termination

Design our programs so as not to encourage unnecessary and excessive risk taking

Include "clawback" provisions for our cash and equity incentive awards

Prohibit our employees and directors from entering into any transaction to hedge the economic risk of owning the Company's stock

Hold an annual "say-on-pay" advisory vote

Utilize an independent compensation consultant to advise the Talent and Compensation Committee

#### **What We Don't Do**

No repricing of underwater stock options

No cash buyouts of underwater stock options

No tax-gross up provisions on any change-of-control severance benefits

No excessive perquisites or other executive-only benefits

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At our 2017 annual meeting, shareholders approved our 2016 NEO compensation with over 98% of the votes cast in favor of our practices. Given the high level of support, the Talent and Compensation Committee did not make any significant changes to its approach to executive compensation specifically as a result of this "say-on-pay" vote. The Talent and Compensation Committee plans to consider the outcome of our annual say-on-pay votes when making future compensation decisions for NEOs.

We discuss our compensation plans, policies and objectives in detail below.

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***Named Executive Officers***

Our NEOs for the fiscal year ended December 31, 2017 are set forth below.

<b>Name</b>	<b>Title</b>
Richard D. Fain	Chairman & Chief Executive Officer
Jason T. Liberty	Executive Vice President, Chief Financial Officer
Michael W. Bayley	President and Chief Executive Officer, Royal Caribbean International
Adam M. Goldstein	President and Chief Operating Officer <sup>(1)</sup>
Lisa Lutoff-Perlo	President and Chief Executive Officer, Celebrity Cruises

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(1) Mr. Goldstein will transition from his role as President and Chief Operating Officer to Vice Chairman in May 2018.

Each of the foregoing officers were also NEOs for 2016.

***Executive Compensation Philosophy***

We adhere to a pay-for-performance philosophy. In line with this philosophy, we have designed our compensation programs to support three main goals:

align the interests of our executives with the interests of our shareholders;

recruit, retain, and motivate an elite management team; and

reward positive contributions to both short-term and long-term corporate performance.

We provide compensation to our executives consisting of three principal elements: base salary, performance-based annual incentive bonus and equity awards. The objectives and key features of each pay element are described below.

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Our commitment to performance-based compensation is illustrated by the following pie charts, which show the mix of each compensation component at target levels for our Chairman & CEO and for our other NEOs for 2017.

**Royal Caribbean Cruises Ltd.**  
2017 Target Compensation Chairman & CEO  
90% Variable Compensation

**Royal Caribbean Cruises Ltd.**  
2017 Target Compensation Other Named Executives  
80% Variable Compensation

The percentages in the foregoing chart for the other NEOs represent a weighted average of each element of compensation for such officers.

***Market Comparison Group***

The process of making compensation decisions begins with establishing a Market Comparison Group. Our Market Comparison Group is the foundation of our annual compensation review and is used to help guide the Talent and Compensation Committee's decisions regarding competitive pay levels and design architecture.

Although we strive for consistency, the list of companies that comprise our Market Comparison Group are developed by our independent compensation consultant and reviewed and approved annually by the Talent and Compensation Committee using the following criteria:

Availability of public information company is publicly-traded and compensation data is available in public filings

Relevant industry group company included in at least one of ten leisure and tourism industry groups



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Equivalent revenue company is within approximately 0.5 to 2 times our revenue

Similar business strategy company falls under hotels and motels, leisure time, leisure products and resort industry categories

Global Footprint company has significant operations outside of the United States

Historical precedent company included in the prior year's Market Comparison Group

For 2017 compensation decisions, in November 2016 our Talent and Compensation Committee reaffirmed the Market Comparison Group approved in August 2015.

**Market Comparison Group Selection Criteria**

*Elements of the 2017 Executive Compensation Program*

**Base Salary**

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Base salaries comprise, on average, less than 20% of the total target compensation for our NEOs (10% for our Chairman & CEO and 20% for our other NEOs). However, base salaries are an important and customary element of pay for attracting and retaining executives. The Talent and Compensation Committee seeks to pay each NEO a level of fixed compensation that competitively reflects their scope of responsibility.

The primary considerations used in adjusting base salary levels include each NEO's:

market positioning;

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scope of responsibilities;

expertise and experience;

tenure with the organization; and

performance and potential to further our business objectives.

The Talent and Compensation Committee generally reviews salaries in the early part of each year and, if appropriate, adjusts them to reflect changes in such considerations and to respond to market conditions and competitive pressures. The table below reflects the extent of increases in 2017 in the base salaries for our NEOs to better align with the market and to recognize positive performance and Company results.

Name	Base Salary		Percent Change
	2016	2017	
Richard D. Fain	\$ 1,100,000	\$ 1,100,000	0.0%
Jason T. Liberty	\$ 600,000	\$ 700,000	16.7%
Michael W. Bayley	\$ 700,000	\$ 800,000	14.3%
Adam M. Goldstein	\$ 825,000	\$ 850,000	3.0%
Lisa Lutoff-Perlo	\$ 550,000	\$ 600,000	9.1%

**Performance Based Annual Incentive**

The opportunity for incentive payments under our performance-based annual incentive plan (our "Executive Bonus Plan") comprises on average approximately 24% of the total target compensation for our NEOs (20% for our Chairman & CEO and 24% for our other NEOs) and is designed to reward our executives for the achievement of the Company's annual financial and strategic goals and, in most instances, recognize individual contributions.

Prior to the beginning of each year, our operating plan for that year, which takes into account our anticipated performance, our growth and profitability objectives as well as the economic climate, is prepared by management and approved by the Board. Based on this plan, we set pre-established goals for the year that will determine bonus payout levels once our financial and operational performance is evaluated and confirmed following the end of the year.

For 2017, the Talent and Compensation Committee established the following framework for the Executive Bonus Plan, which is generally consistent with prior years:

*Target Annual Incentives:*

The annual target performance-based incentive for each NEO is expressed as a percentage of base salary. In establishing the target percentage, the Talent and Compensation Committee takes into account the role and level of each executive and competitiveness with our Market Comparison Group.

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In 2017, the target annual incentive was increased for Mr. Liberty, Mr. Bayley and Ms. Lutoff-Perlo to make the target cash compensation more competitive with the market and to incentivize positive performance. The following table shows the 2016 and 2017 bonus targets of each NEO.

Name	2016 Bonus Target (% of base salary)	2017 Bonus Target (% of base salary)
Richard D. Fain	200%	200%
Jason T. Liberty	100%	120%
Michael W. Bayley	115%	125%
Adam M. Goldstein	130%	130%
Lisa Lutoff-Perlo	100%	110%

*Metrics and Weighting:*

The performance-based annual incentive for each NEO consists of up to three award components, as applicable to each NEO: Corporate, Brand and Individual performance. The Talent and Compensation Committee assigns a specific weight to each of these components based on the executive's role and his or her ability to influence the outcomes.

For 2017, both the Corporate and Brand bonus components were further divided into two subcomponents: financial (Adjusted EPS for Corporate and adjusted brand-specific operating income for Brand) and key performance indicators (KPIs). There were four KPIs for 2017, with equal weighting assigned to each, as follows:

KPI	Description
Net Revenue Yield	Represents net revenues per available passenger cruise day, which we believe to be the most relevant measure of our pricing performance*
Net Cruise Costs excluding fuel	Represents gross cruise costs excluding commission, transportation and other expenses and onboard and other expenses and fuel expenses, which we believe to be the most relevant indicator of our ability to control costs in a manner that positively impacts income*
Guest Satisfaction	Represents results of surveys measuring customer satisfaction with their most recent cruise, his or her intent to cruise again with us and his or her willingness to recommend that others cruise with us
Safety, Security, Health and Environmental Stewardship	Represents various metrics of safety, security, environment and health performance, which we believe are key to our extremely high safety and security standards and our goal of being a good steward of the environmental resources we manage

\*

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When determining KPI results for Net Revenue Yield and Net Cruise Costs excluding fuel, the Talent and Compensation Committee may, in certain circumstances, exclude from the calculation certain items that it believes were clearly outside the bounds of Management's ability to control.

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As in prior years, financial results continued to be the predominant measure of both Corporate and Brand performance, comprising 70% of the annual bonus opportunity within each component. The following table shows the applicable measures and weights for each NEO.

Name	Award Components				Individual
	Corporate		Brand		
	Financial	KPIs	Financial	KPIs	
Richard D. Fain	70.0%	30%			
Jason T. Liberty	46.7%	20%			33.3%
Michael W. Bayley <sup>(1)</sup>	23.3%	10%	23.3%	10%	33.3%
Adam M. Goldstein	46.7%	20%			33.3%
Lisa Lutoff-Perlo <sup>(2)</sup>	23.3%	10%	23.3%	10%	33.3%

(1) Brand performance for Mr. Bayley was based on Royal Caribbean International.

(2) Brand performance for Ms. Lutoff-Perlo was based on Celebrity Cruises.

In February of each year, the Talent and Compensation Committee approves the Corporate and Brand performance targets for the upcoming year. For Corporate and Brand financial and KPI performance, performance level funding ranges from 0% to 300% at maximum. Performance level funding for the Individual component ranges from 0% to 200% at maximum.

### *2017 Performance*

Target Adjusted EPS for 2017 was \$7.00, the mid-point of the earnings guidance we announced in February 2017. The Talent and Compensation Committee believed that this target, which was 15.1% higher than actual Adjusted EPS we achieved in 2016, represented a challenging performance goal and was meaningfully higher than our actual 2016 financial results. See Annex A for more detail regarding the reconciliation of non-GAAP and GAAP measures presented regarding Adjusted EPS.

In January 2018, we announced US GAAP and Adjusted EPS of \$7.53 for 2017. In accordance with the terms of the Executive Bonus Plan, the Talent and Compensation Committee adjusted this number for purposes of 2017 annual bonuses to account for price variances in all fuel types from prices used in the January 2017 earnings guidance, net of the effects of fuel derivatives. This adjustment avoids penalizing or benefiting Management for fluctuations in fuel prices, but still takes into account Management's performance on energy consumption. Since fuel prices in 2017 were lower than planned, the Talent and Compensation Committee reduced EPS by \$0.05 to eliminate this benefit. In addition, and consistent with the Talent and Compensation Committee's discretion under the Executive Bonus Plan to adjust the calculation to account for events that it believes are clearly outside the bounds of Management's ability to control, it increased EPS by \$28 million, or \$0.13 per share, which represents 50% of the direct impact to the Company from the extraordinary 2017 hurricane season that had a substantial impact on us from an operational and financial perspective.

The Company's 2017 performance and the adjustments noted above resulted in a funding level of 221.0% for the Adjusted EPS component of the annual bonus which, when aggregated with 2017 performance across our four Corporate KPIs, yielded a funding level of 196.7% for Corporate performance.

### *Individual Measurement:*

The Individual performance component of our Executive Bonus Plan awards are intended to reward managerial decision-making, behavioral interaction and overall contribution. With the exception of Mr. Fain, the NEOs have an Individual performance component. In determining the funding level of this component, the Talent and Compensation Committee considered the recommendation of Mr. Fain, including each NEO's achievement of



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his or her individual goals and overall contribution to our successful growth, how each one directed their area of responsibility to meet challenges in the market and the results of specific projects they were responsible for during the year.

#### *Actual 2017 Performance-Based Annual Incentive Payout*

Based on the above performance results, the following table shows the 2017 performance-based annual incentive payout as a percentage of target for each award component:

Name	2017 Actual Funding Levels by Component (as a % of target)			Total Funding Level (as a % of target)
	Corporate	Brand	Individual	
Richard D. Fain	196.7%	n/a	n/a	196.7%
Jason T. Liberty	196.7%	n/a	150.0%	181.1%
Michael W. Bayley	196.7%	109.1%	150.0%	151.9%
Adam M. Goldstein	196.7%	n/a	130.0%	174.5%
Lisa Lutoff-Perlo	196.7%	140.6%	150.0%	162.4%

The following table shows each NEO's target and actual annual bonus award for 2017. The 2017 actual awards for all of our NEOs were above target, reflecting the Company's strong results and our pay-for-performance philosophy.

Name	2017 Target Payout	Actual 2017 Annual Incentive Plan Payout by Component			Actual Total 2017 Payout	Actual Total 2016 Payout
		Corporate	Brand	Individual		
Richard D. Fain	\$ 2,200,000	\$ 4,327,400	n/a	n/a	\$ 4,327,400	\$ 2,740,222
Jason T. Liberty	\$ 840,000	\$ 1,101,575	n/a	\$ 419,958	\$ 1,521,533	\$ 798,217
Michael W. Bayley	\$ 1,000,000	\$ 655,798	\$363,714	\$ 499,950	\$ 1,519,461	\$ 938,428
Adam M. Goldstein	\$ 1,105,000	\$ 1,449,096	n/a	\$ 478,785	\$ 1,927,881	\$ 1,355,320
Lisa Lutoff-Perlo	\$ 660,000	\$ 432,827	\$309,289	\$ 329,967	\$ 1,072,083	\$ 639,532

Awards under our Executive Bonus Plan, including awards to our NEOs, may be subject to clawback if the Company is required to restate its financial results for the bonus plan year and it is determined that the applicable executive's fraud, negligence or intentional misconduct was a significant contributing factor to the restatement.

### Long-Term Incentive Awards

Our long-term incentive award program is the most significant element of our overall compensation program and comprises on average 62% of target total compensation for our NEOs (70% for our Chairman & CEO and 56% for our other NEOs). We structure our long-term program to align with shareholder interests, reward the achievement of long-term goals and promote stability and corporate loyalty among the executives. We use a combination of performance shares and time-based restricted stock units (RSUs) in our long-term incentive program to effectively and efficiently balance performance and retention objectives.

At the first regularly scheduled meeting of each year (which generally occurs in February), the Talent and Compensation Committee determines the target equity award value to be delivered to each NEO. As in prior years



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and consistent with competitive market practice, in 2017, our long-term incentive awards for our NEOs consisted of a mix of performance shares and RSUs as follows:

Name	2016 Allocation	2017 Allocation
Richard D. Fain	60% performance shares, 40% RSUs	75% performance shares, 25% RSUs
Jason T. Liberty	50% performance shares, 50% RSUs	60% performance shares, 40% RSUs
Michael W. Bayley	50% performance shares, 50% RSUs	60% performance shares, 40% RSUs
Adam M. Goldstein	50% performance shares, 50% RSUs	60% performance shares, 40% RSUs
Lisa Lutoff-Perlo	50% performance shares, 50% RSUs	60% performance shares, 40% RSUs

The changes in the 2017 allocations were made to further align our NEO pay and performance.

In determining the appropriate long-term incentive award value, the Talent and Compensation Committee considers:

the compensation paid to comparable executives in the Market Comparison Group;

a review of other elements of compensation; and

the NEO's contribution to the overall results of the Company.

Ensuring that NEO compensation continues to motivate senior leadership to act consistent with long-term shareholder interests and fostering the retention of our senior leadership remain two key priorities of our executive compensation program. Long-term incentive compensation traditionally lagged the market for many of our NEOs and despite targeted increases in 2015 and 2016, certain NEOs' long-term incentive award values remained below the market. Coming off of another strong performance year and in recognition of the fact that each of Mr. Liberty, Mr. Bayley and Ms. Lutoff-Perlo continued to fall below the market in total target compensation, the Talent and Compensation Committee felt it appropriate to take more aggressive steps in 2017 to better position these leaders toward the market in terms of target pay opportunity. Accordingly, to achieve the desired level of market competitiveness and reflect performance, the Talent and Compensation Committee approved the following increases in the target award values for each of our NEOs in 2017.

Name	Long-Term Incentive Awards		
	2016 Grant Values	2017 Grant Values	% Change
Richard D. Fain	\$ 6,500,000	\$ 7,700,000	18.5%
Jason T. Liberty	\$ 1,200,000	\$ 1,800,000	50.0%
Michael W. Bayley	\$ 2,250,000	\$ 3,000,000	33.3%
Adam M. Goldstein	\$ 1,900,000	\$ 2,000,000	5.3%
Lisa Lutoff-Perlo	\$ 1,100,000	\$ 1,650,000	50.0%

*RSU Vesting Schedule*

To promote retention (and except as provided in connection with our Vesting into Retirement Policy to the extent applicable), the RSUs vest in equal annual installments over a four-year period commencing on the first anniversary date of the grant. As the RSU awards are inherently tied to the performance of our common stock, we consider a vesting schedule based on continued service appropriate to provide both retention and performance incentives.

Table of Contents*Performance Share Plan Mechanics*

As outlined above, at least 60% of each NEO's target equity award for 2017 consisted of performance shares. For this portion of the award, the NEO receives an award on the grant date expressed as a target number of performance shares. The actual number of shares ultimately delivered to the executive in settlement of the award ranges from 0% to 200% of target based on our performance results with regards to the predetermined metric or metrics across the measurement period. To receive the shares in settlement of this award, the executive must, with certain exceptions, remain employed through the settlement date of the award, which is three years after the grant date.

Payouts for performance share grants made in 2017 will be based on 2019 Adjusted EPS and 2019 ROIC. These metrics are equally weighted so that 50% of the total payout will be based on Adjusted EPS and 50% of the total payout will be based on ROIC. The payout level for the grants made in 2017 will be determined by our Talent and Compensation Committee in early 2020.

*Payout under 2015 Performance-Based Equity Awards*

In January 2018, the Talent and Compensation Committee determined the payout for the performance share grants issued to the NEOs in February 2015. The target payouts for such grants corresponded with our **Double-Double** goals of 2017 Adjusted EPS of \$6.78 and 2017 ROIC of 10.0%. The Company exceeded its **Double-Double** objectives, resulting in a payout level of 175% on the performance shares. For these payouts, ROIC was calculated by the Company as "Operating Profit" divided by "Invested Capital," whereby (i) "Operating Profit" was operating income (including income from equity pick-ups and related items) minus taxes, and (ii) "Invested Capital" was the most recent five-quarter average of total assets minus non-interest bearing current liabilities minus excess cash. The calculation of ROIC for 2017 also included interest income from joint venture seller financing, which was not included in the 2014 calculation of ROIC as well as other immaterial variances from the 2014 calculation. The effect of these changes was to increase the aggregate payout to the NEOs by approximately \$1 million.

*One-Time Retention Equity Award*

In September 2017, we awarded our NEOs (other than Mr. Fain) a one-time retention equity award in the form of restricted stock units that will vest as follows: 10% on the second anniversary of the grant date, 25% on each of the third and fourth anniversaries of the grant date, and 40% on the fifth anniversary of the grant date. These awards were granted to foster retention as we recognize the important contribution that each executive will make to our Company in the future and work to achieve our philosophical objective of continuity of continuing the high performance of our leadership team. The grant date award values are shown in the table below.

Name	Grant-Date Value of One- Time Equity Awards <sup>(1)</sup>
Jason T. Liberty	\$ 2,792,203
Michael W. Bayley	\$ 2,792,203
Adam M. Goldstein	\$ 1,861,505
Lisa Lutoff-Perlo	\$ 1,861,505

(1) Amount reports the fair value of restricted stock unit awards at their grant date, calculated in accordance with the provisions of FASB ASC Topic 718.

*Equity Grant Practices*

*Timing of Equity Awards:* The Talent and Compensation Committee generally grants annual equity awards to NEOs and other members of management at the first regularly scheduled Talent and Compensation Committee

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meeting of the calendar year, usually held in February. Equity awards may be granted outside of the annual grant cycle in connection with events such as hiring, promotion or extraordinary performance or as part of a special retention effort.

*Calculation of Equity Awards:* To determine the number of RSUs or performance shares awarded, the total grant value is multiplied by the RSU or performance share target allocation and then divided by the fair market value of our common stock as of the grant date. Our equity plan defines fair market value of a share of our common stock as the average of the high and low sale prices of our common stock on the NYSE on the grant date.

*Share Limits:* The maximum number of shares underlying awards that may be granted to an employee in any calendar year is 500,000 shares.

*Clawback Policy:* For awards of performance shares, the Company has adopted a "clawback" policy applicable to the award recipients, including the NEOs. If, for the two year period following the end of the three-year performance period of each award, the Company is required to restate its financial results for the award performance period in a manner that would have adversely affected the number of performance shares subject to the award, the Talent and Compensation Committee may (regardless of any fault on the part of the participant) adjust the number of performance shares subject to the award to reflect the number of performance shares that would have been payable under the restated financial statements, as determined by the Talent and Compensation Committee. For example, for the grants made in February 2015, the compensation recoupment period would extend to December 31, 2019.

*Vesting into Retirement Policy:* Starting with grants made in 2014, certain of our executives may be eligible for accelerated or continued vesting of applicable long-term equity awards under our "Vesting into Retirement" policy. In recognition that different motivations and considerations prevail for officers approaching retirement, awards granted to senior executives who are at least 62 years of age and who have been employed by the Company for at least 15 years are generally not subject to forfeiture upon termination of employment after the later of the first anniversary of the grant date and the first anniversary of the date that the officer meets both the age and service criteria. In order to maintain an alignment of interest with our shareholders, these awards continue to be subject to restrictions on transfer that will lift over a four-year period for the RSUs and over a three-year period for the performance shares (mirroring the typical vesting schedule for these awards).

**2018 Executive Compensation Program**

Our 2018 program remains generally consistent with our 2017 program in its design. Recognizing that:

the Company has performed exceptionally well over the last several years;

each of Mr. Liberty, Mr. Bayley and Ms. Lutoff-Perlo continue to fall below the market in total target compensation; and

each of Mr. Liberty, Mr. Bayley and Ms. Lutoff-Perlo has played and continues to play a critical role in our success,

our Talent and Compensation Committee felt it appropriate to take more aggressive steps to position compensation for these leaders closer to market in terms of target pay opportunity. The Talent and Compensation Committee thus approved compensation adjustments for Mr. Liberty, Mr. Bayley and Ms. Lutoff-Perlo increasing their total target compensation for 2018 by 24%, 10% and 16%, respectively, as compared to 2017 total target compensation. These adjustments are intended to help maintain stability among our leaders and continue to enhance their focus on long-term company performance and results.

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***Stock Ownership Guidelines***

We recognize the importance of aligning our management's interests with those of our shareholders. As a result, the Board, at the recommendation of the Talent and Compensation Committee, has established stock ownership guidelines for all of our officers. Under these guidelines, the NEOs are expected to accumulate over a period of time Company stock having a fair market value equal to the multiples of their base salaries as shown in the table below. For purposes of determining compliance with the guidelines, officers are permitted to include derivative forms of Company equity, such as unvested and vested stock options, unvested restricted stock units and unvested performance shares following completion of the performance period. Officers are required to retain at least 50% of the net after-tax shares received upon the vesting and exercise of equity incentive awards until their target ownership is reached. The following table sets forth the current stock ownership guideline requirement for each NEO:

<b>Name</b>	<b>Stock Ownership Guideline (as a multiple of base salary)</b>
Richard D. Fain	8 times
Jason T. Liberty	5 times
Michael W. Bayley	5 times
Adam M. Goldstein	5 times
Lisa Lutoff-Perlo	5 times

Each NEO is in compliance with his or her respective stock ownership guideline requirement.

***Other Elements of Compensation***

In an effort to offer our employees a competitive remuneration package, we provide them with certain retirement, medical and welfare benefits, including a qualified non-contributory profit-sharing retirement plan (the "Retirement Plan"). The NEOs are eligible to participate and/or receive such benefits on a basis commensurate with that of other employees.

Effective January 1, 2009, as a result of the implementation of Section 457A of the U.S. Internal Revenue Code, all of our non-qualified deferred compensation plans were amended to not allow for any new contributions and to provide for the distribution of vested amounts deferred under such plan prior to January 1, 2009 on or prior to December 31, 2017. These distributions have been made and no balances remain in this plan. In addition, since January 1, 2009, as a result of Section 457A, in lieu of contributions to the Royal Caribbean Cruises Ltd. Supplemental Executive Retirement Plan (the "SERP"), each NEO receives, on an annual basis, a lump-sum cash payment of the benefits that would have been accrued under the SERP for services in a given year but for a change in tax laws. Amounts earned in 2017 in lieu of the SERP benefit are disclosed in the Summary Compensation Table - All Other Compensation column, as further detailed in the "2017 All Other Compensation Table."

We also offer the NEOs certain perquisites which include: Company paid automobile leases, discounts on Company cruises, annual executive physicals and travel expenses for guests accompanying executives on business travel. Our executives who have been on international assignment are also eligible to receive tax equalization and preparation assistance. Our NEOs also receive life insurance coverage equal to five times their annual base salary.

***Severance***

We have entered into Employment Agreements with each of the NEOs. These agreements provide for severance benefits in connection with various termination of employment scenarios, which are discussed in this proxy statement under the heading "Employment Agreements."

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We currently do not specifically provide for enhanced severance benefits if termination should follow a change-of-control of the Company. However, the Talent and Compensation Committee may, in its discretion, accelerate the vesting of long-term incentive awards in connection with a change-of-control, and the vesting of long-term incentive awards will occur automatically in the event of a qualifying termination within 18 months following a change-of-control.

***Governance and Process***

Our executive compensation program is overseen by the Talent and Compensation Committee. Talent and Compensation Committee members are appointed by our Board and meet the independence and other requirements of the NYSE and other applicable laws and regulations. Talent and Compensation Committee members are selected based on a variety of factors, including their knowledge and experience in compensation matters.

As provided for in its charter, the Talent and Compensation Committee has sole discretion to retain a compensation consultant and is directly responsible for the appointment, compensation and oversight for such consultant's work. The Talent and Compensation Committee has retained Willis Towers Watson as its independent compensation consultant and has asked Willis Towers Watson to regularly provide independent advice on the following:

the composition of our Market Comparison Group;

our compensation plan risk;

current trends in executive and director compensation design; and

the overall levels of compensation and types and blend of various compensation elements.

Willis Towers Watson has direct access to the Talent and Compensation Committee's members and advises them regarding matters for which the Talent and Compensation Committee is responsible. Within this framework, Willis Towers Watson has been instructed to work collaboratively with management, including our Chairman & CEO and our Senior Vice President, Chief Human Resources Officer and her staff to gain an understanding of our business and compensation programs to help Willis Towers Watson advise the Talent and Compensation Committee. In addition, Willis Towers Watson also regularly confers with our senior management and human resources department to collect, analyze and present data requested by the Talent and Compensation Committee. The total annual expense for the executive and director compensation advising services provided to us by Willis Towers Watson during 2017 was approximately \$219,000. In 2017, we also purchased industry surveys from Willis Towers Watson for approximately \$18,000.

In 2017, Willis Towers Watson also assisted the Talent and Compensation Committee with the CEO Pay Ratio calculation and disclosure. Aggregate fees incurred during 2017 for these services were approximately \$17,000.

During 2017, our management separately engaged Willis Towers Watson to provide insurance brokerage services. Aggregate fees billed during 2017 for these services were approximately \$242,000. The personnel who performed these services for us operated separately and independently of the Willis Towers Watson personnel who performed executive and director compensation-related services for the Talent and Compensation Committee. While the decision to engage Willis Towers Watson for such other services was made by management, the Talent and Compensation Committee assessed whether the services provided by Willis Towers Watson raised any conflicts of interest pursuant to applicable SEC and NYSE rules and concluded that no such conflicts of interest existed that would prevent Willis Towers Watson from independently advising the Talent and Compensation Committee. We do anticipate that, given the wide scope of services provided by Willis Towers Watson, we may continue to use them to provide insurance services outside of executive compensation from time to time. Willis Towers Watson has advised

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the Talent and Compensation Committee of a number of policies in place to ensure that their executive compensation advice is not influenced by this other work, including that:

individuals who are not part of the executive compensation consulting team (other than designated quality reviewers) are precluded from involvement in the development of recommendations regarding the compensation of our executives and directors;

executive compensation consultants who advise us on director and executive compensation may not serve in broader relationship-management roles for us; and

the compensation paid to Willis Towers Watson executive compensation consultants is not tied to the fees paid, or to the expansion of fees paid, by us.

For each NEO other than the Chairman & CEO, the Talent and Compensation Committee consults with and receives the recommendation of the Chairman & CEO, but the Talent and Compensation Committee is ultimately responsible for determining whether to accept such recommendations. For the compensation related to the Chairman & CEO, the Talent and Compensation Committee meets in an executive session and considers the opinion of Willis Towers Watson as well as other criteria identified in this Compensation Discussion & Analysis.

**Report of the Talent and Compensation Committee**

The Talent and Compensation Committee of the Board of Royal Caribbean Cruises Ltd. has reviewed and discussed with management the Compensation Discussion & Analysis and, based on such review and discussion, has recommended to the Board that the Compensation Discussion & Analysis be included in this proxy statement and incorporated by reference into our Annual Report on Form 10-K for 2017.

**THE TALENT AND COMPENSATION COMMITTEE**

Bernt Reitan, Chairman  
John F. Brock  
Ann S. Moore  
Vagn O. Sørensen  
Donald Thompson

Table of Contents**Executive Compensation Tables****Summary Compensation Table**

The following table sets forth information regarding the compensation to our NEOs for the year ended December 31, 2017.

**2017 Summary Compensation Table**

Name and Principal Position	Year	Salary <sup>(1)</sup>	Stock Awards <sup>(2)</sup>		Non-Equity Incentive Plan Compensation <sup>(3)</sup>	Change in Pension Value and NQDC Earnings <sup>(4)</sup>	All Other Compensation <sup>(6)</sup>	Total
			On-Cycle Stock Awards	One-Time Stock Awards				
Richard D. Fain <i>Chairman &amp; Chief Executive Officer</i>	2017	\$ 1,100,000	\$ 7,661,433		\$ 4,327,400	\$ 99,493	\$ 155,087	\$ 13,343,413
	2016	\$ 1,092,308	\$ 6,441,770		\$ 2,740,222		\$ 131,384	\$ 10,405,684
	2015	\$ 1,038,462	\$ 5,803,645		\$ 2,426,667		\$ 119,796	\$ 9,388,570
Jason T. Liberty <i>EVP, Chief Financial Officer</i>	2017	\$ 692,308	\$ 1,700,547	\$ 2,792,203	\$ 1,521,533	\$ 57,849	\$ 125,806	\$ 6,890,246
	2016	\$ 592,308	\$ 1,127,080		\$ 798,217	\$ 21,980	\$ 88,478	\$ 2,628,063
	2015	\$ 511,538	\$ 765,923		\$ 655,175		\$ 66,801	\$ 1,999,437
Michael W. Bayley <i>President and CEO, RCI</i>	2017	\$ 792,308	\$ 2,834,275	\$ 2,792,203	\$ 1,519,461	\$ 121,223	\$ 135,123	\$ 8,194,593
	2016	\$ 696,154	\$ 2,113,227		\$ 938,428	\$ 11,630	\$ 107,334	\$ 3,866,773
	2015	\$ 675,000	\$ 1,436,142		\$ 986,229		\$ 115,934	\$ 3,213,305
Adam M. Goldstein <i>President and Chief Operating Officer<sup>(5)</sup></i>	2017	\$ 848,077	\$ 1,889,546	\$ 1,861,505	\$ 1,927,881	\$ 101,879	\$ 118,694	\$ 6,747,582
	2016	\$ 823,077	\$ 1,784,470		\$ 1,355,320	\$ 15,520	\$ 103,197	\$ 4,081,584
	2015	\$ 830,769	\$ 1,531,845		\$ 1,328,100		\$ 103,198	\$ 3,793,912
Lisa Lutoff-Perlo <i>President and CEO, Celebrity Cruises</i>	2017	\$ 596,154	\$ 1,558,865	\$ 1,861,505	\$ 1,072,083	\$ 64,609	\$ 123,701	\$ 5,276,917
	2016	\$ 546,154	\$ 1,033,167		\$ 639,532		\$ 92,045	\$ 2,310,898

- (1) Amounts reflect base salary paid during the applicable calendar year in accordance with our bi-weekly payroll cycle. Although there are generally 26 pay periods in each calendar year, depending on the start and end dates of each cycle, there could be a higher (27) or lower (25) number of pay periods (or portions thereof) in any given year.
- (2) The columns titled "Stock Awards" report the fair value of restricted stock unit awards at their grant date in 2017, 2016 and 2015, as applicable, calculated in accordance with the provisions of FASB ASC Topic 718. The columns titled "Stock Awards" also include the value of the performance shares. This amount represents the fair value of the performance shares award at the service inception date (i.e. the date the Talent and Compensation Committee authorized the award) based upon the then-probable outcome of the performance conditions (i.e. the target value of the awards). The value of the 2017 performance shares on the service inception date assuming that the highest level of performance conditions will be achieved for Messrs. Fain, Liberty, Bayley, Goldstein and Ms. Lutoff-Perlo is \$11,549,984, \$2,032,110, \$2,257,960, \$3,386,850 and \$1,862,768, respectively. For the assumptions used in valuing these awards for purposes of computing this expense, please see Note 9 of the consolidated financial statements in the Company's Annual Report for the year ended December 31, 2017.
- (3) Amounts reflect cash bonus amounts earned pursuant to the Executive Bonus Plan. In addition, amounts for 2015 (other than Mr. Fain) include a special one-time cash bonus paid to bonus eligible employees based on the Company's (or, if applicable, brand's) constant currency net revenue yield performance for 2015 as follows: Mr. Liberty: \$17,400, Mr. Bayley: \$151,795 and Mr. Goldstein: \$36,192.
- (4) Each of the NEOs participated in the Royal Caribbean Cruises Ltd. Retirement Savings Plan as of December 31, 2017. Prior to January 1, 2009, each of the NEOs participated in the Royal Caribbean Cruises Ltd. SERP, and certain of the NEOs participated in the Royal Caribbean Cruises Ltd. Nonqualified Deferred Compensation Plan. In 2017, 2016 and 2015, certain of the NEOs continued to maintain a balance in the SERP and the Deferred Compensation Plan of amounts accrued prior to January 1, 2009. The aggregate above-market earnings on these NEO's holdings in these plans are

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listed under the column titled "Change in Pension Value and NQDC Earnings." The above-market portion of earnings is calculated as the total earnings in the plan, less the earnings that would have been achieved under an annual growth rate equal to 120% of the applicable federal long-term rate at the end of each year.

- (5) Mr. Goldstein will transition from his role as President and Chief Operating Officer to Vice Chairman in May 2018.
- (6) Please see the following table entitled "2017 All Other Compensation" for an itemized disclosure of this element of compensation.



Table of Contents**2017 All Other Compensation**

Name	Perquisites			Benefits Company Contributions to Qualified Deferred			Total
	Auto Lease <sup>(1)</sup>	Other Perquisites <sup>(2)</sup>	Life Insurance Policies	Compensation Plans <sup>(3)</sup>	Benefit Payouts <sup>(4)</sup>		
Richard D. Fain	\$ 24,737	\$	\$ 20,350	\$ 27,000	\$ 83,000	\$ 155,087	
Jason T. Liberty	\$ 15,489	\$ 39,861	\$ 1,225	\$ 27,000	\$ 42,231	\$ 125,806	
Michael W. Bayley	\$ 15,877	\$ 36,079	\$ 3,936	\$ 27,000	\$ 52,231	\$ 135,123	
Adam M. Goldstein	\$ 16,239	\$ 12,849	\$ 4,798	\$ 27,000	\$ 57,808	\$ 118,694	
Lisa Lutoff-Perlo	\$ 13,538	\$ 47,141	\$ 3,407	\$ 27,000	\$ 32,615	\$ 123,701	

(1) These amounts include payments or allowance for auto lease, maintenance and repairs, registration and insurance.

(2) Other perquisites include the incremental cost of airline expense for spouse travel, discounts on Company cruises, personal tax consulting services and executive physicals. The value of discounts on Company cruises for Messrs. Liberty and Bayley and Ms. Lutoff-Perlo are \$39,861, \$25,614 and \$30,430, respectively.

(3) Represents Company contributions to the Royal Caribbean Cruises Ltd. Retirement Savings Plan.

(4) Since January 1, 2009, in lieu of contributions to the SERP, each NEO receives, on an annual basis, a lump-sum cash payment of the benefits that would have been accrued under the SERP for services in a given year but for the adoption of Section 457A of the Internal Revenue Code effective as of January 1, 2009. The amounts included in this column represent amounts payable to the NEOs for service in 2017, all of which are taxable as ordinary income.

Table of Contents**Grants of Plan-Based Awards in 2017**

The following table provides information for each of the NEOs regarding the range of awards potentially available for service in 2017 under our Executive Bonus Plan and equity awards granted in 2017.

**2017 Grants of Plan-Based Awards**

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>			Estimated Future Payouts Under Equity Incentive Plan Awards <sup>(2)</sup>			All Other Stock Awards: Number of Shares of Stocks or Units	Grant Date Fair Value of Stock Awards
		Threshold	Target	Maximum	Threshold	Target	Maximum		
Richard D. Fain	2017	\$ 2,200,000	\$ 2,200,000	\$ 6,600,000					
	2/7/17				60,767	121,534		\$ 5,774,992 <sup>(3)</sup>	
	2/7/17						20,256	\$ 1,886,441 <sup>(4)</sup>	
Jason T. Liberty	2017	\$ 840,000	\$ 840,000	\$ 2,240,000					
	2/7/17				11,364	22,728		\$ 1,016,055 <sup>(3)</sup>	
	2/7/17						7,576	\$ 684,492 <sup>(4)</sup>	
Michael W. Bayley	9/27/17						25,633	\$ 2,792,203 <sup>(4)</sup>	
	2017	\$ 1,000,000	\$ 1,000,000	\$ 2,666,667					
	2/7/17				18,940	37,880		\$ 1,693,425 <sup>(3)</sup>	
Adam M. Goldstein	2/7/17						12,627	\$ 1,140,849 <sup>(4)</sup>	
	2/7/17						25,633	\$ 2,792,203 <sup>(4)</sup>	
	9/27/17								
Lisa Lutoff-Perlo	2017	\$ 660,000	\$ 660,000	\$ 1,760,000					
	2/7/17				12,627	25,254		\$ 1,128,980 <sup>(3)</sup>	
	2/7/17						8,418	\$ 760,566 <sup>(4)</sup>	
Lisa Lutoff-Perlo	9/27/17						17,089	\$ 1,861,505 <sup>(4)</sup>	
	2017	\$ 660,000	\$ 660,000	\$ 1,760,000					
	2/7/17				10,417	20,834		\$ 931,384 <sup>(3)</sup>	
	2/7/17						6,945	\$ 627,481 <sup>(4)</sup>	
	9/27/17						17,089	\$ 1,861,505 <sup>(4)</sup>	

(1) These values represent the target and maximum payouts under the Executive Bonus Plan.

(2) These amounts represent the target and maximum number of shares underlying the performance shares authorized by the Talent and Compensation Committee on the service inception date of February 7, 2017. The actual payout levels for the grants authorized on February 7, 2017 will be set by the Talent and Compensation Committee in early 2020 following the end of the three-year performance period. The performance shares vest in one installment on the third anniversary of the service inception date.

(3) Under the applicable FASB ASC Topic 718 rules, the "grant date" for accounting purposes will not be determined until the performance period has been completed because of the discretion provided to the Talent and Compensation Committee to make adjustments to the payout levels. Therefore, the amount reported in the table represents the fair value of the award at the service inception date (i.e. the date the Talent and Compensation Committee authorized the award) based upon the then-probable outcome of the performance conditions (i.e. the target value of the awards). See Note 9 of the consolidated financial statements in the Company's Annual Report for the year ended December 31, 2017, regarding assumptions underlying the valuation of these awards.

(4) The grant date fair values of the equity awards are calculated in accordance with FASB ASC Topic 718. See Note 9 of the consolidated financial statements in the Company's Annual Report for the year ended December 31, 2017, regarding assumptions underlying the valuation of these awards.

**Employment Agreements**

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We have employment agreements with each of our NEOs. These agreements are intended to enhance the retention and motivation of these key employees and include provisions protecting the Company such as

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non-competition and non-solicitation clauses. The terms of the employment agreements are summarized below and apply uniformly to all of our NEOs, except that Ms. Lutoff-Perlo's agreement is with Celebrity Cruises Inc.

Pursuant to each employment agreement, each NEO is entitled to receive an annual base salary, which may be increased, but not decreased, at any time during the term at our sole discretion. Each NEO is also eligible to participate in and receive awards, in our discretion, pursuant to any cash incentive compensation programs and any equity or long-term incentive plans on terms available to similarly situated executives of the Company.

Each NEO's employment can be terminated by us or by them at any time. If we terminate a NEO's employment without "cause" or if the NEO resigns for "good reason" (as both terms are defined in the applicable employment agreement), he or she is entitled to (i) two times his or her then-current base salary payable over the two-year period following termination, (ii) two times his or her "target" bonus under the annual Executive Bonus Plan for the year in which the termination of employment occurs, generally payable in accordance with our normal bonus payment practices, (iii) continued payment of health and medical benefits for a period of two years commencing on the date of termination, or until such time that he or she commences employment with a new employer, whichever occurs first, and (iv) payment of reasonable professional search fees relating to outplacement. At our sole discretion, each NEO is also eligible to receive a one-time lump-sum termination bonus to be paid two years after the date of termination in an amount not to exceed 50% of his or her base salary as of the date of termination. All of these payments are conditioned on the NEO executing a general release of claims for the benefit of the Company.

If the NEO's employment is terminated as a result of the NEO's death or disability, the NEO, or his or her legal representative, is entitled to, within 60 days of the NEO's death or disability (i) payment in a lump sum of compensation equal to two times his or her base salary in effect at the time of termination of employment, (ii) payment of the "target" bonus he or she would have been entitled to receive in each year during the two year period commencing on the date of termination under the annual Executive Bonus Plan and (iii) any death or disability benefit, as applicable, provided in accordance with the terms of the Company's employee benefit plans then in effect. If the NEO's employment is terminated for cause, we have no obligation to provide severance payments, except for certain amounts that were earned and unpaid as of the date of termination or as required by law.

Any outstanding equity grants held by the NEO at the time of termination will be treated in the manner provided for in each equity grant. Please see further information regarding treatment of equity grants under the heading "Payment Upon Termination of Employment."

Each NEO has agreed not to compete with the Company or its affiliates during the term of employment and for two years following termination of employment and to refrain from (i) employing the Company's or its affiliates' employees during this period or (ii) soliciting employees, consultants, lenders, suppliers or customers from discontinuing, modifying or reducing the extent of their relationship with the Company during such period. During the term of the agreements and subsequent thereto, the NEOs have agreed not to disclose or use any confidential information.

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The following table provides information on the holdings of stock options, RSUs and performance shares by the NEOs at December 31, 2017.

**Outstanding Equity Awards at 2017 Fiscal Year-End**

Name	Option Awards			Stock Awards	
	Number of Securities Underlying Unexercised Options Exercisable	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock Held That Have Not Vested	Market Value of Shares or Units of Stock Held that Have Not Yet Vested <sup>(1)</sup>
Richard D. Fain	81,587	\$ 38.31	2/11/18		
	35,012	\$ 25.16	2/8/20		
	37,513	\$ 46.18	2/8/21		
				215,551 <sup>(2)</sup>	\$ 25,710,923
Jason T. Liberty				73,488 <sup>(3)</sup>	\$ 8,765,649
Michael W. Bayley				111,336 <sup>(4)</sup>	\$ 13,280,158
Adam M. Goldstein				90,328 <sup>(5)</sup>	\$ 10,774,324
Lisa Lutoff-Perlo				61,801 <sup>(6)</sup>	\$ 7,371,623

(1) The market value of unvested stock awards is calculated as of December 29, 2017, as the aggregate number of shares underlying outstanding unvested RSUs and performance shares multiplied by the year end closing stock price of \$119.28.

(2) Includes (i) 20,256 RSUs which vested on February 7, 2018, (ii) 76,258 performance shares which vested on February 6, 2018, (iii) 58,270 performance shares scheduled to vest on the date in 2019 when the Talent and Compensation Committee sets the actual payout level for purposes of such grant, and (iv) 60,767 performance shares scheduled to vest on the date in 2020 when the Talent and Compensation Committee sets the actual payout level for purposes of such grant. The performance shares scheduled to vest in 2019 and 2020 included in the table represent the target number of performance shares authorized by the Talent and Compensation Committee in February 2016 and February 2017, respectively.

(3) Includes (i) 1,415 RSUs which vested on February 5, 2018, (ii) 2,624 RSUs, one-half of which vested on February 6, 2018 and the remainder of which is scheduled to vest on February 6, 2019, (iii) 6,723 RSUs, one-third of which vested on February 9, 2018 and the remainder of which is scheduled to vest in equal installments on February 9, 2019 and February 9, 2020, (iv) 7,576 RSUs, one-fourth of which vested on February 7, 2018 and the remainder of which is scheduled to vest in equal installments on February 7, 2019, February 7, 2020 and February 7, 2021, (v) 25,633 RSUs, 10% of which is scheduled to vest on September 27, 2019, 25% of which are scheduled to vest on each of September 27, 2020 and September 27, 2021, and 40% of which are scheduled to vest on September 27, 2022, (vi) 9,188 performance shares which vested on February 6, 2018, (vii) 8,965 performance shares scheduled to vest on the date in 2019 when the Talent and Compensation Committee sets the actual payout level for purposes of such grant, and (viii) 11,364 performance shares scheduled to vest on the date in 2020 when the Talent and Compensation Committee sets the actual payout level for purposes of such grant. The performance shares scheduled to vest in 2019 and 2020 included in the table represent the target number of performance shares authorized by the Talent and Compensation Committee in February 2016 and February 2017, respectively.

(4) Includes (i) 2,572 RSUs which vested on February 5, 2018, (ii) 4,922 RSUs, one-half of which vested on February 6, 2018 and the remainder of which is scheduled to vest on February 6, 2019, (iii) 12,606 RSUs, one-third of which vested on February 9, 2018 and the remainder of which is scheduled to vest in equal installments on February 9, 2019 and February 9, 2020, (iv) 12,627 RSUs, one-fourth of which vested on



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February 7, 2018 and the remainder of which is scheduled to vest in equal installments on February 7, 2019, February 7, 2020 and February 7, 2021, (v) 25,633 RSUs, 10% of which is scheduled to vest on September 27, 2019, 25% of which are scheduled to vest on each of September 27, 2020 and September 27, 2021, and 40% of which are scheduled to vest on September 27, 2022, (vi) 17,227 performance shares which vested on February 6, 2018, (vii) 16,809 performance shares scheduled to vest on the date in 2019 when the Talent and Compensation Committee sets the actual payout level for purposes of such grant, and (viii) 18,940 performance shares scheduled to vest on the date in 2020 when the Talent and Compensation Committee sets the actual payout level for purposes of such grant. The performance shares scheduled to vest in 2019 and 2020 included in the table represent the target number of performance shares authorized by the Talent and Compensation Committee in February 2016 and February 2017, respectively.

(5)

Includes (i) 3,730 RSUs which vested on February 5, 2018, (ii) 5,250 RSUs, one-half of which vested on February 6, 2018 and the remainder of which is scheduled to vest on February 6, 2019, (iii) 10,645 RSUs, one-third of which vested on February 9, 2018 and the remainder of which is scheduled to vest in equal installments on February 9, 2019 and February 9, 2020, (iv) 8,418 RSUs, one-fourth of which vested on February 7, 2018 and the remainder of which is scheduled to vest in equal installments on February 7, 2019, February 7, 2020 and February 7, 2021, (v) 17,089 RSUs, 10% of which is scheduled to vest on September 27, 2019, 25% of which are scheduled to vest on each of September 27, 2020 and September 27, 2021, and 40% of which are scheduled to vest on September 27, 2022, (vi) 18,375 performance shares which vested on February 6, 2018, (vii) 14,194 performance shares scheduled to vest on the date in 2019 when the Talent and Compensation Committee sets the actual payout level for purposes of such grant, and (viii) 12,627 performance shares scheduled to vest on the date in 2020 when the Talent and Compensation Committee sets the actual payout level for purposes of such grant. The performance shares scheduled to vest in 2019 and 2020 included in the table represent the target number of performance shares authorized by the Talent and Compensation Committee in February 2016 and February 2017, respectively.

(6)

Includes (i) 1,157 RSUs which vested on February 5, 2018, (ii) 2,624 RSUs, one-half of which vested on February 6, 2018 and the remainder of which is scheduled to vest on February 6, 2019, (iii) 6,163 RSUs, one-third of which vested on February 9, 2018 and the remainder of which is scheduled to vest in equal installments on February 9, 2019 and February 9, 2020, (iv) 6,945 RSUs, one-fourth of which vested on February 7, 2018 and the remainder of which is scheduled to vest in equal installments on February 7, 2019, February 7, 2020 and February 7, 2021, (v) 17,089 RSUs, 10% of which is scheduled to vest on September 27, 2019, 25% of which are scheduled to vest on each of September 27, 2020 and September 27, 2021, and 40% of which are scheduled to vest on September 27, 2022, (vi) 9,188 performance shares which vested on February 6, 2018, and (vii) 8,218 performance shares scheduled to vest on the date in 2019 when the Talent and Compensation Committee sets the actual payout level for purposes of such grant, (viii) 10,417 performance shares scheduled to vest on the date in 2020 when the Talent and Compensation Committee sets the actual payout level for purposes of such grant. The performance shares scheduled to vest in 2019 and 2020 included in the table represent the target number of performance shares authorized by the Talent and Compensation Committee in February 2016 and February 2017, respectively.

Table of Contents**Option Exercises and Stock Vested in 2017**

The following table provides information for the NEOs on stock option exercises and RSU and performance share vestings during 2017, including the number of shares acquired upon exercise or vesting and the value realized, before payment of any applicable withholding tax and broker commissions.

**Option Exercises and Stock Vested in 2017**

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise	Number of Shares Acquired on Vesting	Value Realized on Vesting
Richard D. Fain			51,006	\$ 4,849,951
Jason T. Liberty			22,894	\$ 2,460,321
Michael W. Bayley	13,463	\$ 868,726	49,771	\$ 5,475,117
Adam M. Goldstein			51,829	\$ 5,479,615
Lisa Lutoff-Perlo			24,179	\$ 2,670,670

**2017 Nonqualified Deferred Compensation and Nonqualified Defined Contribution Retirement Plans****2017 Nonqualified Deferred Compensation and Nonqualified Defined Contribution Retirement Plans**

Name <sup>(1)</sup>	Plan Name	Executive Registrant Contributions Aggregate			Aggregate Balance at Last FYE
		in Last Fiscal Year	in Last Fiscal Year	Earnings in Last Fiscal Year	
Richard D. Fain	Royal Caribbean Cruises Ltd. Supplemental Executive Retirement Plan ("SERP")			\$ 35,385	\$ 602,484
Jason T. Liberty	SERP			\$ 2,522	\$ 50,233
Lisa Lutoff-Perlo	SERP			\$ 556	\$ 35,330

(1) All other NEOs have previously received distributions of the full amounts accrued under any such plans prior to 2009.

*Royal Caribbean Cruises Ltd. Supplemental Executive Retirement Plan (the "SERP").* The SERP was originally established as a nonqualified (unfunded), non-contributory plan established for a select group of executives or highly compensated employees subject to Internal Revenue Code limitations on the benefits they are able to accrue under the Royal Caribbean Cruises Ltd. Retirement Savings Plan, our qualified non-contributory profit-sharing retirement plan (the "Retirement Plan"). This plan was designed to provide the participants with the benefits lost under the Retirement Plan because of the application of Section 401(a)(17) of the Internal Revenue Code, using the same contribution percentage and vesting service as under the Retirement Plan. For 2017, based upon his or her years of service to the Company and but for the Section 401(a)(17) limitations, each NEO would have been entitled to a Company contribution to the Retirement Plan in an amount equal to 10% of his or her base salary. Accordingly, as originally designed, the Company contribution to the SERP for each NEO during 2017 would have equaled the difference between the applicable percentage of his or her 2017 base salary and the IRS maximum compensation limit under the Retirement Plan for 2017. Following changes in U.S. tax laws affecting nonqualified deferred compensation plans for certain companies, including the Company, effective January 1, 2009, payment of amounts that would have been contributed to the SERP for each executive for services in a given year are made directly to the participant in the first quarter of the following year. These payments to the NEOs for 2017 are disclosed in the Summary Compensation Table - All Other Compensation column, as further detailed in the "2017 All Other Compensation Table." The amounts reflected in the "2017 Nonqualified Deferred Compensation and Nonqualified Defined Contribution Retirement Plans" table for the SERP reflect amounts



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accrued prior to January 1, 2009. These amounts have been distributed to participants, based upon their previously made election, on or before December 31, 2017.

**Payments Upon Termination of Employment**

The following table represents payments and benefits to which the NEOs would be entitled upon termination of their employment in accordance with their employment agreements and our equity plans and agreements. Termination of employment is assumed to occur, for purposes of this table, on December 31, 2017. The table does not include amounts a NEO would be entitled to receive without regard to the circumstances of termination, such as vested equity awards or accrued retirement benefits (if retirement eligible) and deferred compensation. Please see the "Outstanding Equity Awards at 2017 Fiscal Year End" and "2017 Nonqualified Deferred Compensation and Defined Contribution Retirement Plans" tables for more information. In most cases, the NEOs' entitlements upon termination of employment are governed by their employment agreement with the Company. These arrangements are described under the heading "Employment Agreements." In addition, the treatment of outstanding equity awards, which are unvested as of the time of termination, are treated in accordance with the agreement and plan applicable to the particular award, as described below. We do not provide any cash payments in the event of a change of control absent an employment termination nor do we increase the amount of cash severance that would be due to a NEO in the event of his termination of employment in connection with a change of control.

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**2017 Payments Upon Termination of Employment**

Name	Benefit	Voluntary Quit	Death or Disability	Termination Type		"Change of Control Termination"	Retirement	
				w/o Cause or Reason for Good	Involuntary Termination for Cause			
Richard D. Fain	Severance Payment		\$ 2,200,000	\$ 2,200,000		\$ 2,200,000		
	Settlement of Outstanding Annual Bonus Award		\$ 4,400,000	\$ 4,400,000		\$ 4,400,000		
	Settlement of Outstanding Equity Awards (Restricted Stock Units and Performance Shares)		\$ 21,812,614			\$ 21,812,614		
	Medical and Dental Benefits Continuation			\$ 15,596		\$ 15,596		
	Outplacement Services			\$ 25,000		\$ 25,000		
	<b>Total</b>		<b>\$ 0</b>	<b>\$ 28,412,614</b>	<b>\$ 6,640,596</b>	<b>\$ 0</b>	<b>\$ 28,453,210</b>	<b>\$ 0</b>
	Jason T. Liberty	Severance Payment		\$ 1,400,000	\$ 1,400,000		\$ 1,400,000	
Settlement of Outstanding Annual Bonus Award			\$ 1,680,000	\$ 1,680,000		\$ 1,680,000		
Settlement of Outstanding Equity Awards (Restricted Stock Units and Performance Shares)			\$ 8,295,924			\$ 8,295,924		
Medical and Dental Benefits Continuation				\$ 22,700		\$ 22,700		
Outplacement Services				\$ 25,000		\$ 25,000		
<b>Total</b>			<b>\$ 0</b>	<b>\$ 11,375,924</b>	<b>\$ 3,127,700</b>	<b>\$ 0</b>	<b>\$ 11,423,624</b>	<b>\$ 0</b>
Michael W. Bayley		Severance Payment		\$ 1,600,000	\$ 1,600,000		\$ 1,600,000	
	Settlement of Outstanding Annual Bonus Award		\$ 2,000,000	\$ 2,000,000		\$ 2,000,000		
	Settlement of Outstanding Equity Awards (Restricted Stock Units and Performance Shares)		\$ 12,399,514			\$ 12,399,514		
	Medical and Dental Benefits Continuation			\$ 22,700		\$ 22,700		
	Outplacement Services			\$ 25,000		\$ 25,000		
	<b>Total</b>		<b>\$ 0</b>	<b>\$ 15,999,514</b>	<b>\$ 3,647,700</b>	<b>\$ 0</b>	<b>\$ 16,047,214</b>	<b>\$ 0</b>
	Adam M. Goldstein	Severance Payment		\$ 1,700,000	\$ 1,700,000		\$ 1,700,000	
Settlement of Outstanding Annual Bonus Award			\$ 2,210,000	\$ 2,210,000		\$ 2,210,000		
Settlement of Outstanding Equity Awards (Restricted Stock Units and Performance Shares)			\$ 9,834,994			\$ 9,834,994		
Medical and Dental Benefits Continuation				\$ 22,700		\$ 22,700		

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	Outplacement Services		\$	25,000		\$	25,000		
	<b>Total</b>	<b>\$</b>	<b>0</b>	<b>\$</b>	<b>13,744,994</b>	<b>\$</b>	<b>3,957,700</b>	<b>\$</b>	<b>0</b>
		<b>\$</b>	<b>0</b>	<b>\$</b>	<b>13,744,994</b>	<b>\$</b>	<b>3,957,700</b>	<b>\$</b>	<b>0</b>
Lisa Lutoff-Perlo	Severance Payment	\$	1,200,000	\$	1,200,000	\$	1,200,000		
	Settlement of Outstanding Annual Bonus Award	\$	1,320,000	\$	1,320,000	\$	1,320,000		
	Settlement of Outstanding LTIP Equity Awards (Restricted Stock Units and Performance Shares)	\$	6,901,899			\$	6,901,899		
	Medical and Dental Benefits Continuation			\$	15,596	\$	15,596		
	Outplacement Services			\$	25,000	\$	25,000		
	<b>Total</b>	<b>\$</b>	<b>0</b>	<b>\$</b>	<b>9,421,899</b>	<b>\$</b>	<b>2,560,596</b>	<b>\$</b>	<b>0</b>

With respect to the treatment of outstanding equity awards, generally, for each NEO, unvested stock options, restricted stock units and performance shares will vest and be exercisable, or settled, as applicable, in the event of the executive's death or disability, as well as in the event of termination of the executive's employment by the Company without "cause" or by the executive for "good reason" within 18 months following a "change of control" (as such terms are defined in the applicable equity incentive plan). With respect to the performance shares,

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if death or disability occurs during the performance period, the performance shares will vest based on the target number of shares underlying the award. If the NEO's employment is terminated without "cause" or by the executive for "good reason" within 18 months following a "change of control," the performance shares will vest based upon the Talent and Compensation Committee's then best estimate of the shares that will be awardable at the end of the performance period.

**Compensation Risk**

In order to assess the risk inherent in the design of our compensation plans, policies and programs, management regularly undertakes a comprehensive inventory of all plans and programs. In accordance with screening methodology approved by the Talent and Compensation Committee, in early 2018, management reviewed each plan and program for risk features and presented its findings to the Talent and Compensation Committee. Based on this review, management and the Talent and Compensation Committee believe that the nature of our business, and the material risks we face, are such that the compensation plans, policies and programs we have put in place are not reasonably likely to give rise to risks that would have a material adverse effect on our business. We believe our compensation programs and decisions include qualitative factors which restrain the influence that an overly formulaic approach may have on excessive risk-taking by management.

**CEO Pay Ratio**

In August 2015 pursuant to a mandate of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the SEC adopted a rule requiring annual disclosure of the ratio of the median employee's annual total compensation to the total annual compensation of the principal executive officer ("PEO"). The Company's PEO is our CEO. The Company is presenting the required disclosure as follows:

We had approximately 64,000 employees as of December 31, 2017. We calculated median gross wages for this employee population and identified our median employee. We determined that this person was a crew member whose total compensation, calculated consistent with Item 402(c) of Regulation S-K, was \$18,320. This figure includes gratuities directly billed to our guests, but excludes any cash gratuities paid directly to the employee by guests. It also excludes room and board, which is provided to our crew members without charge. Based upon this methodology and the CEO's total compensation, as set forth in the Summary Compensation Table, we estimate the ratio of our CEO pay to the median worker's pay is 728:1.

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**PROPOSAL 2 ADVISORY VOTE TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS**

In accordance with the requirements of Section 14A of the Exchange Act and the related rules of the SEC, our shareholders have the opportunity to cast an annual advisory vote to approve the compensation of our named executive officers.

As described in detail under the heading "Compensation Discussion and Analysis," we adhere to a pay-for-performance philosophy and, to this end, our executive compensation programs are designed to align the interests of our executives with the interests of our shareholders, recruit, retain and motivate a talented and high-performing management team and reward our NEOs for their positive contributions to both short-term and long-term corporate performance. Shareholders are urged to read the Compensation Discussion and Analysis, which discusses in detail how our compensation policies and procedures implement our compensation philosophy.

The vote on this resolution is not intended to address any specific element of compensation; rather, the vote relates to the overall compensation of our NEOs. The vote is advisory, which means that the vote is not binding on the Company, our Board or the Talent and Compensation Committee. To the extent there is any significant vote against our NEO compensation as disclosed in this proxy statement, the Talent and Compensation Committee will evaluate whether any actions are necessary to address the concerns of shareholders.

Accordingly, we ask our shareholders to vote on the following resolution:

*RESOLVED*, that the shareholders of the Company approve, on an advisory basis, the overall compensation of the Company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, the compensation tables and the accompanying narrative disclosures set forth in the proxy statement for this Annual Meeting.

**Board Recommendation**

**THE BOARD UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE "FOR" ADVISORY APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS AS DISCLOSED IN THIS PROXY STATEMENT.**

Table of Contents**PROPOSAL 3 RATIFICATION OF PRINCIPAL INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has appointed PricewaterhouseCoopers LLP as our principal independent auditor for the fiscal year ending December 31, 2018. PricewaterhouseCoopers LLP has served in this capacity since 1989. A representative of PricewaterhouseCoopers LLP is expected to be present at the Annual Meeting to respond to questions from the shareholders and to make a statement if the representative desires to do so.

Although ratification by the shareholders of the appointment of our principal independent auditor is not legally required, the Board believes that such action is desirable. If the shareholders do not approve this proposal, the Audit Committee will consider selecting another independent registered public accounting firm for fiscal year 2018 and future fiscal years.

Aggregate fees for professional services rendered by PricewaterhouseCoopers LLP for the fiscal years ended December 31, 2017 and 2016 were:

	<b>2017</b>	<b>2016</b>
Audit fees	\$ 2,866,658	\$ 2,840,614
Audit-related fees	160,192	183,281
Tax fees	388,318	65,777
All other fees	9,000	7,740
<b>Total</b>	<b>\$ 3,424,168</b>	<b>\$ 3,097,412</b>

Pursuant to the terms of its charter, the Audit Committee approves all audit and audit-related engagement fees and terms and all non-audit engagements with the principal independent auditor. The Chairman of the Audit Committee also has the authority to approve any non-audit engagements with the independent registered public accounting firm but must report any such approvals to the Audit Committee at its next meeting. Our Audit Committee was not called upon in the fiscal year ended December 31, 2016, to approve, after the fact, any non-audit, review or attest services pursuant to the pre-approval waiver provisions of the auditor independence rules of the SEC and the Audit Committee charter. As permitted under such SEC provisions, the Audit Committee approved, after the fact, certain services in the amount equivalent to less than 1% of the non-audit services during the fiscal year ended December 31, 2017.

The audit fees for the fiscal years ended December 31, 2017 and 2016 were for professional services rendered for the integrated audits of the Company's consolidated financial statements and system of internal control over financial reporting, quarterly reviews, statutory audits required by foreign jurisdictions, consents and review of documents filed with the SEC.

The audit-related fees for the fiscal years ended December 31, 2017 and 2016 were for the audits of the Company's retirement savings plan and other attest services.

Tax fees for the fiscal years ended December 31, 2017 and 2016 were for services performed in connection with international tax compliance, transfer pricing and organizational tax structure services.

All other fees for the fiscal years ended December 31, 2017 and 2016 were for subscription fees for accounting and auditing research software.

The Audit Committee has considered and determined that the services provided by PricewaterhouseCoopers LLP are compatible with maintaining PricewaterhouseCoopers LLP's independence.

**Board Recommendation**

**THE BOARD UNANIMOUSLY RECOMMENDS A VOTE "FOR" RATIFICATION OF THE SELECTION OF  
PRICEWATERHOUSECOOPERS LLP AS OUR PRINCIPAL INDEPENDENT AUDITOR FOR THE 2018 FISCAL YEAR.**

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**REPORT OF THE AUDIT COMMITTEE**

The Audit Committee is composed of four non-management directors, each of whom meets the independence and financial literacy requirements of the New York Stock Exchange. In addition, three of the four members qualify as "audit committee financial experts" as defined by the SEC.

The Audit Committee operates under a written charter adopted by the Board of Directors, which may be accessed on our website at [www.rclcorporate.com/investors](http://www.rclcorporate.com/investors). The Audit Committee reviews and assesses the adequacy of its charter on an annual basis. In accordance with the charter, the Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities with respect to the integrity of the Company's financial statements; the qualifications, independence and performance of the Company's principal independent auditor; the performance of the Company's internal audit function; and the Company's compliance with legal and regulatory requirements in connection with the foregoing.

It is the responsibility of the Company's management to prepare the Company's financial statements and to develop and maintain adequate systems of internal controls over financial reporting. The internal auditor's responsibility is to review and, when appropriate, audit the internal controls over financial reporting. The Company's principal independent auditor has the responsibility to express an opinion on the financial statements and internal controls over financial reporting based on an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board.

As part of its oversight of the Company's financial statements, the Audit Committee reviews and discusses with both management and the Company's principal independent auditor all annual and quarterly financial statements prior to their issuance. During 2017, management advised the Audit Committee that each set of financial statements reviewed had been prepared in accordance with generally accepted accounting principles, and management reviewed significant accounting and disclosure issues with the Audit Committee. These reviews included discussion with the principal independent auditor of matters required to be discussed pursuant to Public Company Accounting Oversight Board Auditing Standard No. 1301 (Communication with Audit Committees), including the quality of the Company's accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements. The Audit Committee also discussed with the principal independent auditor matters relating to its independence, including the written disclosures and letter from the principal independent auditor to the Audit Committee pursuant to applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountants' communications with the Audit Committee concerning independence. The Audit Committee has also considered whether the provision of non-audit services is compatible with maintaining the independence of the principal independent auditor.

The Audit Committee also has reviewed and discussed with management, the internal auditor and the principal independent auditor the Company's internal controls report and the auditor's attestation of the report.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2017, for filing with the Securities and Exchange Commission.

THE AUDIT COMMITTEE

William L. Kimsey, Chairman  
Maritza G. Montiel  
Bernt Reitan  
Vagn O. Sørensen



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**PROPOSALS OF SHAREHOLDERS FOR NEXT YEAR**

Proposals of shareholders intended to be considered for inclusion in our proxy statement for our 2019 Annual Meeting of Shareholders must be received by our Corporate Secretary no later than December 24, 2018 at our executive offices: 1050 Caribbean Way, Miami, Florida 33132. Such proposals will need to comply with SEC regulations regarding the inclusion of shareholder proposals in company sponsored proxy statements. Any proposals for consideration at our next annual meeting of shareholders, but not included in our proxy statement, must be received by the Corporate Secretary of the Company no later than January 21, 2019.

**SOLICITATION OF PROXIES**

This proxy statement is furnished in connection with the solicitation of proxies by the Company on behalf of the Board. We will pay the cost of this proxy solicitation. In addition to soliciting proxies by mail, we expect that a number of our employees will solicit shareholders for the same type of proxy, personally and by telephone or other electronic means. None of these employees will receive any additional or special compensation for assisting us in soliciting proxies. Okapi Partners has been retained to assist in soliciting proxies at a fee of approximately \$10,000, plus distribution costs and other expenses. We will, on request, reimburse banks, brokerage firms and other nominees for their expenses in sending proxy materials to their customers who are beneficial owners of our common stock and obtaining their voting instructions.

**IMPORTANT NOTICE REGARDING DELIVERY OF SECURITY HOLDER DOCUMENTS**

Under the SEC rules, delivery of one proxy statement and annual report to two or more investors sharing the same mailing address is permitted, under certain conditions. This procedure, called "householding," applies to you if all of the following criteria are met:

- (1) You have the same address as other security holders registered on our books;
- (2) You have the same last name as the other security holders; and
- (3) Your address is a residential address or post office box.

If you meet these criteria, you are eligible for householding and the following terms apply. If you are not eligible, please disregard this notice.

**For Registered Shareholders**

Only one proxy statement and annual report will be delivered to the shared mailing address. You will, however, still receive separate mailings of important and personal information, as well as a separate proxy card.

***What do I need to do to receive just one set of annual disclosure materials?***

You do not have to do anything. Unless Broadridge is notified otherwise within 60 days of the mailing of this notice, your consent is implied and only one set of materials will be sent to your household. This consent is considered perpetual, which means you will continue to receive a single proxy statement/annual report in the future unless you notify us otherwise.

***What if I want to receive multiple sets of materials?***

If you would like to receive multiple sets of materials, call or write Broadridge at 800-542-1061 or 51 Mercedes Way, Edgewood, NY 11717. A separate set of materials will be sent to you promptly.

***What if I consent to have one set of materials mailed now, but change my mind later?***

Call or write Broadridge to turn off the householding instructions for yourself. You will then be sent a separate proxy statement and annual report within 30 days of receipt of your instruction.



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*The reason I receive multiple sets of materials is that some of the stock belongs to my children. What happens when they move out and no longer live in my household?*

When there is an address change for one of the members of the household, materials will be sent directly to the shareholder at his or her new address.

**ANNUAL REPORT ON FORM 10-K**

WE WILL PROVIDE WITHOUT CHARGE TO EACH PERSON SOLICITED BY THIS PROXY STATEMENT, UPON THE WRITTEN REQUEST OF SUCH PERSON, A COPY OF OUR ANNUAL REPORT ON FORM 10-K, AS FILED WITH THE SEC FOR OUR MOST RECENT FISCAL YEAR. SUCH WRITTEN REQUESTS SHOULD BE DIRECTED TO INVESTOR RELATIONS, ROYAL CARIBBEAN CRUISES LTD., 1050 CARIBBEAN WAY, MIAMI, FLORIDA 33132.

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## ANNEX A TO PROXY STATEMENT

**Reconciliation of non-GAAP and GAAP financial measures**

In the proxy statement, Adjusted Net Income and Adjusted EPS for 2017 and 2016 were calculated as follows (in thousands, except per share data):

	<b>Year Ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>Net Income</b>	\$ 1,625,133	\$ 1,283,388
<b>Adjusted Net income</b>	1,625,133	1,314,689
<b>Net Adjustments to Net Income Increase</b>	\$	\$ 31,301
<b>Adjustments to Net Income:</b>		
Net loss related to the elimination of the Pullmantur reporting lag	\$	\$ 21,656
Net gain related to the sale of the Pullmantur and CDF Croisières de France brands		(3,834)
Restructuring charges		8,452
Other initiative costs		5,027
<b>Net Adjustments to Net Income Increase</b>	\$	\$ 31,301
<b>Earnings per Share Diluted</b>	\$ 7.53	\$ 5.93
<b>Adjusted Earnings per Share Diluted</b>	7.53	6.08
<b>Net Adjustments to Net Income Increase</b>	\$	\$ 0.15
<b>Adjustments to Earnings per Share:</b>		
Net loss related to the elimination of the Pullmantur reporting lag	\$	\$ 0.10
Net gain related to the sale of the Pullmantur and CDF Croisières de France brands		(0.01)
Restructuring charges		0.04
Other initiative costs		0.02
<b>Net Adjustments to Net Income Increase</b>	\$	\$ 0.15
<b>Weighted-Average Shares Outstanding Diluted</b>	215,694	216,316

**Defined Term**

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***Double-Double Program*** refers to the multi-year program we publicly announced in 2014 that was designed to help us better communicate and motivate our employees about our business goals by articulating longer-term financial objectives. Under the program, we targeted Adjusted EPS of \$6.78 by the end of 2017 (double our 2014 Adjusted EPS of \$3.39) and ROIC of 10% in 2017 (compared to ROIC of 5.9% in 2014).

A-1

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