



UC Davis Study of California Women Business Leaders

A Census of Women Directors and Highest-Paid Executives

EXECUTIVE SUMMARY 2014-2015

Summary Findings

In our 10th annual study, we find that women hold 11.5% of board director and highest-paid executive positions at the 400 largest public companies head-quartered in California, a 0.6% increase over last year. One quarter of these companies (101) have no women in the top positions.

Women Directors

Of the 3,340 board director seats, women hold 403 (12.4%) and men hold 2,837 (87.6%). Still low, the percentage of women directors has grown over the past three years. Projecting out at the current growth rate, women would hold 19.9% of California director positions in 2020.

Women Executives

Among the 1,868 highest-paid executives, 185 (9.9%) are women and 1,683 (90.1%) are men. Only 14 companies have a female CEO, while 50 have a female CFO. Public companies also reported the names of top executive officers (not necessarily among the five highest paid). Of these, 317 (12.3%) are women and 2,267 (87.7%) are men.

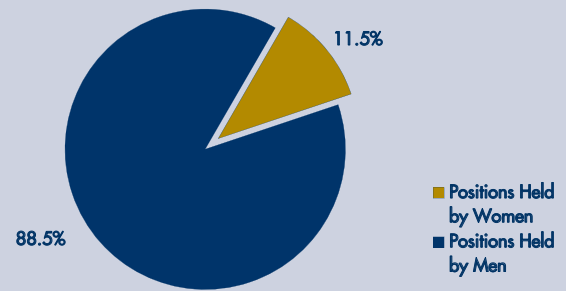
Top Companies

Two companies, Annie's Inc. and Williams-Sonoma Inc., have gender-balanced leadership teams (50% women). The Top 25 companies by percentage of women leaders generated twice the revenue and net income of the average company in our study. Of these 25 companies, 36% have a female CEO.

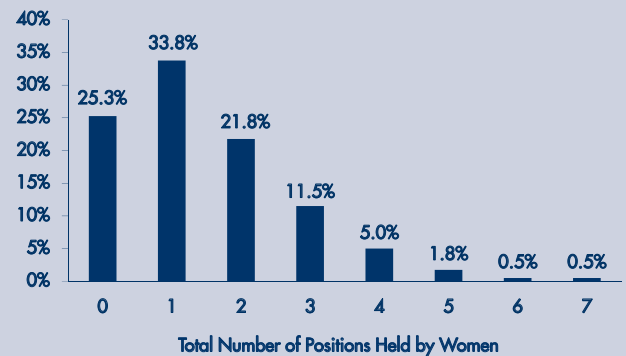
Industry

The utilities & telecommunications and consumer goods industries have the greatest number of women directors, while health care and pharmaceuticals have the greatest number of women highest-paid executives. The semiconductor segment has just 6.1% women directors and 5.6% women highest-paid executives.

Percent of Director and Highest-Paid Executive Positions by Gender



Percent of Companies with Women in Director and Highest-Paid Executive Positions



Size Matters

The study's largest companies average \$34 billion in revenues and 19.3% women directors. The smallest average \$15 million in revenues and 10.4% women directors.

Location, Location, Location

Bay Area companies have 13.1% women directors and 10.8% women highest-paid executives. Southern California companies have 11.5% and 8.4%, respectively.

TRENDS

This is an executive summary of our 10th annual census of women business leaders. During this past decade, little has changed regarding the gender makeup of boards and executive teams at California's largest companies. The chart below shows the percentage of women in four leadership roles: director, top executive, highest-paid executive and CEO.

Highest-paid executives are the five executive officers whose total compensation is provided in shareholder reports filed with the Securities & Exchange Commission (SEC) in accordance with SEC guidelines. They include the CEO, the CFO and the three additional highest-compensated executive officers. Top executives are those named by the firm in the same document (not necessarily among the five highest paid). On average, firms report 6.5 top executives.

The presence of women has increased most apparently in board director positions, from 8.8% in 2006 to 12.4% in 2014, and most of that change occurred in the last two years. The percentage of women top executives has barely changed, from 11.7% in 2006 to 12.3% in 2014. Similarly, the percentage of women who are reported to be highest-paid executives rose to just 9.9% in 2014 from 7.8% in 2007, the first year those data were collected. Most notable overall: only three additional women are CEOs of large California companies than were in 2006, resulting in a minimal increase from 2.8% in 2006 to 3.5% in 2014.

Although not shown here, the number of companies with no women in these leadership positions has dropped from 107 (26.8%) to 101 (25.3%) across the same timeframe. Change is widespread across companies, albeit slow.



TOP 25 COMPANIES

California's Top 25 Companies							
2014 RANK	2013 RANK	COMPANY	CEO	CEO'S GENDER	REVENUE (M)	INCOME (M)	% WOMEN LEADERS ¹
1	1	Annie's Inc.	John M. Foraker	M	\$204	\$15	50.0%
1	3	Williams-Sonoma Inc.	Laura J. Alber	F	\$4,388	\$279	50.0%
3	5	American States Water Co.	Robert J. Sprowls	M	\$472	\$63	46.2%
4	7	LTC Properties Inc.	Wendy L. Simpson	F	\$105	\$58	45.5%
5	4	Medivation Inc.	David T. Hung	M	\$273	-\$43	38.5%
5	45	Simpson Manufacturing Co. Inc.	Karen Colonias	F	\$706	\$51	38.5%
7	-	Veracyte Inc.	Bonnie H. Anderson	F	\$22	-\$26	36.4%
8	36	Hyperion Therapeutics Inc.	Donald J. Santel	M	\$42	\$17	35.7%
9	8	Wells Fargo & Co.	John G. Stumpf	M	\$88,069	\$21,878	35.0%
10	9	AMN Healthcare Services Inc.	Susan R. Salka	F	\$1,012	\$33	33.3%
10	6	bebe stores inc.	Steve Birkhold	M	\$485	-\$77	33.3%
12	-	McClatchy Co.	Patrick J. Talamantes	M	\$1,242	\$19	31.3%
13	16	Deckers Brands	Angel R. Martinez	M	\$1,557	\$146	30.8%
13	12	Genomic Health Inc.	Kimberly J. Popovits	F	\$262	-\$13	30.8%
13	-	Geron Corp.	John A. Scarlett	M	\$1	-\$38	30.8%
13	36	Halozyme Therapeutics Inc.	Gregory I. Frost	M	\$55	-\$83	30.8%
13	-	Resources Connection Inc.	Anthony Cherbak	M	\$567	\$20	30.8%
18	14	Bio-Rad Laboratories Inc.	Norman Schwartz	M	\$2,133	\$78	30.0%
18	170	Qualys Inc.	Philippe F. Courtot	M	\$108	\$2	30.0%
18	44	Receptos Inc.	Faheem Hasnain	M	\$5	-\$48	30.0%
21	11	Hewlett-Packard Co.	Margaret C. Whitman	F	\$112,298	\$5,113	29.4%
22	16	NETGEAR Inc.	Patrick C.S. Lo	M	\$1,370	\$55	28.6%
22	19	Yahoo! Inc.	Marissa A. Mayer	F	\$4,680	\$1,366	28.6%
24	22	Sempra Energy	Debra L. Reed	F	\$10,557	\$1,009	27.8%
25	22	Move Inc.	Steven H. Berkowitz	M	\$227	\$1	27.3%
Average in Top 25				36% ²	\$9,234	\$1,195	34.4%
Average in California 400				3.5% ²	\$4,272	\$513	11.2%

¹Among the board of directors and five highest-compensated executive officers

²Percent of women CEOs

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

In our study of the 400 largest public companies in California, the 25 companies with the highest percentage of women leaders warrant special attention.

Our Top 25 includes companies in a variety of industries and sizes. This is the first year since 2009 that companies with 25% women did not make our Top 25 list (23 additional companies have 25% or more women). As in recent years, the top companies with the highest percentage had 50% women leaders. This year two companies tied for the top spot: organic food company Annie's Inc., led by CEO John Foraker, which tied with Wet Seal for the number one spot in 2013, and home furnishings retailer William-Sonoma Inc., led by CEO Laura Alber, which also was number one in 2012.

The percentage of women CEOs is much higher for these 25 companies than the largest 400 in California for several reasons. CEOs often serve on the

board, meaning they account for both an executive and a board position. Women CEOs may provide more leadership opportunities for women than do men CEOs.

The Top 25 companies are more financially successful than other companies in our study on average. These 25 companies reported annual revenue and net income that was more than double that of the average California 400 company. In addition, the Top 25 outperformed the average company in our study between 2013 and 2014, earning a return on equity of -0.23 versus -1.73. However, these financial comparisons are largely driven by several notable outliers, such as Wells Fargo & Co. and Hewlett-Packard Co.

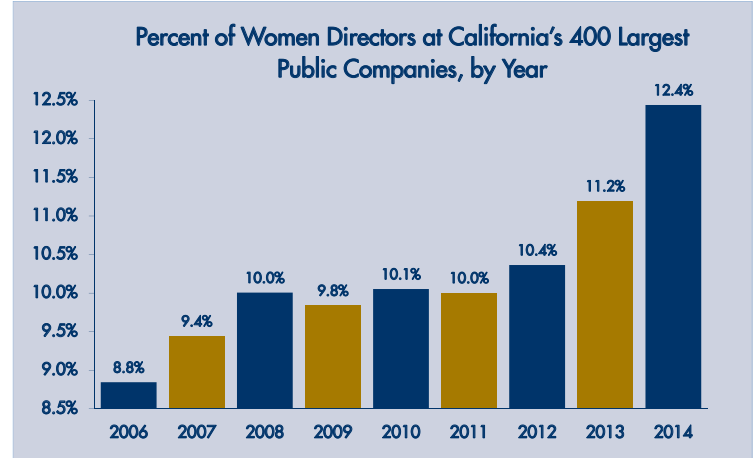
WOMEN DIRECTORS

Overview

Of the 3,240 director seats at California's largest companies, 403 (12.4%) are held by women and 2,837 (87.6%) are held by men. This represents a decrease of four director seats over the last year, and an increase of 42 in the number of director seats held by women.

Although still low overall, the percentage of women directors in California has grown for three consecutive years and now stands at a high of 12.4%. A linear projection of the current rate would predict women holding 19.9% of California director positions in 2020 and 44.8% in 2040.

Most of the Fortune 100 companies in the study have two or more women directors, and all have at least one. The percentage of women directors in California companies in the Fortune 100, Fortune 500 and Fortune 1000 was 22.5%, 17.9% and 16.9%, respectively.



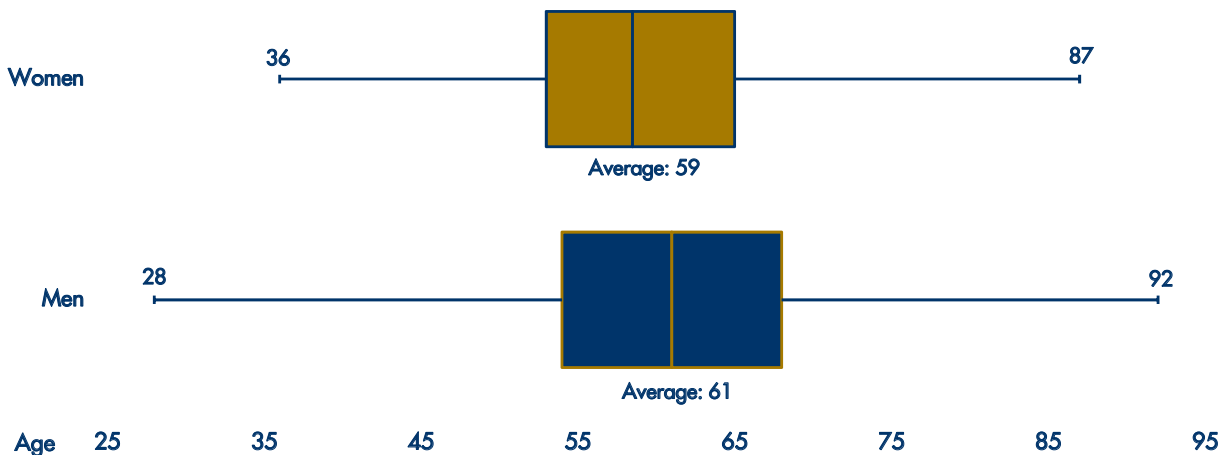
At 91 California companies that are in the Fortune 1000, the ethnic breakdown of women directors is slightly less diverse than that of men directors, with 9.4% of women and 12.3% of men, respectively, being Asian, African-American, Hispanic or Latino. Overall, 73% of directors are Caucasian men.

Age Distribution

The average age of women directors in the California 400 is 59, and ranges between 36 and 87. Among men, the average age is 61. The age range for men is 28 to 92, largely reflecting the greater number of male directors.

The graph below shows a representation of the distribution of directors' ages for each gender. The size of the box shows where the lion's share of the distribution lies. Specifically, 50% of women directors are between the ages of 53 and 65, while 50% of male directors are between the ages of 54 and 68.

Age Distribution of Directors, by Gender



Percent of Women Directors by Industry

INDUSTRY	% WOMEN DIRECTORS	NUMBER OF COMPANIES	TOTAL REVENUE (M)
Utilities & Telecommunications	22.9%	9	\$40,560
Consumer Goods	15.1%	48	\$216,415
Health Care	13.1%	34	\$180,015
Technology Software	13.0%	68	\$200,251
Pharmaceuticals	12.7%	52	\$51,302
Technology Hardware	12.6%	46	\$474,210
Energy, Materials & Industrials	12.1%	41	\$293,339
Financial Services	12.0%	29	\$120,075
Real Estate	11.0%	31	\$23,326
Semiconductors	6.1%	42	\$109,506

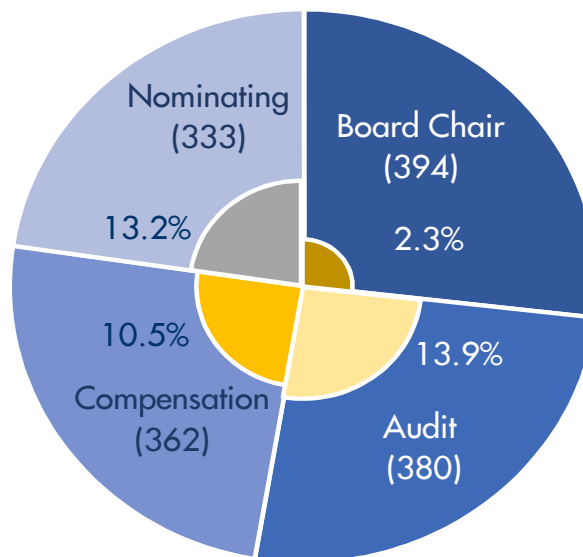
Directors by Industry

For three years in a row, the top two industries with the most women directors are utilities & telecommunications and consumer goods. The semiconductors industry, something of an outlier, has the fewest women directors.

Board Committee Chair Positions

Women are poorly represented in board chair positions (2.3%) but hold a significant percentage of nominating, compensation and audit committee chair positions (13.2%, 10.5% and 13.9%, respectively).

Women in Board Committee Chair Positions



WOMEN EXECUTIVES

Overview

Of the 1,868 highest-paid executives reported by California's 400 largest companies, 185 (9.9%) are women and 1,683 (90.1%) are men. This represents a decrease of 28 executives over last year, and a decrease of 14 in the number of women among these highest-paid executives. The percentage of women among the highest-paid executives in California companies in the Fortune 100, Fortune 500 and Fortune 1000 was 16.2%, 10.7% and 11.3%, respectively.

These companies also reported the names of top executive officers (not necessarily among the five highest paid). On average, each company reported 6.5 names of executive officers. Of the 2,584 top

executive officers at these California firms, 317 (12.3%) are women and 2,267 (87.7%) are men.

Of the 400 companies in our study, 398 reported the name of a CEO (401 names in total, including co-CEOs). Only 14 (3.5%) of these companies have a female CEO. Fifty companies have a female chief financial officer (down from 52 last year), and 14 have a female chief operating officer (up from seven last year).

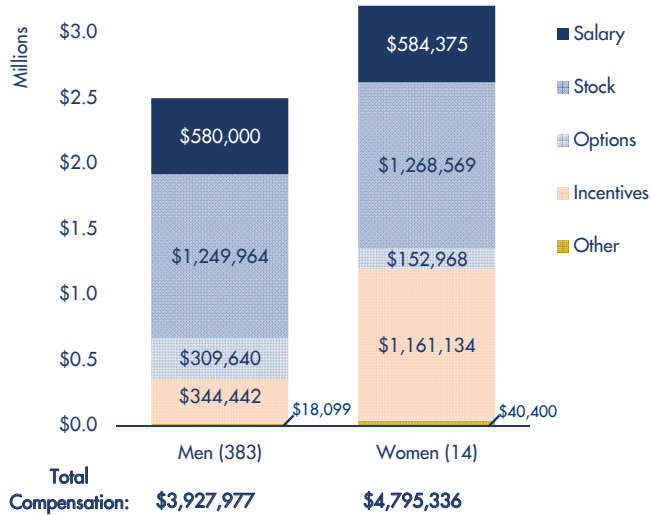
Executive Compensation

In annual disclosures filed with the Securities and Exchange Commission, California's 400 top public companies reported the breakdown in compensation for each of the five highest-paid executives. Salaries account for, on average, only 14.5% of these executives' total compensation.

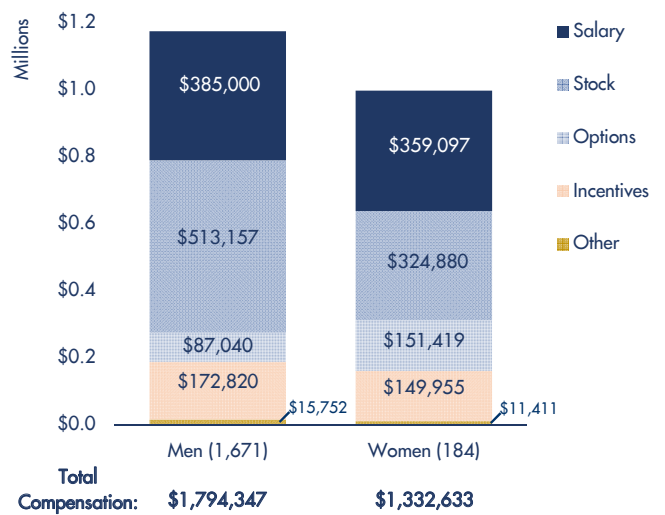
Chief executive officers had the highest total compensation, with a median value of \$3.9 million (i.e., half of CEOs received total compensation greater than \$3.9 million and half received less). Unlike the average value, the median value is not affected by outliers. For the 383 male CEOs, the median total compensation was \$3,927,977. For the 14 female CEOs, the median total compensation was \$4,795,336. The difference is due to these 14 women CEOs earning considerably more incentive pay, as their organizations performed very well this year. We caution against making generalizations about gender differences in CEO compensation, since our data include only 14 women CEOs.

Among all highest-paid executives, the median value of total compensation for men was \$1,794,347 and for women was \$1,332,633. This difference is due primarily to more women serving in roles that have lower compensation levels, rather than women receiving lower compensation in the same role. Sorting executives by their roles reveals an interesting pattern. The roles with the highest median compensation among men and women—such as CEO, division CEO or president, executive director and president—show the lowest percentage of women. This implies that the economic rewards of corporate leadership accrue significantly faster to men.

Breakdown of Compensation for CEOs, by Gender^{1,2}



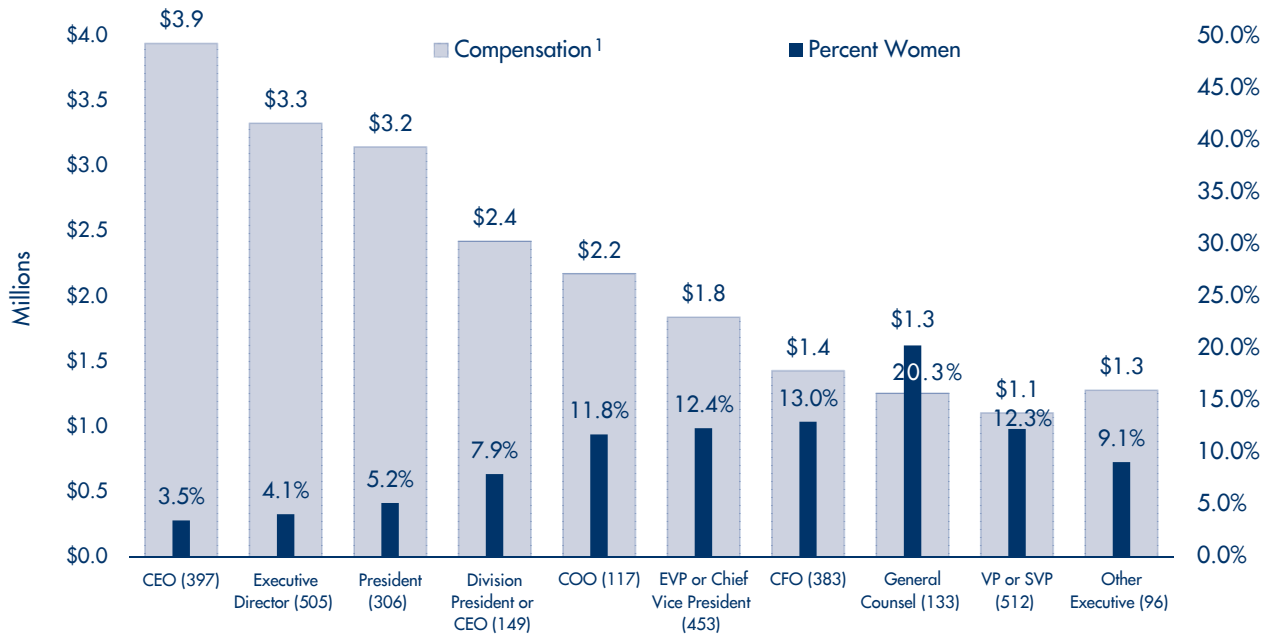
Breakdown of Compensation for All Highest-Paid Executives, by Gender^{1,2}



¹ Numbers shown are median values (i.e., 50th percentile). Unlike the average, the median is not influenced by extreme values.

² Category values do not sum to total compensation. Total compensation also includes bonus and deferred compensation, both of which have median values of zero for both women and men.

Compensation and Percent of Women Highest-Paid Executives



Titles of Highest-Paid Executives (Number of Executives)²

¹ Measured by the median compensation among all men and women in the role. Unlike the average, the median is not influenced by extreme values.

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

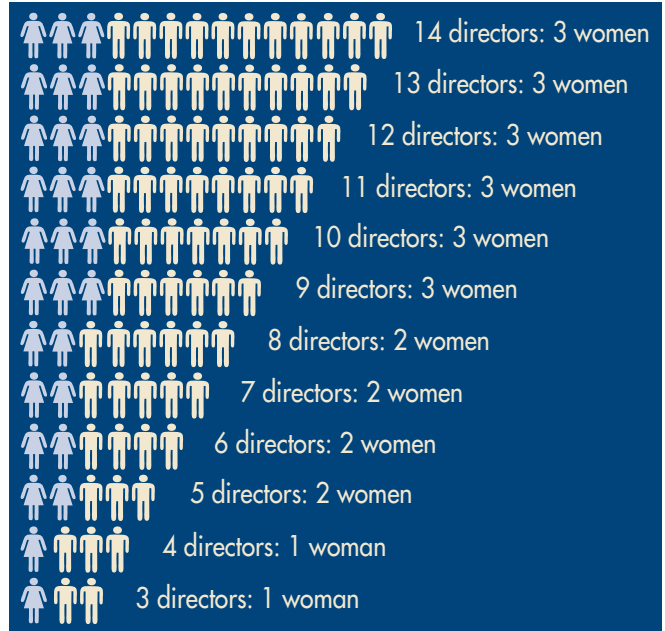
PUBLIC POLICY IMPACT

In September 2013 the California legislature passed the first-of-its-kind Senate Concurrent Resolution 62 (SCR-62). Authored by Sen. Hannah-Beth Jackson (D-19), the resolution is nonbinding but sends a powerful message encouraging public companies to add more women to their boards. For boards with up to 14 directors, the resolution calls for no fewer than 21% women, scaling up with size to 25% or 33%.

The percentage of companies in compliance with SCR-62 increased from 12% to 16% by the end of the latest fiscal year, December 2013. Another 36% of companies need to add one more woman director to be in compliance. Among companies with the most women leaders—our Top 25 list—96% meet the standards of SCR-62, up from 74% last year and 79% in the previous year, if the resolution had been in place at the time. These results are still very early since the fiscal year-end for most companies came only three months after the resolution was passed.

Preliminary results from examining press releases and company websites show that companies are adding more women board directors. Of the 63 firms in compliance with SCR-62, more than one third (22, or 35%) are in the computer hardware and software industries. This is noteworthy because women hold only 8.3% of highest-paid executive positions in these industries, combined, and the resolution requires most companies to have a minimum of two or three women on the board. These companies are demonstrating leadership in gender diversity on their boards, despite industry-wide challenges with diversity among the top executive ranks.

SCR-62 Board Standards



California Hardware and Software Companies in Compliance with SCR-62

Autodesk Inc.	NetSuite Inc.
CalAmp Corp.	Polycom Inc.
Cisco Systems Inc.	Qualcomm Inc.
Electro Rent Corp.	Qualys Inc.
Facebook Inc.	RealD Inc.
Google Inc.	Super Micro Computer Inc.
Harmonic Inc.	Symantec Corp.
Hewlett-Packard Co.	Ubiquity Inc.
Ixia	Verifone Systems Inc.
Move Inc.	Visa Inc.
NETGEAR Inc.	Yahoo! Inc.



The ethnicity data for this study were provided by Microquest Inc.



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