

Walker & Dunlop, Inc.  
Form DEF 14A  
March 30, 2017

Use these links to rapidly review the document

[TABLE OF CONTENTS](#)

[Table of Contents](#)

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

**WALKER & DUNLOP, INC.**

---

(Name of Registrant as Specified In Its Charter)

---

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  - (2) Aggregate number of securities to which transaction applies:
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

Edgar Filing: Walker & Dunlop, Inc. - Form DEF 14A

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

---

Table of Contents

**WALKER & DUNLOP, INC.**

7501 Wisconsin Avenue, Suite 1200E  
Bethesda, Maryland 20814

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
To Be Held on May 18, 2017  
10:00 a.m. Eastern Daylight Time**

Dear Stockholder:

You are cordially invited to attend our 2017 annual meeting of stockholders to be held on Thursday, May 18, 2017, at 10:00 a.m., Eastern Daylight Time, at

Hilton Garden Inn  
7301 Waverly Street  
Bethesda, Maryland 20814

for the following purposes:

1. To elect eight directors from the nominees named in this proxy statement to serve one-year terms expiring at the 2018 annual meeting of stockholders;
2. To ratify the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017;
3. To hold an advisory vote on executive compensation; and
4. To transact such other business as may properly come before the annual meeting or any adjournment or postponement of the annual meeting.

Only stockholders of record at the close of business on March 20, 2017 will be entitled to notice of and to vote at the meeting.

**YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, YOU ARE URGED TO SUBMIT YOUR PROXY BY FOLLOWING THE INSTRUCTIONS FOR VOTING ACCOMPANYING THE NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS OR, IF YOU REQUESTED PRINTED COPIES OF THE PROXY MATERIALS, YOUR PROXY OR VOTING INSTRUCTION CARD. IF YOU ATTEND THE MEETING, YOU MAY WITHDRAW YOUR PROXY AND VOTE IN PERSON, IF YOU DESIRE, AS DISCUSSED IN THIS PROXY STATEMENT.**

By Order of the Board of Directors

Name: Richard M. Lucas  
Title: *Executive Vice President,  
General Counsel and Secretary*

Bethesda, Maryland  
March 30, 2017

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders To Be Held on May 18, 2017:**

The Proxy Statement and Annual Report to Stockholders are available free of charge at <http://www.edocumentview.com/WD>.

---

Table of Contents

**TABLE OF CONTENTS**

<u>QUESTIONS AND ANSWERS</u>	<u>1</u>
<u>Why is this proxy statement being made available?</u>	<u>1</u>
<u>Why did I receive a Notice of Internet Availability in the mail instead of a printed set of proxy materials?</u>	<u>1</u>
<u>What information is presented in this proxy statement?</u>	<u>1</u>
<u>Who is entitled to vote at the annual meeting?</u>	<u>1</u>
<u>Who can attend the annual meeting?</u>	<u>2</u>
<u>What are the voting rights of stockholders?</u>	<u>2</u>
<u>How do I vote?</u>	<u>2</u>
<u>How are votes counted?</u>	<u>2</u>
<u>Will my shares of common stock be voted if I do not provide my proxy and I do not attend the annual meeting?</u>	<u>3</u>
<u>May I change my vote?</u>	<u>3</u>
<u>What will constitute a quorum at the annual meeting?</u>	<u>3</u>
<u>How many votes are needed to approve each of the proposals?</u>	<u>3</u>
<u>Will any other matters be voted on?</u>	<u>4</u>
<u>Who is soliciting my proxy?</u>	<u>4</u>
<u>Is there a list of stockholders entitled to vote at the annual meeting?</u>	<u>4</u>
<u>How can I obtain a copy of the 2016 Annual Report and the Annual Report on Form 10-K for the year ended December 31, 2016?</u>	<u>4</u>
<u>BOARD OF DIRECTORS AND CORPORATE GOVERNANCE</u>	<u>5</u>
<u>Proposal 1: Election of Directors for a One-Year Term Expiring at the 2018 Annual Meeting of Stockholders</u>	<u>5</u>
<u>Nominees for Election for a One-Year Term Expiring at the 2018 Annual Meeting of Stockholders</u>	<u>5</u>
<u>Corporate Governance Information</u>	<u>9</u>
<u>Board Committees</u>	<u>17</u>
<u>AUDIT RELATED MATTERS</u>	<u>21</u>
<u>Proposal 2: Ratification of Appointment of Independent Registered Public Accounting Firm</u>	<u>21</u>
<u>Disclosure of KPMG LLP Fees for the Years Ended December 31, 2016 and December 31, 2015</u>	<u>21</u>
<u>Pre-Approval Policies and Procedures</u>	<u>22</u>
<u>Report of the Audit Committee</u>	<u>22</u>
<u>EXECUTIVE OFFICERS</u>	<u>24</u>
<u>Executive Officer Biographies</u>	<u>24</u>
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	<u>26</u>
<u>Executive Summary</u>	<u>26</u>
<u>Compensation Philosophy</u>	<u>29</u>
<u>Role of Board and Management in Compensation Decisions</u>	<u>29</u>
<u>Role of Compensation Consultant</u>	<u>30</u>
<u>Setting Executive Compensation</u>	<u>30</u>
<u>2016 Elements of Compensation</u>	<u>32</u>
<u>Mix of Total Direct Compensation</u>	<u>34</u>
<u>2016 Executive Officer Compensation</u>	<u>35</u>
<u>Compensation Policies</u>	<u>44</u>
<u>"Say on Pay" Results</u>	<u>45</u>
<u>Compensation Policies and Practices as they Relate to Risk Management</u>	<u>46</u>
<u>Compensation Committee Report</u>	<u>46</u>
<u>Reconciliation of Adjusted Income from Operations to GAAP Income from Operations</u>	<u>46</u>

Table of Contents

<u>COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS</u>	<u>48</u>
<u>Executive Compensation</u>	<u>48</u>
<u>Narrative Disclosures to Summary Compensation and Grants of Plan-Based Awards Tables</u>	<u>50</u>
<u>Employment and Separation Agreements</u>	<u>50</u>
<u>Management Deferred Stock Unit Purchase Plan (MSPP)</u>	<u>52</u>
<u>Potential Payments Upon Termination or a Change in Control</u>	<u>53</u>
<u>Director Compensation</u>	<u>56</u>
<u>Equity Compensation Plan Information</u>	<u>58</u>
<u>Compensation Committee Interlocks and Insider Participation</u>	<u>58</u>
<u>Proposal 3: Advisory Vote on Executive Compensation</u>	<u>58</u>
<u>VOTING SECURITIES OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	<u>60</u>
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	<u>62</u>
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	<u>63</u>
<u>Related Party Transaction Policies</u>	<u>63</u>
<u>2010 Registration Rights Agreement</u>	<u>63</u>
<u>Family Relationship</u>	<u>64</u>
<u>OTHER MATTERS</u>	<u>65</u>
<u>Other Matters to Come Before the 2017 Annual Meeting</u>	<u>65</u>
<u>Stockholder Proposals and Nominations for the 2018 Annual Meeting</u>	<u>65</u>

Table of Contents

**WALKER & DUNLOP, INC.**

7501 Wisconsin Avenue, Suite 1200E  
Bethesda, Maryland 20814

**PROXY STATEMENT**

**QUESTIONS AND ANSWERS**

**Why is this proxy statement being made available?**

We have made this proxy statement available to you because you own shares of common stock of Walker & Dunlop, Inc. This proxy statement contains information related to the solicitation of proxies for use at our 2017 annual meeting of stockholders, to be held at 10:00 a.m., Eastern Daylight Time, on Thursday, May 18, 2017 at Hilton Garden Inn, 7301 Waverly Street, Bethesda, Maryland for the purposes stated in the accompanying Notice of Annual Meeting of Stockholders. This solicitation is made by Walker & Dunlop, Inc. on behalf of our Board of Directors. Unless otherwise stated, as used in this proxy statement, the terms "we," "our," "us" and the "Company" refer to Walker & Dunlop, Inc. The Notice of Internet Availability of Proxy Materials (the "Notice of Internet Availability") is first being mailed to stockholders beginning on or about April 6, 2017.

**Why did I receive a Notice of Internet Availability in the mail instead of a printed set of proxy materials?**

Pursuant to rules adopted by the Securities and Exchange Commission, or the SEC, we are permitted to furnish our proxy materials over the internet to our stockholders by delivering a Notice of Internet Availability in the mail. The Notice of Internet Availability instructs you on how to access and review the proxy statement and 2016 Annual Report to Stockholders over the internet. The Notice of Internet Availability also instructs you on how you may submit your proxy over the internet. We believe that this e-proxy process expedites stockholders' receipt of proxy materials, while also lowering our costs and reducing the environmental impact of our annual meeting.

If you received a Notice of Internet Availability in the mail and would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting these materials provided in the Notice of Internet Availability.

**What information is presented in this proxy statement?**

The information contained in this proxy statement relates to the proposals to be voted on at the annual meeting of stockholders, the voting process, information about our Board of Directors and Board committees, the compensation of our directors and our executive officers for the fiscal year ended December 31, 2016, and other required information.

**Who is entitled to vote at the annual meeting?**

Only holders of record of our common stock at the close of business on March 20, 2017, the record date for the annual meeting of stockholders, are entitled to receive notice of the annual meeting and to vote at the annual meeting. Our common stock constitutes the only class of securities entitled to vote at the meeting.

When you vote by following the instructions in the Notice of Internet Availability or, if you requested printed copies of the proxy materials, your proxy or voting instruction card, you appoint Richard M. Lucas and William M. Walker as your representatives to vote your common stock at the annual meeting. Messrs. Lucas and Walker, or either of them, will vote your common stock as you instruct. Accordingly, your common stock will be voted whether or not you attend the annual meeting. Even if you plan to attend the annual meeting, we encourage you to vote by following the instructions

Table of Contents

in the Notice of Internet Availability or, if you requested printed copies of the proxy materials, your proxy or voting instruction card, in advance.

**Who can attend the annual meeting?**

If you are a holder of our common stock at the close of business on March 20, 2017, the record date for the annual meeting, or a duly appointed proxy, you are authorized to attend the annual meeting. You will need to present proof of stock ownership and valid picture identification, such as a driver's license or passport, before being admitted. If your common stock is held beneficially in the name of a bank, broker or other holder of record (i.e., street name), you must present proof of your ownership by presenting a bank or brokerage account statement reflecting your ownership as of the record date.

Cameras, recording equipment and other electronic devices will not be permitted at the annual meeting. For directions to the annual meeting of stockholders, contact Investor Relations at (301) 634-2143.

**What are the voting rights of stockholders?**

Each share of common stock outstanding on the record date entitles its holder to cast one vote on each matter to be voted on.

**How do I vote?**

If you hold your shares of common stock directly (i.e., not in a bank or brokerage account), you may vote by attending the meeting and voting in person or you may provide your proxy via the internet, telephone or mail in accordance with the instructions provided on the Notice of Internet Availability or, if you requested printed copies of the proxy materials, your proxy or voting instruction card.

If your shares of common stock are held in street name, you should follow the voting instructions provided to you by your broker or nominee. You may complete and mail a voting instruction card to your broker or nominee or, in most cases, submit voting instructions by the internet or by telephone to your broker or nominee. If you provide specific instructions, your broker or nominee should vote your shares of common stock as directed. Additionally, if you want to vote in person and hold your shares in street name, you will need a "legal proxy" from your broker to vote at the annual meeting. Contact your broker or nominee for specific information on how to obtain a legal proxy in order to attend and vote your shares at the meeting.

**How are votes counted?**

If your vote is made in accordance with the instructions in the Notice of Availability or, if you requested printed copies of the proxy materials, your proxy or voting instruction card, and your vote is not revoked, the persons designated as proxy holders will vote the shares of common stock represented by that proxy as directed by you. If you return a signed proxy card but fail to indicate your voting preferences, the persons designated as proxy holders will vote the shares of common stock represented by that proxy as recommended by the Board. The Board recommends a vote **"FOR"** the election of all nominees for our Board of Directors named in this proxy statement (Proposal 1); **"FOR"** the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the 2017 fiscal year (Proposal 2); and **"FOR"** the advisory vote on executive compensation (Proposal 3).

In the election of directors (Proposal 1), you may either vote **"FOR ALL"** the nominees or to **"WITHHOLD"** your vote with respect to all, one or more of the nominees. Regarding the ratification of our independent registered public accounting firm (Proposal 2), you may vote **"FOR," "AGAINST"**



Table of Contents

or **"ABSTAIN."** Regarding the advisory vote on executive compensation (Proposal 3), you may vote **"FOR," "AGAINST"** or **"ABSTAIN."** If you withhold your vote with respect to any director nominee or abstain from voting on the ratification of our independent registered public accounting firm, or advisory vote on executive compensation, your shares of common stock will be counted as present, including for purposes of establishing a quorum. Abstentions and broker non-votes will not count as votes cast for a proposal.

**Will my shares of common stock be voted if I do not provide my proxy and I do not attend the annual meeting?**

If you are a stockholder of record and you do not cast your vote, votes will not be cast on your behalf on any of the items of business at the annual meeting. If you hold your shares in street name it is critical that you cast your vote if you want it to count in the election of directors (Proposal 1). Under applicable rules, the bank or broker that holds your shares does not have the ability to vote your uninstructed shares in the election of directors on a discretionary basis. Thus, if you hold your shares in street name and you do not instruct your bank or broker how to vote in the election of directors, votes will not be cast on your behalf. Your bank or broker will, however, have discretion to vote any uninstructed shares on the ratification of the appointment of our independent registered public accounting firm (Proposal 2). They will not have discretion to vote uninstructed shares on the advisory vote on executive compensation (Proposal 3).

**May I change my vote?**

Yes. You may change or revoke a previously granted proxy at any time before it is exercised by either (i) submitting a later-dated proxy, in person at the annual meeting or by mail, or (ii) delivering instructions to our Secretary at our principal executive offices located at 7501 Wisconsin Avenue, Suite 1200E, Bethesda, Maryland 20814. Please note that attendance at the meeting will not, in itself, constitute revocation of a previously granted proxy.

If your shares of common stock are held in street name, then you may submit new voting instructions by contacting your broker or nominee. You may also vote in person at the annual meeting if you obtain a legal proxy from your broker as described above.

**What will constitute a quorum at the annual meeting?**

The presence at the annual meeting, in person or by proxy, of the holders of a majority of the common stock outstanding on March 20, 2017 will constitute a quorum, permitting the stockholders to conduct business at the annual meeting. We will include abstentions and broker non-votes in the calculation of the number of shares considered to be present at the annual meeting, including for purposes of determining the presence of a quorum at the meeting. A broker non-vote occurs when a nominee holding shares for a beneficial owner has not received instructions from the beneficial owner and does not have discretionary authority to vote the shares.

As of March 20, 2017, there were 31,248,464 shares of common stock outstanding and entitled to vote at the annual meeting.

**How many votes are needed to approve each of the proposals?**

Directors are elected by a plurality of the votes cast. Therefore, the eight nominees for election to the Board who receive the most votes will be elected (Proposal 1). Ratification of our independent registered public accounting firm (Proposal 2) and the advisory vote on executive compensation (Proposal 3) will require the affirmative vote of the holders of a majority of the votes cast.

Table of Contents

**Will any other matters be voted on?**

As of the date of this proxy statement, we do not know of any matters that will be presented for consideration at the annual meeting other than those matters discussed in this proxy statement. If any other matters properly come before the annual meeting and call for a stockholder vote, valid proxies will be voted by the holders of the proxies in accordance with the recommendation of the Board or, if no recommendation is given, in their own discretion.

**Who is soliciting my proxy?**

This solicitation of proxies is made by and on behalf of our Board of Directors. We will pay the costs of soliciting proxies, which will consist primarily of the cost of printing, postage and handling. In addition to soliciting proxies by mail, our officers, directors and other employees, without additional compensation, may solicit proxies personally or by other appropriate means. It is anticipated that banks, brokers, fiduciaries, custodians and nominees will forward proxy soliciting materials to their principals, and that we will reimburse these persons' out-of-pocket expenses.

**Is there a list of stockholders entitled to vote at the annual meeting?**

The names of stockholders of record entitled to vote at the annual meeting will be available at the annual meeting and for ten days prior to the annual meeting, between the hours of 9:00 a.m. and 4:30 p.m., at our principal executive offices at 7501 Wisconsin Avenue, Suite 1200E, Bethesda, Maryland 20814, by contacting the Secretary.

**How can I obtain a copy of the 2016 Annual Report and the Annual Report on Form 10-K for the year ended December 31, 2016?**

You may access, read and print copies of the proxy materials for this year's annual meeting, including our proxy statement, form of proxy card, and annual report to stockholders, at the following Web address: <http://www.edocumentview.com/WD>.

We file annual, quarterly, and current reports; proxy statements; and other information with the SEC. You may read and copy any reports, statements, or other information we file with the Securities & Exchange Commission ("SEC") on the website maintained by the SEC at [www.sec.gov](http://www.sec.gov). At the written request of any stockholder who owns common stock as of the close of business on the record date, we will provide, without charge, paper copies of our Annual Report on Form 10-K, including the financial statements and financial statement schedule, as filed with the SEC, except exhibits thereto. If requested by eligible stockholders, we will provide copies of the exhibits for a reasonable fee. You can request copies of our Annual Report on Form 10-K by following the instructions on the Notice of Internet Availability or by mailing a written request to: Walker & Dunlop, Inc., Attention: Investor Relations, 7501 Wisconsin Avenue, Suite 1200E, Bethesda, Maryland 20814.

**You should rely only on the information provided in this proxy statement. We have not authorized anyone to provide you with different information. You should assume that the information in this proxy statement is accurate only as of the date of this proxy statement or, where information relates to another date set forth in this proxy statement, then as of that date.**

Table of Contents**BOARD OF DIRECTORS AND CORPORATE GOVERNANCE****Proposal 1: Election of Directors for a One-Year Term Expiring at the 2018 Annual Meeting of Stockholders**

Our Board of Directors, or the Board, is currently comprised of eight directors, each with terms expiring at the 2017 annual meeting. Our Nominating and Corporate Governance Committee has recommended to our Board the eight nominees set forth below, all of whom are currently serving as directors of the Company, for re-election to serve as directors for one-year terms until the 2018 annual meeting and until their successors are duly elected and qualified. Following the Nominating and Corporate Governance Committee's recommendation, our Board has nominated those persons set forth below.

Based on its review of the relationships between the director nominees and the Company, and as discussed in greater detail below, the Board has affirmatively determined that if these nominees are elected, the following six directors are "independent" directors under the rules of the New York Stock Exchange, or NYSE: Alan J. Bowers, Cynthia A. Hallenbeck, Michael D. Malone, John Rice, Dana L. Schmaltz and Michael J. Warren.

The Board knows of no reason why any nominee would be unable to serve as a director. If any nominee is unavailable for election or service, the Board may designate a substitute nominee and the persons designated as proxy holders on the proxy card will vote for the substitute nominee recommended by the Board, or the Board may, as permitted by our bylaws, decrease the size of our Board.

*Vote Required*

The affirmative vote of a plurality of all the votes at the annual meeting is necessary for the election of a director. Accordingly, the eight individuals with the highest number of affirmative votes will be elected as directors. Cumulative voting in the election of directors is not permitted. For purposes of the election of directors, shares that are withheld and other shares not voted (whether by broker non-vote or otherwise) will not be counted as votes cast, and will have no effect on the result of the vote.

*Our Recommendation*

**THE BOARD UNANIMOUSLY RECOMMENDS A VOTE "FOR" EACH OF THE NOMINEES SET FORTH BELOW.**

**Nominees for Election for a One-Year Term Expiring at the 2018 Annual Meeting of Stockholders**

The following table sets forth the name and age of each nominee for director, indicating all positions and offices with us currently held by the director.

<b>Name</b>	<b>Age</b>	<b>Title</b>
William M. Walker	49	Chairman of the Board of Directors and Chief Executive Officer
Howard W. Smith, III	58	President and Director
Alan J. Bowers	62	Lead Director
Cynthia A. Hallenbeck	60	Director
Michael D. Malone	63	Director
John Rice	50	Director
Dana L. Schmaltz	50	Director
Michael J. Warren	49	Director

Table of Contents

Set forth below are descriptions of the backgrounds and principal occupations of each of our nominees for director, and the period during which he or she has served as a director.

**William M. Walker** is our chairman and chief executive officer. Mr. Walker has been a member of our Board since July 2010 and a board member of Walker & Dunlop, LLC, our operating company, or its predecessors since February 2000. In September 2003, Mr. Walker became the executive vice president and chief operating officer of Walker & Dunlop and served as the president of Walker & Dunlop from January 2005 to April 2015 and has served as the chief executive officer since January 2007. Mr. Walker currently serves on the boards of the Children's National Medical Center, the Federal City Council and the Sustainable Technologies Fund, a Swedish clean-tech venture capital firm and on the board of trustees of the St. Albans School at the National Cathedral. Mr. Walker served as chairman of the board of directors of the District of Columbia Water and Sewer Authority from 2008 until 2012. He also served on the board of directors of Transcom Worldwide S.A., a publicly traded European outsourcing company, from 2004 to 2006 and served as its chairman of the board from 2006 to January 2012. Mr. Walker received his Bachelor of Arts in Government from St. Lawrence University and his Master's in Business Administration from Harvard University.

Mr. Walker brings to our Board more than 20 years of leadership experience. Mr. Walker possesses in-depth knowledge of our industry, offers valuable insight into our business and provides the leadership, general management and vision that help us compete successfully.

**Howard W. Smith, III** is our president and one of our directors. Mr. Smith has been a member of our Board since July 2010, and previously served as our executive vice president & chief operating officer from July 2010 to April 2015, when he was promoted to president. Mr. Smith joined Walker & Dunlop in November 1980 and has been a member of the management team since 1988. Mr. Smith served as Walker & Dunlop, LLC's executive vice president & chief operating officer from 2004 to April 2015, when he was promoted to president. He also has served as a board member of Walker & Dunlop, LLC or its predecessors since 2004. As president, Mr. Smith is responsible for our Multifamily, FHA Finance, Capital Markets and Investment Sales groups. Mr. Smith is a member of the board of directors of the National Multi Housing Council and Episcopal High School in Alexandria, Virginia and a member of the board of advisors to the Williams School of Commerce, Economics and Politics at Washington and Lee University. He also served as the chairman of the Fannie Mae DUS Peer Group advisory council from 2007 to 2008 and again from 2009 to 2010. Mr. Smith received his Bachelor of Arts in Economics from Washington & Lee University.

Mr. Smith brings to our Board more than 30 years of experience in the commercial real estate finance industry. He has extensive knowledge of our operations, having spent his entire career at Walker & Dunlop. In his capacity as president, Mr. Smith also provides our Board with management's perspective on our business operations and conditions, which is crucial to our Board's performance of its oversight function.

**Alan J. Bowers** is one of our directors and serves on the Audit Committee (Chairman) and the Nominating and Corporate Governance Committee, and is our Lead Director. Mr. Bowers has been a member of our Board since December 2010.

Mr. Bowers currently serves on the board and as audit committee chairman of La Quinta Inns & Suites, a publicly traded hotel chain. Mr. Bowers also serves on the board of Ocwen Financial Corporation, a publicly traded residential mortgage lending and servicing company, where he is chairman of the audit committee and member of the independent review committee. Prior to Mr. Bowers' retirement in 2005, Mr. Bowers was the president and chief executive officer and a board member of Cape Success, LLC, a private equity-backed staffing service and information technology solutions business, from 2001 to 2004. Mr. Bowers was also the president and chief executive officer and a board member of MarketSource Corporation, a marketing and sales support service firm, from 2000 to 2001, and of MBL Life Assurance Corporation, a life insurance firm, from 1995 to 1999.

Table of Contents

Mr. Bowers previously served on the board of Quadel Consulting Corp., a privately held government contract manager and consulting firm (from July 2005 to June 2015) and on the boards and as audit committee chairman of American Achievement Corp., a privately held manufacturer and distributor of graduation products (from August 2006 to March 2016); Refrigerated Holdings, Inc., a temperature controlled logistics firm (from January 2009 to April 2013); Roadlink Inc., a trucking and logistics firm (from February 2010 to April 2013); and Fastfrate Holdings, Inc., a Canadian trucking and logistics firm (from July 2008 to June 2011), each a privately held company. Mr. Bowers has been a certified public accountant since 1978 and served as staff auditor, audit partner and managing partner, serving a diverse client base during his tenure at Coopers & Lybrand, L.L.P. from 1978 to 1995 and a staff accountant with Laventhol & Horwath, CPAs from 1976 to 1978. Mr. Bowers earned his Master's in business administration from St. John's University and his Bachelor of Science in accounting from Montclair State University.

Mr. Bowers brings to our Board over 30 years of experience in accounting and executive management, including experience on the audit committees of private companies and SEC registrants. Mr. Bowers' accounting expertise and diverse corporate management experience are assets to our Board.

**Cynthia A. Hallenbeck** is one of our directors and serves on the Audit Committee and Compensation Committee. Ms. Hallenbeck has been a member of our Board since December 2010. Ms. Hallenbeck joined the Isabella Stewart Gardner Museum in October 2016 as its chief operating officer and chief financial officer. She previously served as Environmental Defense Fund's ("EDF") chief financial officer and treasurer from January 2014 to June 2016. Prior to joining EDF, Ms. Hallenbeck served as the chief executive officer of Alercyn, Inc., a private consulting firm that she founded in 2010, where her most significant engagement was as the acting chief financial and administrative officer of the Council for Economic Education. Ms. Hallenbeck served as the vice president of finance and operations of the Arcus Foundation from January 2012 to October 2012. Prior to founding Alercyn, Inc., Ms. Hallenbeck worked at Citigroup, Inc. from 2002 to 2008, where she served in a number of divisions in various capacities, including as chief financial officer of Citigroup's corporate treasury department from 2002 to 2005, an internal consultant for Citigroup's office of the chief administrative officer from 2006 to 2007 and chief operating officer of global legal support from 2007 to 2008. Prior to her service with Citigroup, Ms. Hallenbeck spent over 14 years at Merrill Lynch & Co., Inc. in a variety of finance, treasury and accounting roles including treasurer of its global futures business and chief financial officer of its securities financing group. Ms. Hallenbeck also worked with GTE Corporation (currently Verizon Communications, Inc.), a telecommunications company, from 1985 to 1987, where she served as a manager in its financial strategies division, and also with Manufacturers Hanover Trust, a banking institution, from 1979 to 1983, where she served as assistant vice president and a thrift industry specialist. Ms. Hallenbeck has served on the audit committee of the Clinton Health Access Initiative since September 2013. Ms. Hallenbeck is also a member of the non-profit Junior League of the City of New York, where she most recently served as chairperson of its audit committee from 2004 to 2008. Ms. Hallenbeck was a member of the board of the non-profit Global HIV Vaccine Enterprise and served as its treasurer, from January 2009 to September 2012. Ms. Hallenbeck received her Bachelor of Arts in economics from Smith College and her Master's in business administration from Harvard University.

Ms. Hallenbeck brings to our Board over 30 years of experience in financial management and accounting, including extensive management experience on the executive management teams of several private and public companies and service on the audit committees of several organizations. Ms. Hallenbeck's accounting expertise and management experience are assets to our Board.

**Michael D. Malone** is one of our directors and serves on our Audit Committee and Compensation Committee (Chairman). Mr. Malone has been a member of our Board since November 2012. Since February 2012, Mr. Malone has been a member of the board of directors of Nationstar Mortgage

Table of Contents

Holdings Inc., a publicly traded non-bank residential mortgage servicer, a global alternative investment and asset management firm, where he is the chairman of the nominating and corporate governance committee and is a member of its audit and compensation committees. Since October 2014, Mr. Malone has been a member of the board of directors of New Senior Investment Group Inc. ("New Senior"), a publicly traded externally managed real estate investment trust that is primarily focused on investing in senior housing properties, where he is the chairman of the nominating and corporate governance committee and is a member of its audit committee. From February 2008 to February 2012, Mr. Malone served as managing director of Fortress Investment Group LLC, where he was in charge of the Charlotte, North Carolina office and responsible for the business of the capital formation group in the southeast and southwest regions of the United States. From 2008 to 2013, Mr. Malone served as a member of the board of directors and audit committee, and was co-chairman of the compensation committee of Morgans Hotel Group Co., a publicly traded company that operated, owned, acquired, developed and redeveloped boutique hotels. Mr. Malone retired from Bank of America in November 2007, after nearly 24 years of service as a senior executive banker and managing director. Over those years, Mr. Malone worked in and ran a number of investment banking businesses for the bank and its subsidiary, Banc of America Securities, including real estate, gaming, lodging, leisure, and the financial sponsors businesses. Mr. Malone received his Bachelor of Science in General Studies from the University of Kentucky.

Mr. Malone's extensive experience and expertise in the financial and real estate industries enable him to provide valuable insight into our commercial real estate lending business operations and our strategic direction.

**John Rice** is one of our directors and serves on the Compensation Committee and the Nominating and Corporate Governance Committee (Chairman), and served as our Lead Director from September 2010 to June 2012. Mr. Rice has been a member of our Board since July 2010 and served as a board member of Walker & Dunlop, LLC from January 2010 to December 2010. Mr. Rice serves as chief executive officer of Management Leadership for Tomorrow, a national non-profit organization that he founded in 2001. Management Leadership for Tomorrow equips under-represented minorities with the skills, coaching and relationships that unlock their potential as senior business and community leaders. Prior to Management Leadership for Tomorrow, Mr. Rice was an executive with the National Basketball Association from 1996 to 2000, where he served as managing director of NBA Japan and as director of marketing for Latin America. Before joining the National Basketball Association, Mr. Rice spent four years with the Walt Disney Company in new business development and marketing, and two years with AT&T. Mr. Rice is also a trustee of Yale University and serves on the boards of several non-profits including the Woodrow Wilson Fellowship Foundation and New Profit. Mr. Rice received his Bachelor of Arts from Yale University and his Masters in Business Administration from Harvard University.

Mr. Rice's success with his various entrepreneurial ventures, as well as his many years of marketing and talent development experience, provide our Board with valuable business and marketing insights. Additionally, Mr. Rice's leadership in the non-profit sector is consistent with our commitment to community service.

**Dana L. Schmaltz** is one of our directors and serves on the Compensation Committee and the Nominating and Corporate Governance Committee. Mr. Schmaltz has been a member of our Board since December 2010. Mr. Schmaltz is currently a partner at Yellow Wood Partners, LLC, a private equity firm he founded, which is focused on the consumer products industry. Mr. Schmaltz was the co-founder, director and chief financial officer of Blacksmith Brands, Inc., a privately owned consumer products company that was created in September 2009. As the co-founder and a senior manager of Blacksmith Brands, Mr. Schmaltz was responsible for overseeing the operations of the business with the senior management team, as well as for developing future acquisition opportunities for the company. Prior to founding Blacksmith Brands, Mr. Schmaltz was a managing partner of West Hill

Table of Contents

Partners, LLC, a Boston-based private equity firm from 2007 to 2009. Prior to that, Mr. Schmaltz was the president of J.W. Childs Associates, LP, a private equity fund, where he focused on investments in the consumer/specialty retail sector. Mr. Schmaltz was a general partner at J.W. Childs from 1997 to 2007. He has also been a director of numerous corporations including Mattress Firm, Inc. from January to June 2007, Fitness Quest, Inc. from 2004 to 2007, Esselte, AB from 2002 to 2007 and NutraSweet from 2000 to 2007. Mr. Schmaltz began his career in the private equity industry at the NTC Group in 1991 and has held various positions at Kidder, Peabody, Inc. and Drexel Burnham Lambert. Mr. Schmaltz received his Bachelor of Arts in History from Dartmouth College and his Masters in Business Administration from Harvard University.

Mr. Schmaltz brings to our Board over 20 years of experience in private equity investments, executive management and financial advisory services. Mr. Schmaltz contributes his investment and management experience to our Board's oversight of business development opportunities and integration of acquired businesses into the Company.

**Michael J. Warren** is one of our directors and serves on the Nominating and Corporate Governance Committee. Mr. Warren has been a member of our Board since February 2017. Mr. Warren has been the Managing Partner of Albright Stonebridge Group ("ASG") since 2013 and was previously Partner at ASG since 2009. Prior to ASG, he served as the Chief Operating Officer and Chief Financial Officer of Stonebridge International from 2004 to 2009, where he managed operations, business development, finance, and personnel portfolios before leading the firm's merger with The Albright Group. Mr. Warren has served in various capacities in the Obama Administration, including as Senior Advisor, Treasury and Economic Agencies and as Co-Lead, Treasury and Federal Reserve Agency Review Teams of the Obama-Biden Presidential Transition. He also serves as Chairman of the Board and Trustee of the District of Columbia Retirement Board, Chairman of the Audit Committee of the Overseas Private Investment Corporation, a member of the Board of Trustees and of the Risk and Audit Committees of Commonfund, and as a member of the Yale University Council and Yale School of Management Board of Advisors. He holds Bachelor of Arts degrees from Yale University and Balliol College, University of Oxford, where he was a Rhodes Scholar.

Mr. Warren's extensive executive leadership and board experience with financial institutions as well as his strategic consulting experience enhances our Board's overall experience in overseeing our corporate strategy and efficiency initiatives, including the development of an asset management business.

**Corporate Governance Information**

We are committed to maintaining the highest standards of business conduct and corporate governance, which we believe are essential to running our business efficiently, serving our stockholders well and maintaining our integrity in the marketplace. Accordingly, our Board has adopted and maintains the following corporate governance guidelines, codes and charters:

Corporate Governance Guidelines;

Code of Business Conduct and Ethics;

Code of Ethics for Principal Executive Officer and Senior Financial Officers;

Charter of the Audit Committee of the Board of Directors;

Charter of the Compensation Committee of the Board of Directors; and

Charter of the Nominating and Corporate Governance Committee of the Board of Directors.

From time to time, we may revise the above-mentioned corporate governance guidelines, codes and charters in response to changing regulatory requirements, evolving best practices and the concerns

## Edgar Filing: Walker & Dunlop, Inc. - Form DEF 14A

### Table of Contents

of our stockholders and other constituents. Please visit our website at [www.walkerdunlop.com](http://www.walkerdunlop.com) to view or obtain a copy of the current version of any of these documents. We will provide any of the above-mentioned documents, free of charge, to any stockholder who sends a written request to:

Walker & Dunlop, Inc.  
Attn: Investor Relations  
7501 Wisconsin Avenue, Suite 1200E  
Bethesda, Maryland 20814

### *Director Independence*

Our bylaws and Corporate Governance Guidelines conform to the NYSE rules, which require us to have a majority of independent board members and a nominating/corporate governance committee, compensation committee and audit committee, each comprised solely of independent directors. Under the NYSE listing standards, no director of a company qualifies as "independent" unless the board of directors of the company affirmatively determines that the director has no material relationship with the company (either directly or as a partner, stockholder or officer of an organization that has a relationship with such company). In addition, the NYSE listing standards contain the following further restrictions upon a listed company's director independence:

a director who is an employee, or whose immediate family member is an executive officer, of the listed company is not independent until three years after the end of such employment relationship;

a director who has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from the listed company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), is not independent;

a director who is, or whose immediate family member is, a current partner of a firm that is the company's internal or external auditor is not independent; a director who is a current employee of such a firm is not independent; a director who has an immediate family member who is a current employee of such a firm and personally works on the company's audit is not independent; and a director who was, or whose immediate family member was, within the last three years a partner or employee of such a firm and personally worked on the company's audit within that time is not independent;

a director who is employed, or whose immediate family member is employed, as an executive officer of another company where any of the listed company's present executive officers at the same time serve or served on the other company's compensation committee is not independent until three years after the end of such service or the employment relationship; and

a director who is an executive officer or an employee, or whose immediate family member is an executive officer, of another company that has made payments to, or received payments from, the listed company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues, is not independent.

To adequately assess and ensure that (i) at least a majority of our directors qualify as independent and (ii) each of the Board committees is comprised of solely independent directors, the Board assesses annually the independence of all directors and director nominees. In accordance with the independence criteria established by the Board from time to time, our Board considers all relevant facts and circumstances in order to make an affirmative determination as to whether any director has a direct or indirect material relationship to the Company. In assessing the materiality of a director's or nominee's



Table of Contents

relationship with the Company, the Board considers the issues from the director's or nominee's standpoint and from the perspective of the persons or organization with which the director or nominee has an affiliation. Our Board has evaluated the status of each current director, and has affirmatively determined, after considering the relevant facts and circumstances and the independence standards set forth above, that each of Alan J. Bowers, Cynthia A. Hallenbeck, Michael D. Malone, John Rice, Dana L. Schmaltz and Michael J. Warren is independent, as defined in the NYSE rules, and that none of these directors has a material relationship with us.

In conducting its independence determination of Mr. Malone, the Board considered the Company's immaterial business relationship with New Senior, on whose board Mr. Malone is a member. Specifically, the Board evaluated Mr. Malone's independence in light of financing transactions containing customary terms and conditions on two portfolios of loans in 2015 made by Walker & Dunlop, LLC to an affiliate of New Senior. No transactions with New Senior occurred in 2016. The Board determined that the 2015 financing transactions did not impair Mr. Malone's independence.

*Board Leadership Structure*

Mr. Walker serves as the Company's Chairman and Chief Executive Officer. The Board has determined that combining the Chairman and Chief Executive Officer positions is the appropriate leadership structure for the Company, and believes that combining the Chairman and Chief Executive Officer roles fosters clear accountability, effective decision-making and alignment on corporate strategy.

Nevertheless, the Board understands that the structure of the Board must encourage the free and open dialogue of competing views and provide for strong checks and balances. Specifically, an effective governance structure must balance the powers of the Chief Executive Officer and the independent directors and ensure that the independent directors are fully informed, able to discuss and debate the issues that they deem important, and able to provide effective oversight of management.

The Board is committed to maintaining a "Lead Director," as a matter of good corporate governance. The Lead Director is an independent director consistent with criteria established by the NYSE, and will be selected on an annual basis by a majority of the independent directors then serving on the Board. The role of the Lead Director is to serve as liaison between (i) the Board and management, including the Chief Executive Officer, (ii) independent directors and (iii) interested third parties and the Board. The Lead Director serves as the focal point of communication to the Board regarding management plans and initiatives, and ensures that the role between board oversight and management operations is respected. The Lead Director, who is currently the Chairman of the Audit Committee, reviews and provides input on full Board meeting agendas, and plays a central role in developing, managing and overseeing our annual Board self-assessment process along with the Chairman of the Nominating and Corporate Governance Committee. The Lead Director acts as chairman of executive sessions of our independent directors and also provides the medium for informal dialogue with and among independent directors, allowing for free and open communication within that group. In addition, the Lead Director serves as the communication conduit for third parties who wish to communicate with the Board. The Company's current Lead Director is Mr. Bowers.

The Board intends to carefully consider its Board leadership structure from time to time based on what the Board believes is best for the Company and its stockholders.

*Executive Sessions of Non-Management and Independent Directors*

Pursuant to our Corporate Governance Guidelines and the NYSE rules, in order to promote open discussion among independent directors, our Board devotes a portion of each regularly scheduled Board meeting to executive sessions of only independent directors. See " Director Independence" for a list of our independent directors. The Lead Director acts as chairman of each of the executive sessions described above.

Table of Contents

*Communications with the Board*

Stockholders and other interested parties may communicate with the Board (i) by sending any correspondence they may have in writing to the "Lead Director" c/o the General Counsel & Secretary of Walker & Dunlop, Inc., at 7501 Wisconsin Avenue, Suite 1200E, Bethesda, Maryland 20814, who will then directly forward such correspondence to the Lead Director, or (ii) by e-mailing correspondence directly to the Lead Director at leaddirector@walkerdunlop.com. The Lead Director will decide what action should be taken with respect to the communication, including whether such communication should be reported to the Board.

*Board Meetings and Director Attendance*

Pursuant to our Corporate Governance Guidelines, (i) we are required to have at least four regularly scheduled Board meetings in each calendar year and additional unscheduled Board meetings may be called upon appropriate notice at any time to address specific needs of the Company; and (ii) directors are expected to attend, in person or by telephone or video conference, all Board meetings and meetings of committees on which they serve. Our Board held 10 Board meetings in 2016. Each of our directors attended at least 75% of the total regularly scheduled and special meetings of the Board and the committees on which he or she served. Additionally, pursuant to our Corporate Governance Guidelines, the directors are encouraged, but not required, to attend our annual meetings of stockholders. One of the seven directors elected to the Board at the 2016 annual meeting of stockholders attended the meeting.

*Criteria for Board Membership*

The Board has adopted a policy to be used for considering potential director candidates to further the Nominating and Corporate Governance Committee's goal of ensuring that our Board consists of a diversified group of qualified individuals that function effectively as a group. The policy provides that qualifications and credentials for consideration as a director nominee may vary according to the particular areas of expertise being sought as a complement to the existing composition of the Board. However, at a minimum, candidates for director must possess:

high integrity;

an ability to exercise sound judgment;

an ability to make independent analytical inquiries;

a willingness and ability to devote adequate time and resources to diligently perform Board duties; and

a reputation, both personal and professional, consistent with the image and reputation of the Company.

In addition to the aforementioned minimum qualifications, the Nominating and Corporate Governance Committee also believes that there are other qualities and skills that, while not a prerequisite for nomination, should be taken into account when considering whether to recommend a particular person. These factors include:

diversity, age, background, skills and experience;

personal qualities and characteristics, accomplishments, and reputation in the business community;

knowledge and contacts in the communities in which the Company conducts business and in the Company's industry or other industries relevant to the Company's business;



Table of Contents

ability and willingness to devote sufficient time to serve on the Board and committees of the Board;

knowledge and expertise in various areas deemed appropriate by the Board;

fit of the individual's skills, experience, and personality with those of other directors in maintaining an effective, collegial, and responsive Board;

whether the person's nomination and election would enable the Board to have a member that qualifies as an "audit committee financial expert" as such term is defined by the SEC; and

whether the person would qualify as an "independent" director under the NYSE's listing standards and our Corporate Governance Guidelines.

Neither the Nominating and Corporate Governance Committee nor the Board has adopted a formal policy with respect to diversity of its directors. However, in connection with its overall director candidate review, the Nominating and Corporate Governance Committee does consider diversity of experience in areas that are relevant to the Company's activities, including, for example, experience in commercial real estate; technology; and finance. Directors must be willing and able to devote sufficient time to carrying out their duties effectively. The Nominating and Corporate Governance Committee takes into account the other demands on the time of a candidate, including, for example, occupation and memberships on other boards.

The Nominating and Corporate Governance Committee will seek to identify director candidates based on input provided by a number of sources, including (i) Nominating and Corporate Governance Committee members, (ii) our stockholders and (iii) others as it deems appropriate. The Nominating and Corporate Governance Committee also has the authority to consult with or retain advisors or search firms to assist in identifying qualified director candidates; however, we do not currently employ a search firm, or pay a fee to any other third party, to locate qualified director candidates.

As part of the identification process, the Nominating and Corporate Governance Committee considers the number of expected director vacancies and whether existing directors have indicated a willingness to continue to serve as directors if re-nominated. Once a director candidate has been identified, the Nominating and Corporate Governance Committee will then evaluate this candidate in light of his or her qualifications and credentials, and any additional factors that it deems necessary or appropriate. Existing directors who are being considered for re-nomination will be re-evaluated as part of the Nominating and Corporate Governance Committee's process of recommending director candidates. The Nominating and Corporate Governance Committee will consider all persons recommended by stockholders in the same manner as all other director candidates, provided that such recommendations are submitted in accordance with the procedures set forth in our bylaws and summarized below.

After completing the identification and evaluation process described above, the Nominating and Corporate Governance Committee will recommend to the Board the nomination of a number of candidates equal to the number of director vacancies that will exist at the annual meeting of stockholders. The Board will then select the Board's director nominees for stockholders to consider and vote upon at the stockholders' meeting.

*Stockholder Recommendations of Director Nominees*

For nominations for election to the Board to be properly brought before an annual meeting by a stockholder, the stockholder must comply with the advance notice provisions and other requirements of Article II, Section 12 of our bylaws. These notice provisions require that nominations for directors must be received by the Secretary at our principal executive offices (the "Stockholder Notice") not later than 5:00 p.m., Eastern Time, on the 120th day prior to the first anniversary of the date of the proxy

Table of Contents

statement for the preceding year's annual meeting nor earlier than the 150th day prior to the first anniversary of the date of the proxy statement for the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced or delayed by more than 30 days from the first anniversary of the date of the preceding year's annual meeting, such Stockholder Notice to be timely must be so delivered not earlier than the 150th day prior to such annual meeting and not later than 5:00 p.m., Eastern Time, on the later of the 120th day prior to such annual meeting or the tenth day following the day on which public announcement of the date of such meeting is first made. The Stockholder Notice must set forth:

as to each person whom the stockholder proposes to nominate for election or reelection as a director, (A) a description of all agreements, arrangements or understandings between such stockholder and such potential nominee (and any other person or persons), pursuant to which the nomination is made, and (B) all other information relating to such potential nominee that is required to be disclosed pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected; and

as to the stockholder giving such Stockholder Notice, (A) the name and address of such stockholder, as they appear on the Company's books; (B) the class or series and number of shares of stock of the Company which are, directly or indirectly, owned beneficially and of record by such stockholder, including through general or limited partnerships, as of the date of the Stockholder Notice, and a representation that such stockholder will notify the Company in writing of such information as of the record date for the meeting; (C) a description of any agreement, arrangement or understanding (including, without limitation, any derivative or short positions, profit interests, options, hedging transactions, and borrowed or loaned shares) that has been entered into by such stockholder as of the date of the Stockholder Notice, the effect or intent of which is to mitigate loss to, manage the risk or benefit of share price changes for, or increase or decrease the voting power of such stockholder or any affiliates, and a representation that such stockholder will notify the Company in writing of any such agreement, arrangement or understanding in effect as of the record date for the meeting; (D) a representation that such stockholder intends to appear at the meeting in person or by proxy to make the nomination or propose the other business specified in such Stockholder Notice, as the case may be; and (E) a representation as to whether such stockholder intends, or is intended to be part of a group (within the meaning ascribed to such term under Section 13(d)(3) of the Exchange Act) that intends, (i) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Company's outstanding shares of stock required to elect the proposed director nominee or to approve or adopt the other business proposal, and/or (ii) otherwise to solicit proxies from stockholders in support of such nominee or other business proposal.

For purposes of the bulleted paragraphs above, references to "stockholder" include any beneficial owners on whose behalf the director nomination is made. See also "OTHER MATTERS Stockholder Proposals and Nominations for the 2018 Annual Meeting."

*Code of Ethics for Principal Executive Officer and Senior Financial Officers; Code of Business Conduct*

We have adopted the Code of Ethics for Principal Executive Officer and Senior Financial Officers, which is applicable to our Chief Executive Officer, Chief Financial Officer and all other senior financial officers. This code is intended to:

deter wrongdoing;

encourage honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

## Edgar Filing: Walker & Dunlop, Inc. - Form DEF 14A

### Table of Contents

promote full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with, or submits to, the SEC and in other public communications made by the Company;

ensure compliance with applicable governmental laws, rules and regulations;

support the prompt internal reporting of violations of the Code of Ethics for Principal Executive Officer and Senior Financial Officers to the appropriate persons identified in the Code of Ethics for Principal Executive Officer and Senior Financial Officers; and

create accountability for adherence to the Code of Ethics for Principal Executive Officer and Senior Financial Officers.

We have also adopted the Code of Business Conduct and Ethics, which is applicable to all of our directors, officers and employees. This code covers areas of professional conduct, including honest and candid conduct, conflicts of interest, disclosure, compliance with all applicable laws, rules and regulations, corporate opportunities, confidentiality, fair dealing and the protection and proper use of Company assets.

We have posted both our Code of Ethics for Principal Executive Officer and Senior Financial Officers and Code of Business Conduct and Ethics to our website and intend to promptly post any waiver or amendment of our Code of Ethics for Principal Executive Officer and Senior Financial Officers to our website.

In addition to the Code of Ethics for Principal Executive Officer and Senior Financial Officers and Code of Business Conduct and Ethics, our Audit Committee has in place a whistleblower reporting procedure that enables it to receive, retain and treat complaints received regarding accounting, internal accounting controls or auditing matters. The procedures in place permit our employees to confidentially and anonymously submit their concerns regarding questionable accounting or auditing matters directly to the Audit Committee. Upon receiving a concern or complaint pursuant to these procedures, the individual designated by our Chief Executive Officer as our compliance officer (currently, our Executive Vice President, General Counsel & Secretary, Richard M. Lucas), or Audit Committee Chairman, will:

determine whether the complaint or concern is an accounting complaint and, when possible, acknowledge receipt of the complaint or concern to the reporting person;

review the complaint in a manner determined by and with the oversight of the Audit Committee and with input from the compliance officer or such other persons, including any third party investigative parties, as the Audit Committee determines to be appropriate;

appoint one or more internal and/or external investigators to promptly and fully investigate such accounting complaints under the supervision of the compliance officer and, as may be appropriate, the Audit Committee;

provide the reporting person, to the extent possible and appropriate, the name and contact information for the investigator(s) assigned to the accounting complaint;

maintain confidentiality to the fullest extent possible, consistent with the need to conduct an adequate review;

coordinate with other Board committees and government authorities, as appropriate, to the extent that an accounting complaint relates to an ongoing government audit, inspection or investigation;

obtain advice and assistance from and retain, at the Company's expense, investigators, internal or outside legal counsel and other advisors, as may be appropriate; and



Table of Contents

take prompt and appropriate corrective or remedial action when and as warranted in the judgment of the Audit Committee.

*Risk Oversight*

One of the important roles of our Board is to oversee various risks that we may face from time to time. While the full Board has primary responsibility for risk oversight, it utilizes its committees, as appropriate, to monitor and address the risks that may be within the scope of a particular committee's expertise or charter. For example, the Audit Committee oversees our financial statements, internal control over financial reporting, compliance with legal and regulatory requirements and the performance of our internal audit function. Generally, the ongoing monitoring of risk and risk mitigation activities have been implemented under the oversight of the full Board, which will use the Board committees as appropriate to oversee management's monitoring and mitigation of risks identified by management that are consistent with the respective Committee's oversight authorities. The Board believes that the composition of its committees, and the distribution of the particular expertise of each committee's members, makes this an appropriate structure to more effectively monitor the risks that relate to the committees' respective oversight authorities.

An important feature of the Board's risk oversight function is to receive regular updates from its committees and management, as appropriate. For example, each year our senior management will work with the head of our internal audit function, who reports directly to the Audit Committee, to develop an audit plan designed to address key corporate governance controls, financial reporting and internal control risks and pre-implementation reviews of significant corporate projects. This plan will subsequently be reviewed by the Audit Committee, and our internal auditors will report the audit results to the Audit Committee on a quarterly basis, or more frequently as needed. The internal auditors also meet regularly with the Audit Committee in executive session. In addition, our General Counsel meets regularly in executive session with the Audit Committee and the Nominating and Corporate Governance Committee and provides them with regular updates regarding material litigation and legal and regulatory compliance matters.

The Compensation Committee is responsible for overseeing compensation risk, including evaluating and assessing risks arising from our compensation policies and practices for all employees and ensuring executive compensation is aligned with performance. The Compensation Committee is charged with monitoring our equity-based compensation plans, including employee benefit plans. The Nominating and Corporate Governance Committee oversees risk related to our overall governance, including Board and committee composition, Board size and structure, director independence and ethical and business conduct.

A committee of senior management comprised of the leaders of our loan origination, loan underwriting, accounting, legal, human resources, information technology, and internal audit groups prepare a written report to the full Board at least quarterly describing key risks faced by us, and how they are addressed. Additionally, the full Board is kept informed of each committee's risk oversight and related activities through standard reports to the Board by each committee chairman, frequent non-member attendance at committee meetings and committee meeting minutes and resolutions which are made available to all directors. Strategic, operational and competitive risks are presented and discussed at the Board's regular quarterly meetings. In addition to getting direct information from its committees, the Board receives updates directly from members of management. As needed between Board meetings, Mr. Walker, our Chairman and Chief Executive Officer, provides reports to the Board on the critical issues we face and the recent developments in our business units, including identified risks. Additionally, Mr. Smith, due to his position as President, is able to frequently communicate with other members of our management and update the Board regularly on the important aspects of the Company's day-to-day operations.



Table of Contents**Board Committees**

The Board has a standing Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee. All members of the committees described below are "independent" under NYSE rules as discussed under "BOARD OF DIRECTORS AND CORPORATE GOVERNANCE Corporate Governance Information Director Independence." In addition, the members of the Audit and Compensation Committees satisfy the additional independence criteria applicable to members of such committees under SEC and NYSE rules. In 2016, the Board appointed a new chairman to each Board committee.

The table below provides membership information for each of the Board committees as of March 20, 2017 and the number of meetings held by each committee in 2016:

Name	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
Alan J. Bowers	X *		X
Cynthia A. Hallenbeck	X	X	
Michael D. Malone	X	X*	
John Rice		X	X*
Dana L. Schmaltz		X	X
Michael J. Warren			X
<b>2016 Meetings</b>	6	10	7

\*

Committee Chairman

Audit Committee Financial Expert

*Audit Committee*

Our Audit Committee consists of Alan J. Bowers, Cynthia A. Hallenbeck and Michael D. Malone, three of our independent directors, with Mr. Bowers serving as the Audit Committee's Chairman. Each of Mr. Bowers, Ms. Hallenbeck and Mr. Malone qualifies as an "audit committee financial expert" as that term is defined by the applicable SEC regulations and NYSE corporate governance listing standards. Our Board has also determined that each Audit Committee member is "financially literate" as that term is defined by the NYSE corporate governance listing standards. We have adopted an Audit Committee charter that details the principal functions of the Audit Committee, including oversight related to:

our accounting and financial reporting processes;

the integrity of our consolidated financial statements and financial reporting process;

our systems of disclosure controls and procedures and internal control over financial reporting;

our compliance with financial, legal and regulatory requirements;

the evaluation of the qualifications, independence and performance of our independent registered public accounting firm;

the performance of our internal audit function;

our policies and procedures with respect to risk assessment and risk management, including key risks to which we are subject and the steps we have taken to monitor and control exposure to such risks, which is overseen in consultation with our management, and the full Board, as appropriate; and

Table of Contents

review and approval of any related party transactions.

The Audit Committee is responsible for engaging an independent registered public accounting firm, reviewing with the independent registered public accounting firm the plans and results of the audit engagement, approving professional services provided by the independent registered public accounting firm, including all audit and non-audit services, reviewing the independence of the independent registered public accounting firm, considering the range of audit and non-audit fees and reviewing the adequacy of our internal accounting controls. The Audit Committee also prepares the Audit Committee report required by SEC regulations to be included in our annual proxy statement.

Our Audit Committee charter and the corporate governance rules of the NYSE require that in the event a director simultaneously serves on the audit committee of more than three public companies, the Board must determine that such simultaneous service would not impair the ability of that member to effectively serve on our Audit Committee and disclose that determination. None of our Audit Committee members serves on the audit committees of more than three public companies (including our Audit Committee).

The Audit Committee met six times in 2016.

*Compensation Committee*

Our Compensation Committee consists of Cynthia A. Hallenbeck, Michael D. Malone, John Rice and Dana L. Schmaltz, four of our independent directors, with Mr. Malone serving as the Compensation Committee's Chairman. We have adopted a Compensation Committee charter that details the principal functions of the Compensation Committee, including:

reviewing and approving on an annual basis the corporate goals and objectives relevant to our executive officers' compensation, evaluating our executive officers' performance in light of such goals and objectives and determining and approving the remuneration of our executive officers based on such evaluation;

reviewing and approving the compensation of our executive officers, subject to the terms and conditions of any pre-existing employment agreements;

reviewing and evaluating, as it deems appropriate, the compensation for directors, including board committee retainers, meeting fees, equity based compensation and such other forms of compensation as the compensation committee may consider appropriate and recommend to the board, as appropriate, changes to such compensation;

reviewing our executive compensation policies and plans;

implementing and administering our annual cash incentive plan and equity-based compensation plan;

determining the number and terms of equity awards to be granted to our directors, executive officers and other employees pursuant to these plans;

assisting management in complying with our proxy statement and annual report disclosure requirements;

producing a report on executive compensation to be included in our annual proxy statement; and

reviewing the company's policies and procedures with respect to risk assessment and risk management for compensating all employees, including non-executive officers, and reporting its findings to the Board.



Table of Contents

Pursuant to its charter, the Compensation Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee consisting of one or more members.

The Board has established a special committee of the Board (the "Non-Executive Equity Award Committee"), currently comprised of Messrs. Walker, our Chairman and Chief Executive Officer and Smith, our President, and delegated to that committee limited authority to grant equity awards to non-executive officers and non-director employees pursuant to the 2015 Equity Incentive Plan. As of March 20, 2017, those grants may not exceed a total of 664,047 shares. The Non-Executive Equity Award Committee's authority does not in any way limit the Compensation Committee's authority to administer the 2015 Equity Incentive Plan.

Under its charter, the Compensation Committee has authority to retain compensation consultants, outside counsel and other advisors that the Compensation Committee deems appropriate, in its sole discretion, to assist it in discharging its duties. The Compensation Committee engaged Pay Governance LLC ("Pay Governance") in 2016 to act as its compensation consultant. Pay Governance reported directly to the Compensation Committee and the Compensation Committee had the sole authority to terminate each engagement.

Pay Governance's primary roles for 2016 were to:

re-assess the peer group identified by our Compensation Committee in 2015 against which our 2016 performance and non-employee director and executive pay should be examined;

evaluate our executive compensation programs and provide recommendations regarding executive compensation strategy and policies, including a review of philosophy, comparative review of total direct compensation at our peer group companies (for example, base salary, short- and long-term incentives, and mix of pay, as applicable), and provide insight related to potential enhancements and/or modifications;

assess the alignment of NEO compensation to our performance;

evaluate and analyze our compensation policies and practices for our named executive officers and our loan origination staff to determine whether they create risks that are reasonably likely to have a material adverse effect on us;

review the Compensation Discussion and Analysis section of our annual proxy statement;

advise the Compensation Committee on executive and director compensation trends and best practices; and

attend selected Compensation Committee meetings.

Pay Governance did not provide any other services to the Company. The Compensation Committee concluded that Pay Governance had no conflicts of interest during fiscal year 2016. In reaching this conclusion, the Compensation Committee considered all relevant factors, including the six independence factors relating to committee advisors that are specified in the NYSE rules. These factors are:

the provision of other services to the company by an advisor's employer;

the amount of fees received from the company by an advisor's employer as a percentage of the total revenue of the advisor's employer;

the policies and procedures of an advisor's employer that are designed to prevent conflicts of interest;

Edgar Filing: Walker & Dunlop, Inc. - Form DEF 14A

any business or personal relationship of an advisor with a member of the committee;

any stock of the company owned by an advisor; and

Table of Contents

any business or personal relationship of an advisor or the advisor's employer with an executive officer of the Company.

For further discussion of the role of the Compensation Committee in the executive compensation decision-making process, and for a description of the nature and scope of Pay Governance's assignments, see the section titled "COMPENSATION DISCUSSION AND ANALYSIS."

Our Compensation Committee considers the recommendations of Mr. Walker regarding any Company and individual performance targets, assessments of performance and compensation levels generally for our named executive officers. Mr. Walker presents a self-assessment of his own individual performance to the Compensation Committee and makes recommendations regarding his own compensation, but the Compensation Committee considers the compensation determination without Mr. Walker and other members of management being present. Senior members of the human resources, legal, finance and accounting departments may also provide input to the Compensation Committee concerning matters relevant to the compensation plans and amounts, including compensation plan structure, individual and company-specific performance achievements and the impacts of the compensation plans and related payments on the Company's financial performance.

The Compensation Committee met 10 times in 2016.

*Nominating and Corporate Governance Committee*

Our Nominating and Corporate Governance Committee consists of Alan J. Bowers, John Rice, Dana L. Schmaltz and Michael J. Warren, four of our independent directors, with Mr. Rice serving as the Nominating and Corporate Governance Committee's Chairman. We have adopted a nominating and corporate governance committee charter that details the principal functions of the Nominating and Corporate Governance Committee, including:

identifying and recommending to the Board qualified candidates for election as directors and recommending nominees for election as directors at the annual meeting of stockholders;

developing and recommending to the Board corporate governance guidelines and implementing and monitoring such guidelines;

overseeing the Board's compliance with financial, legal and regulatory requirements and its ethics program as set forth in the Company's Code of Business Conduct and Ethics and the Code of Ethics for Principal Executive Officer and Senior Financial Officers;

reviewing and making recommendations on matters involving the general operation of the Board, including board size and composition, and committee composition and structure;

recommending to the Board nominees for each Board committee; and

overseeing the annual evaluation process for the Board, management and the other committees of the Board, as required by applicable law, regulations and the NYSE corporate governance listing standards.

The Nominating and Corporate Governance Committee met seven times in 2016.

Table of Contents**AUDIT RELATED MATTERS****Proposal 2: Ratification of Appointment of Independent Registered Public Accounting Firm**

Our consolidated financial statements for the year ended December 31, 2016 were audited by KPMG LLP, which served as our independent registered public accounting firm for the last fiscal year. The Audit Committee has appointed KPMG LLP to serve as our independent registered public accounting firm for the year ending December 31, 2017. We have been advised by KPMG LLP that representatives of KPMG LLP will be present at our 2017 annual meeting. These representatives will have the opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

The Sarbanes-Oxley Act of 2002 requires the Audit Committee to be directly responsible for the appointment, compensation and oversight of the audit work of the independent registered public accounting firm. Nevertheless, our Board is submitting the appointment of KPMG LLP to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the appointment of KPMG LLP, the Audit Committee may reconsider the appointment and may retain KPMG LLP or another accounting firm without resubmitting the matter to stockholders. Even if the stockholders ratify the appointment, the Audit Committee may select another firm if it determines such selection to be in our and our stockholders' best interest.

*Vote Required*

The ratification of the appointment of KPMG LLP requires the approval of a majority of the votes cast at the meeting. Abstentions and broker non-votes will not count as votes cast with respect to the proposal.

*Our Recommendation*

**THE BOARD UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE PROPOSAL TO RATIFY THE APPOINTMENT OF KPMG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE YEAR ENDING DECEMBER 31, 2017.**

**Disclosure of KPMG LLP Fees for the Years Ended December 31, 2016 and December 31, 2015**

The following table shows the fees for professional services rendered by KPMG LLP for the audit of the Company's annual financial statements for the years ended December 31, 2016, and December 31, 2015, and fees billed for other services rendered by KPMG LLP during those periods:

	2016	2015
Audit Fees(1)	\$ 1,009,000	\$ 1,035,000
Audit Related Fees(2)	151,100	147,000
Tax Fees(3)	300,403	279,564
All Other Fees		
<b>Total</b>	<b>\$ 1,460,503</b>	<b>\$ 1,461,564</b>

(1) Audit Fees include fees for audits of our 2016 and 2015 consolidated financial statements.

(2) Audit Related Fees include fees for our statutory and regulatory compliance audits and our employee benefit plan audits and the preparation of comfort letters in connection with registered securities offerings.

(3)



Tax Fees include fees for tax compliance and advisory services.

Table of Contents

All services provided by KPMG LLP to us since we became a public company have been pre-approved by the Audit Committee, either pursuant to the Audit Committee's Audit and Non-Audit Services Pre-Approval Policy or through a separate pre-approval by the Audit Committee, which concluded that the provision of such services by KPMG LLP was compatible with the maintenance of that firm's independence from us.

**Pre-Approval Policies and Procedures**

The Audit Committee's policy is to review and pre-approve either pursuant to the Audit Committee's Audit and Non-Audit Services Pre-Approval Policy or through a separate pre-approval by the Audit Committee, any engagement of our independent registered public accounting firm to provide any audit or permissible non-audit service to the Company. Pursuant to the Audit and Non-Audit Services Pre-Approval Policy, which the Audit Committee will review and reassess annually, a list of specific services within certain categories of services, including audit and audit-related services, are specifically pre-approved for the upcoming or current fiscal year, subject to an aggregate maximum annual fee payable by us for each category of pre-approved services. Any service that is not included in the approved list of services must be separately pre-approved by the Audit Committee. Additionally, all audit and permissible non-audit services in excess of the pre-approved fee level, whether or not included on the pre-approved list of services, must be separately pre-approved by the Audit Committee. The Audit Committee has delegated authority to its Chairman to specifically pre-approve engagements for the performance of audit and permissible non-audit services, for which the estimated cost for each specified type of service shall not exceed \$100,000. The Audit Committee Chairman must report all pre-approval decisions to the Audit Committee at its next scheduled meeting and provide a description of the terms of the engagement, including:

the type of services covered by the engagement;

the dates the engagement is scheduled to commence and terminate;

the estimated fees payable by us pursuant to the engagement;

other material terms of the engagement; and

such other information as the Audit Committee may request.

**Report of the Audit Committee**

The Audit Committee is currently comprised of Mr. Bowers (Chairman), Mr. Malone and Ms. Hallenbeck. The members of the Audit Committee are appointed by and serve at the discretion of the Board.

One of the Audit Committee's principal purposes is to assist the Board in overseeing the integrity of our consolidated financial statements. Our management team has the primary responsibility for our consolidated financial statements and the reporting process, including the system of internal control over financial reporting and disclosure controls and procedures. KPMG LLP, our independent registered public accounting firm, audits the annual financial statements prepared by management and expresses an opinion on the conformity of those financial statements with generally accepted accounting principles in the United States of America ("GAAP"). In carrying out its responsibilities, the Audit Committee reviewed and discussed our audited consolidated financial statements as of and for the year ended December 31, 2016 with our management and representatives of KPMG LLP. Management represented to the Audit Committee that our consolidated financial statements were prepared in accordance with GAAP.

The Audit Committee also is responsible for assisting the Board in overseeing the qualification, independence and performance of our independent registered public accounting firm. The Audit

Table of Contents

Committee discussed with KPMG LLP the matters required to be discussed by Auditing Standard No. 16, *Communications with Audit Committees*, as adopted by the Public Company Accounting Oversight Board (the "PCAOB"). The Audit Committee received both the written disclosures and the letter from KPMG LLP, as well as engaged in a dialogue, as required by the applicable requirements of the PCAOB regarding KPMG LLP's communications with the Audit Committee concerning independence, and discussed with KPMG LLP the independence of KPMG LLP from us. The Audit Committee also has considered whether the provision of any non-audit services, and any fees charged for such non-audit services, by KPMG LLP are compatible with maintaining the independence of KPMG LLP from us.

Based on the reviews and discussions described above, the Audit Committee recommended to the Board that our audited consolidated financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2016.

Respectfully submitted,  
The Audit Committee of the Board of Directors  
Alan J. Bowers (Chairman)  
Cynthia A. Hallenbeck  
Michael D. Malone

**The Audit Committee report above does not constitute "soliciting material" and will not be deemed "filed" or incorporated by reference into any of our filings under the Securities Act of 1933 or the Securities Exchange Act of 1934 that might incorporate our SEC filings by reference, in whole or in part, notwithstanding anything to the contrary set forth in those filings.**

Table of Contents**EXECUTIVE OFFICERS**

The following table sets forth information concerning our executive officers as of March 20, 2017. Executive officers are elected by and serve at the discretion of our Board.

<b>Name</b>	<b>Age</b>	<b>Title</b>
William M. Walker	49	Chairman of the Board of Directors and Chief Executive Officer
Howard W. Smith, III	58	President and Director
Richard M. Lucas	51	Executive Vice President, General Counsel and Secretary
Stephen P. Theobald	54	Executive Vice President, Chief Financial Officer and Treasurer
Richard C. Warner	61	Executive Vice President and Chief Credit Officer

**Executive Officer Biographies**

Set forth below are descriptions of the backgrounds of each of our executive officers, other than Messrs. Walker and Smith, whose backgrounds and positions are described above (See "BOARD OF DIRECTORS AND CORPORATE GOVERNANCE Nominees for Election for a One-Year Term Expiring at the 2018 Annual Meeting of Stockholders").

**Richard M. Lucas** serves as our Executive Vice President, General Counsel and Secretary. Mr. Lucas was a member of our Board from July to November 2010, when he joined the Company as Executive Vice President and General Counsel, and has served as a member of the board of managers of Walker & Dunlop, LLC since January 2010. Mr. Lucas is responsible for our Legal, Human Resources, Information Technology, and Office Services groups, provides administrative oversight of the internal audit function and, together with the other executive officers, the overall strategic direction of our Company. Mr. Lucas joined Hilton Worldwide, Inc., a global hospitality company, in May 2008 as executive vice president, general counsel and corporate secretary and served as a member of Hilton's executive committee until he joined us in November 2010. Prior to joining Hilton, Mr. Lucas was a partner at the law firm of Arnold & Porter LLP in Washington, D.C., where he was in private practice for 18 years. At Arnold & Porter, his practice focused on real estate transactions and litigation, primarily in the hospitality and senior living areas. From 2005 to 2008, Mr. Lucas also served as an adjunct faculty member at The George Washington University Law School, where he taught a course on real estate transactions. Mr. Lucas is the President and a member of the D.C. board of directors of the non-profit JDRF Greater Chesapeake and Potomac Chapter. Mr. Lucas received his Bachelor of Science in Business Administration from Georgetown University's McDonough School of Business and his Juris Doctor from Yale Law School.

**Stephen P. Theobald** serves as our Executive Vice President, Chief Financial Officer and Treasurer. Mr. Theobald is responsible for our Financial Reporting, Budgeting and Accounting, Servicing, Marketing and Investor Relations groups and, together with the other executive officers, the overall strategic direction of our Company. Mr. Theobald also has served as a member of the board of managers of Walker & Dunlop, LLC since April 2013. From December 2010 to March 2013, Mr. Theobald served as the executive vice president and chief financial officer of Hampton Roads Bankshares, Inc., a publicly-traded holding company for Bank of Hampton Roads, a Virginia state-chartered commercial bank. From April 2010 to November 2010, Mr. Theobald served as a financial consultant to Hampton Roads Bankshares, Inc. Mr. Theobald also held a number of senior financial positions at Capital One Financial Corporation from 1999 to 2010, most recently serving as chief financial officer, local banking, a position he held from 2005 to 2010. Mr. Theobald began his career at KPMG LLP in 1984, and he served as audit partner, financial services, from 1996 to 1999. From 1990 to 1992, he served as a professional accounting fellow in the Office of the Chief Accountant at the Comptroller of the Currency. Mr. Theobald received a Bachelor of Science in Business Administration in Accounting from the University of Notre Dame.

Table of Contents

**Richard C. Warner** serves as our Executive Vice President and Chief Credit Officer. Mr. Warner has served as a senior vice president and chief underwriter of Walker & Dunlop, LLC or its predecessors since September 2002. As Executive Vice President and Chief Credit Officer, Mr. Warner is responsible for our Asset Management, Underwriting, and Closing and Delivery groups and, together with the other executive officers, the overall strategic direction of our Company. Mr. Warner also has served as a member of the board of managers of Walker & Dunlop, LLC since December 2011. Prior to joining Walker & Dunlop, Mr. Warner held a number of leadership positions with Main America Capital and its successors, a company that originated commercial and multifamily loans nationwide. From 1994 to 1998, Mr. Warner was the president of Main America Capital; from 1998 to 2000, he was vice president of originations for RFC Commercial; and from 2000 to 2002, he was vice president and branch manager for GMAC Commercial Mortgage. In 1978, Mr. Warner started his career with Canada's Confederation Life Insurance Company, where he held a number of successive positions, ending as mortgage and real estate vice president in 1994. Mr. Warner received his Bachelor of Arts in Urban Studies from McGill University.

Table of Contents

**COMPENSATION DISCUSSION AND ANALYSIS**

This section describes the compensation programs for our Chief Executive Officer and Chief Financial Officer in 2016 as well as our other three most highly compensated executive officers during 2016, all of whom we refer to collectively as our named executive officers or NEOs. Our NEOs for 2016 were:

Chairman and Chief Executive Officer (CEO), William M. Walker;

Executive Vice President, Chief Financial Officer (CFO) and Treasurer, Stephen P. Theobald;

President, Howard W. Smith, III;

Executive Vice President, General Counsel and Secretary, Richard M. Lucas; and

Executive Vice President and Chief Credit Officer, Richard C. Warner

**Executive Summary**

*Overview of 2016 Performance and Pay for Performance*

One of the key elements of the Compensation Committee's executive compensation philosophy is that compensation should encourage and reward strong financial and management performance. In furtherance of this philosophy, in 2016, the Compensation Committee established the 2016 annual cash incentive plan with performance goals intended to focus the NEOs on the key financial metrics considered most important in driving Company financial results and stockholder value, including diluted earnings per share, revenue growth and adjusted EBITDA(1). The 2016 annual cash incentive plan also contains individual performance metrics for each NEO relating to corporate leadership and strategic initiatives that were assigned based on the NEO's ability to drive positive performance outcomes. In 2016, under the leadership of our NEOs, we achieved exceptional double-digit growth in diluted earnings per share and total revenues and growth in adjusted EBITDA, as set forth below:

These exceptional 2016 results would not have been achieved without the leadership and efforts of the NEOs, and the results had a direct impact on the compensation decisions and performance-based outcomes for 2016 under the 2016 annual cash incentive plan. Taking into account these and other

(1)

Adjusted EBITDA is not a financial measure calculated in accordance with GAAP. A reconciliation of adjusted EBITDA to GAAP net income is located on page 47 of our Annual Report on Form 10-K for the year ended December 31, 2016, filed with the Securities and Exchange Commission on February 24, 2017.

## Edgar Filing: Walker & Dunlop, Inc. - Form DEF 14A

### Table of Contents

accomplishments described below, the Compensation Committee awarded the NEOs annual incentive compensation at the maximum levels under the 2016 annual cash incentive plan and awarded each NEO a grant of restricted stock vesting ratably over three years equal to 50% of his 2016 salary. In addition to the financial performance achievements set forth above for 2016, the following is a list of notable performance achievements that were considered by the Compensation Committee in determining 2016 annual cash incentive payments to the NEOs and the additional equity award mentioned above:

earned record net income of \$113.9 million, up 39% over the prior year;

achieved record total transaction volume of \$19.3 billion in 2016, up 9% over the prior year;

improved the Company's 2016 operating margin to 32% from 29% in 2015;

grew our loan servicing portfolio from \$50.2 billion at December 31, 2015 to \$63.1 billion at December 31, 2016, through organic loan originations and the acquisition of a \$3.6 billion loan portfolio;

improved our return on equity from 19% in 2015 to 21% in 2016;

expanded our national sales platform from 25 offices at January 1, 2016 to 28 offices nationwide at December 31, 2016;

managed significant investments in our loan origination staff, as evidenced by the net increase of 21 loan originators and investment sales professionals in 2016 and the acquisition of the loan origination platform of George Elkins Mortgage Company in 2016;

grew our Fannie Mae loan originations from \$5.0 billion in 2015 to \$7.0 billion in 2016;

improved our Freddie Mac Approved Seller/Servicer ranking from four to three; and

maintained our valued culture, as evidenced by our recognition as a Great Place to Work® 2016 Best Small & Medium Workplaces list, as published in *Fortune* magazine for the fourth time in five years.

In March 2016, the Compensation Committee approved a new performance-based long-term equity incentive award for the NEOs and senior management to drive outstanding performance over the next three years. These new awards, denoted as performance share units, vest in the form of shares of common stock. For these 2016 performance-based long-term equity incentive awards, the Compensation Committee established as a prerequisite to the funding of the award that the Company achieve a minimum of \$90 million of adjusted income from operations(2) in 2016. In 2016, adjusted income from operations was \$186.3 million. Accordingly, the NEOs are eligible to receive equity awards if certain pre-established performance goals (tied to aggregate total revenues, average diluted earnings per share and return on equity) are met over the course of a 2016-2018 performance period.

The Compensation Committee established the award of performance share units as an "outperformance" award, setting extremely challenging performance targets designed to incentivize our senior management team, including the NEOs, to seek to achieve outstanding Company performance that results in significant long-term value creation for our stockholders.

Additionally, we have included in this proxy statement a say-on-pay proposal. Our stockholders have the opportunity to provide us with their direct input on our compensation philosophy, policies and practices as disclosed in the proxy statement every year, which we believe enhances and reinforces accountability for our compensation practices.



(2)

Adjusted income from operations is not a financial measure calculated in accordance with GAAP. For a reconciliation to GAAP income from operations, refer to " Reconciliation of Adjusted Income from Operations to GAAP Income from Operations."

Table of Contents

*Highlights of Our Compensation Program Practices*

**What We Do**

**We Pay for Performance** We tie our NEOs' annual cash incentive and long-term incentive to financial performance metrics, including adjusted income from operations, diluted earnings per share, total revenues, return on equity and adjusted EBITDA. In 2016, base salary for the CEO, President and the other three NEOs represents only 20%, 22% and 25% of their respective total target direct compensation opportunity (i.e., base salary, annual cash incentive, long term incentive and annual equity award), with the remainder of compensation being variable or "at risk."

**We Have Executive and Director Stock Ownership Guidelines** Our executive officers are expected to own shares of our common stock with a value equal to at least three to five times base salary depending on position. Our non-employee directors are expected to own shares in our common stock with a value equal to at least five times the value of the annual cash retainer paid to the directors. See description under " Compensation Policies Stock Ownership Guidelines for our NEOs."

**We Use an Independent Compensation Consulting Firm** The Compensation Committee utilizes an independent compensation consulting firm that provides no other services to the Company.

**We Have a "Clawback" Policy** If we are required to prepare an accounting restatement, then awards under our 2015 Equity Incentive Plan are subject to mandatory forfeiture if the amount earned or vesting of the award is explicitly based on the achievement of pre-established performance goals that are later determined, as a result of the accounting restatement, not to have been achieved. We also have the right to recover any awards to participants under the 2015 Equity Incentive Plan in case of a financial restatement as a result of their knowing or gross negligence or failure to prevent misconduct or to the extent provided by clawback policies that we may adopt in the future.

**We Evaluate Tally Sheets of NEO Compensation** In reviewing compensation for 2016, the Compensation Committee reviewed and considered total compensation for each NEO, including reviews of reports that provide the value of: (1) historic and current elements of each NEO's target compensation and actual compensation received; and (2) equity awards granted to the NEO under our 2015 Equity Incentive Plan.

**What We Don't Do**

**No Hedging** All of our directors and employees, including our NEOs, are prohibited from hedging their economic interest in our stock through short-sales, trading in puts and calls, or the use of other derivative instruments.

**No Pledging** All of our directors and employees, including our NEOs, are prohibited from pledging our stock, including through margin accounts or to secure other loans.

**No Single-Trigger "Change in Control" Cash Severance Payments** We have employment agreements with NEOs that provide only a limited severance package, and no cash severance payments that are triggered solely upon a "change in control."

**No Perquisites** We currently do not provide, and do not intend to provide, any perquisites exceeding \$10,000 in the aggregate to our executives.

**No Income Tax Gross-Ups** We currently do not provide excise tax or income tax gross-ups for personal benefits.



Table of Contents

**Compensation Philosophy**

The compensation elements, amounts and target levels for our NEOs as of December 31, 2016 were determined by the Compensation Committee based on our belief that compensation should:

align with stockholders' interests;

support our business strategies and objectives;

pay for performance;

be market competitive; and

encourage short-term and long-term retention.

We use a combination of measures and time horizons to foster and reward performance. The following chart summarizes the relevant 2016 performance measures and time frames used to assess our variable pay elements:

**Role of Board and Management in Compensation Decisions**

CEO and other NEO pay is set by the Compensation Committee;

CEO, the Senior Vice President of Human Resources and senior members of the legal and accounting departments provide support to the Compensation Committee. The Senior Vice President of Human Resources and the Secretary or Assistant Secretary attend all Compensation Committee meetings, but neither they nor any other employee of the Company are present

## Edgar Filing: Walker & Dunlop, Inc. - Form DEF 14A

for executive sessions of the Compensation Committee;

CEO provides performance assessments and compensation recommendations for each of the NEOs, including a self-assessment of his own performance, but is not present during deliberations concerning his compensation, which is done without members of management present;

Compensation Committee frequently meets in executive session without members of management present;

Table of Contents

Compensation Committee regularly updates, and receives feedback from, the full Board regarding matters relating to compensation and our equity plans; and

Compensation Committee chairman meets with the Chairman of the Board and CEO and other members of senior management outside of Compensation Committee meetings to discuss executive compensation matters, including compensation plan design and other ways to drive desired financial and operational results.

**Role of Compensation Consultant**

The Compensation Committee retained Pay Governance in 2016 to provide the Compensation Committee with independent compensation data, analysis and advice. Pay Governance reported directly to the Compensation Committee, and the Compensation Committee had the sole authority to approve the terms of, and terminate, their engagement.

Pay Governance's primary roles in 2016 were to:

re-assess the peer group identified by our Compensation Committee in 2015 against which our 2016 performance and non-employee director and executive pay should be examined;

evaluate our executive compensation programs and provide recommendations regarding executive compensation strategy and policies, including a review of philosophy, comparative review of total direct compensation at our peer group companies (for example, base salary, short- and long-term incentives, and mix of pay, as applicable), and provide insight related to potential enhancements and/or modifications;

assess the alignment of NEO compensation to our performance;

evaluate and analyze our compensation policies and practices for our named executive officers and our loan origination staff to determine whether they create risks that are reasonably likely to have a material adverse effect on us;

review the Compensation Discussion and Analysis; and

advise the Compensation Committee on executive and director compensation trends and best practices.

For additional information regarding the Compensation Committee's use of Pay Governance, refer to "BOARD OF DIRECTORS AND CORPORATE GOVERNANCE Board Committees Compensation Committee" above.

**Setting Executive Compensation**

The Compensation Committee evaluates compensation levels for each NEO. In reviewing compensation for 2016, the Compensation Committee reviewed and considered total compensation for each NEO, including reviews of reports that provide the value of: (1) historic and current elements of each NEO's target compensation and actual compensation received; and (2) equity awards granted to the NEO under our 2015 Equity Incentive Plan.

*Use of Peer Group and Survey Data*

The Compensation Committee strives to set target opportunity compensation levels to be competitive with the market in which we compete for executive talent. We use compensation information from a "Peer Group" of publicly traded companies in specific industries in which we compete for executive talent; and financial industry companies with scope of operations comparable to ours through the use of pooled survey data. Pay Governance combined the data from the Peer Group with pooled survey data to create the market data reviewed by the Compensation

Committee.

Table of Contents

At the time 2016 compensation was determined, we did not have direct publicly traded peers. Therefore, the Peer Group was selected by the Compensation Committee with advice from Pay Governance, taking into consideration industry relevance, business operations, comparability of size in terms of total revenue, total assets, market capitalization and number of employees, business competitors and input from management. The Peer Group was not chosen on the basis of executive compensation levels. The 2016 Peer Group comprises the 13 companies below, with one deletion from the 2015 Peer Group identified by strikethrough.

American Assets Trust, Inc.	Kennedy Wilson Holdings, Inc.
American Capital, Ltd.	Ladder Capital Corp.
Astoria Financial Corporation	Marcus & Millichap, Inc.
Dime Community Bancshares Inc.	PennyMac Financial Services, Inc.
Encore Capital Group, Inc.	Redwood Trust, Inc.
HFF, Inc.	<del>Washington Real Estate Investment Trust</del> (removed)
Investors Bancorp Inc.	WSFS Financial Corporation

Based on the analysis performed by Pay Governance described above, the Compensation Committee removed Washington Real Estate Investment Trust from the 2016 Peer Group because the Committee determined its business activities to be substantially dissimilar to the Company's, as Washington Real Estate Investment Trust's business is primarily focused on the ownership and management of commercial real estate, as opposed to the financing of commercial real estate.

Our Compensation Committee also used the Willis Towers Watson 2016 Financial Services Executive Compensation Survey Report-U.S. to evaluate executive compensation. This survey data includes pooled compensation data from many financial services companies and the findings are segregated by total assets.

Consistent with prior practice, comparative market data is not used by the Compensation Committee to "benchmark" the amount of total compensation or any specific element of compensation for the NEOs. Instead, the Compensation Committee aims to provide total pay opportunities to our executives based on consideration of a number of factors, including pay levels for executives in similar positions within our Peer Group, the nature and scope of each executive's duties, individual performance, and internal pay positioning, taking into account each executive's pay components and levels relative to other executives.



Table of Contents

**2016 Elements of Compensation**

Our compensation program for our NEOs consists of the following elements, each of which satisfies one or more of our alignment, performance and retention objectives:

<b>Compensation Element</b>	<b>Objectives</b>	<b>Key Features</b>
Base Salary	Provides a stable annual income at a level consistent with individual contributions.	Adjustments are considered annually based on individual performance, level of pay relative to the market, internal pay equity, and retention issues.
Annual Cash Incentive Award	Rewards Company and individual performance.	Provides for payouts of up to 200% of the NEO's base salary if an annual adjusted income from operations achievement threshold is met.
	Aligns NEOs' interests with those of our stockholders by promoting the achievement of targeted financial results.	Payouts are based upon a combination of Company performance and individual performance.
	Retains NEOs by providing competitive compensation opportunity.	
Long-Term Annual Equity Awards (Restricted Stock and Non-Qualified Stock Options)	Aligns NEOs' interests with long-term stockholder interests by linking a portion of each NEO's realizable compensation to long-term stock performance.	Targets 100% of base salary as an annual equity award.
	Provides opportunities for wealth creation and ownership, which enables us to retain and motivate our NEOs.	Utilizes different equity types, including restricted stock and non-qualified stock options, to balance the multiple objectives.
	Retains NEOs through multi-year vesting of equity grants and by providing market-competitive compensation.	Long-term equity awards generally vest in ratable increments over a three year period.
	Promotes an executive decision-making process that maintains a balanced focus on both immediate measures of success and on the effective growth and development of the business at least three years into the future.	
Long-Term Equity Awards (Performance Share Units)	In addition to restricted stock and non-qualified stock options, performance share unit awards	Under our 2016-2018 performance share plan, the performance share units vest in the form of shares

## Edgar Filing: Walker & Dunlop, Inc. - Form DEF 14A

further our pay for performance objectives by directly linking long-term compensation earned by the NEOs to our operating performance.

of common stock if the performance goals (tied to aggregate total revenues, average diluted earnings per share and return on equity) underlying the award are met over the course of the performance period.

## Edgar Filing: Walker & Dunlop, Inc. - Form DEF 14A

### Table of Contents

Compensation Element	Objectives	Key Features
		Targets 200% of grant date base salary as a performance based equity award for the CEO (100% of base salary as threshold award and 450% of base salary as maximum award).
		Targets 150% of grant date base salary as a performance based equity award for the President (75% of base salary as threshold award and 337.5% of base salary as maximum award).
		Targets 100% of grant date base salary as a performance based equity award for the other NEOs (75% of base salary as threshold award and 225% of base salary as maximum award).
Retirement Savings Opportunities and Deferral Programs	Allows all eligible employees to save for retirement in a tax efficient manner.	Under the 401(k) plan, employees are eligible to defer a portion of their pay, and we make a matching contribution.
	Allows for eligible employees to defer portions of their compensation in the form of Company stock units, further aligning interests of NEOs and senior management with stockholders.	Our 401(k) plan does not discriminate in scope, terms or operation in favor of officers and is available to all eligible employees.
Health and Welfare Benefits	Offers all eligible employees a competitive benefits package, which includes health and welfare benefits, such as medical, dental, disability insurance, and life insurance benefits.	The Management Deferred Stock Unit Purchase Plan (the "MSPP") allows eligible employees to elect to purchase stock units settled in our common stock on a deferred basis with up to 100% of their annual cash incentive award. MSPP participants generally receive an automatic grant of deferred stock units or restricted stock units as a matching award equal to 50% of the deferred stock units acquired in the MSPP (subject to a maximum matching amount). The matching award vests fully on March 15 of the third calendar year following the grant date.
Perquisites and Other Benefits		The plans under which these benefits are offered do not discriminate in scope, terms or operation in favor of officers and are available to all eligible employees.
		N/A

## Edgar Filing: Walker & Dunlop, Inc. - Form DEF 14A

We currently do not provide, and do not intend to provide, perquisites exceeding \$10,000 in the aggregate to our NEOs because we believe that we can provide better incentives for desired performance with compensation in the forms described above.

Table of Contents

**Mix of Total Direct Compensation**

The charts below show the relative amounts that we targeted for each element of total direct compensation for 2016, which is comprised of base salary, target annual cash incentive and target long-term equity awards, which are comprised of the annual equity award and the performance share unit award (based on 2016 target levels). As shown below, total compensation for executives emphasizes variable performance-based pay.

*Fixed vs. Variable Pay Opportunity of Total Pay For our CEO*

*Fixed vs. Variable Pay Opportunity of Total Pay For our President*

Table of Contents*Fixed vs. Variable Pay Opportunity of Total Pay For our Other NEOs***2016 Executive Officer Compensation***Base Salary*

Base salaries are set by the Compensation Committee. The Compensation Committee considers additional factors to determine whether to increase base salaries beyond the amounts required by the employment agreements. The Compensation Committee consults with the CEO with respect to the recommended base salaries for the other NEOs and takes into consideration market data provided by the Compensation Committee's compensation consultant, as previously described under " Setting Executive Compensation Use of Peer Group and Survey Data." In setting individual base salaries, consideration is given to factors such as: (1) the performance of the Company; (2) the individual performance of each NEO, taking into account the recommendation of the CEO with respect to the performance and contribution of individuals and the individual performance measures under the annual cash incentive program; (3) the NEO's scope of responsibility in relation to other NEOs and key members of senior management within the Company and internal pay equity; and (4) any retention issues. The Compensation Committee did not increase any NEO's salary in 2016.

Base salary for each of our NEOs in 2016 and 2015 was as follows:

Name	Base Salary (\$)		% Change
	2016	2015	
William M. Walker	750,000	750,000	0
Stephen P. Theobald	400,000	400,000	0
Howard W. Smith, III	500,000	500,000	0
Richard M. Lucas	400,000	400,000	0
Richard C. Warner	400,000	400,000	0

Base salary affects other elements of total compensation, including annual cash incentive, annual equity award, long-term equity compensation, and retirement benefits. In setting base salaries for the NEOs, the Compensation Committee considers the impact on other elements of total direct compensation.

In February 2017, the Compensation Committee approved an increase to Mr. Walker's annual salary to \$900,000, Mr. Smith's annual salary to \$625,000 and Messrs. Lucas', Theobald's and Warner's annual salary to \$500,000, each effective February 4, 2017. In determining salary adjustments for the NEOs, the Compensation Committee considered a number of relevant factors including pay levels for

Table of Contents

executives in similar positions within our Peer Group, the nature and scope of each NEO's duties, individual performance, and internal pay equity.

*Annual Cash Incentive Award*

In March 2016, the Compensation Committee established the 2016 annual cash incentive plan. Under the 2016 annual cash incentive plan, the Compensation Committee established as a prerequisite to the funding of the incentive plan that the Company achieve a minimum of \$90 million of adjusted income from operations for the fiscal year ended December 31, 2016. If that performance objective was achieved or exceeded, the NEOs were then eligible to receive an award of up to 200% of base salary, based on pre-determined Company and individual performance goals that the Compensation Committee established in March 2016, as described below. The Company-specific performance goals included total revenues, diluted earnings per share and adjusted EBITDA, the corresponding payouts for which were each weighted at 25%. The individual performance goals included corporate leadership and strategic initiatives, the corresponding payouts for which were weighted at 10% and 15%, respectively.

The Company achieved adjusted income from operations of \$186.3 million in 2016, and as a result, each NEO was eligible to receive an annual cash incentive award of up to 200% of his base salary, subject to achievement of the Company and individual performance goals, as determined by the Compensation Committee. The Compensation Committee determined that Company and individual performance under the pre-determined goals described above warranted an award of 164% of base salary. Additionally, given the Company's extraordinary 2016 financial results and other additional performance achievements of the Company and the NEOs, the Committee determined to allocate a maximum 200% cash award to each NEO under the 2016 annual cash incentive plan. The following tables set forth for each NEO the performance needed to achieve each Company and individual performance goal, the actual performance achieved in 2016 as determined by the Compensation Committee and the corresponding payouts approved by the Compensation Committee, including for the additional performance achievements.

The Compensation Committee chose the Company performance goals to focus the NEOs on the key operating metrics considered most important in driving Company results and stockholder value. Individual metrics were assigned based on each NEO's ability to drive performance. For each NEO, achievement of applicable performance criteria at the threshold, target or maximum levels results in bonuses of up to 50%, 100% and 200%, respectively, of such NEO's base salary, subject to the exercise of negative discretion by the Compensation Committee. The threshold, target and maximum levels are based on the NEO's employment agreement requirements, as well as his position and responsibilities, applicable market data, and our overall compensation philosophy, which emphasizes performance-based compensation. The Compensation Committee deemed that the performance levels would be sufficiently challenging to merit payout, and in particular that the maximum performance levels would require significant stretch performance compared to past years, such that maximum payout would only be achieved for truly outstanding results.

The award amounts attributable to the total revenues, diluted earnings per share and adjusted EBITDA performance goals were interpolated on a straight line basis if achievement of the performance goals fell between the specified goals for the threshold and target levels or between the target and maximum levels.

Table of Contents

**William M. Walker**  
**Chairman and Chief Executive Officer**

	Threshold	Target	Maximum	2016 Performance Results	Actual Payout
Annual Cash Incentive	\$375,000	\$750,000	\$1,500,000	N/A	\$1,500,000 (total)
<b>Goals:</b>					
Total Revenues	\$468,198,000	\$500,190,000	\$526,030,000	\$575,275,616	\$375,000
Diluted EPS	\$2.50	\$2.99	\$3.19	\$3.65	\$375,000
Adjusted EBITDA	\$127,729,868	\$147,917,492	\$155,313,367	\$129,928,953	\$103,958
Corporate Leadership	N/A	N/A	N/A	Achieved, as described below	\$150,000
Strategic Initiatives	N/A	N/A	N/A	Achieved, as described below	\$225,000
Additional Performance Achievements	N/A	N/A	N/A	Achieved, as described below	\$271,042

The additional performance achievements and Mr. Walker's corporate leadership and strategic initiative goals, and his accomplishments in attaining them, included:

an annual 10% increase in our operating margin from 29% in 2015 to 32% in 2016;

an annual 11% increase in our return on equity from 19% in 2015 to 21% in 2016;

significant outperformance of the maximum total revenues and diluted earnings per share goals under the 2016 cash incentive plan by 9% and 14%, respectively;

successful management of our loan origination and investment sales staff, as evidenced by our record 2016 total transaction volume of \$19.3 billion, a 9% increase over 2015;

managing significant investments in our loan origination staff, as evidenced by the net increase of 21 loan originators in 2016 and the acquisition of the loan origination platform of George Elkins Mortgage Company in 2016;

furthering extremely strong relationships with Fannie Mae and Freddie Mac, as evidenced by the improvement in our Freddie Mac Approved Seller/Servicer ranking to third in 2016 from fourth in 2015 and maintaining our ranking as the second largest Fannie Mae DUS lender in 2016; and

maintaining our valued culture, as evidenced by our recognition as a Great Place to Work® 2016 Best Small & Medium Workplaces list, as published in *Fortune* magazine for the fourth time in five years.



Table of Contents

**Stephen P. Theobald**  
**Executive Vice President, Chief Financial Officer & Treasurer**

	Threshold	Target	Maximum	2016 Performance Results	Actual Payout
Annual Cash Incentive	\$200,000	\$400,000	\$800,000	N/A	\$800,000 (total)
<b>Goals:</b>					
Total Revenues	\$468,198,000	\$500,190,000	\$526,030,000	\$575,275,616	\$200,000
Diluted EPS	\$2.50	\$2.99	\$3.19	\$3.65	\$200,000
Adjusted EBITDA	\$127,729,868	\$147,917,492	\$155,313,367	\$129,928,953	\$55,444
Corporate Leadership				Achieved, as described below	\$80,000
Strategic Initiatives	N/A	N/A	N/A	Achieved, as described below	\$120,000
Additional Performance Achievements				Achieved, as described below	\$144,556
	N/A	N/A	N/A		

The additional performance achievements and Mr. Theobald's corporate leadership and strategic initiative goals, and his accomplishments in attaining them, included:

an annual 10% increase in our operating margin from 29% in 2015 to 32% in 2016;

an annual 11% increase in our return on equity from 19% in 2015 to 21% in 2016;

significant outperformance of the maximum total revenues and diluted earnings per share goals under the 2016 cash incentive plan by 9% and 14%, respectively;

successful management of our warehouse funding sources and amounts to facilitate our record loan origination volumes;

successful management of our Servicing department as our servicing portfolio totaled \$63.1 billion at December 31, 2016, including through the structuring and execution of our acquisition of a \$3.6 billion servicing portfolio;

successful negotiation of the acquisition of the loan origination platform of George Elkins Mortgage Company in 2016;

successful management of our corporate re-branding initiative through his oversight of our Marketing department; and

maintaining our valued culture, as evidenced by our recognition as a Great Place to Work® 2016 Best Small & Medium Workplaces list, as published in *Fortune* magazine for the fourth time in five years.

Table of Contents**Howard W. Smith, III**  
**President**

	<b>Threshold</b>	<b>Target</b>	<b>Maximum</b>	<b>2016 Performance Results</b>	<b>Actual Payout</b>
Annual Cash Incentive	\$250,000	\$500,000	\$1,000,000	N/A	\$1,000,000 (total)
<b>Goals:</b>					
Total Revenues	\$468,198,000	\$500,190,000	\$526,030,000	\$575,275,616	\$250,000
Diluted EPS	\$2.50	\$2.99	\$3.19	\$3.65	\$250,000
Adjusted EBITDA	\$127,729,868	\$147,917,492	\$155,313,367	\$129,928,953	\$69,305
Corporate Leadership				Achieved, as described	
	N/A	N/A	N/A	below	\$100,000
Strategic Initiatives				Achieved, as described	
	N/A	N/A	N/A	below	\$150,000
Additional Performance Achievements				Achieved, as described	
	N/A	N/A	N/A	below	\$180,695

The additional performance achievements and Mr. Smith's corporate leadership and strategic initiative goals, and his accomplishments in attaining them, included:

an annual 10% increase in our operating margin from 29% in 2015 to 32% in 2016;

an annual 11% increase in our return on equity from 19% in 2015 to 21% in 2016;

significant outperformance of the maximum total revenues and diluted earnings per share goals under the 2016 cash incentive plan by 9% and 14%, respectively;

successful management of our loan origination and investment sales staff, as evidenced by our record 2016 total transaction volume of \$19.3 billion, a 9% increase over 2015;

managing significant investments in our loan origination staff, as evidenced by the net increase of 21 loan originators in 2016 and the acquisition of the loan origination platform of George Elkins Mortgage Company in 2016; and

maintaining our valued culture, as evidenced by our recognition as a Great Place to Work® 2016 Best Small & Medium Workplaces list, as published in *Fortune* magazine for the fourth time in five years.

Table of Contents

**Richard M. Lucas**  
**Executive Vice President, General Counsel and Secretary**

	Threshold	Target	Maximum	2016 Performance Results	Actual Payout
Annual Cash Incentive	\$200,000	\$400,000	\$800,000	N/A	\$800,000 (total)
<b>Goals:</b>					
Total Revenues	\$468,198,000	\$500,190,000	\$526,030,000	\$575,275,616	\$200,000
Diluted EPS	\$2.50	\$2.99	\$3.19	\$3.65	\$200,000
Adjusted EBITDA	\$127,729,868	\$147,917,492	\$155,313,367	\$129,928,953	\$55,444
Corporate Leadership				Achieved, as described	
	N/A	N/A	N/A	below	\$80,000
Strategic Initiatives				Achieved, as described	
	N/A	N/A	N/A	below	\$120,000
Additional Performance Achievements				Achieved, as described	
	N/A	N/A	N/A	below	\$144,556

The additional performance achievements and Mr. Lucas' corporate leadership and strategic initiative goals, and his accomplishments in attaining them, included:

an annual 10% increase in our operating margin from 29% in 2015 to 32% in 2016;

an annual 11% increase in our return on equity from 19% in 2015 to 21% in 2016;

significant outperformance of the maximum total revenues and diluted earnings per share goals under the 2016 cash incentive plan by 9% and 14%, respectively;

effective management of our legal department, including through the negotiation and execution of our acquisition of the loan origination platform of George Elkins Mortgage Company and our acquisition of the \$3.6 billion servicing portfolio;

effective management of our office services function, including managing our 28 offices nationwide; and

maintaining our valued culture, as evidenced by our recognition as a Great Place to Work® 2016 Best Small & Medium Workplaces list, as published in *Fortune* magazine for the fourth time in five years.

Table of Contents

**Richard C. Warner**  
**Executive Vice President and Chief Credit Officer**

	Threshold	Target	Maximum	2016 Performance Results	Actual Payout
Annual Cash Incentive	\$200,000	\$400,000	\$800,000	N/A	\$800,000 (total)
<b>Goals:</b>					
Total Revenues	\$468,198,000	\$500,190,000	\$526,030,000	\$575,275,616	\$200,000
Diluted EPS	\$2.50	\$2.99	\$3.19	\$3.65	\$200,000
Adjusted EBITDA	\$127,729,868	\$147,917,492	\$155,313,367	\$129,928,953	\$55,444
Corporate Leadership				Achieved, as described below	\$80,000
Strategic Initiatives	N/A	N/A	N/A	Achieved, as described below	\$120,000
Additional Performance Achievements	N/A	N/A	N/A	Achieved, as described below	\$144,556

The additional performance achievements and Mr. Warner's corporate leadership and strategic initiative goals, and his accomplishments in attaining them, included:

an annual 10% increase in our operating margin from 29% in 2015 to 32% in 2016;

an annual 11% increase in our return on equity from 19% in 2015 to 21% in 2016;

significant outperformance of the maximum total revenues and diluted earnings per share goals under the 2016 cash incentive plan by 9% and 14%, respectively;

outstanding management of credit risk by our Underwriting department and successful management of our Asset Management department's loss mitigation practices, as evidenced by no foreclosures and zero 30-day plus delinquencies in our Fannie Mae at risk portfolio during 2016;

facilitating the 40% growth of our Fannie Mae loan originations in 2016 from 2015 to a Company record \$7.0 billion; and

maintaining our valued culture, as evidenced by our recognition as a Great Place to Work® 2015 Best Small & Medium Workplaces list, as published in *Fortune* magazine for the fourth time in five years.

The following table sets forth the 2016 annual cash incentive bonus awarded to each of our NEOs.

Name	Annual Cash Incentive Award (\$)
William M. Walker	1,500,000
Stephen P. Theobald	800,000
Howard W. Smith, III	1,000,000
Richard M. Lucas	800,000
Richard C. Warner	800,000

## Edgar Filing: Walker & Dunlop, Inc. - Form DEF 14A

Additionally, in February 2017, the Compensation Committee granted an additional restricted stock award to each NEO equal to 50% of his 2016 annual base salary to reward him for the exceptional 2016 performance, as described above. The restricted stock granted to the NEOs in February 2017 vests ratably on each anniversary date of grant over a three-year period.

Table of Contents*Equity Awards*

The equity awards granted to our NEOs in 2016 consisted of an annual equity award that includes restricted stock and non-qualified stock options and performance stock units for a performance-based long-term equity incentive award. Annualized target award levels for the NEOs for 2016 were 100% of base salary for the annual restricted stock and non-qualified stock option award.

Annual Equity Award

The annual equity award for Messrs. Walker and Smith for 2016 was comprised of 20% restricted stock and 80% options (based on the fair value of each on the date of the grant), and for Messrs. Lucas, Theobald and Warner was comprised of 75% restricted stock and 25% options (based on the fair value of each on the date of grant). The Compensation Committee placed a greater weighting on non-qualified stock options than restricted stock for Messrs. Walker and Smith to seek to further align the interests of the executives with our stockholders through long-term value creation and to maximize the Company's ability to deduct their compensation for U.S. federal income tax purposes. The non-qualified stock options and restricted stock granted to the NEOs in 2016 vest ratably on each anniversary date of grant over a three-year period. The Compensation Committee determined to use a three-year vesting period because it believes such duration promotes long-term alignment with stockholders and longer-term decision making that provides an effective balance to the shorter-term incentive measures used in setting annual cash incentive awards.

*Restricted Stock Awards.* The Compensation Committee granted our NEOs a total of 56,373 shares of restricted stock. In addition to serving as a retention tool, restricted stock further aligns the interests of the NEOs with our stockholders through the promotion of significant share ownership. Each NEO's 2016 restricted stock award is detailed below.

*Stock Option Awards.* The Compensation Committee granted our NEOs a total of 180,307 non-qualified stock options. The exercise price of non-qualified stock options is the closing price of our common stock on the NYSE on the date of grant. Non-qualified stock option grants vest ratably over three years and expire ten years after grant. In addition to serving as a retention tool, non-qualified stock options further align the interests of executives with our stockholders through long-term stock value creation. Each NEO's 2016 grant of non-qualified stock options is detailed below.

Name	Number of Shares of Restricted Stock Granted(1)	Number of Options Granted(1)
William M. Walker	7,353	83,218
Stephen P. Theobald	14,706	13,870
Howard W. Smith, III	4,902	55,479
Richard M. Lucas	14,706	13,870
Richard C. Warner	14,706	13,870

(1)

Shares of restricted stock and the non-qualified stock options vest in one-third increments on each of February 15, 2017, 2018 and 2019, subject to the NEO's continued employment with the Company on the applicable vesting date.

2014-2016 Performance Share Plan

In March 2014, the Compensation Committee approved a performance-based long-term equity incentive award for the Company's NEOs and senior management. In February 2017, the Compensation Committee certified that during the 2014-2016 performance period, the Company

Table of Contents

achieved average diluted earnings per share of \$2.63, well in excess of the maximum performance goal of \$1.86, and aggregate revenues of \$1,404,246,000, which is between the target and maximum goals of \$1,385,000,000 and \$1,450,000,000 respectively. Accordingly, the Compensation Committee determined that the following number of shares were earned by each NEO: Mr. Walker: 166,971; Mr. Theobald: 44,524; Mr. Smith: 55,655; Mr. Lucas: 44,524; and Mr. Warner: 44,524. The Company's total shareholder return (comprised exclusively of stock price appreciation) during the performance period was 93%.

2016-2018 Performance Share Plan

In March 2016, the Compensation Committee approved a new performance-based long-term equity incentive award for the Company's NEOs and senior management to drive outstanding performance over the next three years. Under these 2016 performance-based long-term equity incentive awards, the Compensation Committee established as a prerequisite to the funding of the award that the Company achieve a minimum of \$90 million of adjusted income from operations in 2016. 2016 adjusted income from operations was \$186.3 million. Accordingly, the NEOs are eligible to receive equity awards if certain pre-established performance goals (tied to aggregate total revenues, average diluted earnings per share and return on equity) underlying the award are met over the course of a 2016-2018 performance period.

The performance share units vest based on the achievement of average diluted earnings per share (50% weighting), aggregate total revenues (25% weighting) and return on equity (25% weighting) over the 2016-2018 performance period as set forth in the table below. In the event that one or more of the metrics falls between two of the levels in the table, the number of performance share units vested will be calculated by linear interpolation.

The Compensation Committee established the award of the performance share units as an "outperformance" award, setting extremely challenging performance targets designed to incentivize our senior management team, including the NEOs, to seek to achieve outstanding Company performance. As a result, the amounts that will be actually earned by the NEOs under the performance share units may be less, in some cases substantially so, than the amounts shown as compensation in the "2016 Summary Compensation Table" below.

The Compensation Committee recognizes that without a dividend policy, one of the primary methods of returning value to our stockholders is through maximizing and growing earnings per share. Therefore, the Compensation Committee chose the average diluted earnings per share metrics and assigned them a 50% weighting to ensure that the NEOs and senior management are focused not only on driving revenue growth over the performance period, but also on maximizing the benefit of such growth in earnings per share. Additionally, in order to receive an award for achievement of the average diluted earnings per share performance goals, the Company will have to achieve such goals net of the expense associated with awards under the plan. The Compensation Committee also chose the aggregate total revenues and return on equity goals set forth in the table below for the 2016 - 2018 performance cycle because if achieved they would require dramatic growth and diversification of our loan origination and servicing platform and efficient use of capital.

For the grant of performance share units in 2016, the Compensation Committee determined that: (i) Mr. Walker's grant would have a threshold number of performance share units equal to 100% of his base salary, a target number of performance share units equal to 200% of his base salary, and a maximum number of performance share units equal to 450% of his base salary, divided by the fair market value of a share of common stock on the grant date, (ii) Mr. Smith's grant would have a threshold number of performance share units equal to 75% of his base salary, a target number of performance share units equal to 150% of his base salary, and a maximum number of performance share units equal to 337.5% of his base salary, divided by the fair market value of a share of common

Table of Contents

stock on the grant date and (ii) each of Messrs. Lucas, Theobald, and Warner would receive a threshold number of performance share units equal to 75% of each of their respective base salaries, a target number of performance share units equal to 100% of each of their respective base salaries, and a maximum number of performance share units equal to 225% of each of their respective base salaries, divided by the fair market value of a share of common stock on the grant date.

Achievement Against Performance Goal	Average Diluted Earnings Per Share for the Performance Period (50% Weighting)	Aggregate Total Revenues for the Performance Period (25% Weighting)	Return on Equity (25% Weighting)	Number of Performance Share Units Eligible to be Vested
Threshold	\$ 2.92	\$ 1.705 billion	15.0%	Threshold Number of Performance Share Units
Target	\$ 3.22	\$ 1.870 billion	16.5%	Target Number of Performance Share Units
Maximum	\$ 3.53	\$ 2.045 billion	18.0%	Maximum Number of Performance Share Units

*Management Deferred Stock Unit Purchase Plan*

The Management Deferred Stock Unit Purchase Plan (the "MSPP") supports the Company's existing stock ownership goals for the NEOs and further aligns the interests of plan participants, including the NEOs, with our stockholders by providing a means for deferral of annual cash incentive compensation by eligible employees into deferred stock units that are settled in shares of the Company's common stock upon payout. In connection with the MSPP, participants who acquire deferred stock units are generally granted a matching deferred stock unit or restricted stock unit award equal to 50% of the deferred stock units acquired in the MSPP, which matching award vests fully on March 15 of the third calendar year following the grant date. The matching awards are reflected in the "2016 Summary Compensation Table" below. See the "2016 Nonqualified Deferred Compensation" table and related narrative below for additional information concerning the MSPP and the related matching component.

*Employment Agreements*

The compensation packages described above reflect, in part, the employment agreements that we entered into with each of our NEOs. The employment agreements with our NEOs also include severance provisions. See "COMPENSATION OF DIRECTORS AND OFFICERS Employment and Separation Agreements" and "COMPENSATION OF DIRECTORS AND OFFICERS Potential Payments Upon Termination or a Change in Control" for a description of the specific terms of these agreements.

**Compensation Policies**

We do not currently have any formal policies regarding long-term versus currently-paid compensation, but believe that both elements are necessary for achieving our compensation objectives. Currently paid compensation provides financial stability for each of our NEOs and immediate reward for superior Company and individual performance, while long-term compensation rewards achievement of long-term strategic objectives and contributes towards overall shareholder value.

*Clawback Policy*

If we are required to prepare an accounting restatement, then awards under our 2015 Equity Incentive Plan are subject to mandatory forfeiture if the amount earned or vesting of the award is



Table of Contents

explicitly based on the achievement of pre-established performance goals that are later determined, as a result of the accounting restatement, not to have been achieved. We also have the right to recover awards made to participants under the 2015 Equity Incentive Plan in case of a financial restatement as a result of their knowing or gross negligence or failure to prevent misconduct or to the extent provided by clawback policies that we may adopt in the future.

*Prohibition on Hedging*

Our insider trading policy prohibits our directors and all employees, including our NEOs, from hedging their economic interest in the Company's stock through short-sales, trading in puts or calls, or the use of other derivative instruments.

*Prohibition on Pledging*

Our insider trading policy also prohibits our non-employee directors and all employees, including our NEOs, from pledging Company securities to secure margin or other loans. This prohibition means our non-employee directors and employees may not hold our securities in margin accounts.

*Stock Ownership Guidelines for NEOs*

We have stock ownership guidelines for our NEOs, which are intended to further align their interests with the interests of our stockholders. Under the guidelines, each NEO must hold an ownership stake in the Company that is significant in comparison to their base salary. The amount required to be retained varies depending on the NEO's position, as follows:

Chief Executive Officer and President: five times base salary; and

Chief Credit Officer, Chief Financial Officer and General Counsel: three times base salary.

Stock ownership for the purpose of these guidelines includes stock currently held by the NEO, restricted stock and stock units, excluding stock units that remain subject to achievement of performance goals. As of December 31, 2016, each NEO was in compliance with the stock ownership guidelines.

*Tax Treatment of NEO Compensation*

Section 162(m) of the Internal Revenue Code of 1986, as amended, generally limits the tax deductibility of compensation paid by a public company to its chief executive officer and certain other highly compensated executive officers (excluding the chief financial officer) to \$1 million in the year the compensation becomes taxable to the executive. There is an exception to the limit on deductibility for performance-based compensation that meets certain requirements. While we consider the impact of this and other tax rules when developing and implementing our executive compensation programs, we also believe that it is important to preserve flexibility in administering compensation programs in a manner designed to promote varying corporate goals. Accordingly, we have not adopted a policy that all compensation must qualify as deductible under Section 162(m) or any other tax rule.

**"Say on Pay" Results**

At our 2016 annual meeting, we submitted to stockholders an advisory resolution to approve our executive compensation program (a "say on pay" vote). Our stockholders overwhelmingly supported our say on pay vote with approximately 98 percent of the votes cast in favor and one percent cast against (excluding abstentions and broker non-votes). We carefully consider stockholder feedback on all matters, including our executive compensation. In 2016, the Compensation Committee considered the results of the 2016 say on pay vote, and determined that no specific changes to our executive compensation program were warranted.

Table of Contents

At our 2016 annual meeting, our stockholders approved holding a say on pay vote at each annual meeting, and our Board subsequently determined that annual say on pay votes were appropriate for us. Accordingly, we will hold the say on pay vote at this annual meeting (Proposal 3).

**Compensation Policies and Practices as they Relate to Risk Management**

Management reports regularly to the Compensation Committee on our executive and employee compensation and benefit programs. The Compensation Committee engaged Pay Governance to perform a compensation risk assessment for the NEOs and our loan originators for 2016, and to advise the Compensation Committee on the findings of the assessment. Our Senior Vice President, Human Resources also reported on the compensation structure and benefit programs and risks associated with such structure and programs for all of our other employees. The Compensation Committee considered the findings of these reports and determined that the NEO and other employee compensation and benefit programs do not pose any material risks to us and therefore are not reasonably likely to have a material adverse effect on us. With respect to the NEO compensation programs, the Compensation Committee found that they continue to be well-balanced between fixed and variable compensation, cash and equity and short-term and long-term incentives, take into account both qualitative and quantitative performance factors, reflect an appropriate mix of compensative instruments, are well-aligned with stockholder interests and have elements and are subject to policies that discourage the NEOs from taking unnecessary or excessive risks, including with respect to compensation clawbacks and prohibitions on hedging and pledging. With the assistance of Pay Governance, the Compensation Committee continues to review all of the Company's executive compensation programs as they relate to risk management.

**Compensation Committee Report**

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis set forth above with our management. Based on such review and discussion, the committee recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement and incorporated by reference in the Company's Annual Report on Form 10-K for the year ended December 31, 2016, for filing with the Securities and Exchange Commission.

Respectfully submitted,  
The Compensation Committee of the Board of  
Directors  
Michael D. Malone (Chairman)  
Cynthia A. Hallenbeck  
John Rice  
Dana L. Schmaltz

**The Compensation Committee report above does not constitute "soliciting material" and will not be deemed "filed" or incorporated by reference into any of our filings under the Securities Act of 1933 or the Securities Exchange Act of 1934 that might incorporate our SEC filings by reference, in whole or in part, notwithstanding anything to the contrary set forth in those filings.**

**Reconciliation of Adjusted Income from Operations to GAAP Income from Operations**

Adjusted income from operations is not prepared in accordance with GAAP. Adjusted income from operations is not, and should not be, viewed as a substitute for GAAP income from operations. Adjusted income from operations reflects the following adjustments to GAAP income from operations: (1) any amounts that are generally required to be reported separately under GAAP as extraordinary items, as reported in our audited financial statements; (2) gains or losses as a result of changes in accounting principles; (3) impairment charges for goodwill or intangible assets; (4) amortization of

Table of Contents

intangible assets acquired in a business combination or acquisition of assets; (5) acquisition and restructuring costs (including severance, legal fees, banking fees, etc.) for completed efforts; (6) litigation costs for historical transactions; (7) debt restructuring costs; (8) any other non-recurring or non-operating charges specifically related to completed acquisitions and restructurings; (9) costs associated with capital raises for creating an externally managed REIT, including but not limited to underwriting charges, placement fees and legal fees; and (10) costs associated with a completed capital raise for a fund management business, including but not limited to finders' or relationship referral fees, legal fees, banking fees, placement fees, etc.

(\$ in thousands)	For the year ended December 31, 2016
<b>GAAP income from operations</b>	<b>\$ 185,781</b>
Adjustments:	
(i) Extraordinary items	
(ii) Changes in accounting principles	
(iii) Goodwill impairment	
(iv) Amortization of intangible assets acquired in business combination	441
(v) Acquisition and restructuring costs of completed acquisitions	86
(vi) Litigation costs	
(vii) Debt restructuring costs	
(viii) Non-recurring charges related to acquisitions	
(ix) Costs of raising REIT	
(x) Costs of completed capital raises	
<b>Adjusted income from operations</b>	<b>\$ 186,308</b>

Table of Contents**COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS****Executive Compensation**

The following table sets forth the compensation paid to or earned by our NEOs in their capacities as executive officers of Walker & Dunlop, Inc. during 2016, 2015 and 2014:

**2016 Summary Compensation Table**

Name	Year	Salary (\$)	Bonus (\$)(1)	Stock Awards (\$)(2)	Option Awards (\$)(2)	Non-Equity	All Other	Total (\$)
						Incentive Plan (\$)(3)	Compensation (\$)(4)	
William M. Walker	2016	750,000		1,112,504	600,002	1,500,000	9,000	3,971,506
<i>Chairman and Chief Executive Officer</i>	2015	750,000	200,000	299,990	600,001	1,500,000	4,500	3,354,491
	2014	750,000		1,024,996	599,999	1,500,000	4,500	3,879,495
Stephen P. Theobald	2016	400,000	2,000	699,969	100,003	800,000	9,000	2,010,972
<i>Executive Vice President, Chief Financial Officer and Treasurer</i>	2015	400,000	200,000	350,000	99,999	800,000	4,500	1,854,499
	2014	400,000		549,993	200,000	800,000	4,500	1,954,493
Howard W. Smith, III	2016	500,000		714,973	400,004	1,000,000	9,000	2,623,988
<i>President</i>	2015	500,000	200,000	299,990	400,002	1,000,000	4,500	2,404,493
	2014	500,000		544,987	399,999	1,000,000	4,500	2,449,486
Richard M. Lucas	2016	400,000		699,969	100,003	800,000	9,000	2,008,972
<i>Executive Vice President, General Counsel and Secretary</i>	2015	400,000	203,500	399,993	99,999	800,000	4,500	1,907,992
	2014	400,000		574,991	200,000	800,000	4,500	1,979,491
Richard C. Warner	2016	400,000		599,983	100,003	800,000	9,000	1,908,986
<i>Executive Vice President and Chief Credit Officer</i>	2015	400,000	200,000	300,007	99,999	800,000	4,500	1,804,506
	2014	400,000		499,997	200,000	800,000	4,500	1,904,497

(1) \$2,000 and \$3,500 in this column for Mr. Theobald and Mr. Lucas, respectively, represents a cash bonus award earned by Mr. Theobald in 2016 and Mr. Lucas in 2015 under a Company program in which all full-time employees may participate and earn a cash-based award upon the completion of three years (Mr. Theobald) and five years (Mr. Lucas) of continuous service with the Company.

(2) Amounts shown in these columns represent the grant date fair value calculated in accordance with FASB ASC Topic 718 of shares of restricted common stock and non-qualified stock options. In addition, for Messrs. Walker, Theobald, Smith and Lucas, the Stock Awards column includes restricted stock units (some of which may be deferred stock units) awarded as the matching grant under the Management Deferred Stock Unit Purchase Matching Program. In 2014 and 2016, the Stock Awards column also includes the threshold value for the 2014-2016 and 2016-2018 performance share units, respectively. The maximum possible value of the 2016 performance share units, based on the closing price per share on the date they were granted, was as follows: \$3,375,000 for Mr. Walker, \$900,000 for Mr. Theobald, \$1,687,500 for Mr. Smith, \$900,000 for Mr. Lucas, and \$900,000 for Mr. Warner. For a discussion of the assumptions made in the valuation reflected in this column, see notes 2 and 11 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2016.

(3)

Amounts shown in this column represent annual cash incentive awards to each NEO.

(4)

Represents the Company's \$4,500 matching contribution to the executive's 401(k) plan for each year presented and an additional discretionary \$4,500 contribution by the Company to the executive's 401(k) plan for 2016. All full-time employees were eligible for these contributions.

Table of Contents**2016 Grants of Plan-Based Awards**

Name/Award Type(1)	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock (#)(4)	All Other Option Awards: Number of Underlying Options (#)(4)	Exercise Price of Option Awards (\$/Share)	Grant Date Fair Value of Stock and Option Awards (\$)(5)
		Threshold (\$)(2)	Target (\$)(2)	Maximum (\$)(2)	Threshold (#)(3)	Target (#)(3)	Maximum (#)(3)				
William M. Walker											
Restricted Stock	2/15/2016							7,353			150,001
Options	2/15/2016								83,218	20.40	600,002
Restricted Stock Units	2/19/2016							9,725			212,491
Cash Awards	3/1/2016	375,000	750,000	1,500,000							
Performance Share Units	3/21/2016				31,355	62,709	141,096				750,012
Stephen P. Theobald											
Restricted Stock	2/15/2016							14,706			300,002
Options	2/15/2016								13,870	20.40	100,003
Restricted Stock Units	2/19/2016							4,576			99,986
Cash Awards	3/1/2016	200,000	400,000	800,000							
Performance Share Units	3/21/2016				12,541	16,723	37,625				299,981
Howard W. Smith, III											
Restricted Stock	2/15/2016							4,902			100,001
Options	2/15/2016								55,479	20.40	400,004
Restricted Stock Units	2/19/2016							10,983			239,979
Cash Awards	3/1/2016	250,000	500,000	1,000,000							
Performance Share Units	3/21/2016				15,677	31,355	70,548				374,994
Richard M. Lucas											
Restricted Stock	2/15/2016							14,706			300,002
Options	2/15/2016								13,870	20.40	100,003
Restricted Stock Units	2/19/2016							4,576			99,986
Cash Awards	3/1/2016	200,000	400,000	800,000							
Performance Share Units	3/21/2016				12,541	16,723	37,625				299,981
Richard C. Warner											
Restricted Stock	2/15/2016							14,706			300,002
Options	2/15/2016								13,870	20.40	100,003
Cash Awards	3/1/2016	200,000	400,000	800,000							
Performance Share Units	3/21/2016				12,541	16,723	37,625				299,981

(1) All plan-based awards were made pursuant to the 2015 Equity Incentive Plan.

(2) Represents awards that could be earned under our annual cash incentive plan. See " 2016 Executive Officer Compensation Annual Cash Incentive Award." NEOs may elect to defer all or a portion of these amounts under our MSPP. Refer to the 2016 Non-Qualified Deferred Compensation table below for information regarding deferral elections made by the NEOs.

(3) Represents shares that could be earned under awards of performance share units, which vest based on the achievement of average diluted earnings per share (50% weighting), aggregate total revenues (25% weighting) and return on equity (25% weighting) over the 2016-2018 performance period. See " 2016 Executive Officer Compensation 2016-2018 Performance Share Plan."

(4)

## Edgar Filing: Walker & Dunlop, Inc. - Form DEF 14A

Grants of restricted stock and option awards vest in one-third increments on each of February 15, 2017, 2018 and 2019, subject to the executive's continued employment with the Company on the applicable vesting date. Grants of restricted stock units and deferred stock units are awarded as matching grants under the Management Deferred Stock Unit Purchase Matching Program and vest on March 15 in the third calendar year following the grant date.

(5)

Amounts shown in this column represent the estimated grant date fair value calculated in accordance with FASB ASC Topic 718 of shares of restricted common stock, non-qualified stock options, and performance share units awarded under the 2010 Equity Incentive Plan, as amended, which has been amended and restated as the 2015 Equity Incentive Plan, as well as restricted stock units and deferred stock units awarded as matching grants under the Management Deferred Stock Unit Purchase Matching Program. For the performance share units, the amounts shown reflect the threshold value of the performance share units awarded to each NEO. The Compensation Committee established very challenging targets for the 2016-2018 performance cycle. As a result, the value of the shares of common stock that will actually be received by the NEOs may be less or more, in some cases substantially so, than the amounts reported above as compensation. For a discussion of the assumptions made in the valuation reflected in this column, see notes 2 and 11 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2016.

Table of Contents

**Narrative Disclosures to Summary Compensation and Grants of Plan-Based Awards Tables**

The 2016 performance share unit "threshold," "target," and "maximum" opportunities in the Table are 100%, 200%, and 450%, respectively, of the 2016 base salary for Mr. Walker, 75%, 150%, and 337.5%, respectively, of the 2016 base salary for Mr. Smith and 75%, 100%, and 225%, respectively, of the 2016 base salaries for the other NEOs. See "COMPENSATION DISCUSSION AND ANALYSIS 2016 Executive Officer Compensation Equity Awards."

**Employment and Separation Agreements**

We have entered into employment agreements with each of our NEOs. Each employment agreement had an initial three-year term, and automatically extends for a series of additional one-year terms at the end of the expiration of the then-current term, unless either party gives 60 days' prior notice that the term will not be extended. These employment agreements provide for an initial base salary, a target bonus of 100% of base salary, with the actual bonus payment to be determined by the Compensation Committee, and eligibility for grants of equity. For information regarding each NEO's 2016 base salary and other compensation arrangements with us, see "COMPENSATION DISCUSSION AND ANALYSIS 2016 Executive Officer Compensation" above. Additionally, each NEO employment agreement also contains customary non-competition and non-solicitation covenants that apply during the term and for up to 12 months after the termination of each executive's employment with us. For information concerning the termination-related terms of the NEOs' employment agreements, see " Potential Payments Upon Termination or a Change in Control" below.



Table of Contents**Outstanding Equity Awards at December 31, 2016**

Name	Grant Date	Option Awards				Stock Awards			Equity Incentive Plan Awards: Market Value of Unearned Units that Have Not Vested (\$)(2)
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)(1)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(2)	Equity Incentive Plan Awards: Number of Unearned Units that Have Not Vested (#)(3)	
William M. Walker	4/1/2013	97,879		18.03	4/1/2023				
	2/15/2014	62,992	31,496	17.05	2/15/2024	2,933(4)	91,510		
	3/15/2014					8,090(5)	252,408		
	3/28/2014							186,683	5,824,510
	2/15/2015	33,899	67,796	16.72	2/15/2025	5,980(4)	186,576		
	2/15/2015					8,971(5)	279,895		
	2/15/2016		83,218	20.40	2/15/2026	7,353(4)	229,414		
	2/19/2016					9,725(5)	303,420		
	3/21/2016							121,499	3,790,769
Stephen P. Theobald	4/1/2013	28,548		18.03	4/1/2023				
	2/15/2014	20,997	10,499	17.05	2/15/2024	3,910(4)	121,992		
	3/15/2014					3,236(5)	100,963		
	3/28/2014							49,783	1,553,230
	2/15/2015	5,650	11,299	16.72	2/15/2025	11,962(4)	373,214		
	2/15/2015					2,990(5)	93,288		
	2/15/2016		13,870	20.40	2/15/2026	14,706(4)	458,827		
	2/19/2016					4,576(5)	142,771		
	3/21/2016							32,400	1,010,880
Howard W. Smith, III	3/24/2011	32,000		12.52	3/24/2021				
	4/30/2012	55,268		13.05	4/30/2022				
	4/1/2013	65,253		18.03	4/1/2023				
	2/15/2014	41,995	20,997	17.05	2/15/2024	1,955(4)	60,996		
	3/15/2014					4,530(5)	141,336		
	3/28/2014							62,227	1,941,482
	2/15/2015	22,599	45,198	16.72	2/15/2025	3,987(4)	124,394		
	2/15/2015					11,961(5)	373,183		
	2/15/2016		55,479	20.40	2/15/2026	4,902(4)	152,942		
	2/19/2016					10,983(5)	342,670		
	3/21/2016							60,750	1,895,400
Richard M. Lucas	3/24/2011	20,000		12.52	3/24/2021				
	4/30/2012	25,907		13.05	4/30/2022				
	4/1/2013	32,626		18.03	4/1/2023				
	2/15/2014	20,997	10,499	17.05	2/15/2024	3,910(4)	121,992		
	3/15/2014					4,854(5)	151,445		
	3/28/2014							49,783	1,553,230
	2/15/2015	5,650	11,299	16.72	2/15/2025	11,962(4)	373,214		
	2/15/2015					5,980(5)	186,576		
	2/15/2016		13,870	20.40	2/15/2026	14,706(4)	458,827		
	2/19/2016					4,576(5)	142,771		
	3/21/2016							32,400	1,010,880
Richard C. Warner	3/24/2011	24,000		12.52	3/24/2021				
	4/30/2012	25,907		13.05	4/30/2022				
	4/1/2013	32,626		18.03	4/1/2023				
	2/15/2014	20,997	10,499	17.05	2/15/2024	3,910(4)	121,992		
	3/28/2014							49,783	1,553,230

Edgar Filing: Walker & Dunlop, Inc. - Form DEF 14A

2/15/2015	5,650	11,299	16.72	2/15/2025	11,962(4)	373,214		
2/15/2016		13,870	20.40	2/15/2026	14,706(4)	458,827		
3/21/2016							32,400	1,010,880

- 
- (1) These options were granted pursuant to our 2010 Equity Incentive Plan, as amended, and our 2015 Equity Incentive Plan, and vest ratably on each anniversary of the date of grant over a three-year period, conditioned upon the executive's continued employment with the Company on the applicable vesting date.
- (2) Based on the closing stock price of our common stock on December 31, 2016 of \$31.20 per share.
- (3) Represents performance share units under our 2014-16 performance share plan and our 2016-2018 performance share plan. The number of units reported for the 2014-2016 performance share plan is based on the maximum level of performance, which is reflective of performance during the performance period. The number of performance share units reported for the 2016-2018 performance share plan is based on the maximum level of performance for the earnings per share and return on equity goals and the target level of performance for the revenue goal, which is reflective of performance during 2016.

Table of Contents

(4) Represents restricted stock granted pursuant to our 2010 Equity Incentive Plan, and our 2015 Equity Incentive Plan, and vest ratably on each anniversary of the date of grant over a three-year period, conditioned upon the executive's continued employment with the Company on the applicable vesting date.

(5) Represents restricted stock units (some of which may be deferred stock units) granted under the Management Deferred Stock Unit Purchase Matching Program, which vest on March 15 in the third calendar year following the grant date.

**2016 Option Exercises and Stock Vested**

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 (\$)
William M. Walker			8,696	187,797
Stephen P. Theobald			26,459	601,894
Howard W. Smith, III			5,798	125,213
Richard M. Lucas			13,589	291,083
Richard C. Warner			13,589	291,083

**2016 Nonqualified Deferred Compensation**

Name	Registrant				
	Executive Contributions in Last Fiscal Year (\$)(1)	Contributions in Last Fiscal Year (\$)	Aggregate Earnings in Last Fiscal Year (\$)(2)	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Last Fiscal Year End (\$)(3)
William M. Walker			263,411		1,671,477
Stephen P. Theobald	199,980		115,341		874,056
Howard W. Smith, III	400,000		284,223		2,114,471
Richard M. Lucas	199,980		137,369		1,161,627
Richard C. Warner					

(1) These contributions were made by deferring a portion of the 2016 annual cash incentive award under our MSPP and represent the value of purchased deferred stock units based on the closing share price of our common stock on the purchase date. All of the amounts shown in this column were included as compensation in the "2016 Summary Compensation Table" for 2016.

(2) Earnings represent a change in the value of our common stock underlying an NEO's deferred stock units. None of the amounts in this column have been included in the "2016 Summary Compensation Table" because the earnings are not preferential or above-market.

(3) Total aggregate balance calculated as the sum of the number of purchased deferred stock units held as of December 31, 2016, multiplied by \$31.20, the closing stock price of our common stock on December 31, 2016, plus the amount of executive contributions for 2016. The following amounts included in this column have been reported in the "2016 Summary Compensation Table" for 2016 or a prior fiscal year: Mr. Walker \$974,969, Mr. Theobald \$599,951, Mr. Smith \$1,419,964, Mr. Lucas \$749,950 and Mr. Warner \$0.

**Management Deferred Stock Unit Purchase Plan (MSPP)**

Under the MSPP, eligible employees may voluntarily elect to purchase shares of the Company's common stock with up to 100% of their annual cash incentive award on a specified date each calendar year (the "Election Date"). On the date that the annual cash incentive award is paid (the "Award Date"), the portion of the bonus that is deferred will be used to purchase deferred stock units at the fair market value of the Company's common stock on such date. These deferred stock units granted under the MSPP are fully vested and non-forfeitable on the date of

purchase. With respect to each

Table of Contents

deferred stock unit granted under the MSPP, the Company will issue to the participant one share of the Company's common stock on the date elected by the participant, which will be either (i) January 31 of the year immediately following the participant's separation from the Company (the "Termination Date Election"); (ii) the first to occur of (A) March 15 of the third calendar year after the Award Date, and (B) January 31 of the year immediately following the participant's separation from the Company (the "Vesting Date Election"); or (iii) the first to occur of (A) January 31 of the fifth or tenth, as elected by the participant, calendar year after the Award Date, and (B) January 31 of the year immediately following the participant's separation from the Company (the "Deferred Distribution Date Election"). In connection with the MSPP, participants who acquire deferred stock units are generally granted a matching deferred stock unit or restricted stock unit award equal to 50% of the deferred stock units acquired in the MSPP, which matching award vests fully on March 15 of the third calendar year following the grant date.

In the event of a change in control of the Company, if the deferred stock units purchased under the MSPP and the deferred stock units and restricted stock units granted under the matching component of the MSPP are not assumed or continued, shares of the Company's common stock underlying the deferred stock units purchased under the MSPP and the deferred stock units and restricted stock units granted under the matching component of the MSPP will be delivered immediately prior to the change in control. In the event of a change in control of the Company, the deferred stock units and restricted stock units granted under the matching component of the MSPP will become 100% vested (i) if such units are not assumed or (ii) if such units are assumed and the participant is terminated without cause or for good reason (as such terms are defined in the Management Deferred Stock Unit Purchase Matching Program) within 24 months following the change in control of the Company.

**Potential Payments Upon Termination or a Change in Control**

Regardless of the reason for any termination of employment, each NEO is entitled to receive the following benefits upon termination: (a) payment of any unpaid portion of such executive's base salary through the effective date of termination, (b) reimbursement for any outstanding reasonable business expenses, (c) continued insurance benefits to the extent required by law, (d) payment of any vested but unpaid rights as may be required independent of the employment agreement, and (e) except in the case of termination by the company for cause, any bonus or incentive compensation that had been accrued through the effective date of termination but not paid, provided, however, that in the event of a termination without cause, a resignation for good reason or retirement, a pro rata incentive compensation will be paid only to the extent performance goals for the year are achieved.

In addition to the benefits described above in clauses (a)-(e), each NEO is entitled to receive a severance payment if we terminate his employment without cause or the executive resigns for good reason. The severance payment is equal to (i) continued payment by the company of the executive's base salary, as in effect as of the executive's last day of employment, for a period of 12 months, (ii) continued payment for life and health insurance coverage for 12 months, to the same extent the company paid for such coverage immediately prior to termination, (iii) two times the average annual bonus earned by the executive over the preceding two years (or if the executive has not been employed for two years, payments equal to two times the target bonus for the year of termination), and (iv) vesting as of the last day of employment in any unvested portion of any options and restricted stock previously issued to the executive. If the continued payment of health insurance coverage would result in violations of certain tax or other statutes or regulations, then we will instead pay the NEO a fully taxable cash payment each month equal to the insurance premiums plus an additional amount necessary to cover any additional taxes owed by the NEO (such additional amount, the "Indemnity Amount"). The foregoing benefits are conditioned upon the executive's execution of a general release of claims and compliance with the terms of the employment agreement. In addition, pursuant to the terms

Table of Contents

of each NEO's performance share unit award agreements, upon such termination of employment, the NEO will vest in a pro rata portion of his performance share units (based on the number of days in the performance period prior to termination) to the extent the applicable performance goals are otherwise satisfied.

If the NEO's employment terminates due to death or disability, in addition to the benefits described above in clauses (a)-(e), the executive or his estate, as applicable, is entitled to receive (i) vesting as of the last day of employment in any unvested portion of any options and restricted stock previously issued to the executive and (ii) payment of the pro rata share of any performance bonus to which such executive would have been entitled for the year of death or termination of employment. In addition, pursuant to the terms of each NEO's performance share unit award agreements, upon such termination of employment, the NEO will vest in his target number of performance share units, and pursuant to the terms of the matching component under the MSPP, the deferred stock units and restricted stock units granted thereunder will become 100% vested.

If the NEO's employment terminates due to retirement, in addition to the benefits described above in clauses (a)-(e), the executive is entitled to receive vesting as of the last day of employment in any unvested portion of any options and restricted stock previously issued to the executive. The NEO will not vest in any performance share units upon such a termination of employment.

While none of the employment agreements includes severance provisions that are tied to changes in control, pursuant to the 2015 Equity Incentive Plan and the award agreements governing the NEO's outstanding equity awards thereunder, upon a change in control of the Company, (i) the NEO's outstanding, unvested options and restricted stock will fully vest (A) if the equity awards are not assumed or (B) if the equity awards are assumed and the NEO's employment is terminated without cause or for good reason within 12 months following the change in control, and (ii) the NEO will vest in a number of performance share units equal to the greater of (A) a pro rata portion of his performance share units to the extent the applicable performance goals are otherwise satisfied and (B) his target number of performance share units. In addition, the deferred stock units and restricted stock units granted under the matching component of the MSPP will become 100% vested (i) if such units are not assumed or (ii) if such units are assumed and the participant is terminated without cause or resigns for good reason (as such terms are defined in the matching component of the MSPP) within 24 months following the change in control of the Company.

Neither the employment agreements nor the equity award agreements provide for any excise or other tax gross-up other than the potential for payment of the Indemnity Amount discussed above.

The table below summarizes the potential cash payments and estimated equivalent cash value of benefits that will be generally owed to our NEOs under the terms of their employment agreements and equity award agreements described above in connection with the occurrence of the following various scenarios as of December 31, 2016. Amounts shown do not include (a) payment of any unpaid portion of such executive's base salary through the effective date of termination, (b) reimbursement for any outstanding reasonable business expense, (c) continued insurance benefits to the extent required by law, (d) payment of any vested but unpaid rights as may be required independent of the employment

## Edgar Filing: Walker & Dunlop, Inc. - Form DEF 14A

### Table of Contents

agreement, and (e) any bonus or incentive compensation that had been accrued through the effective date of termination but not paid.

Executive Officer	Benefit	Non-renewal by Company (\$)(1)	Without Cause/ For Good Reason (\$)(2)	Death (\$)	Disability (\$)(3)	Retirement (\$)(4)
William M. Walker	Cash	3,950,000(5)	3,950,000(5)	N/A	N/A	N/A
	Continued Life and Health	15,536(6)	15,536(6)	N/A	N/A	N/A
	Equity Acceleration	2,833,608(7)(8)	9,921,707(7)(8)	8,538,091(7)(9)	8,538,091(7)(9)	2,833,608(7)
	<b>Total</b>	<b>6,799,144</b>	<b>13,887,243</b>	<b>8,538,091</b>	<b>8,538,091</b>	<b>2,833,608</b>
Stephen P. Theobald	Cash	2,200,000(5)	2,200,000(5)	N/A	N/A	N/A
	Continued Life and Health	306(6)	306(6)	N/A	N/A	N/A
	Equity Acceleration	1,416,000(7)(8)	3,306,190(7)(8)	3,051,379(7)(9)	3,051,379(7)(9)	1,416,000(7)
	<b>Total</b>	<b>3,616,306</b>	<b>5,506,496</b>	<b>3,051,379</b>	<b>3,051,379</b>	<b>1,416,000</b>
Howard W. Smith, III	Cash	2,700,000(5)	2,700,000(5)	N/A	N/A	N/A
	Continued Life and Health	15,536(6)	15,536(6)	N/A	N/A	N/A
	Equity Acceleration	1,889,081(7)(8)	4,462,363(7)(8)	4,695,302(7)(9)	4,695,302(7)(9)	1,889,081(7)
	<b>Total</b>	<b>4,604,617</b>	<b>7,177,899</b>	<b>4,695,302</b>	<b>4,695,302</b>	<b>1,889,081</b>
Richard M. Lucas	Cash	2,200,000(5)	2,200,000(5)	N/A	N/A	N/A
	Continued Life and Health	15,536(6)	15,536(6)	N/A	N/A	N/A
	Equity Acceleration	1,416,000(7)(8)	3,306,190(7)(8)	3,195,149(7)(9)	3,195,149(7)(9)	1,416,000(7)
	<b>Total</b>	<b>3,631,536</b>	<b>5,521,726</b>	<b>3,195,149</b>	<b>3,195,149</b>	<b>1,416,000</b>
Richard C. Warner	Cash	2,200,000(5)	2,200,000(5)	N/A	N/A	N/A
	Continued Life and Health	15,536(6)	15,536(6)	N/A	N/A	N/A
	Equity Acceleration	1,416,000(7)(8)	3,306,190(7)(8)	2,714,357(7)(9)	2,714,357(7)(9)	1,416,000(7)
	<b>Total</b>	<b>3,631,536</b>	<b>5,521,726</b>	<b>2,714,357</b>	<b>2,714,357</b>	<b>1,416,000</b>

(1) This column describes the payments and benefits that become payable if the Company elects not to renew the employment agreement.

(2) The term "cause" means any of the following, subject to any applicable cure provisions: (i) the conviction of the executive of, or the entry of a plea of guilty or nolo contendere by the executive to, any felony; (ii) fraud, misappropriation or embezzlement by the executive; (iii) the executive's willful failure or gross negligence in the performance of his assigned duties for the Company; (iv) the executive's breach of any of his fiduciary duties to the Company; (v) a material violation of a material Company policy; or (vi) the material breach by the executive of any material term of the employment agreement.

The term "good reason" means any of the following, subject to any applicable cure provisions, without the executive's consent: (i) the assignment to the executive of substantial duties or responsibilities inconsistent with the executive's position at the Company, or any other action by the Company which results in a substantial diminution of the executive's duties or responsibilities; (ii) a requirement that the executive work principally from a location that is 20 miles further from the executive's residence than the Company's address on the effective date of the executive's employment agreement; (iii) a 10% or greater reduction in the executive's aggregate base salary and other compensation (including the target bonus amount and retirement plan, welfare plans and fringe benefits) taken as a whole, excluding any reductions caused by the failure to achieve performance targets; or (iv) any material breach by the Company of the employment agreement.

(3) The term "disability" means such physical or mental impairment as would render the executive unable to perform each of the essential duties of the executive's position by reason of a medically determinable physical or mental impairment which is potentially permanent in character or which can be expected to last for a continuous period of not less than 12 months.

## Edgar Filing: Walker & Dunlop, Inc. - Form DEF 14A

- (4) The term "retirement" means the point at which the executive has reached the age of 65 and has decided to exit the workforce completely. For purposes of the amounts disclosed in this column, we have assumed that each NEO has reached the retirement age of 65, regardless of his actual age.
- (5) Represents the sum of the following: (i) the executive's 2016 base salary at December 31, 2016, to be paid for period of 12 months in approximately equal installments on the Company's regularly scheduled payroll dates, subject to payroll deductions and withholdings, and (ii) two times the average annual bonus earned by the executive for 2015 and 2016, assuming all performance targets have been met for 2016, half of such amount to be paid within 60 days of the end of the fiscal year of termination and the remaining half to be paid at the end of the 12-month non-compete period.
- (6) Represents the value of life and health benefits paid by the Company for 12 months.
- (7) Includes the value of accelerated vesting of restricted stock and options granted to the executives. The acceleration value of the restricted stock was calculated using the closing price of \$31.20 per share on December 31, 2016. The acceleration value of the options was calculated using the closing price of \$31.20 per share on December 31, 2016 and the option exercise prices of \$17.05, \$16.72, and \$20.40 per share, the various exercise prices for all options included above.

The value of accelerated vesting of performance share units is included in the columns for termination without cause or for good reason, due to death, and due to disability. The acceleration value of the performance share units is calculated using the closing price of \$31.20 per share on December 31, 2016 and the applicable number of performance share units under our 2014-16 performance and 2016-2018 performance share plans that are eligible to vest upon such a termination pursuant to the terms of the applicable award agreement. For termination without cause or for good reason, the number of performance units reported for the 2014-2016 performance share plan is based on the maximum level of performance, which is reflective of performance during the performance period. The number of performance share units reported for the 2016-2018 performance share plan is based on the maximum level of performance for the earnings per share and return on equity goals and the target level of performance for the revenue goal, which is reflective of performance during 2016, prorated for the portion of the performance period completed as of December 31, 2016. For termination due to death and disability, the number of performance share units for each of the 2014-2016 and 2016-2018 performance plans is the number that would be achieved under the target level of performance.



Table of Contents

- (8) Does not include the value of accelerated vesting of deferred stock units and restricted stock units granted under the matching component of the MSPP upon a termination of employment without cause or for good reason occurring within 24 months of a change in control. For additional information, see the table below.
- (9) Includes the value of accelerated vesting of deferred stock units and restricted stock units granted under the matching component of the MSPP, calculated using the closing price of \$31.20 per share on December 31, 2016.

In addition to the applicable amounts disclosed in the table above, the table below sets forth the estimated value as of December 31, 2016 of accelerated vesting that will be generally owed to our NEOs under the terms of the matching component of the MSPP described above if the NEO's employment is terminated without cause or the NEO resigns for good reason within 24 months of a change in control of the Company or if awards under the matching component of the MSPP are not assumed in the change in control transaction.

Executive Officer	Benefit	Without Cause/For Good Reason Within 24 Months of a Change in Control \$(1)
William M. Walker	Equity Acceleration	835,723
Stephen P. Theobald	Equity Acceleration	337,022
Howard W. Smith, III	Equity Acceleration	857,189
Richard M. Lucas	Equity Acceleration	480,792
Richard C. Warner	Equity Acceleration	

- (1) Represents the value of accelerated vesting of deferred stock units and restricted stock units granted under the matching component of the MSPP upon a termination of employment without cause or for good reason occurring within 24 months of a change in control.

**Director Compensation**

The following table sets forth 2016 compensation for each non-employee director who was a member of our Board in 2016. Messrs. Walker and Smith also serve as members of our Board but do not receive any additional compensation for providing these services. Refer to our "2016 Summary Compensation Table" for information regarding 2016 compensation for Messrs. Walker and Smith.

**2016 Director Compensation**

Name	Fees Earned or Paid in Cash (\$)	Stock Awards \$(1)	Total (\$)
Alan J. Bowers	110,000(2)	59,981	169,981
Michael D. Malone	95,000	59,981	154,981
John Rice	85,000	59,981	144,981
Cynthia A. Hallenbeck	80,000	59,981	139,981
Dana L. Schmaltz	75,000	59,981	134,981

- (1) Amounts shown in this column represent the grant date fair value in accordance with FASB ASC Topic 718 of restricted common stock and restricted stock units multiplied by the number of shares or restricted stock units, respectively, granted to each Board member. As of December 31, 2016, each non-employee director, with the exception of Alan Bowers, held 2,494 shares of unvested restricted shares or restricted stock units of our common stock and no vested or unvested stock options. Alan Bowers held 4,780 shares of unvested restricted stock units as of December 31, 2016.
- (2) Amount includes the value of restricted stock units received in lieu of directors' fees for service in 2016 and fees received in cash.

Table of Contents

2016 compensation for our non-employee directors consisted of the following:

an annual base cash retainer of \$60,000; and

an annual award of \$60,000 of shares of restricted stock (rounded down the nearest whole share) under our 2015 Equity Incentive Plan granted on the date of the 2016 annual meeting of stockholders, which vests on the one-year anniversary of the date of grant, subject to the director's continued service on our Board.

In addition, our compensation program for non-employee directors provided for the following additional annual cash retainers:

Audit Committee: Chairman \$25,000; Member \$10,000;

Compensation Committee: Chairman \$25,000; Member \$10,000;

Nominating and Corporate Governance Committee: Chairman \$15,000; Member \$5,000; and

the Lead Director receives an additional annual cash retainer of \$20,000.

Under the Deferred Compensation Plan for Non-Employee Directors ("Director Deferred Compensation Plan") that we adopted in 2016, non-employee directors may voluntarily elect to purchase shares of the Company's common stock with up to 100% of their annual director compensation. On the date that the compensation would otherwise be paid, the portion of the compensation that is deferred will be used to purchase deferred stock units at the fair market value of the Company's common stock on such date. These deferred stock units granted under the Director Deferred Compensation Plan are fully vested and non-forfeitable on the date of purchase with respect to deferred stock units received in respect of cash compensation, and the deferred stock units granted in respect of restricted stock are subject to the same vesting or other forfeiture restrictions that would have otherwise applied to such restricted stock. With respect to each deferred stock unit granted under the Director Deferred Compensation Plan, the Company will issue to the participant one share of the Company's common stock on the date elected by the participant, which will be the first to occur of (i) within 90 days following the participant's separation from the Company; (ii) immediately prior to, on, or within 30 days following a change in control, (iii) within 90 days following the participant's disability, (iv) within 90 days following the participant's death, or (v) if the participant has elected to receive payment while still a member of our Board, the date that is three, five or ten years following the last day of the applicable plan year in which an amount was deferred.

*Stock Ownership Guidelines for our Non-Employee Directors*

Our Board has adopted stock ownership guidelines for our non-employee directors. Under those guidelines, our non-employee directors, are required to own stock equal to five times the annual base cash retainer. Stock ownership for the purpose of these guidelines includes stock, restricted stock and stock units, but does not include shares underlying vested or unvested stock options. Non-employee directors are required to achieve the ownership threshold by the five-year anniversary of the director joining our Board.

Table of Contents**Equity Compensation Plan Information**

The table below sets forth information as of the end of our 2016 fiscal year for (i) all equity compensation plans approved by our stockholders, and (ii) all equity compensation plans not approved by our stockholders. See note 11 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2016 for a description of our 2015 Equity Incentive Plan. See " Management Deferred Stock Unit Purchase Plan" on page 48 above for a description of our MSPP.

<b>Plan Category</b>	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (#)(3)</b>	<b>Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights \$(4)</b>	<b>Number of Securities Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in First Column)(#)</b>
Equity compensation plans approved by security holders(1)	2,601,736	16.97	2,883,818
Equity compensation plans not approved by security holders(2)	279,988		246,826
<b>Total</b>	<b>2,881,724</b>	<b>N/A</b>	<b>3,130,644</b>

- 
- (1) The 2015 Equity Incentive Plan was approved by our stockholders on June 4, 2015, and amended and restated our 2010 Equity Incentive Plan.
- (2) Represents shares registered on a Registration Statement on Form S-8 on May 10, 2013 to be used for purchases under the MSPP.
- (3) Represents the purchased and matching deferred and restricted stock units under the MSPP, units under the 2014-2016 and 2016-2018 performance share plans, and shares to be issued upon exercise of options. Amounts representing units under the 2014-2016 performance share plan and the 2016-2018 performance share plan assume maximum performance and amounts.
- (4) Restricted and deferred stock units under the MSPP and performance share units under the 2014-2016 and 2016-2018 performance share plans have no exercise price and were not factored into the calculation of the weighted average exercise price. This column represents the weighted average exercise price of 1,295,375 options outstanding under the 2015 Equity Incentive Plan.

**Compensation Committee Interlocks and Insider Participation**

Our Compensation Committee currently consists of Michael Malone (Chairman), Cynthia Hallenbeck, John Rice and Dana Schmaltz. None of our current committee members is or was an officer or employee, or former officer or employee, of ours. No interlocking relationship exists or existed between members of the Compensation Committee or the Board, and the board of directors or compensation or similar committees of any other company.

**Proposal 3: Advisory Vote on Executive Compensation**

We are presenting this proposal, commonly known as a "say on pay" proposal pursuant to Section 14A of the Exchange Act, to provide stockholders the opportunity to vote to approve, on a

Table of Contents

non-binding advisory basis, the compensation of our named executive officers as described in this proxy statement.

We believe our executive compensation policies and procedures are centered on pay-for-performance principles and are closely aligned with the long-term interests of our stockholders. As described under the heading "COMPENSATION DISCUSSION AND ANALYSIS," our executive compensation program is designed to attract and retain outstanding executives, to reward them for superior performance and to ensure that compensation provided to them remains competitive. We seek to align the interests of our executives and stockholders by tying compensation to the achievement of key financial and operating objectives that we believe enhance stockholder value over the long term and by encouraging executive share ownership so that a portion of each executive's compensation is tied directly to stockholder value.

For these reasons, we are asking our stockholders to vote "FOR" the following resolution:

"RESOLVED, that the stockholders hereby approve the compensation of the NEOs, as disclosed in the Compensation Discussion and Analysis, the compensation tables and the related narrative executive compensation disclosure contained in this proxy statement."

While the vote on this resolution is advisory in nature and therefore will not bind us to take any particular action, our Compensation Committee and Board intend to carefully consider the stockholder vote resulting from the proposal in making future decisions regarding the compensation of our named executive officers.

*Vote Required*

The affirmative vote of a majority of the votes cast at the annual meeting with respect to the matter is required to endorse (on a non-binding advisory basis) the compensation of the NEOs. For purposes of the vote on this proposal, abstentions and other shares not voted (whether by broker non-vote or otherwise) will not be counted as votes cast and will have no effect on the result of the vote.

*Our Recommendation*

**THE BOARD UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE PROPOSAL.**

Table of Contents**VOTING SECURITIES OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth, as of March 20, 2017, certain information regarding the beneficial ownership of our common stock by:

each person known to us to be the beneficial owner of more than 5% of our common stock;

each NEO;

each of our directors; and

all of our executive officers and directors as a group.

Beneficial ownership is determined according to the rules of the SEC, and generally means that a person has beneficial ownership of a security if he or she possesses sole or shared voting or investment power of that security, and includes for each executive officer and director options that are currently exercisable or exercisable within 60 days of March 20, 2017. Each director, officer or 5% or more stockholder, as the case may be, furnished us with information with respect to beneficial ownership. Except as otherwise indicated, we believe that the beneficial owners of common stock listed below, based on the information each of them has given to us, have sole investment and voting power with respect to their shares, except where community property laws may apply. We have based our calculations of the percentage of beneficial ownership of 31,248,464 shares of common stock outstanding as of March 20, 2017.

Unless otherwise noted below, the address of the persons and entities listed on the table is c/o Walker & Dunlop, Inc., 7501 Wisconsin Avenue, Suite 1200E, Bethesda, Maryland 20814.

Beneficial Owner	Shares of Common Stock Beneficially Owned	% of Shares of Common Stock Beneficially Owned
<b>5% Stockholders:</b>		
BlackRock, Inc.(1)	3,729,529	11.9%
The Vanguard Group(2)	3,532,232	11.3%
Dimensional Fund Advisors LP(3)	1,769,880	5.7%
Boston Partners(4)	1,689,219	5.4%
<b>Directors and Named Executive Officers:</b>		
William M. Walker(5)	1,741,664	5.5%
Howard W. Smith, III(6)	1,155,654	3.7%
Richard M. Lucas(7)	289,826	*
Richard C. Warner(8)	286,668	*
Stephen P. Theobald(9)	172,681	*
Dana L. Schmaltz(10)	41,833	*
Alan J. Bowers(10)	27,633	*
John Rice(10)	23,283	*
Cynthia A. Hallenbeck	20,639	*
Michael D. Malone	11,519	*
Michael J. Warren(11)	369	*
Executive Officers and Directors as a group (11 persons)	3,771,769	11.7%

\*

Less than 1%.

(1)

This amount includes 3,650,666 shares and 3,729,529 shares in which the holder exercises sole voting power and sole dispositive power, respectively. The information provided is based solely on information obtained from a Schedule 13G/A filed with the SEC on



Table of Contents

January 17, 2017 by BlackRock, Inc. The information has been included solely in reliance upon, and without independent investigation of, the disclosures contained in such Schedule 13G/A. The address of the principal business office of BlackRock, Inc. is 55 East 52nd Street, New York, NY 10055.

- (2) This amount includes 33,238 shares, 1,803 shares, 3,498,803 shares and 33,429 shares in which the holder exercises sole voting power, shared voting power, sole dispositive power and shared dispositive power, respectively. The information provided is based solely on information obtained from a Schedule 13G/A filed with the SEC on February 13, 2017 by The Vanguard Group. The information has been included solely in reliance upon, and without independent investigation of, the disclosures contained in such Schedule 13G/A. The address of the principal business office of The Vanguard Group is 100 Vanguard Blvd., Malvern, PA 19355.
- (3) This amount includes 1,660,967 shares and 1,769,880 shares in which the holder exercises sole voting power and sole dispositive power, respectively. The information provided is based solely on information obtained from a Schedule 13G filed with the SEC on February 9, 2017 by Dimensional Fund Advisors LP. The information has been included solely in reliance upon, and without independent investigation of, the disclosures contained in such Schedule 13G. The address of the principal business office of Dimensional Fund Advisors LP is Building One, 6300 Bee Cave Road, Austin, Texas 78746.
- (4) This amount includes 1,430,806 shares, 20,674 shares and 1,689,219 shares in which the holder exercises sole voting power, shared voting power and sole dispositive power, respectively. The information provided is based solely on information obtained from a Schedule 13G/A filed with the SEC on February 14, 2017 by Boston Partners. The information has been included solely in reliance upon, and without independent investigation of, the disclosures contained in such Schedule 13G/A. The address of the principal business office of Boston Partners is One Beacon Street, 30th Floor, Boston MA 02108.
- (5) Includes 21,829 shares of restricted stock, which represent the unvested portions of restricted stock grants. All restricted stock grants were made to vest ratably on each anniversary of the applicable grant date over a three-year period. Includes 3,365 shares of common stock held as custodian for each of his three sons, for an aggregate of 10,095 shares of common stock. The reported number also includes 287,903 shares underlying currently exercisable stock options and 0 shares underlying options exercisable within the next 60 days.
- (6) Includes 14,679 shares of restricted stock, which represent the unvested portions of restricted stock grants. All restricted stock grants were made to vest ratably on each anniversary of the applicable grant date over a three-year period. Includes 4,764 shares of common stock held as custodian for one daughter, 4,764 shares of common stock held by ADS 2015 Trust, 4,560 shares of common stock held by HWS IV 2012 Trust, 4,764 shares of common stock held by MHS 2010 Trust, and 4,422 shares of common stock held by MMAS 2008 Trust. The reported number also includes 279,204 shares underlying currently exercisable stock options and 0 shares underlying options exercisable within the next 60 days.
- (7) Includes 30,224 shares of restricted stock, which represent the unvested portions of restricted stock grants. All restricted stock grants were made to vest ratably on each anniversary of the applicable grant date over a three-year period. The reported number

Table of Contents

also includes 125,952 shares underlying currently exercisable non-qualified stock options and 0 shares underlying options exercisable within the next 60 days.

- (8) Includes 30,224 shares of restricted stock, which represent the unvested portions of restricted stock grants, 13,064 shares of restricted stock granted to Mr. Warner's spouse and 31,867 shares of common stock owned by Mr. Warner's spouse. All restricted stock grants were made to vest ratably on each anniversary of the applicable grant date over a three-year period. The reported number also includes 129,952 shares underlying currently exercisable stock options and 0 shares underlying options exercisable within the next 60 days.
- (9) Includes 30,224 shares of restricted stock, which represent the unvested portions of restricted stock grants. All restricted stock grants were made to vest ratably on each anniversary of the applicable grant date over a three-year period. The reported number also includes 75,967 shares underlying currently exercisable stock options and 0 shares underlying options exercisable within the next 60 days.
- (10) Includes 2,494 shares of restricted stock, which vest on May 12, 2017.
- (11) Represents 369 shares of restricted stock, which vest on May 12, 2017.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires our executive officers, directors and persons who own more than ten percent of a registered class of our equity securities, or Reporting Persons, to file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the SEC and the NYSE. The Reporting Persons are required by SEC regulations to furnish us with copies of all Forms 3, 4 and 5 they file with the SEC. Based on the review of filings made with the SEC and representations made by the Reporting Persons, we believe that each Reporting Person complied with all Section 16(a) filing requirements applicable to them during the fiscal year ended December 31, 2016.



Table of Contents

**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

**Related Party Transaction Policies**

Our Board has adopted a written policy regarding the approval of any "related person transaction," which is any transaction or series of transactions in which we or any of our subsidiaries is (or are to be) a participant, the amount involved exceeds \$100,000, and a "related person" (as defined under SEC rules) has a direct or indirect material interest; provided, however, that approval is not required for competitive bidding and similar transactions that are not deemed to be related party transactions under Item 404(a) of Regulation S-K of the Securities Act of 1933, as amended (the "Securities Act"). Under the policy, a related person would need to promptly disclose to our compliance officer any related person transaction and all material facts about the transaction. Our compliance officer would then assess and promptly communicate that information to the Audit Committee of our Board. Based on its consideration of all of the relevant facts and circumstances, the Audit Committee will either approve or reject the transaction or refer the transaction to the full Board or other appropriate Board committee, in its discretion. If we become aware of an existing related person transaction that has not been pre-approved under this policy, the transaction will be referred to the Audit Committee which will evaluate all options available, including ratification, revision or termination of such transaction, and will either approve or reject the transaction or refer the transaction to the full Board or other appropriate Board committee, in its discretion. Our policy provides that any director who may be interested in a related person transaction should recuse himself or herself from any consideration of such related person transaction.

**2010 Registration Rights Agreement**

In December 2010, in connection with our initial public offering, we completed formation transactions through which Walker & Dunlop, LLC became our wholly owned subsidiary. In connection with such formation transactions, we entered into a registration rights agreement with regard to shares of our common stock issued to former direct and indirect equity holders of Walker & Dunlop, LLC, which we refer to collectively as the 2010 registrable shares. Among the parties to such registration rights agreement, which we refer to as the 2010 registration rights agreement, were Column Guaranteed LLC ("Column"), three of our NEOs, Messrs. Walker, Smith and Warner, our then Executive Vice President, Chief Financial Officer & Treasurer, Deborah Wilson and certain employees and non-employees, together with their permitted assignees and transferees, we refer to collectively as holders of 2010 registrable shares.

Pursuant to the 2010 registration rights agreement, we granted to holders of 2010 registrable shares demand registration rights, subject to certain limitations, to have such shares registered for resale on a registration statement that must remain effective for the shorter of: (a) two (2) years from its date of effectiveness, (b) the period ending on the date on which all of the 2010 registrable shares covered by such registration are eligible for sale without registration pursuant to Rule 144 or any successor provision under the Securities Act, without volume limitations or other restrictions on transfer thereunder and (c) the date on which the parties to the 2010 registration rights agreement complete the sale of all of the 2010 registrable shares. We also granted to holders of 2010 registrable shares holding a number of 2010 registrable shares equal to at least ten percent (10%) of the total number of shares of our common stock issued in the formation transactions described above demand registration rights, subject to certain limitations, pursuant to which such holder will be entitled to effect the sale of such 2010 registrable shares through an underwritten public offering.

In addition to demand registration rights, we also granted to holders of 2010 registrable shares tag-along (or "piggy-back") rights, subject to certain limitations, pursuant to which such holders have the right to have such shares registered if we propose to file a registration statement with respect to an underwritten offering of shares for our own account.

Table of Contents

Notwithstanding the foregoing, in the event of certain corporate events affecting us for certain periods, we are permitted under the 2010 registration rights agreement, subject to certain limitations, to postpone the filing of a registration statement and from time to time to require holders of 2010 registrable shares not to sell under a registration statement or to suspend the effectiveness of such registration statement. We will bear all of the costs and expenses incident to our registration obligations under the 2010 registration rights agreement, including, among other things, fees and disbursements of one counsel retained by the selling holders of 2010 registrable shares. We have also agreed, subject to certain limitations, to indemnify holders of 2010 registrable shares against specified liabilities, including certain potential liabilities arising under the Securities Act.

As of March 20, 2017, there are 2,138,392 shares of our common stock that are registrable under the 2010 registration rights agreement all of which are owned directly or indirectly by Messrs. Walker and Smith.

**Family Relationship**

During 2016, Michelle Warner, the spouse of Mr. Warner, was employed by Walker & Dunlop, LLC, our operating subsidiary, as Executive Vice President & FHA Group Head. Ms. Warner received aggregate compensation of \$2,515,005 consisting of salary, annual cash bonus for 2016 performance, restricted stock award, matching restricted stock unit award under the MSPP, the maximum possible award value for which she is eligible under the 2016-2018 performance share plan, her five-year service award, a matching contribution to her 401(k) plan and an additional discretionary contribution to her 401(k) plan. Her compensation is consistent with our overall compensation principles based on her many years of experience, performance and position.

Table of Contents

**OTHER MATTERS**

**Other Matters to Come Before the 2017 Annual Meeting**

No other matters are to be presented for action at the annual meeting other than as set forth in this proxy statement. If other matters properly come before the meeting, however, the persons named in the accompanying proxy will vote all proxies solicited by this proxy statement as recommended by the Board, or, if no recommendation is given, in their own discretion.

**Stockholder Proposals and Nominations for the 2018 Annual Meeting**

Any stockholder proposal pursuant to Rule 14a-8 of the rules promulgated under the Exchange Act to be considered for inclusion in our proxy materials for the next annual meeting of stockholders must be received at our principal executive offices no later than November 30, 2017.

Any stockholder who wishes to propose a nominee to the Board or propose any other business to be considered by the stockholders (other than a stockholder proposal included in our proxy materials pursuant to Rule 14a-8 of the rules promulgated under the Exchange Act) must comply with the advance notice provisions and other requirements of Article II, Section 12 of our bylaws, which are on file with the SEC, posted on our investor relations web page and may be obtained from the Secretary of the Company upon request. These notice provisions require that nominations for directors must be received by the Secretary at our principal executive offices not later than 5:00 p.m., Eastern Time, on the 120th day prior to the first anniversary of the date of the proxy statement for the preceding year's annual meeting nor earlier than the 150th day prior to the first anniversary of the date of the proxy statement for the preceding year's annual meeting. However, in the event that the date of the annual meeting is advanced or delayed by more than 30 days from the first anniversary of the date of the preceding year's annual meeting, such notice to be timely must be so delivered not earlier than the 150th day prior to such annual meeting and not later than 5:00 p.m., Eastern Time, on the later of the 120th day prior to such annual meeting or the tenth day following the day on which public announcement of the date of such meeting is first made.

\* \* \* \*

By Order of the Board of Directors

Name: Richard M. Lucas  
Title: *Executive Vice President,  
General Counsel and Secretary*

Bethesda, Maryland  
March 30, 2017













