



UC DAVIS STUDY OF CALIFORNIA WOMEN BUSINESS LEADERS

A Census of Women Directors and Highest-Paid Executives

November 17, 2015

EXECUTIVE SUMMARY 2015-16

Summary Findings

Our 11th annual study documents progress that is apparent, albeit slow. Women hold 12.3% of board director and highest-paid executive positions at the 400 largest public companies (by market capitalization) that are headquartered in California, an increase of 0.75 percentage points (or 6.5%) from last year. The number of companies with no women dropped below 100 for the first time in our study, to 92 companies, or 23% of the companies in our sample.

Women Directors

Of the 3,260 board positions, women hold 432 (13.3%) seats, and men hold 2,828 (86.7%) seats. For women, this represents a 6.5% increase from last year, following an 11% increase from the previous year.

Women Executives

Of the 1,823 highest-paid executives, 191 (10.5%) are women, and 1,632 (89.5%) are men. Only 17 companies have a female chief executive officer (CEO), while 52 have a female chief financial officer (CFO). Executive compensation is \$2.1 million for men and \$1.9 million for women, at the median.

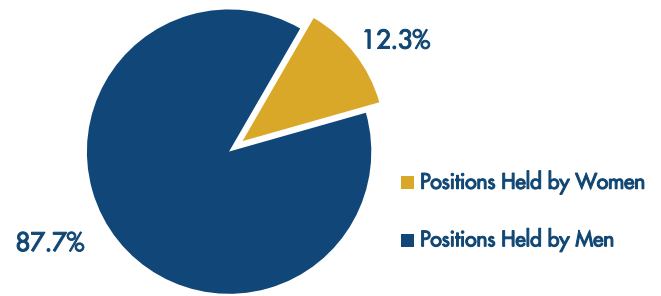
Industry

Among industries represented by at least 10 companies, the software sector has the greatest proportion of women directors (15.5%), and the financial services sector has the greatest percentage of women among highest-paid executives (14.1%).

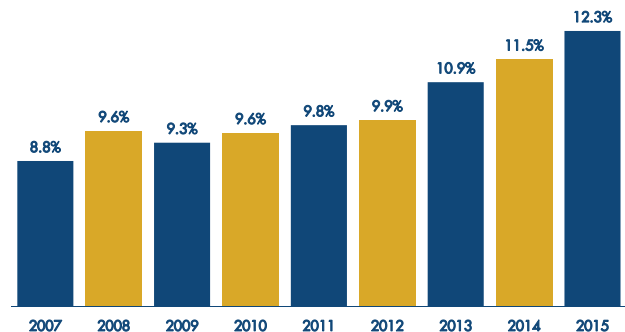
Size Matters

The companies in this study together account for \$4.9 trillion in shareholder value. The largest 40 companies in our study average \$36 billion in revenues and 20.4% women directors. The smallest 40 companies average \$6 million in revenues and 8.5% women directors.

Percent of Director and Highest-Paid Executive Positions by Gender



Percent of Women in Director and Highest-Paid Executive Positions by Year



Location, Location, Location

San Francisco Bay Area companies have 14.5% women directors and 10.9% women among their highest-paid executives. Southern California companies have 11.7% and 9.6%, respectively. See page 8 for a spotlight on the Bay Area.

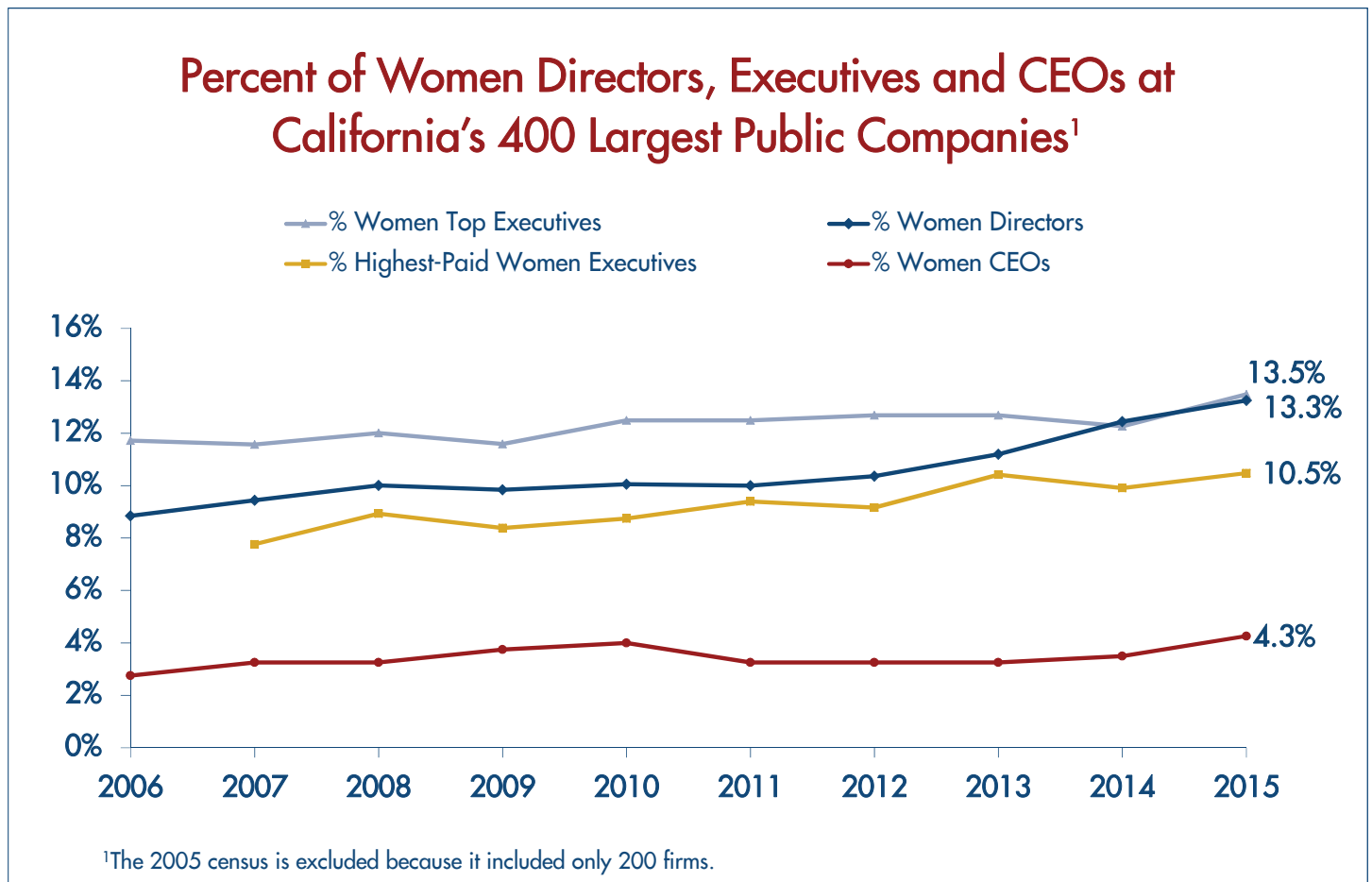
TRENDS

At the UC Davis Graduate School of Management, we have tracked the percentage of women in corporate leadership at public companies headquartered in California for more than a decade. The chart below shows the percentage of women in four leadership roles: directors, top executives, highest-paid executives and CEOs. These individuals are named by public companies in required proxy statements filed with the Securities and Exchange Commission (SEC).

On a percentage basis, the greatest change in 2015 is in the percentage of women CEOs, which rose from 3.5% to 4.3%, representing a net increase of three women, or 21%, from last year. Companies with women at the helm have, on average, 38% more women leaders (excluding the CEO) than companies with a male CEO.

Among directors, the share of women gained 4.4 percentage points, from 8.8% in 2006, when we began collecting this data for the largest 400 public companies, to 13.3% in 2015. This change represents a 50% increase over that time, predominantly due to improved representation of female directors in the 167 companies that appeared in our study in both 2006 and 2015, rather than changes in the makeup of the 400-company sample. Among these 167 companies, the industry responsible for the biggest share of this change is technology hardware, followed by technology software and consumer goods.

Among highest-paid executives, the share of women went from 7.8% in 2007 to 10.5% in 2015. This change represents a 35% increase over that time.



TOP 25 COMPANIES

California's Top 25 Companies with Highest Percentage Women¹

2015 RANK	2014 RANK	COMPANY	CEO (GENDER)	% WOMEN LEADERS	RETURN ON ASSETS	RETURN ON EQUITY
1	1	Williams-Sonoma Inc.	Laura J. Alber (F)	57.1%	13.3%	24.9%
2	4	LTC Properties Inc.	Wendy L. Simpson (F)	50.0%	7.6%	11.4%
3	13	Halozyme Therapeutics Inc.	Helen I. Torley (F)	44.4%	-41.2%	-640.2%
4	5	American States Water Co.	Robert J. Sprowls (M)	42.9%	4.4%	12.2%
5	5	Medivation Inc.	David T. Hung (M)	41.7%	30.3%	105.1%
6	9	Wells Fargo & Co.	John G. Stumpf (M)	40.9%	1.4%	13.0%
7	-	Intersect ENT Inc.	Lisa D. Earnhardt (F)	40.0%	-29.2%	-54.0%
7	-	Zendesk Inc.	Mikkel Svane (M)	40.0%	-32.8%	-97.1%
9	5	Simpson Manufacturing Co. Inc.	Karen Colonias (F)	38.5%	6.5%	7.5%
10	10	AMN Healthcare Services Inc.	Susan R. Salka (F)	33.3%	4.9%	14.0%
10	26	East West Bancorp	Dominic Ng (M)	33.3%	1.2%	13.1%
10	13	Geron Corp.	John A. Scarlett (M)	33.3%	-20.7%	-37.5%
10	24	Sempra Energy	Debra L. Reed (F)	33.3%	2.9%	10.4%
14	18	Receptos Inc.	Faheem Hasnain (M)	30.8%	-17.0%	-32.8%
14	32	Restoration Hardware Holdings Inc.	Gary Friedman (M)	30.8%	6.0%	14.6%
14	22	Yahoo! Inc.	Marissa A. Mayer (F)	30.8%	12.1%	29.0%
17	-	Arista Networks Inc.	Jayshree Ullal (F)	30.0%	10.7%	27.4%
17	13	Genomic Health Inc.	Kimberly J. Popovits (F)	30.0%	-13.2%	-16.9%
17	-	QAD Inc.	Karl F. Lopker (M)	30.0%	4.6%	14.7%
20	-	First Republic Bank	James H. Herbert II (M)	29.4%	1.0%	10.9%
20	21	Hewlett-Packard Co.	Margaret C. Whitman (F)	29.4%	4.9%	18.6%
22	77	Avery Dennison Corp.	Dean A. Scarborough (M)	28.6%	5.7%	19.5%
22	13	Deckers Outdoor Corp.	Angel R. Martinez (M)	28.6%	13.8%	17.3%
22	22	NETGEAR Inc.	Patrick C.S. Lo (M)	28.6%	0.8%	1.2%
22	32	Verifone Systems Inc.	Paul Galant (M)	28.6%	-1.4%	-3.5%
Top 25:			44.0% Female CEOs	35.2%	4.4% ²	12.2% ²
The California 400:			4.3% Female CEOs	12.3%	1.9% ²	7.0% ²

¹These are the top 25 public companies in California ranked by total percentage of women among directors and highest-paid executives.

²Median return

The Corporate Leaders of Gender Diversity in the Boardroom and Executive Suite

The Top 25 companies range from 28.6% to 57.1% women leaders, and the top two companies this year have at least as many female leaders as male leaders. At 57.1%, San Francisco-based Williams-Sonoma Inc. has the highest percentage of women leaders in the 11 years of this study.

This Top 25 list spans industries and geographic regions. Notably, 15 of these 25 companies are located in the Bay Area, with five in San Francisco County (Williams-Sonoma Inc., Medivation Inc., Wells Fargo & Co., Zendesk Inc. and First Republic Bank) and five in Silicon Valley (Yahoo! Inc., Arista Networks Inc., Hewlett-Packard Co., NETGEAR Inc. and Verifone Systems Inc.).

Return on assets (ROA) and return on equity (ROE) are widely regarded as strong measures of corporate health that control for the resources being used by the company. ROA is measured as the net profit scaled by assets; ROE is measured as the net profit scaled by average shareholder equity. The Top 25 have a median return on assets and equity of 4.4% and 12.2%, respectively. This is at least 74% higher than for the entire sample of 400 companies, although seven of the Top 25 companies have negative ROA and ROE. The question of *why* these measures of corporate health are correlated in our data with the fraction of female leaders remains to be explored. Our findings do not imply any causal relationship.

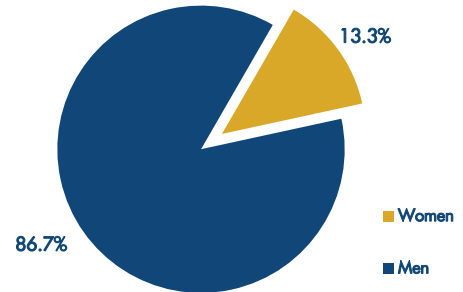
WOMEN DIRECTORS

Of the 3,260 director seats at California's largest companies, 432 (13.3%) are held by women and 2,828 (86.7%) are held by men. The proportion of women increased by 6.5%, or 0.8 percentage points, from last year. While women hold 29 more seats this year, boards have also expanded by 20 additional seats since last year, thus diluting the growth in percentage of seats held by women.

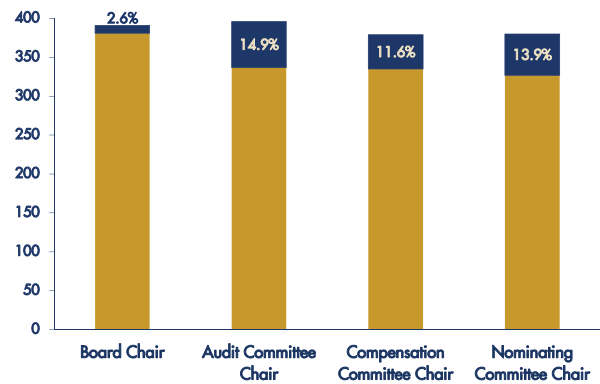
Women hold a growing share of nominating, compensation and audit committee chair positions, all of which increased at least 5% from last year. Women hold 2.6% of board chairperson positions, up from 2.3% last year.

By industry, the utilities and telecommunications sector and the technology software sector have the highest percentages of women directors. Excluding utilities, which are regulated, this is the first time that the technology software sector has appeared at the top of our non-regulated industry list for percentage of women directors. Both technology software and technology hardware have shown improvement since 2010, when they were both near the bottom of the industry list. (See page 8 for a more detailed discussion of the technology sectors and the Bay Area.)

Directors in California's 400 Largest Public Companies by Gender



Share of Women in Board and Committee Chair Positions



Percent of Women Directors by Industry

INDUSTRY	% WOMEN DIRECTORS	NUMBER OF COMPANIES	TOTAL REVENUE (M)
Utilities & Telecommunications	24.7%	9	\$43,569
Technology Software	15.5%	65	\$215,511
Consumer Goods	14.4%	47	\$162,837
Technology Hardware	13.8%	44	\$524,528
Financial Services	13.4%	29	\$121,672
Pharmaceuticals	13.1%	68	\$61,350
Health Care	12.9%	33	\$224,864
Energy, Materials & Industrials	12.8%	34	\$273,754
Real Estate	10.9%	34	\$31,082
Semiconductors	6.9%	37	\$116,084

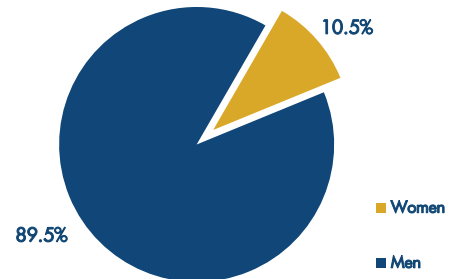
WOMEN EXECUTIVES

Of the 1,823 highest-paid executives reported by California's 400 largest companies, 191 (10.5%) are women and 1,632 (89.5%) are men. This represents an increase of six women from last year (5.8% or 0.6 percentage points), despite 45 fewer highest-paid executive positions. The highest-paid executives include the CEO, CFO and typically up to three other executive officers.

As a second measure of executive officers, we also consider the superset of all named executive officers at the company, including those reported as the highest paid. Companies reported to the SEC up to 16 executive officers, although on average each company reported 6.4 names. Of all of these 2,544 top executive officers, 343 (13.5%) are women and 2,201 (86.5%) are men. Among the smaller group of highest-paid executives, 10.5% are women; among the larger group, of named executive officers who are not highest-paid executives, 21.1% are women.

Of the 400 companies in our study, four were in the process of a CEO search at fiscal year end, so 396 reported the name of a CEO, co-CEO or interim CEO (399 names in total). Only 17 (4.3%) of these companies have a female CEO, up from 14 last year. Fifty-two companies have a female CFO (up from 50 last year), and 13 have a female chief operating officer (down from 14 last year).

Highest-Paid Executives in California's 400 Largest Public Companies by Gender



By industry, the utilities and telecommunications and the financial services sectors have the highest percentages of women among the highest-paid executives. It is notable that the increase in percentage of women on boards in the technology software and hardware sectors is not accompanied by a similar increase in the percentage of women among executive leadership, as the share of women among highest-paid executives in both of these technology industries has decreased since last year.

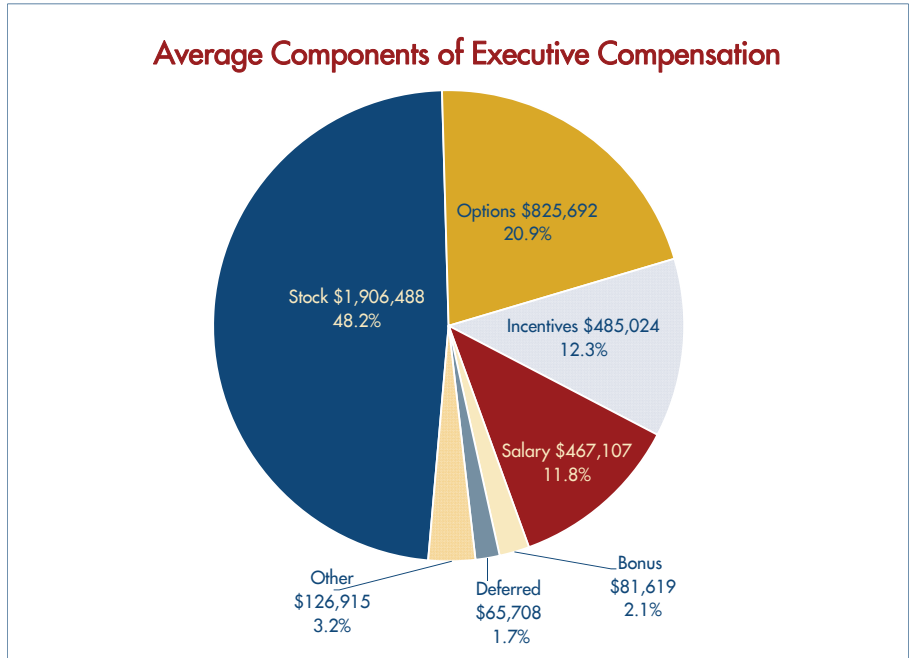
Percent of Highest-Paid Women Executives by Industry

INDUSTRY	% HIGHEST-PAID WOMEN EXECUTIVES	NUMBER OF COMPANIES	TOTAL REVENUE (M)
Utilities & Telecommunications	16.7%	9	\$43,569
Financial Services	14.1%	29	\$121,672
Health Care	14.0%	33	\$224,864
Energy, Materials & Industrials	11.4%	34	\$273,754
Pharmaceuticals	11.4%	68	\$61,350
Consumer Goods	11.0%	47	\$162,837
Real Estate	9.5%	34	\$31,082
Technology Hardware	8.5%	44	\$524,528
Technology Software	7.7%	65	\$215,511
Semiconductors	7.6%	37	\$116,084

EXECUTIVE COMPENSATION

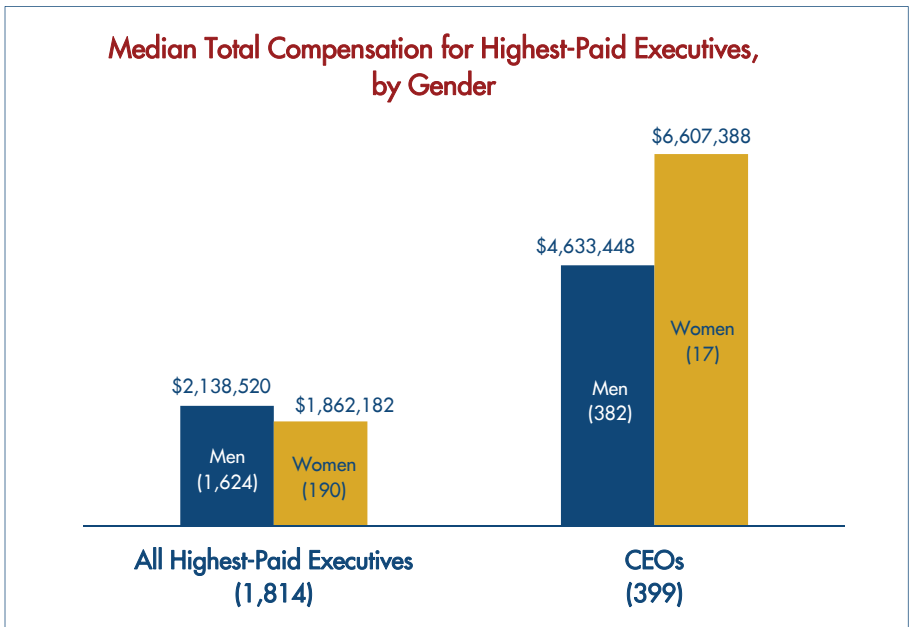
In annual disclosures filed with the SEC, California's 400 largest public companies reported the total compensation, and its components, for each of their five highest-paid executives. This includes the CEO, the CFO and the next three highest-paid executive officers. Two firms (TCP Capital Corp. and Colony Financial Inc.) did not report executive compensation since executives did not receive direct compensation from the firm.

Among the 1,814 executives whose compensation was reported, salaries account for on average 11.8% of total compensation this year. The total compensation ranged from \$0 to \$130 million, with an average of \$4.0 million. We find that the median value of total compensation for highest-paid executives is \$2.1 million. Half of these executives received total compensation in excess of the median value, and half received less. For women, the median total compensation is \$1.9 million, and for men it is \$2.1 million, since men hold nearly 90% of these positions. Relative to the average, the median has the benefit of not being influenced by extreme values. For comparison, highest-paid male executives earned an average of \$4.0 million, and women earned an average of \$3.7 million.



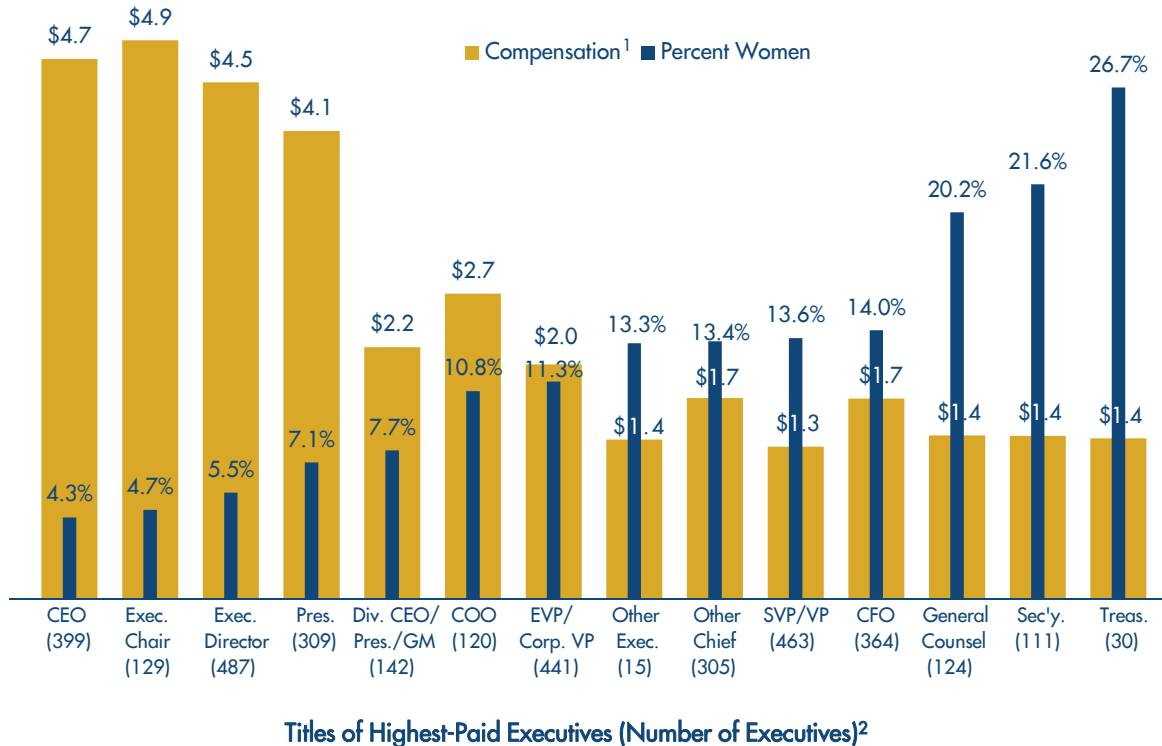
Among the 399 CEOs, median total compensation is \$4.7 million, an increase from \$3.9 million last year. The 129 executives in board chairperson roles earned a median total compensation of \$4.9 million.

As for salary, the median salary for women who are highest-paid executives is \$378,743, or 92% that of men (\$400,000). Women received less pay than men in stock and incentives, as summarized by the median, but more pay than men in options and other compensation. The median total compensation for women is 87% that for men. This does not account for differences in roles or experience.



EXECUTIVE COMPENSATION

Compensation and Percent of Women Highest-Paid Executives



¹Each bar shows the median value of the total compensation among men and women in the role, measured in millions. Unlike the average, the median is not influenced by extreme values.

²Groups are not mutually exclusive. With mutually exclusive groups, the results are qualitatively equivalent.

We categorize the highest-paid executives into 14 non-exclusive common job roles according to their job title reported in the SEC proxy filing. Next, we rank these categories in order of the presence of women in those roles. This is not a complete census of executives in each role; our data include only the subset of executives in each role who are also among the five highest-paid executives at their respective company.

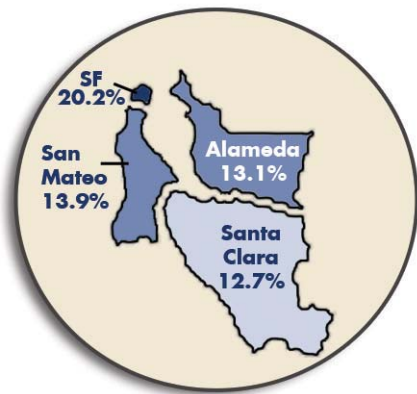
We find that the executive roles with the highest percentage of women in our data are those with compara-

tively lower median total compensation among men and women in the role—such as CFO, general counsel, corporate secretary and treasurer. Similarly, the roles with the lowest percentage of women are those with higher median total compensation—such as CEO, executive chairperson, executive director and president. There is a clear negative relationship between the median total compensation in each role and the presence of women in the roles. This implies that the economic rewards of corporate leadership are accruing more rapidly to men than to women.

SAN FRANCISCO BAY AREA

The San Francisco Bay Area deserves particular attention on two fronts: it is home to San Francisco County, which consistently has the highest share of women directors, and is home to the world's high-tech innovation hub, Silicon Valley, in Santa Clara County, where the presence of women executives is often the lowest. The 104 companies headquartered in Santa Clara County represent 26% of our sample, while San Francisco-based companies account for 8%.

Percentage of Women Directors by County



Santa Clara County is home to 104 large public companies, making it the largest county in our study, with more than three times the number of companies of San Francisco County, which is home to 32 large public companies. Of the 104 companies in Santa Clara, only 20 are in industries *other than* hardware, software and semiconductors. Since 2010, women directors in the software sector have risen from 8.7% to 15.5% and in the hardware sector from 8.0% to 13.8%. Meanwhile, Santa Clara County rose less dramatically from 8.9% in 2010 to 12.7% in 2015, reflecting that the technology companies with the most gender-diverse boards are located outside Silicon Valley. Topping that list is software company Zendesk Inc. with 50% women directors. Zendesk Inc. is based in San Francisco County, which rose from 14.4% to 20.2% women directors between 2010 and 2015.

The Watermark Index

This year our partner on the study, Watermark, introduces its first annual index to recognize Bay Area companies for gender diversity in their top leadership, based on our data. Companies in the Watermark Index have 30% or more women among directors and highest-paid executives. This inaugural index includes the 11 companies (or 4.9% of our study's 223 Bay Area companies) that meet the benchmark. Of these companies, more are headquartered in San Francisco than in any other county (four of 11), and two are high-technology companies headquartered in Santa Clara County. Below are the companies in the Watermark Index and their percentage of women directors and highest-paid executives.

Rank	Company	% Women
1	Williams-Sonoma Inc.	57.1%
2	Medivation Inc.	41.7%
3	Wells Fargo & Co.	40.9%
4	Intersect ENT Inc.	40.0%
4	Zendesk Inc.	40.0%
6	Simpson Manufacturing Co. Inc.	38.5%
7	Geron Corp.	33.3%
8	Restoration Hardware Holdings Inc.	30.8%
8	Yahoo! Inc.	30.8%
10	Arista Networks Inc.	30.0%
10	Genomic Health Inc.	30.0%

Although the representation of women on boards in technology software and hardware companies is improving, the share of women among highest-paid executives in Santa Clara County is not, and stands at 8.6%. In addition, there are 92 companies among our California 400 with no women directors or highest-paid executives, and the largest share (30 of 92, or 32.6%) are headquartered in Santa Clara County.



AUTHOR

Amanda Kimball
UC Davis Graduate School of Management
(530) 752-7371
alkimball@ucdavis.edu



gsm.ucdavis.edu/women