2014
PROXY SEASON

Gender Diversity in Silicon Valley

A Comparison of Silicon Valley Public Companies and Large Public Companies

Fenwick

FENWICK & WEST LLP

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Introduction

Since 2003, Fenwick & West has collected a unique body of information on the corporate governance practices of publicly traded companies that is useful for all Silicon Valley companies, publicly traded high technology and life sciences companies across the U.S. and public companies and their advisors generally. A large subset of that information is published in a Fenwick survey titled *Corporate Governance Practices and Trends: A Comparison of Large Public Companies and Silicon Valley Companies*.[1] This report on gender diversity is a companion supplement that expands on a subset of the data from which the broader corporate governance survey was drawn.[2] This report expands on the board diversity topic covered in the corporate governance report and focuses on women in leadership positions on the boards and executive management teams of the companies surveyed beginning with the 1996 proxy season through the 2014 proxy season (across 19 proxy seasons).

We recognize that leadership diversity can be measured using a wide range of factors and that the traditional factors of gender, race and ethnicity are not the only measures of a truly diverse population. We have elected to track the number of women on the boards and executive management teams of the high technology and life sciences companies included in the Silicon Valley 150 Index (SV 150) and the large public companies included in the Standard & Poor's 100 Index (S&P 100) because gender can be more readily and accurately measured in public filings than other traditional diversity factors and because women should be a representative group, as they make up almost half of the workforce and hold slightly more than half of the

1 A copy of the 2014 edition of *Corporate Governance Practices and Trends: A Comparison of Large Public Companies and Silicon Valley Companies*, covering the data through the 2014 proxy season, is being published concurrently with this report and available at http://fenwick.com/CorporateGovernance.

2 The corporate governance survey is primarily focused on governance at the board level and includes a section on board diversity. A small portion of the data in this report will be published in the 2014 edition of the corporate governance survey, expected to be released in December 2014.

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management, professional and related positions in the U.S.[3] For a number of years, there has been media coverage and commentary, as well as much discussion among participants in the Silicon Valley ecosystem, about the lack of gender diversity in Silicon Valley.[4] Unfortunately, due to a lack of detailed research in the area, much of the discussion has been based on personal observation of a small number of situations or relatively limited statistical information, often measured at a relatively narrow point in time.[5] This survey is intended as a contribution to that conversation, in the form of a broader set of statistics regarding the roles of women in senior leadership positions at public companies in Silicon Valley measured annually over almost two decades, along with a comparison set of similar statistics for large public companies nationally.

We hope this survey of gender diversity in Silicon Valley will stimulate more discussion and serve as a resource for measuring how well women are faring at the senior levels of leadership in the Silicon Valley workplace. This year we are introducing the **Fenwick Gender Diversity Score™** as another way to measure how well the companies in the S&P 100 and SV 150 are faring at gender diversity overall. We discuss this metric in a separate section after Gender Diversity on the Executive Management Team. We recognize the good intentions of many companies in Silicon Valley as they strive to attract the very best, most talented employees and leadership teams to help them transform the world, and we commend organizations that promote the development and advancement of women in entrepreneurship and as executives in the high technology and life sciences industries to further those goals.

3 Women were 46.8% of the U.S. labor force in 2013 and held 51.4% of management (considering all levels), professional and related positions in 2013. See "Quick Take: Women in the United States" by Catalyst (2014). While other aspects of traditional diversity are not as readily measured by review of SEC filings, other research shows that ethnic diversity is very high in Silicon Valley by some measures. See, e.g., "Asian workers now dominate Silicon Valley tech jobs" *San Jose Mercury News* (November 30, 2012), reporting an increase in the Asian portion of the technology workforce from 39% in 2000 to 50% in 2010, based on U.S. Census data for software developers, computer programmers, systems analysts and support specialists in Santa Clara, San Mateo, Alameda, Contra Costa and San Francisco counties combined. But, see also the discussion of black and Latino participation in the tech workforce in that article, as well as "Blacks, Latinos and women lose ground at Silicon Valley tech companies" *San Jose Mercury News* (November 8, 2011), "Blacks and Latinos Aren't Thriving in Silicon Valley's Meritocracy" by Rebecca Greenfield in *The Wire* (February 7, 2013) and "Tech Star Wants to Make Diversity Plug-And-Play for Silicon Valley" *NPR All Tech Considered Blog* (November 11, 2014).

4 See, e.g., "A Gold Ceiling: Why Can't Females Strike It High-Tech Rich?" by Janelle Brown in *Salon Magazine* (September 11, 1999), "Female Execs Progress, with Room for More" by Mark Schwanhausser in the *San Jose Mercury News* (June 18, 2000), and "A woman's work is rarely funded" by Jim Hopkins in *USA Today* (August 14, 2001), or much more recently "Tech Women Rock Joint Venture Silicon Valley Conference" by Mike Cassidy in the *San Jose Mercury News*' *SiliconBeat* blog (February 14, 2013), "Commentary: Silicon Valley Discriminates Against Women, Even If They're Better" by Paul Solman of the *PBS NewsHour* in its *The Rundown* blog (presenting an interview with Vivek Wadhwa, who also wrote "The Face of Success" series of articles in *Inc.*, as well as substantially similar articles in *Forbes* and elsewhere), the *San Francisco Chronicle* Op-Ed piece (July 20, 2012) titled "Tech sector's glass ceiling" by Steven Currall, Dean of the UC Davis Graduate School of Management (who also contributed to the study discussed in footnote 27) and "Silicon Valley still a boys-only club, according to the data" by Troy Wolverton in the *San Jose Mercury News*' *SiliconBeat* blog (June 25, 2013). But see "Women Say It's Easier To Succeed In The Valley" by Margaret Steen in the *San Jose Mercury News* (April 23, 2001) or "Too-bright spotlight burns female CEOs" by Gary Strauss and Del Jones in *USA Today* (December 18, 2000), noting that "while gender bias is less pervasive at Silicon Valley firms — which tend to be more receptive to women both when it comes to management positions and providing venture capital — it still lingers.

5 For example, the number of women VCs at the most active VC firms in 2011 referenced in footnote 33, or the percentage of Internet company founders that were women in the first half of 2010 referenced in footnote 31. But, see also the *Dow Jones VentureSource* study of women executives at private, venture-backed companies from 1997–2011 referenced in footnote 36.

About the Data — Group Makeup

When reviewing this report, it is important to understand the makeup of the data set from which it is drawn. In 2013, there were approximately 230 public companies[6] in "Silicon Valley," of which the SV 150 captures those that are the largest by one measure — revenue.[7] However, there are thousands of high technology and life sciences companies based in Silicon Valley (as geographically defined for purposes of the SV 150) that are not public.[8] They range from the proverbial founder/entrepreneur working alone in his or her garage and many tiny companies beginning to develop in a range of incubators, to seed-stage companies and various levels of venture capital–backed companies all the way up to fairly large companies such as Airbnb, GoPro, TriNet or Dropbox.[9] The public companies in the SV 150 are in some sense the cream of high technology and life sciences companies in Silicon Valley.[10] They are companies that have reached a scale and level of success such that investment banks were willing to underwrite their IPOs and public investors were willing to buy their stock.[11] Consequently, the data presented in this report should not be understood to be fully representative of "Silicon Valley" as a whole.

Similarly, it is important to understand the differences between the high technology and life sciences companies included in the SV 150 and the large public companies included in the S&P 100. Compared with the S&P 100, SV 150 companies are on average much smaller and younger, have lower revenue and are concentrated in the high technology and life sciences industries. Throughout the survey we compare the top 15 of the SV 150 to the S&P 100 because, as discussed more fully below, the top 15 are more similar in size to the S&P 100 and therefore a more apt comparison group than the full SV 150.

6 The number fluctuates constantly as some companies complete initial public offerings and others are acquired. The number of Silicon Valley public companies is down from a high of 417 reached in 2000 during the dot-com era. See "Vanishing Public Companies Lead To The Incredible Shrinking Silicon Valley" *SiliconBeat* (February 17, 2010) and "Outside Silicon Valley, IPO Market Still in Drought" *Seeking Alpha* (May 14, 2011).

7 See the "Methodology–Group Makeup" section beginning on p. 62 for a more detailed discussion of the makeup of the SV 150 and the geography of Silicon Valley for its purposes, including footnote 105.

8 There are also many more in the San Francisco Bay Area and elsewhere that are sometimes generically referred to collectively as "Silicon Valley" (meaning the industry).

9 GoPro (formally Woodman Labs Inc.) completed its initial public offering on July 1, 2014. If GoPro had been public in 2013, it would have ranked 57 on the SV150 list, which is ordered based on revenue for the most recent available four quarters prior to publication of the list. For the 2014 proxy season, this was generally revenue for the four quarters ended December 31, 2013. TriNet completed its initial public offering on March 31, 2014 with more than 1,700 employees and would have ranked 44 on the SV150 list. Airbnb and Dropbox are still private with estimated 2013 revenue of $250M and over $200M, respectively and would have ranked 114 and 124, respectively had they been public by the end of 2013.

10 Obviously, as the examples in the prior footnote illustrate, this is not a perfect metaphor.

11 The standards for a successful IPO evolve constantly depending on a variety of factors related to, among other things, investor risk appetite, economic conditions and recent IPO trends, and are beyond the scope of this report. Fenwick's survey on technology and life sciences IPO trends is available at http://fenwick.com/IPOSurvey. They are considerably different today compared with standards effectively in place at the beginning of the survey period (or in place when those companies went public). Consequently, there are certainly a number of public companies represented in the survey (in prior years and in the most recent proxy season) that would not necessarily meet current IPO standards. Conversely, there are a number of companies that could conduct a successful IPO, but for a variety of reasons (that are also beyond the scope of this report), they have not yet decided to do so.

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The 2014 constituent companies of the SV 150 range from Apple and Hewlett-Packard (HP) with revenue of approximately $174B and $112B, respectively, to Pericom Semiconductor (Pericom) and Nimble Storage (Nimble) with revenue of approximately $127M and $126M, respectively, in each case for the four quarters ended on or about December 31, 2013. HP went public in 1957, Apple in 1980, Pericom in 1997 and Nimble in 2013. Apple and HP's peers clearly include companies in the S&P 100, of which they are also constituent members (nine companies were constituents of both indices for the survey in the 2014 proxy season), where market capitalization averages approximately $116B.[12] Pericom and Nimble's peers are smaller technology companies that went public more recently and have market capitalizations well under $5B. In terms of number of employees, the SV 150 averages 8,772 employees, ranging from HP with 317,500 employees spread around the world in dozens of countries to companies such as Ubiquiti Networks with 183 employees in five countries, as of the end of their respective fiscal years 2013. The S&P 100 averages 134,000 employees, and includes Wal-Mart with 2.2 million employees in more than two dozen countries at its most recent fiscal year-end. The S&P 100 companies are not necessarily representative of companies in the United States generally[13], just as the SV 150 companies are not necessarily representative of Silicon Valley generally.

It is worth noting that the broad range of companies in the SV 150 (whether measured in terms of size, age or revenue) is associated with a similarly broad range of gender diversity. Comparison of gender diversity statistics and trends for the top 15,[14] top 50,[15] middle 50[16] and bottom 50[17] companies of the SV 150 (in terms of revenue) bears this out,[18] and some examples of such comparisons are included in this report.

12 The average market capitalization of the SV 150 at the time of announcement of the current index list (see footnote 105) was approximately $16B, ranging from Dialogic at approximately $16M to Apple at approximately $479B with a median of $2B. The median revenue of the SV 150 for the four quarters ending on or about December 31, 2013 was approximately $550M.

13 The companies included in the S&P 100 are a cross-section of the very largest public companies in the United States (see footnote 104). The market capitalization of S&P 100 companies ranged from $27B to $618B with a median of $81B, as of the end of August 2014. As previously noted, the market capitalizations of S&P 100 companies average $116B, and they have an average of 134,000 employees. They are far larger than a typical public company in the United States and far larger than United States corporations generally.

14 The top 15 includes companies, nine of which are included in the S&P 100 (see footnote 111), with revenue of approximately $6.2B or more and market capitalizations averaging $118B, ranging from Synnex at approximately $2.4B to Apple at approximately $479B at the time of announcement of the current index list (see footnote 105).

15 The top 50 includes companies with revenue of approximately $1.4B or more and market capitalizations averaging $44B, ranging from Omnivision Technologies at approximately $992M to Apple at approximately $479B at the time of announcement of the current index list (see footnote 105).

16 The middle 50 includes companies with revenue of at least approximately $315M but less than approximately $1.3B and market capitalizations averaging $3.0B, ranging from Aviat Networks at approximately $99M to Twitter at approximately $26B at the time of announcement of the current index list (see footnote 105).

17 The bottom 50 includes companies with revenue of at least approximately $126M but less than $314M and market capitalizations averaging $1.6B, ranging from Dialogic at approximately $13M to FireEye at approximately $8.9B at the time of announcement of the current index list (see footnote 105).

18 Contrasting the top 15 or top 20 SV 150 companies (in the latter case, companies with revenue of approximately $4.7B or more and market capitalizations averaging $93B at the time of announcement of the current index list) against the remaining SV 150 companies is similarly enlightening (see footnote 105). In 2014, the SV 150 included 20 life sciences companies (broadly defined) and 130 high technology companies. There are also some differences between high technology and life sciences companies as groups within the SV 150.

Gender Diversity on the Board of Directors

Under applicable SEC disclosure rules, companies are required to disclose whether they consider diversity in identifying nominees to the board of directors. However, companies have the flexibility to define diversity for themselves, and such definitions typically include a wide range of factors, not simply traditional diversity factors such as gender, race and ethnicity.[19] Consequently, it is fairly difficult to measure board diversity in a systematic way when relying primarily on the information in public filings.[20]

As noted in the "Introduction", we elected to track gender as a measure of board diversity for the high technology and life sciences companies in the SV 150 and S&P 100 companies because gender can be more readily measured in public filings than other traditional diversity factors. While a wealth of long-term, large-scale research on the effect of women serving on boards is not yet available,[21] recent studies have suggested

19 See current Item 407(c)(2)(vi) of Regulation S-K ("Describe... whether, and if so how, the nominating committee (or the board) considers diversity in identifying nominees for director. If the nominating committee (or the board) has a policy with regard to the consideration of diversity in identifying director nominees, describe how this policy is implemented, as well as how the nominating committee (or the board) assesses the effectiveness of its policy.") and SEC Release No. 33-9089 ("We recognize that companies may define diversity in various ways, reflecting different perspectives. For instance, some companies may conceptualize diversity expansively to include differences of viewpoint, professional experience, education, skill and other individual qualities and attributes that contribute to board heterogeneity, while others may focus on diversity concepts such as race, gender and national origin. We believe that for purposes of this disclosure requirement, companies should be allowed to define diversity in ways that they consider appropriate. As a result we have not defined diversity in the amendments."). Companies typically include factors such as diversity of business experience, viewpoints, personal background (sometimes specifying race and gender) and relevant knowledge, skills or experience in technology, government, finance, accounting, international business, marketing and other areas (if they provide even this level of definition in their disclosures) when describing how their boards consider diversity when making nomination decisions. They do not typically describe how each sitting director or nominee measures against each of those factors (to the extent they enumerate them at all as part of the definition). See also "Corporate Reporting under the U.S. Securities and Exchange Commission's Diversity Disclosure Rule: A Mixed-Methods Content Analysis" by Aaron A. Dhir (2014), which studied the diversity disclosures of the S&P 100 (as constituted as of December 16, 2010) during the four years subsequent to the enactment of the SEC's diversity disclosure rule and found that only half of the companies defined diversity to include traditional factors such as gender, race and ethnicity while over 80% used a definition of diversity that referenced a director's prior professional experience or other nonidentity-based factors. The author notes that to the extent the disclosure rule was intended to produce more diversity on boards along socio-demographic lines, it would be more effective to require companies to include disclosure about identity-based diversity factors such as gender, race and ethnicity rather than allowing companies to define diversity for themselves.

20 However, for a report on traditional diversity factors, see "Missing Pieces: Women and Minorities on Fortune 500 Boards — 2012 Alliance for Board Diversity Census" (August 15, 2013), which "conducted extensive research to confirm the gender, race and ethnicity of directors" and found that white men make up 73.3% of the Fortune 500 board seats in 2012, with white women, minority men and minority women making up 13.4%, 10.1% and 3.2%, respectively.

21 See also "Diversity on Corporate Boards: How Much Difference Does Difference Make?" by Deborah Rhode and Amanda Packel of Stanford Law School (September 2010) and "Is There a 'Business Case' for Board Diversity?" by Yi Wang and Bob Clift, *21 Pacific Accounting Rev. 88* (2009), which review recent studies on the subject, discussing their inconclusive results and methodological shortcomings.

that having women directors may improve the performance of a company and its board, particularly in adverse macroeconomic or industry environments with increased volatility.[22]

However, while voluntary inclusion of women directors may provide positive benefits for companies, other studies suggest a potential negative impact where there is a legally mandated substantial minimum quota for women directors.[23] Recent research has suggested that, while board members believe that board diversity (defined in traditional terms of gender, race and ethnicity) is a valuable outcome that boards should pursue,

22 See, e.g., the Catalyst Bottom Line reports, "The Bottom Line: Corporate Performance and Women's Representation on Boards (2004–2008)" (March 2011), "The Bottom Line: Corporate Performance and Women's Representation on Boards" (October 2007), and "The Bottom Line: Connecting Corporate Performance and Gender Diversity" (January 2004), which study the performance of Fortune 500 companies and most recently found that companies with the most women board directors outperform those with the least on return on sales (defined as pre-tax net profit divided by revenue) by 16 percent and return on invested capital (defined as ratio of after-tax net operating profit to invested capital) by 26 percent; the Credit Suisse Research Institute report "Gender Diversity and Corporate Performance" (August 2012), which reviewed the performance of the 2,360 constituent companies in the Morgan Stanley Capital International All Country World Index (MSCI ACWI) from 2005 to 2011, and found "that, in a like-for-like comparison, companies with at least one woman on the board would have outperformed in terms of share price performance, those with no women on the board over the course of the past six years… [with] almost all of the outperformance… delivered post-2008, since the macro environment deteriorated and volatility increased;" The Credit Suisse Research Institute report "The Credit Suisse Gender 3000: Women in Senior Management" by Julia Dawson, Richard Kersley and Stefano Natella (September 2014), which reviewed the performance of 3,000 companies from Credit Suisse's global research coverage database from 2006 to 2014 and updated the stock market analysis performed in the Institute's 2012 study of MSCI ACWI companies, finding that "the outperformance charted [in the 2012 report] has been sustained [with] 5% outperformance on a sector neutral basis by those companies with at least one woman on the board [between 2012 and June 2014];" and "Does the Gender of Directors Matter?" by Miriam Schwartz-Ziv (May 7, 2013), which found in a review of detailed board minutes for eleven for-profit companies in which the Israeli government holds a substantial equity interest "that boards that included critical masses of at least three directors of each gender, and particularly of three women, were approximately twice as likely to request further information and to take an initiative, compared to boards without such critical masses." The Credit Suisse Research Institute observed in its 2012 study that "stocks with greater gender diversity on their boards generally look defensive: they tend to perform best when markets are falling, deliver higher average ROEs through the cycle, exhibit less volatility in earnings and typically have lower gearing ratios." The same Credit Suisse report also offers "seven key reasons why greater gender diversity could be correlated with stronger corporate performance [(discussing the existing research related to each)]: a signal of a better company; greater effort across the board; a better mix of leadership skills; access to a wider pool of talent; a better reflection of the consumer decision-maker; improved corporate governance; [and] risk aversion." But, see also the Rhode and Packel paper cited in footnote 21, which found in a review of dozens of recent studies on board diversity "that the relationship between diversity and financial performance has not been convincingly established" (but also finding that "when diversity is well managed, it can improve decision making and can enhance a corporation's public image by conveying commitments to equal opportunity and inclusion"), and the Wang and Clift article also cited in footnote 21, which found no statistically significant relationship between the percentage of female directors, the percentage of minority directors or the percentage of female and minority directors and subsequent ROA, ROE or shareholder return.

23 See, e.g., two studies, each of which reviewed company performance in Norway, which has had a law requiring that 40% of directors for all public companies be women since 2003 (with phase-in through 2008) and is the only country with such a substantial quota in effect for a meaningful duration: "The Changing of the Boards: The Impact on Firm Valuation of Mandated Female Board Representation" by Kenneth Ahern and Amy Dittmar (May 20, 2011), finding an associated decrease in stock price (as well as finding that "[t]he quota led to younger and less experienced boards, increases in leverage and acquisitions, and deterioration in operating performance, consistent with less capable boards"), and "A Female Style in Corporate Leadership? Evidence from Quotas" by David Matsa and Amalia Miller (December 2, 2011), finding a decrease in short term profitability (as well as finding "that firms affected by the quota undertook fewer workforce reductions than comparison firms, increasing relative labor costs and employment levels… [with the] effects strongest among firms that had no female board members before the quota was introduced and present even for boards with older and more experienced members"). These effects may be the result of the relatively short implementation period of the Norwegian law (particularly if the candidate pool contained relatively fewer women — or women with relatively less experience — compared with the required quota) combined with idiosyncratic differences in economic conditions in the periods studied that may not have been fully taken into account in the studies. See also "Breaking the Glass Ceiling? The Effect of Board Quotas on Female Labor Market Outcomes in Norway" by Marianne Bertrand, Sandra E. Black, Sissel Jensen and Adriana Lleras-Muney (May 29, 2014) finding that "overall, in the short run the reform had very little discernable impact on women in business beyond its direct effect on the newly appointed female board members;" and the Credit Suisse Gender 3000 report cited in footnote 22, in which the authors observe "that the effect of the quotas and targets for board level participation have positively contributed to the debate, but has so far failed to improve female participation in senior management more broadly and have done nothing to address the pipeline issues."

it is very difficult for them to provide concrete examples from their experience of when gender, race and ethnic diversity has made a tangible difference in board performance.[24]

U.S. companies are reported to have the ninth highest number of women on boards as a percentage of board seats among 45 economically advanced countries (a drop from fifth highest last year).[25] While there has been recurring discussion regarding the relatively low number of women directors among public company boards in Silicon Valley relative to public companies generally in the United States,[26] our review of the data suggests that board size may be a significant factor affecting the number of women directors, and to some degree that

24 See "The Danger of Difference — Tensions in Directors' Views of Corporate Board Diversity" by Kimberly Krawiec, John Conley and Lissa Broome, published in the *University of Illinois Law Review* (Vol. 2013), also available on SSRN, which reported on interviews of 50 current and former public board members, as well as seven individuals who serve as consultants or proxy advisors to public boards.

25 See "Quick Take: Women on Boards" by Catalyst (2014).

26 Gender balance on listed company boards has also been the subject of much discussion in the European Union (EU), where as of April 2013, women made up 16.6% of board members of the largest publicly listed companies in the EU-27 according to EU data. See "Report on Women and Men in Leadership Positions and Gender Equality Strategy Mid-term Review" (October 14, 2013). The European Commission has proposed and the European Parliament has supported legislation that would require listed companies to reserve at least 40% of their non-executive director board seats for women by 2020 (see, e.g., the "Working Document on the proposal on a Directive of the EP and of the Council on improving gender balance among non-executive directors of companies listed on stock exchanges and related measures" by the European Parliament Committees on Legal Affairs and on Women's Rights and Gender Equality (March 6, 2013), which would require listed companies below the 40% threshold to establish clear, unambiguous selection criteria and give females preference in situations of equally qualified candidates). A number of countries have already introduced such quotas, including Belgium, France, Iceland, Israel, Italy, Malaysia, the Netherlands, Norway and Spain, among others. The Credit Suisse Research Institute report from 2012, cited in footnote 22, found that "only 41% of MSCI ACWI stocks had any women on their boards at the end of 2005, but this had increased to 59% by the end of 2011" and the 2014 Credit Suisse Gender 3000 report found "that as of 2014, over 50% of European companies have more than 20% women on boards, almost double the level in North America [likely stemming] from the European policy initiatives." While occasionally suggested as something to be considered in the United States, there is meaningful doubt as to the constitutionality of such a quota were it to be adopted (see, e.g., *Regents of the University of California v. Bakke*, 438 U.S. 265 (1978)). In August 2013, the California Senate passed a non-binding resolution urging that by the end of 2016 every public company in California with at least 9 director seats have a minimum of 3 women directors, those with 5 to 8 directors have at least 2 women directors and those with fewer seats have at least 1 woman director (see California Senate Concurrent Resolution No. 62). For a recent review of gender diversity practices at S&P 100 companies (evaluating equal employment opportunity policies, internal and external diversity initiatives, family-friendly benefits, director selection criteria and representation on the board of directors and among highest-paid executives), see "Examining the Cracks in the Ceiling: A Survey of Corporate Diversity Practices of the S&P 100" by Calvert Investments (March 2013).

is a function of the relatively small size of many SV 150 companies.[27] For example, while S&P 100 companies tend to have more women directors than SV 150 companies when measured in absolute numbers (S&P 100 average = 2.6 and SV 150 average = 0.9 women in the 2014 proxy season), the difference (while significant) is less pronounced when measured as a percentage of the total number of directors (S&P 100 average = 21.0% of directors and SV 150 average = 10.2% of directors in the 2014 proxy season). In addition, the data for the top 15 of the SV 150 is closer to that of the S&P 100 than to the SV 150 generally (top 15 average = 1.6 in the 2014 proxy season, down from average = 1.9 in the 2011 proxy season), despite having smaller average board size (top 15 of SV 150 average =10.1; S&P 100 average = 12.1).[28] Further, significantly affecting the average in the SV 150 are the 57 companies without any women directors (down from 65 in 2013),[29] of which 36 are companies with 7 or fewer total board members (and only 2 of which have more than 9 directors).

27 While our data focuses on a limited number of public companies in Silicon Valley and large public companies nationally, this observation appears to be true among the largest companies as well. See the Missing Pieces report discussed in footnote 20, which includes data for Fortune 100 and Fortune 500 companies and shows the larger Fortune 100 companies to be more gender diverse, with white men holding 67.9% of Fortune 100 board seats and 73.3% of Fortune 500 board seats in 2012, while white women, minority men and minority women held 15.9%, 12.4% and 3.9% of Fortune 100 seats and 13.4%, 10.1% and 3.2% of Fortune 500 seats, respectively. Fortune 100 companies had a mean board size of 12.1 compared with a mean of 11.0 for Fortune 500 companies. See also the 2014 edition of the 2020 Women on Boards "Gender Diversity Index" (November 2014), which found that the percentage of board seats held by women in the Fortune 501-1000 (15.9% in 2014) was lower than that held in the larger companies of the Fortune 1-500 (19% in 2014). A similar conclusion was reached by the "2013-2014 UC Davis Study of California Women Business Leaders — A Census of Women Directors and Highest-Paid Executives," a review of the 400 largest public companies in California (stating that, "The representation of women on boards of directors is strongly correlated with company size … whether size is measured by total revenue or market capitalization. Overall, the largest companies have more than twice the proportional representation of women on the board as the smallest companies (18.5% versus 8.5%) and this amounts to three times as many individual women directors on the board (1.95 women, on average, versus 0.63).") and by The Boston Club's "2012 Census of Women Directors and Executive Officers of Massachusetts Public Companies — Unfinished Business," a review of the 100 largest public companies in Massachusetts (stating that "when measured by net revenue, company size is directly related to the percentage of women on Census company boards. The percentage of women on the boards of the largest companies is nearly twice that of the smallest companies" and showing that women make up 18.9% of directors at companies with revenue of $5B or more, but only 9.7% of directors at companies with less than $500M of revenue). See also "Uneven Progress: Female Directors in the Russell 3000" by Annalisa Barrett of The Corporate Library (2010), which reached a similar conclusion ("gender diversity is much less prevalent in the universe beyond the largest and highest-profile companies" and while the "vast majority (89 percent) of the companies in the S&P 500 have at least one female director,… only 60 percent of companies comprising the Russell 3000 as a whole, and only half of Russell 2000 companies [all smaller companies], have at least one female director"). The "2014 Annual Census of Women Board Directors and Executive Officers" by ION reports 68% of companies comprising the Russell 3000 having at least one female director. See also the "Equilar 2014 Compensation and Governance Report" ("[i]n 2012, 79 percent of companies in the S&P 1500 had one or more female board members"). Compare "GMI Ratings' 2013 Women on Boards Survey" by Kimberly Gladman and Michelle Lamb (April 2013) ("In general, larger companies have more diverse boards: currently 16.9% of S&P 500 directors are women, compared to 13.5% of directors in the S&P Midcap Index and 11.3% in the S&P Smallcaps. The S&P 1500, which is made up of the preceding three indices combined, has 14.0% women on its boards; the Russell 1000 (comprised of the 1000 largest companies in the US) has 14.7%, and the small-cap Russell 2000 has only 10.0%.").

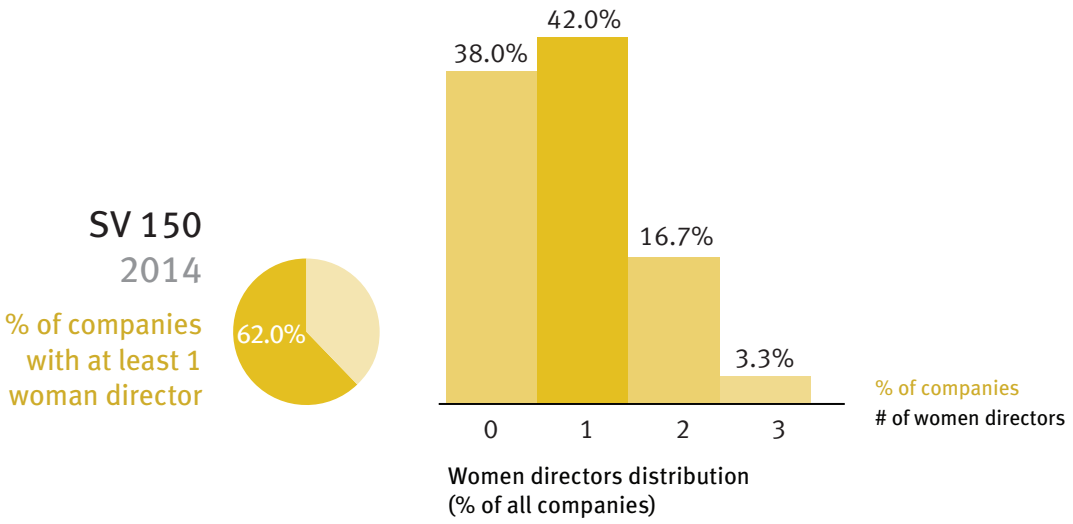
28 When measured as a percentage of the total number of directors, top 15 average = 15.7% in the 2014 proxy season; down from average = 16.7% in the 2011 proxy season. As many companies add board seats, their boards generally expand the mix of skills and experiences that they seek to have represented, often into areas where women are more represented than they are in the mix in effect for smaller boards or companies at earlier stages of development.

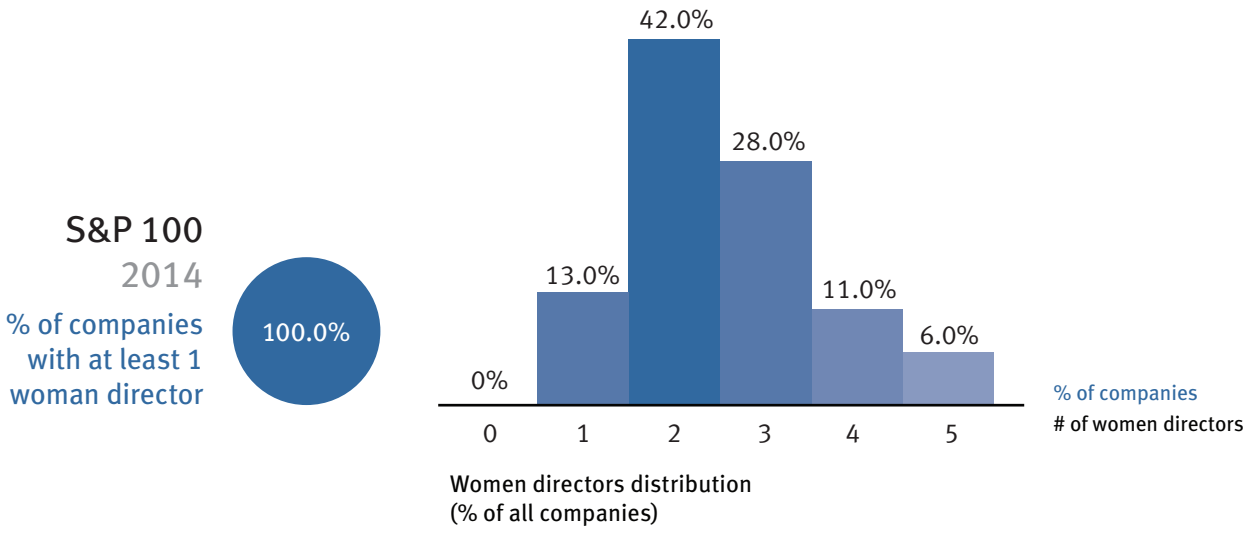
29 This is not simply a Silicon Valley phenomenon. See, e.g., the UC Davis Graduate School of Management study referenced in footnote 27, which found that "40.5% of California's 400 largest public companies have no women directors, down from 44.8% last year; 36.3% of the companies have one woman director; [93 of the companies (23.3%) have two or more women directors; and] only 23 companies (6.0%) have three or more women directors" — bearing in mind that Silicon Valley companies (defined simply as being headquartered in Santa Clara County, irrespective of industry) made up slightly more than a quarter of the companies covered in that study (which also suggested that industry was a contributing factor). See also the GMI Ratings survey referenced in footnote 27, which noted that "[i]n the S&P 500, more than 9 out of 10 companies have at least one female director, and over a quarter have at least three; in the Russell 2000, in contrast, fewer than 60% of companies have at least one woman director, and fewer than 6% have at least three." The "U.S. Technology Board Index 2013" by Spencer Stuart, which surveys "200 top technology companies in the United States," including 70 companies based in Silicon Valley found that "two-thirds of technology boards, 66%, have at least one woman serving on the board, similar to Silicon Valley boards (67%), but well behind female representation in the S&P 500 (93%); [w]omen represent 12% of the total number of directors on technology boards." The Gender Diversity Index referenced in footnote 27 found that in 2014, 11% of the Fortune 1000 companies that it surveys had no women on the board.

Gender Diversity on the Board of Directors *(continued)*

The following graphs show the percentage of companies with at least one woman director and the distributions by number of women directors among the boards of companies in each group during the 2014 proxy season.

WOMEN DIRECTORS — 2014 PROXY SEASON DISTRIBUTION



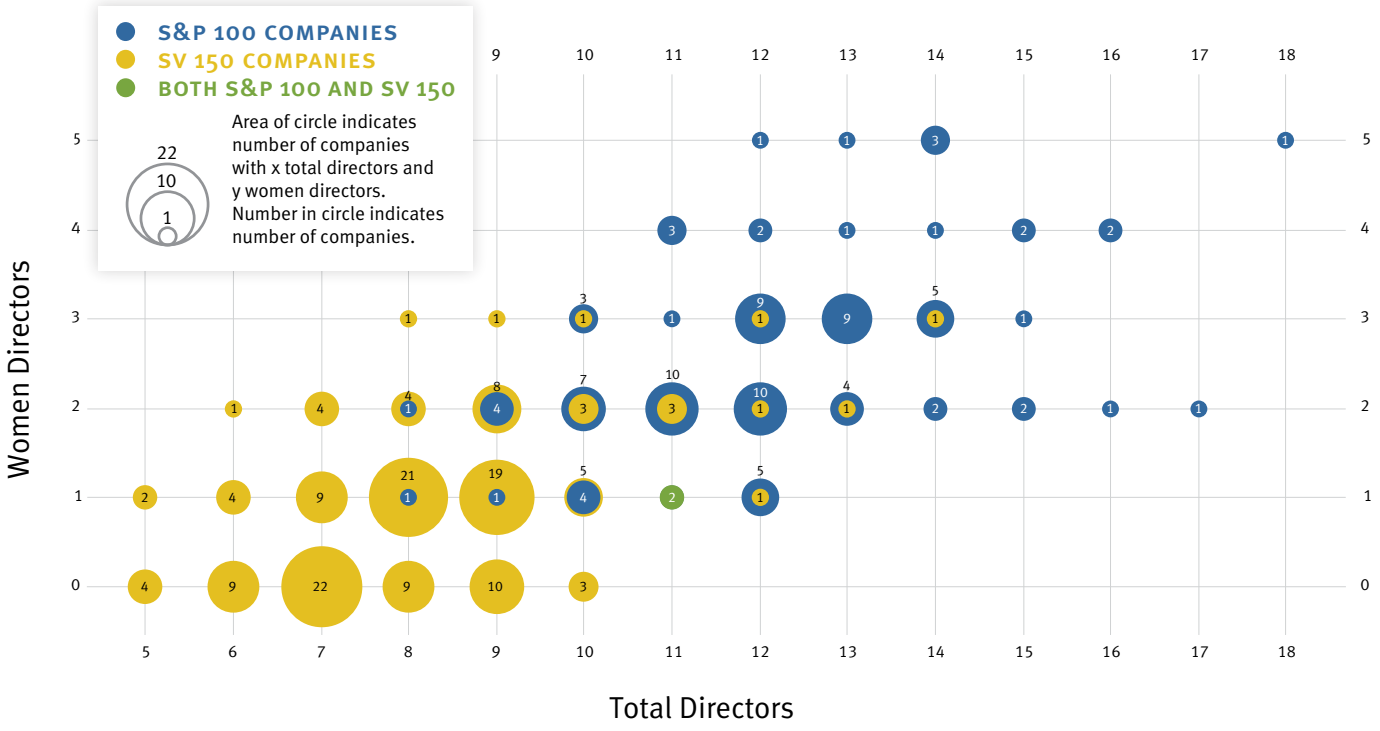


Gender Diversity on the Board of Directors *(continued)*

The following graph shows the distribution of women directors by number of women directors at each board size among the boards of companies in each group during the 2014 proxy season.

DISTRIBUTIONS BY BOARD SIZE vs. NUMBER OF WOMEN DIRECTORS — 2014 PROXY SEASON

S&P 100 (100 COMPANIES) **vs.** **SV 150** (150 COMPANIES)



Gender Diversity on the Board of Directors *(continued)*

Based on anecdotal experience and review of biographical information for executive officers, directors and nominees, other factors beyond board size that contribute to much, but perhaps not all, of the relative dearth of women on the boards of the high technology and life sciences companies in the SV 150[30] appear to be that:

- CEOs generally serve on their own boards, and women are underrepresented among CEOs.[31]
- venture capitalists, holding sizable shares of the companies' stock and carrying over from the private company boards, tend to represent a sizable portion of the independent directors for companies conducting initial public offerings in Silicon Valley[32] — and women make up a small percentage of such investment professionals;[33]

30 The UC Davis Graduate School of Management study discussed in footnote 27 suggests a more nuanced view of the contribution of industry to the relative dearth of women board members, finding that "pharmaceuticals" and "technology software" were among the highest (65% and 64%, respectively) and "semiconductors" was distinctly the lowest (29%), with "technology hardware" in between (59%), in terms of percentage of companies in an industry with one or more women directors (also providing information for industries identified as "health care," "financial services," "consumer goods," "utilities and telecommunications" and "energy, materials and industrials").

31 See the discussion under "Gender Diversity on the Executive Management Team" beginning on p. 31, including the discussion of executive positions beyond CEO that, in addition to founders, are the pipeline for CEO positions. See also "Women Entrepreneurs 2014: Bridging the Gender Gap in Venture Capital" by Candida Brush, Patricia Greene, Lakshmi Balachandra and Amy Davis (September 2014), which found that only 2.7% of companies, or 183 of 6,517 companies receiving venture capital funding during 2011-2013 had a woman CEO, and "Venture Capital Human Capital (Jan to June 2010 — Venture Capital Activity Report)" by CB Insights, which found that only 6% of founders in California receiving Seed or Series A funding for Internet companies were female and 89% of founding teams in that category were all-male (only 3% all-female).

32 Historically, the typical board of a Silicon Valley IPO company has been approximately seven directors, one of which is typically the CEO, three or four of which are representatives of the investors that funded the company prior to the IPO (typically VCs) and the remainder of which typically consist of an audit committee financial expert/chair and one or two directors with experience as a CEO of a similar-growth company and/or executive experience in the relevant industry or market.

33 See, e.g., the Kauffman Foundation report "Gatekeepers of Venture Growth: a Diana Project Report on the Role and Participation of Women in the Venture Capital Industry" by Candida Brush, Nancy Carter, Elizabeth Gatewood, Patricia Greene and Myra Hart (2004); the Women Entrepreneurs 2014 report referenced in footnote 31, which found that the total number of women partners in venture capital firms has declined significantly since 1999 from 10% to 6%; Dan Primack's *Forbes* article "Venture Capital's Stunning Lack of Female Decision-Makers" (February 6, 2014) which found that only 4.2% of partner-level VCs at firms that raised $200M or more since 2009 were women (which is less than even the 4.6% of women CEOs at Fortune 500 companies); Leslie Bradshaw's *Forbes* article "How Women Are Getting Left Out of the Venture Capital Game" (January 10, 2012) and accompanying statistics regarding women at top VC firms, which found that slightly less than 10% of VCs are women; the National Venture Capital Association and *Dow Jones VentureSource* 2011 Venture Census, which found that 11% of venture investors are women (compared with 14% in 2008, when measured slightly differently) and noted that "[t]he percentage of women in the industry was inversely proportional to the age ranges: [o]f respondents under 30 years old, 28% were women; [o]f those in their 30s, 27% were women; 40s and 50s, 22%; and over 60 years old, 13%;" and The Brand Influence Guide for the Venture Capital Industry (BIG:VC) study published by *DeSantis Breindel* in July 2013, which noted that when CEOs are considering VC firms, the gender mix of partners and other professionals in a VC firm matters more than VCs realize (with approximately 25% of CEOs saying it matters, but only 10% of VCs saying so), especially for female CEOs.

Gender Diversity on the Board of Directors *(continued)*

- turnover on public company boards tends to be very low and has been declining[34] — providing relatively few opportunities for women to be added to boards absent an increase in board size;
- when looking for new board members, nominating committees are generally focused on finding candidates with CEO or other board or executive experience in industries, markets or technologies relevant to their company[35] — and women make up a fairly small portion of the pool of potential candidates in the relevant industry (or sector of the industry);[36] and
- nominating committees and board members as a whole often start their search for board candidates by looking in their own networks of contacts (even if a professional search firm is also retained), and smaller companies often do not retain a professional search firm to find board candidates[37] — reducing the chance that women will be represented in the candidate pool for some boards due to idiosyncratic network effects.

34 According to the Second Quarter 2013 issue of *Directors & Boards*, the number of new directors has declined in the last 5 and 10 years by 12% and 27%, respectively. To a degree, low turnover reflects the value of the historical knowledge of a company and its business held by board incumbents, as well as the value of maintaining a good board dynamic and collegiality among members, where turnover in a small group risks adversely impacting a previously effective dynamic. Further, it has been observed that, without term or age limits, it is often difficult for companies to suggest to board members that they retire or leave (according to the same issue of *Directors & Boards*, in the last 10 years, the average age of directors increased from 60.1 to 62.6, with the percentage of directors age 64+ increasing from 14% to 38%). According to ISS data reported in "Board Directors Are Extending Their Tenures," *Wall Street Journal CFO Journal* (April 1, 2014), the average age of directors of S&P 1500 companies has increased from 62.1 in 2012 to 63.2 in 2013 and the average tenure among those directors has increased from 10.3 years in 2012 to 10.8 years in 2013. While the National Association of Corporate Directors, in its *Report of the NACD Blue Ribbon Commission on Director Professionalism*, recommends adoption of a mandatory retirement age and term limits of 10 to 15 years to promote turnover and obtain fresh ideas, a number of institutional investors oppose such limits (see, e.g., the ISS 2012 U.S. Proxy Voting Summary Guidelines (p. 17) and the AFL-CIO Proxy Voting Guidelines (2012) — Guideline IV.A.11). Further, while larger public companies often have Corporate Governance Guidelines/Principles that include age limits ranging from 70 to 80 years old, many companies have no limit at all and, even with limits in place, exceptions are often made.

35 See the discussion of factors boards consider when making nomination decisions, in footnote 19. This is an area of increased focus among institutional investors. See also "Do Independent Expert Directors Matter?" by Ronald Masulis, Christian Ruzzier, Sheng Xiao and Shan Zhao (June 1, 2012), which found that the proportion of independent directors with prior industry experience correlates to positive firm performance (i.e., firms with a higher percentage of independent expert directors have higher book-value multiples, fewer earnings restatements, better CEO pay-for-performance sensitivity, higher CEO turnover-performance sensitivity, and, of particular importance to the innovation-focused high technology and life sciences companies of Silicon Valley, more patents and citations of those patents), with positive stock market reaction to the appointment of independent directors with prior industry experience (where, by contrast, the appointment of independent directors without prior industry work experience has no such positive correlations to firm performance).

36 See, e.g., the UC Davis Graduate School of Management study discussed in footnote 27 ("Women account for 10.5% of the 1,896 highest-paid executive positions in the 400 largest public companies in California"); the *Dow Jones VentureSource* report "Women at the Wheel: Do Female Executives Drive Start-Up Success?" (2012) ("1.3% of privately held companies have a female founder, 6.5% have a female CEO, and 20% have one or more female C-level executives"); and the Women Entrepreneurs 2014 report referenced in footnote 31 finding that of the 6,517 companies that received venture capital funding between 2011 and 2013, 86% had no women at all in management positions and more than 97% of those companies had male CEOs. See also the GMI Ratings survey referenced in footnote 27, which noted that "[n]ominating committees seeking to increase board diversity, however, sometimes struggle to find an adequate pool of candidates through traditional sources."

37 Particularly at smaller public companies, fees for a retained search firm can represent a substantial expense, while they often have directors who consider themselves to be well connected to a collective pool that includes many qualified candidates. See The Conference Board's "Director Compensation and Board Practices: 2013 Edition," which found that most smaller companies avoid incurring search-firm fees and instead use personal connections to recruit new director nominees. See also the discussion of women in leadership in the "US Board Index 2012" report by Spencer Stuart, a leading executive search consulting firm. For companies that do retain a search firm, several specialize in recruiting women, such as Trewstar or Chadick Ellig Executive Search Advisors.

Gender Diversity on the Board of Directors *(continued)*

To some degree, the relatively small number of companies based in Silicon Valley (the SV 150 captures most of those that are public) and the relatively small size of Silicon Valley boards means that women in Silicon Valley have fewer opportunities to become public company board members and thereby come to be seen as a peer and enter the networks of board members and consultants seeking board candidates.[38] This is further exacerbated by the fact that high technology and life sciences companies encompass a vast array of businesses and technologies, and board candidates are often sought with experience in a particular niche within that array (e.g., enterprise software or security technologies or Internet retail or social media, etc.).[39]

A study published in 2013 explored the lack of significant diversity on corporate boards by pursuing a "qualitative interview strategy," in which the authors interviewed fifty-seven people with direct experience with corporate boards, as directors, executives, consultants, regulators or proxy advisors, of which fifty had served as directors of publicly traded corporations.[40] The authors noted that during the course of their interviews, they had heard from participants "many concrete ideas for improving [diversity] numbers, including:

- [defining] qualifications more broadly; include other C-suite executives besides the CEO as well as division presidents and leaders from government service, accounting, retired military, and academia;
- [not requiring] prior public company board experience;
- [identifying] the skill sets needed for new board members and then look specifically for women or minorities who have that skill set, rather using diversity as a "plus" factor;
- [limiting] some searches to women or minority candidates;
- [valuing] different perspectives that could be provided by someone with different industry experience (e.g., technology or mining firms going outside of these industries), or from a younger person with experience with social media or other emerging technologies that older directors may not be familiar with; and

38 While there are a large number of private companies in Silicon Valley, many of those have not received venture capital funding and, even those that have may not have reached a stage such that their executives or board members might be considered peers for public board candidate searches; and private companies in Silicon Valley, including late-stage startups, generally have smaller boards than those represented in the SV 150. Consequently, even factoring in participation in private companies in Silicon Valley, there are still relatively few opportunities for an individual to come to be seen as a peer and enter the networks of board members and consultants seeking board candidates.

39 As covered in more depth in the discussion under "Gender Diversity on the Executive Management Team" beginning on p. 31, women represent a relatively small portion of the top executives in Silicon Valley companies (reflecting the relatively small portion of technology company employees that are women, a likely leading indicator for women in senior management team positions in later years). To a degree, this is offset by the desire of technology companies in some sectors to recruit board candidates in particular customer verticals or with relevant non-technology experience (e.g., consumer/retail), sometimes opening up the candidate pool to industries with many more women who are potential candidates (and these searches are also often more likely to involve a professional search firm).

40 See the study referenced in footnote 24.

Gender Diversity on the Board of Directors *(continued)*

- [working] on structural issues that may impede the advancement of women and minorities in corporations."

A 2011 article in *NACD Directorship* reached similar conclusions and suggested that rigorous board evaluations in the interest of increasing board effectiveness will have the salutary result of more diverse boards.[41]

During the period covered by this survey, there has been a general upward trend in both groups of companies in the average percentage of board members that are women (SV 150 average in 1996 proxy season = 2.1% and in 2014 = 10.0%; S&P 100 average in 1996 proxy season = 10.9% and in 2014 = 20.9%), though there was a period of relative stagnation from the 2008 through 2011 proxy seasons. While at all times the S&P 100 has significantly exceeded the SV 150 in terms of average number and average percentage of women directors, the growth rate of women directors, in terms of either the average number of women per board or the average percentage of boards that are women, has been much faster in the SV 150 (approximately 350% growth) than in the S&P 100 (approximately 86% growth) over the survey period.

However, while there has been a distinct downward trend in the percentage of SV 150 companies with no women directors (82.3% in 1996; 38% in the 2014 proxy season), there were no such companies in the S&P 100 in the 2014 proxy season (10.6% in 1996).[42] Our data shows that within the SV 150, this fairly closely tracks with the size of company (measured by revenue), which also correlates with board size, with 60.0% of the bottom 50 companies having no women directors in the 2014 proxy season but that being true for only one of the top 15 SV 150 companies. In addition, both groups have seen marked increases in the percentage of companies with two or more women directors (SV 150 from 1.3% in 1996 to 20.0% in 2014; S&P 100 from 43.6% in 1996 to 87.0% in the 2014 proxy season).[43]

41 See "Diversity: Acting on What We Know" by Judy Warner (September 9, 2011), discussing a roundtable of prominent public company directors (also noting that age and term limits, while used by many boards, have become, in some directors' views, a cop-out for full-board evaluation).

42 During the period of the survey (1996 to 2014), the top 15 of the SV 150 moved from 50.0% of companies with no women serving as directors in 1996 to 6.7% in 2014 (after dropping to 0.0% in 2011). In fact, the number of companies with no women serving as directors fell meaningfully at all levels of the SV 150.

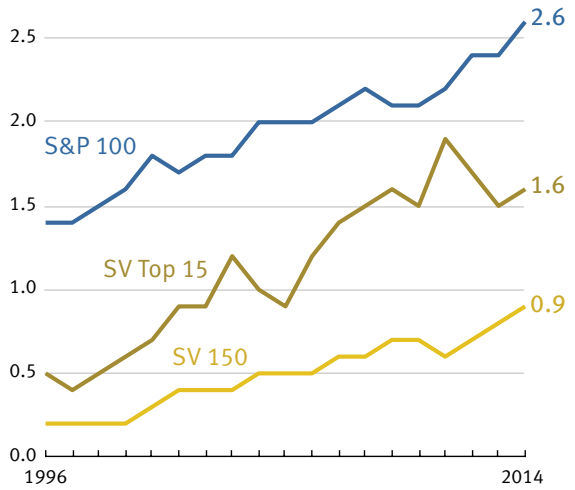
43 During the period of the survey (1996 to 2014), the top 15 of the SV 150 moved from 0.0% in 1996 to 46.7% of companies having two or more women directors.

Gender Diversity on the Board of Directors *(continued)*

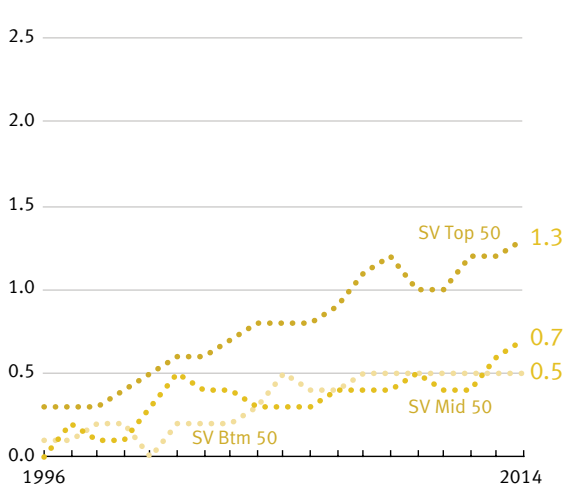
The following graphs show the average number and the average percentage of women directors for each of the SV 150, the SV Top 15 and the S&P 100 (and with the SV 150 broken down by the top 50, middle 50 and bottom 50 companies) over the period from the 1996 through 2014 proxy seasons.

AVERAGE NUMBER OF WOMEN DIRECTORS — 1996–2014

S&P 100 vs. SV Top 15 vs. SV 150

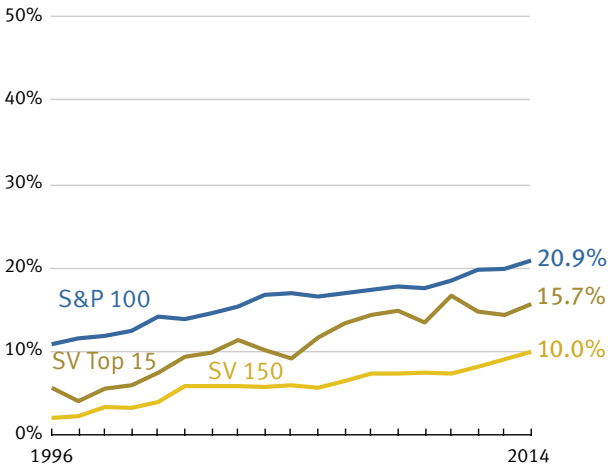


SV 150 Breakdown

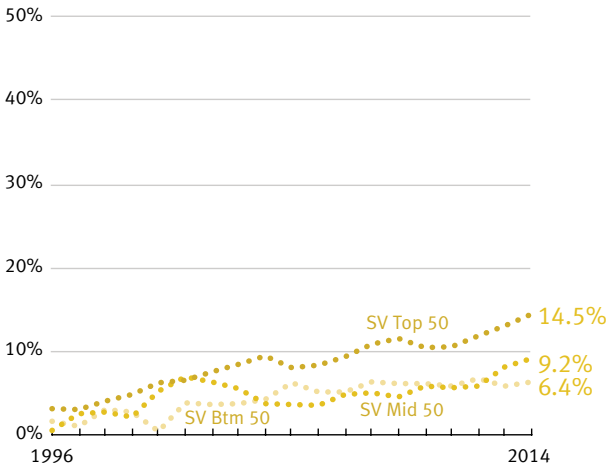


AVERAGE PERCENTAGE OF WOMEN DIRECTORS — 1996–2014

S&P 100 vs. SV Top 15 vs. SV 150



SV 150 Breakdown

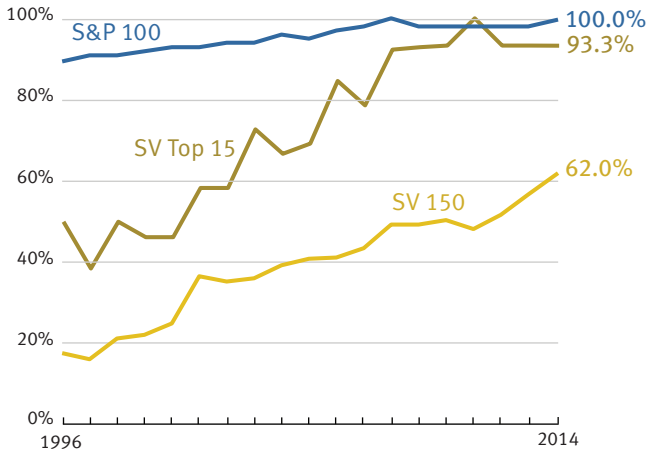


Gender Diversity on the Board of Directors *(continued)*

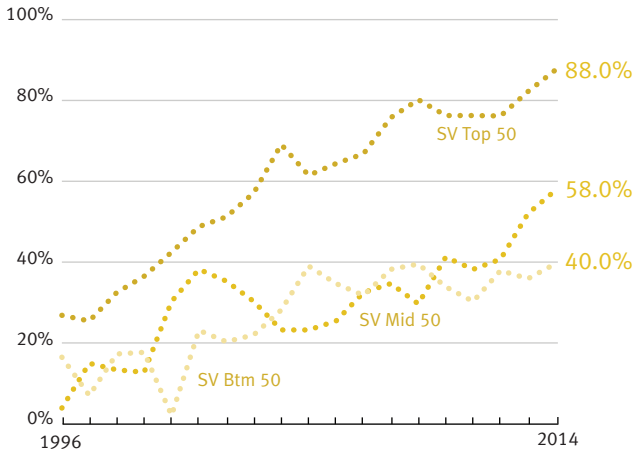
The following graphs show the percentage of companies with at least one woman director in each of the SV 150, the SV Top 15 and the S&P 100 (and with the SV 150 broken down by the top 50, middle 50 and bottom 50 companies) over the period from the 1996 through 2014 proxy seasons.

PERCENTAGE OF COMPANIES WITH AT LEAST ONE WOMAN DIRECTOR — 1996–2014

S&P 100 vs. SV Top 15 vs. SV 150



SV 150 Breakdown



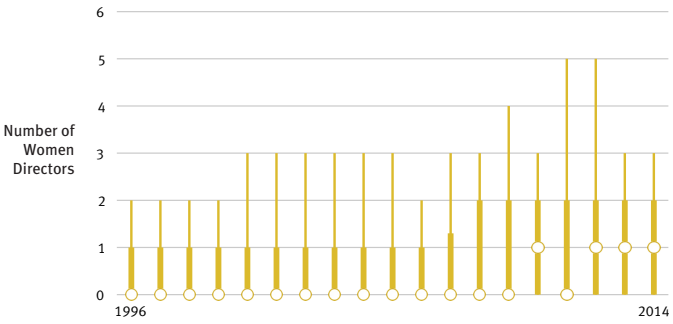
Gender Diversity on the Board of Directors *(continued)*

The following graphs show the trend in the distribution by number and percentage of women directors in each group (showing both the median number or percentage and the cutoffs for the deciles with the most women directors) over the period from the 1996 through 2014 proxy seasons.

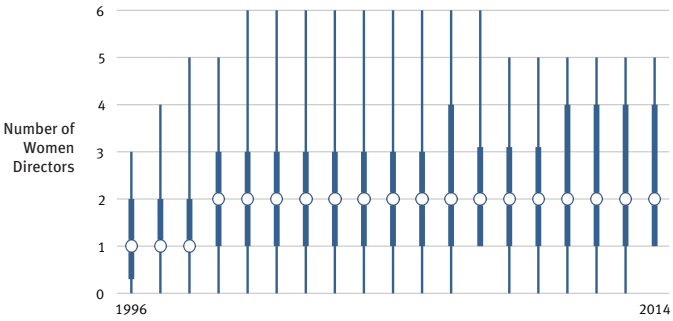
DISTRIBUTION OF NUMBER AND PERCENTAGE OF WOMEN DIRECTORS — 1996–2014

Women Directors: Numbers
1996-2014

SV 150

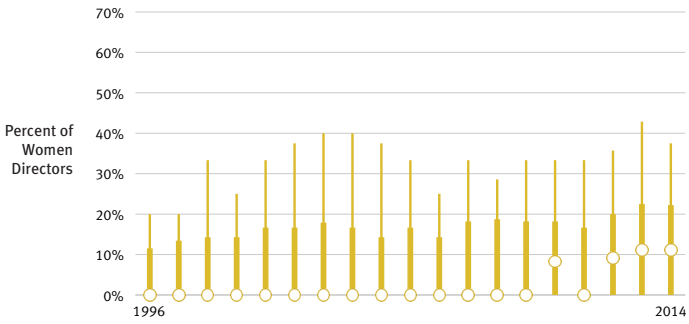


S&P 100

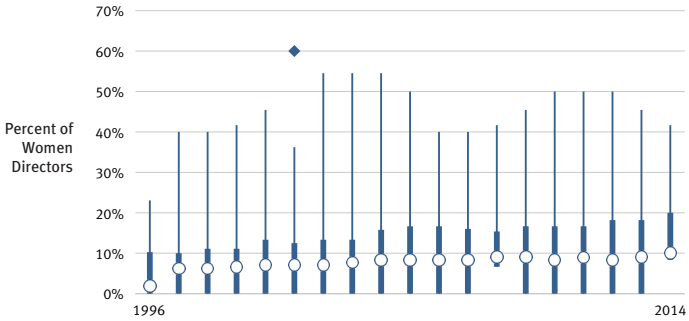


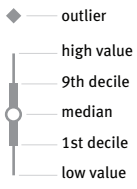
Women Directors: Percentages
1996-2014

SV 150



S&P 100

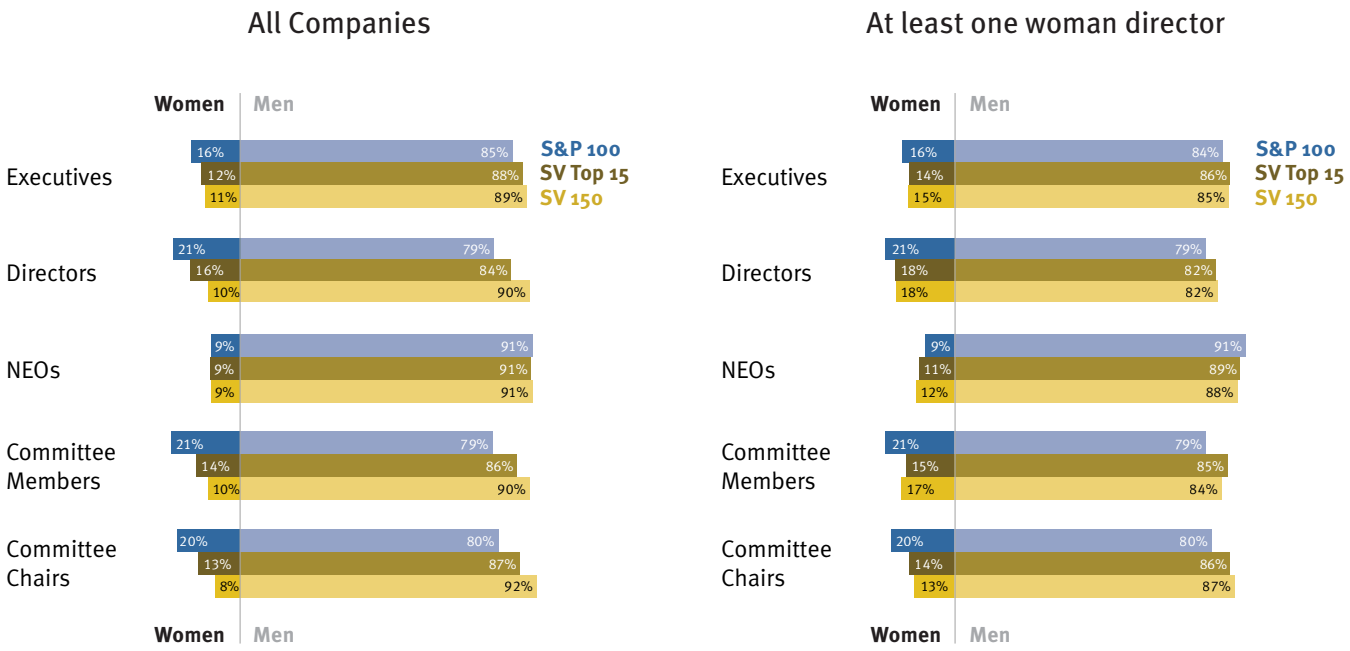




Gender Diversity on the Board of Directors *(continued)*

The following graphs show the respective imbalances in the percentage of executive officers, named executive officers, board members, committee members and committee chairs that are women among all companies and among companies with at least one woman serving on the board of directors in each of the SV 150, the SV Top 15 and the S&P 100 during the 2014 proxy season.

GENDER IMBALANCES: S&P 100 vs. SV TOP 15 vs. SV 150 — 2014 PROXY SEASON

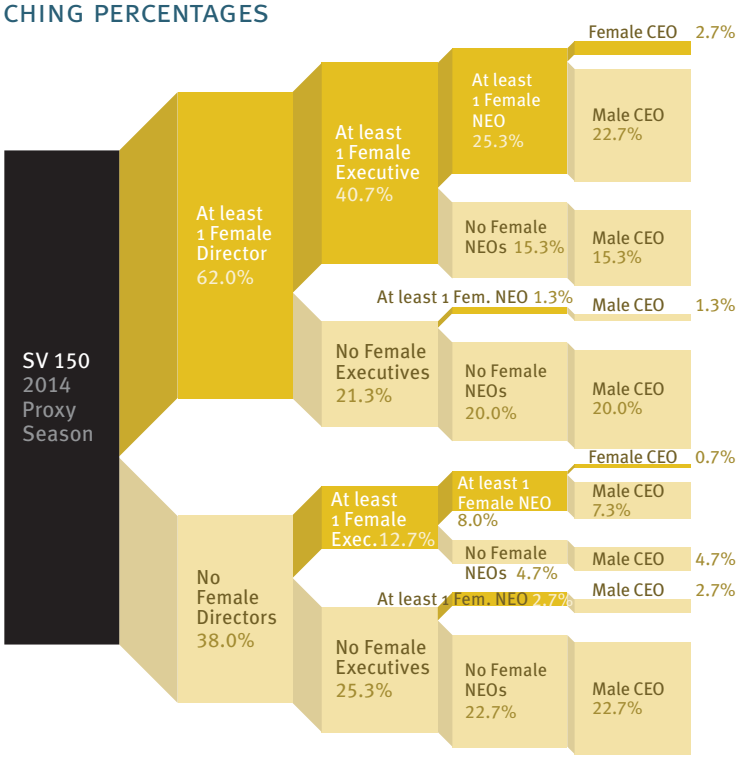


Gender Diversity on the Board of Directors *(continued)*

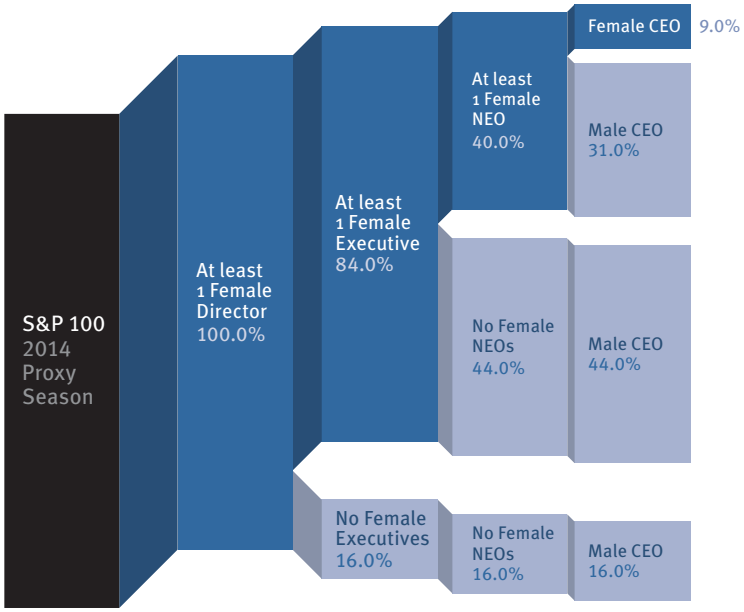
These graphs show the percentage of companies during the 2014 proxy season with and without at least one woman serving on the board, then of those companies, the percentage with at least one woman executive officer, then of those companies, the percentage with at least one woman named executive officer, and then of those companies, the percentage with a woman CEO.

GENDER DIVERSITY — BRANCHING PERCENTAGES

Gender Representation
SV 150
2014 Proxy Season



Gender Representation
S&P 100
2014 Proxy Season



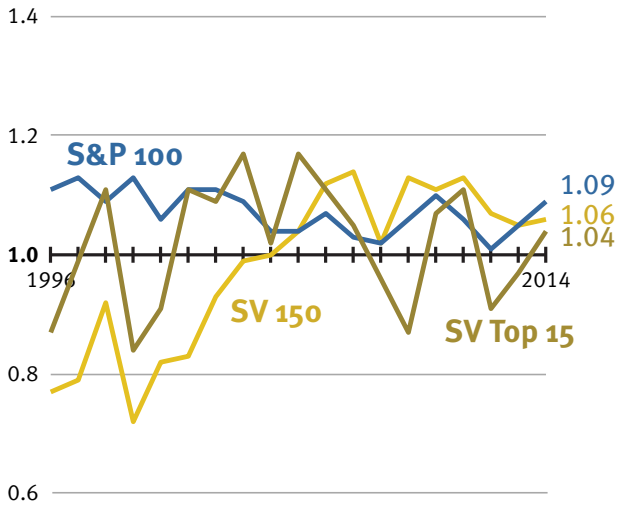
Gender Diversity on Board Committees

Historically, there has been a view that women were selected for committee assignments less frequently or were selected for different committees than men.[44] The participation of women in the major functions of a board is an important indicator of whether they are being viewed as equal partners with their male peers. One measurable indicator of that participation is membership on board committees. Our data shows that, in a shift away from the historical perception, the participation of women on board committees generally increased over the period of the survey at a pace faster than the increase in women as a percentage of board memberships in each of the groups surveyed. However, as discussed below, the slope of the trend varies by type of committee (though with a reasonably similar difference between the SV 150 and the S&P 100 companies across the primary audit, compensation and nominating committees).

The following graph shows the ratio of the average representation of women on the primary board committees (audit, compensation and nominating) to the average representation of women on boards of directors overall in each of the SV 150, the SV Top 15 and the S&P 100 over the period from the 1996 through 2014 proxy seasons.

RATIO OF WOMEN PRIMARY COMMITTEE REPRESENTATION TO WOMEN DIRECTOR REPRESENTATION — 1996–2014

(Average Percentage of Women on Primary Committees divided by Average Percentage of Women on Board)



44 See, e.g., Diana Bilimoria and Sandy Kristin Piderit, Board Committee Membership: Effects of Sex-Based Bias, 37 Acad. of Mgmt. J. 1453, 1469 (1994), which looked at the audit, compensation, nominating, executive, finance and public affairs committees of the Fortune 300 firms for 1984 and found that men, after controlling for experience-based characteristics, were preferred for the compensation, executive and finance committees, while women were preferred for public affairs committees — though "[f]or the audit and nominating committees, no significant main effect of sex was detected."

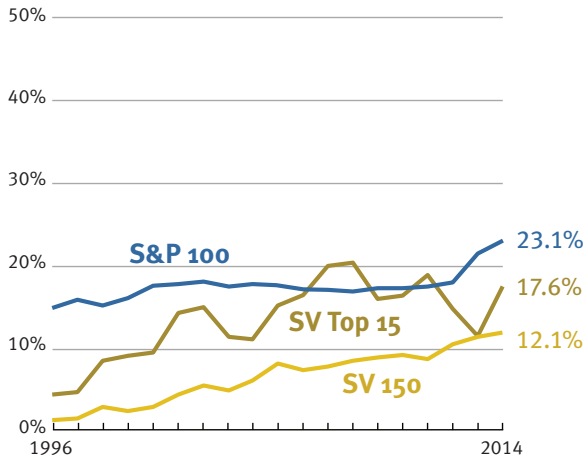
Audit Committee

S&P 100 companies tended to have more women as a percentage of the total number of audit committee members over the survey period (S&P 100 moving from 14.9% in 1996 to 23.1% in 2014; SV 150 moving from 1.3% in 1996 to 12.1% in the 2014 proxy season). Since the 2005 proxy season, the data for the top 15 of the SV 150 has been closer to that of the S&P 100 than to the SV 150 but has declined sharply in recent years (top 15 moving from 4.4% in 1996 to a high of 20.4% in 2008, before declining to 11.5% in the 2013 proxy season and return to 17.6% in the 2014 proxy season). Further, significantly affecting the average in the SV 150 were the 57 companies in 2014 without at least one woman director (larger numbers in prior years). Excluding companies with no women directors, the percentage of the total number of audit committee members that are women for SV 150 companies was similar to S&P 100 companies, particularly since the 2003 proxy season (19.4% in the 2014 proxy season).

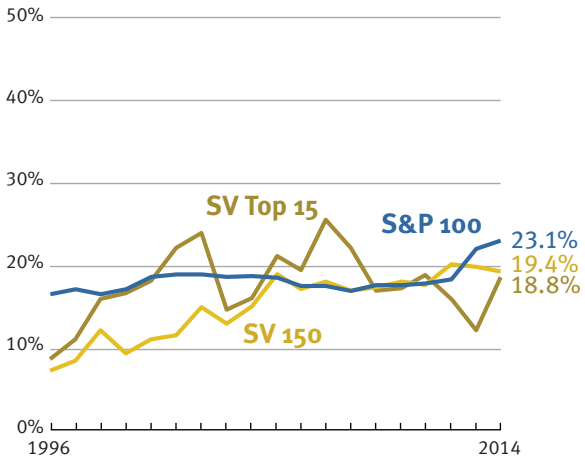
The following graphs show the percentage of audit committee members that are women for all companies in each of the SV 150, SV Top 15 and the S&P 100, as well as for only those companies in each group that have at least one woman director, over the period from the 1996 through 2014 proxy seasons.

PERCENTAGE OF AUDIT COMMITTEE MEMBERS THAT ARE WOMEN — 1996–2014

All Companies



Companies with at least 1 Woman Director



For a discussion of gender diversity among audit committee chairs, see the applicable discussion and graphics under "Gender Diversity in Board Leadership—Committee Chairs" on pages 29–30.

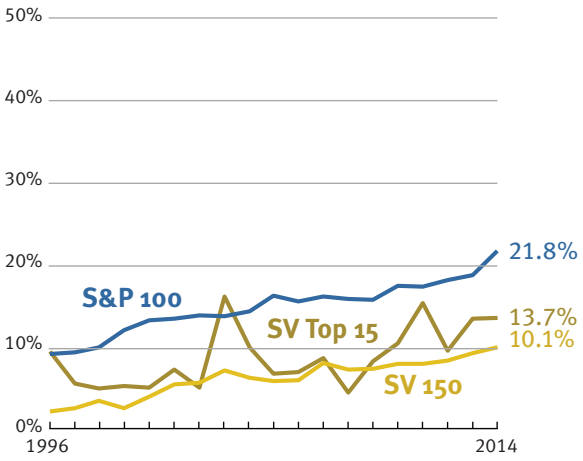
Compensation Committee

S&P 100 companies tended to have more women as a percentage of the total number of compensation committee members over the survey period (S&P 100 moving from 9.2% in 1996 to 21.8% in 2014; SV 150 moving from 2.2% in 1996 to 10.1% in the 2014 proxy season). The data for the top 15 of the SV 150 was generally closer to that of the SV 150 as a whole, with occasional peaks similar to the S&P 100 (top 15 moving from 9.5% in 1996 to 13.7% in 2014, but with drops to approximately 5% and spikes to above 15% in between). Further, significantly affecting the average in the SV 150 were the 57 companies in 2014 without at least one woman director (larger numbers in prior years). Limiting the data to only those companies with at least one woman on the board eliminated slightly more than half the gap between SV 150 companies and S&P 100 companies in the percentage of the total number of compensation committee members that are women (16.2% in the 2014 proxy season).

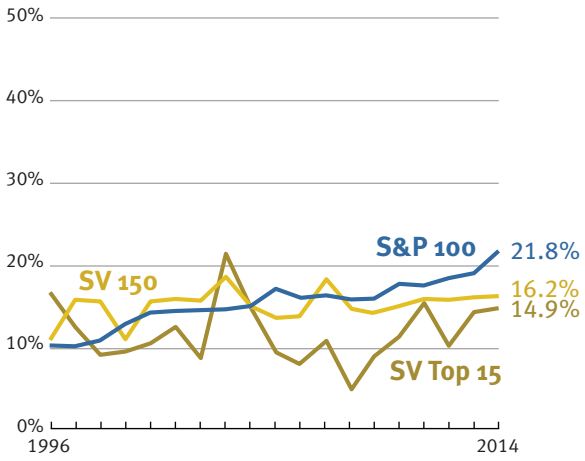
The following graphs show the percentage of compensation committee members that are women for all companies in each of the SV 150, SV Top 15 and the S&P 100, as well as for only those companies in each group that have at least one woman director, over the period from the 1996 through 2014 proxy seasons.

PERCENTAGE OF COMPENSATION COMMITTEE MEMBERS THAT ARE WOMEN — 1996–2014

All Companies



Companies with at least 1 Woman Director



For a discussion of gender diversity among compensation committee chairs, see the applicable discussion and graphics under "Gender Diversity in Board Leadership—Committee Chairs" on pages 29–30.

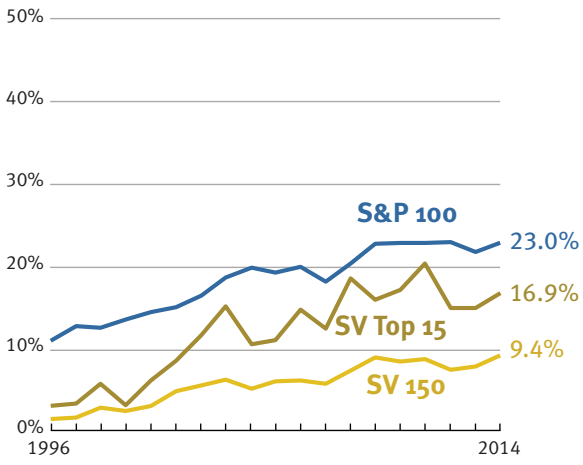
Nominating Committee

S&P 100 companies tended to have more women as a percentage of the total number of nominating committee members over the survey period (S&P 100 moving from 11.1% in 1996 to 23.0% in 2014; SV 150 moving from 1.6% in 1996 to 9.4% in the 2014 proxy season). The data for the top 15 of the SV 150 started generally closer to that of the SV 150 as a whole, but moved to be more similar to the S&P 100 over the period of the survey (top 15 moving from 3.2% in 1996 up to 20.4% in 2011, before declining to 16.9% in 2014). Further, significantly affecting the average in the SV 150 were the 57 companies in 2014 without at least one woman director (larger numbers in prior years). Limiting the data to only those companies with at least one woman on the board eliminated less than half of the gap between SV 150 companies and S&P 100 companies in the percentage of the total number of nominating committee members that are women (14.7% in the 2014 proxy season).

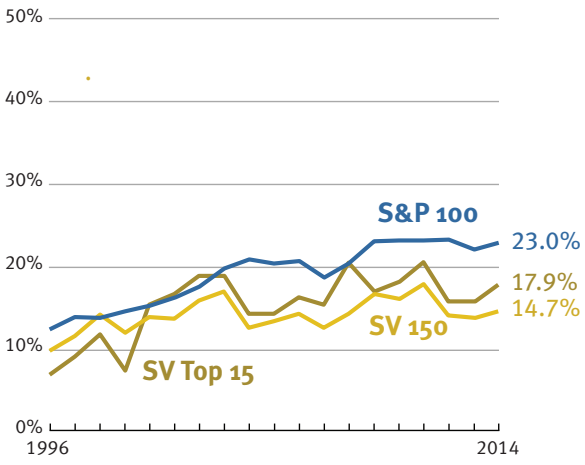
The following graphs show the percentage of nominating committee members that are women for all companies in each of the SV 150, SV Top 15 and the S&P 100, as well as for only those companies in each group that have at least one woman director, over the period from the 1996 through 2014 proxy seasons.

PERCENTAGE OF NOMINATING COMMITTEE MEMBERS THAT ARE WOMEN — 1996–2014

All Companies



Companies with at least 1 Woman Director



For a discussion of gender diversity among nominating committee chairs, see the applicable discussion and graphics under "Gender Diversity in Board Leadership—Committee Chairs" on pages 29–30.

Other Standing Committees

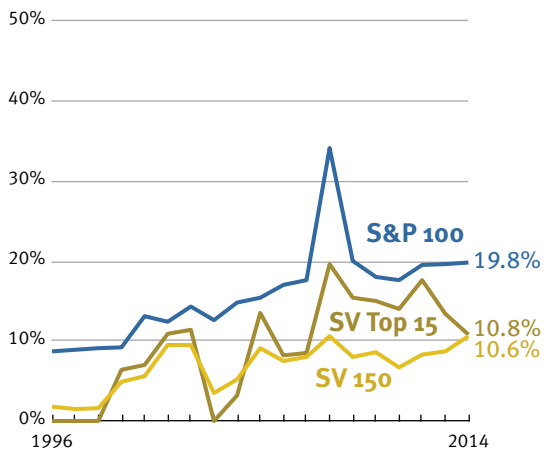
Over the survey period, S&P 100 companies tended to have more women as a percentage of the total number of members of standing committees outside of the three primary committees (S&P 100 moving from 8.7% in 1996 to 19.8% in 2014; SV 150 moving from 1.8% in 1996 to 10.6% in the 2014 proxy season). The data for the top 15 of the SV 150 was generally closer to that of the SV 150 as a whole, with occasional peaks similar to the S&P 100 (top 15 moving from 0% in 1996 up to 19.6% in 2008, but dropping to 10.8% in 2014). Further, significantly affecting the percentage in the SV 150 were the 57 companies in 2014 without at least one woman director (larger numbers in prior years). Limiting the data to only those companies with at least one woman on the board eliminated less than half of the gap between SV 150 companies and S&P 100 companies in the percentage of total number of other standing committee members that are women.

The following graphs show the percentage of members of standing committees other than one of the primary committees that are women for all companies in each of the SV 150, SV Top 15 and S&P 100, as well as for only those companies in each group that have at least one woman director, over the period from the 1996 through 2014 proxy seasons.[45]

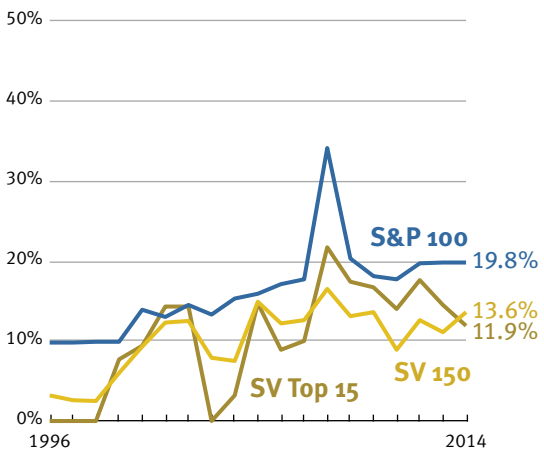
PERCENTAGE OF OTHER STANDING COMMITTEE MEMBERS THAT ARE WOMEN — 1996–2014

(Among those that have Other Standing Committees)

All Companies



Companies with at least 1 Woman Director



For a discussion of gender diversity among chairs of other standing committees, see the applicable discussion and graphics under "Gender Diversity in Board Leadership—Committee Chairs" on pages 29–30.

45 Standing committees beyond the primary committees (audit, compensation and nominating) are relatively uncommon in the SV 150 (primarily existing among the largest companies), leading to the significant volatility in the SV 150 data reflected in the graphs.

Gender Diversity in Board Leadership

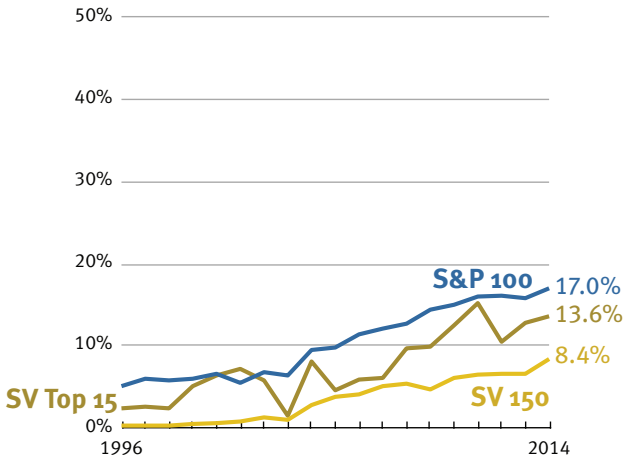
Historically, there has been a view that women serve in board leadership positions very infrequently. Research has suggested that underrepresentation in board leadership positions has continued into recent years.[46] In addition to understanding trends in the rate of inclusion of women in board membership, an understanding of trends in the rate of inclusion of women in leadership positions on the board is useful to understanding their opportunities to influence actions at a company (some of which may also influence gender diversity at public companies). Similarly once women are included in board membership, or are included in increasing numbers, the frequency with which women are included in leadership positions on the board (and how that participation rate compares with the percentage of boards that are women) is useful as an important indicator of whether they are being viewed as equal partners with their male peers.

The following graphs show the percentage of all board leadership positions (chair, lead director or committee chair) that are held by women in each of the SV 150, SV Top 15 and the S&P 100, as well as for only those companies in each group that have at least one woman director, over the period from the 1996 through 2014 proxy seasons.

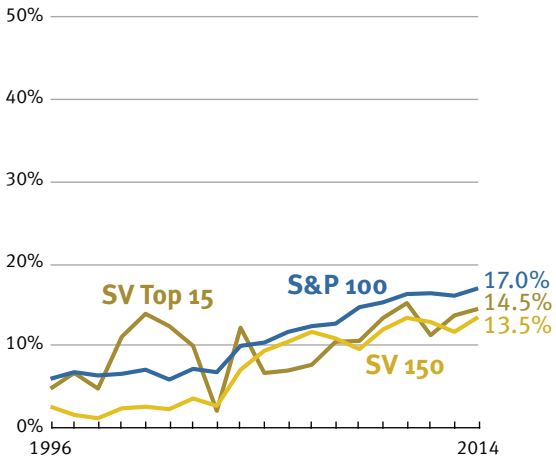
PERCENTAGE OF WOMEN IN ALL BOARD LEADERSHIP POSITIONS — 1996–2014

(Board Chair, Lead Director, All Committee Chairs)

All Companies



Companies with at least 1 Woman Director



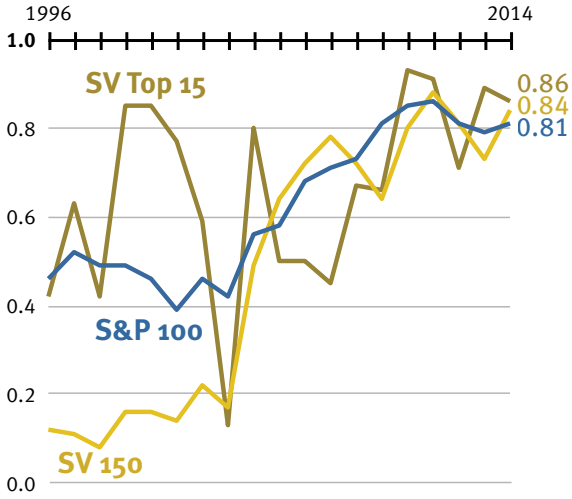
46 See, e.g., the "2013 Catalyst Census: Fortune 500 Women Board Directors."

Gender Diversity in Board Leadership *(continued)*

The following graph shows the ratio of the average representation of women in board leadership positions to the average representation of women on boards of directors overall in each of the SV 150, SV Top 15 and the S&P 100 over the period from the 1996 through 2014 proxy seasons.

RATIO OF WOMEN IN BOARD LEADERSHIP POSITIONS TO WOMEN DIRECTOR REPRESENTATION — 1996–2014

(Average Percentage of Women in All Board Leadership divided by Average Percentage of Women on Board)



Board Chair

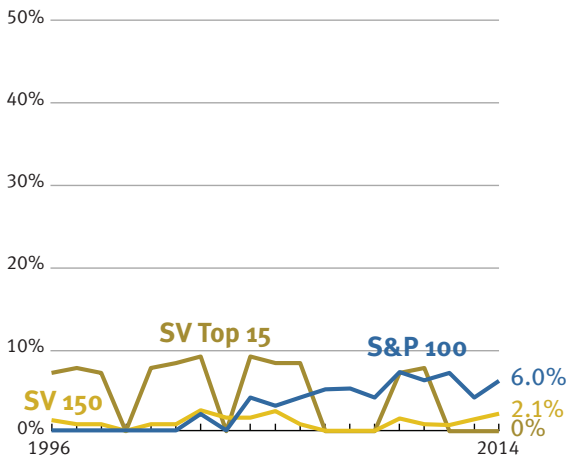
The most significant board leadership role is often the board chair, who typically has the ability to call board meetings and set agendas, coordinates among directors, serves as the board's primary liaison with the CEO and executive team and often has significant influence on strategy or operations.

Research has shown that women board chairs are rare across U.S. public companies.[47] That is true for the SV 150 and the S&P 100 companies, although the top 15 largest companies in the SV 150 have tended to have women board chairs more frequently than the similarly sized S&P 100 companies. A major factor in the dearth of women serving as board chairs is the fact that many CEOs also serve as chair of their board,[48] combined with the fact that, women CEOs are also relatively rare.[49]

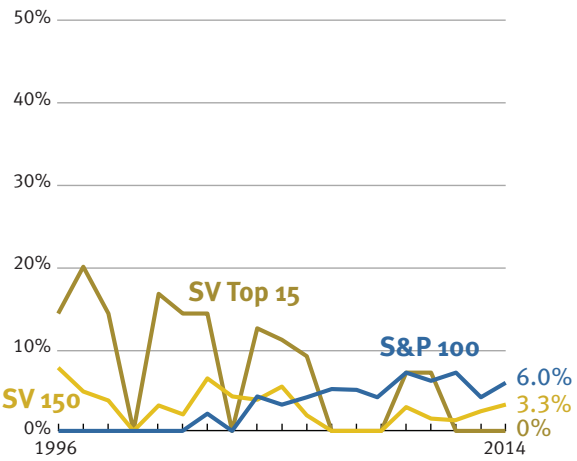
The following graphs show the percentage of companies with a woman serving as board chair for all companies in each of the SV 150, SV Top 15 and the S&P 100, as well as for only those companies in each group that have at least one woman director, over the period from the 1996 through 2014 proxy seasons.

PERCENTAGE OF COMPANIES WITH A WOMAN BOARD CHAIR — 1996–2014

All Companies



Companies with at least 1 Woman Director



47 See, e.g., the GMI Ratings survey referenced in footnote 27, which noted that "Female board chairs, moreover, remain rare across the US universe. Only 3.0% of S&P 500 company chairs are women, along with 2.5% of Russell 2000 board chairs. The percentage of female chairs in the full S&P 1500 has only increased 0.4 percentage points since our last report [2011], to the current level of 2.6%, with most of that change having occurred in the Midcaps."

48 See the most recent edition of the Fenwick corporate governance survey discussed in footnote 1 for statistics regarding the frequency of combined CEOs/board chairs in the SV 150 and S&P 100.

49 See "Gender Diversity on the Executive Management Team—Chief Executive Officer (CEO)" on p 46. See also footnote 31.

Lead Director

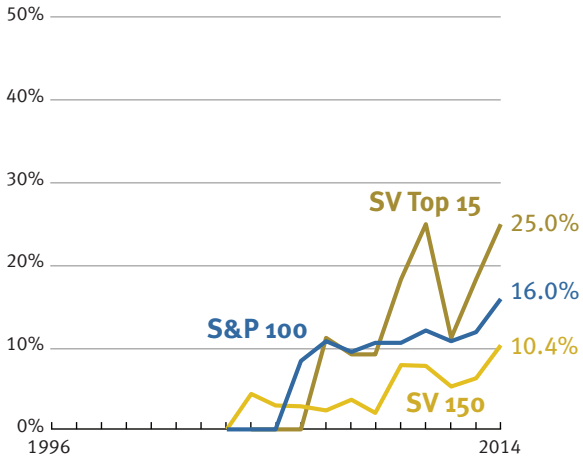
Prior to the Sarbanes-Oxley era, which kicked off a number of governance reforms, lead directors were exceedingly rare, with their emergence really commencing in the 2003 proxy season.[50] Of companies that have a lead director, S&P 100 companies initially trailed SV 150 companies in terms of percentage of lead directors that are women but have clearly exceeded the SV 150 since the 2006 proxy season. Both sets of companies have appointed a fairly small percentage of women lead directors (in 2014, SV 150 = 10.4% and S&P 100 = 16.0%). Further, significantly affecting the percentage in the SV 150 were the 57 companies in 2014 without at least one woman director (larger numbers in prior years). Excluding companies with no women directors, the percentage of lead directors that are women in the SV 150 companies was similar to S&P 100 companies, particularly since the 2009 proxy season (15.6% in the 2014 proxy season).

The following graphs show the percentage of companies with a woman serving as lead director for all companies in each of the SV 150, SV Top 15 and the S&P 100, as well as for only those companies in each group that have at least one woman director, over the period from the 1996 through 2014 proxy seasons.

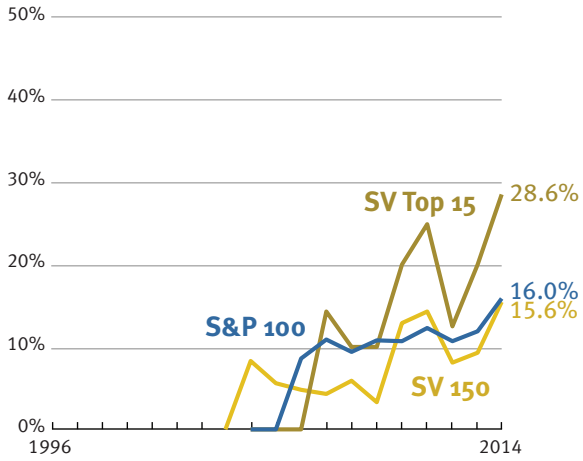
PERCENTAGE OF COMPANIES WITH A WOMAN LEAD DIRECTOR — 1996–2014

(Among companies that have a Lead Director)

All Companies



Companies with at least 1 Woman Director



50 During the period from the 1996 through the 2002 proxy season, none of the SV 150 companies had a lead director, and the same was true for the S&P 100 for most proxy seasons (the exception was one company with a lead director in 2001).

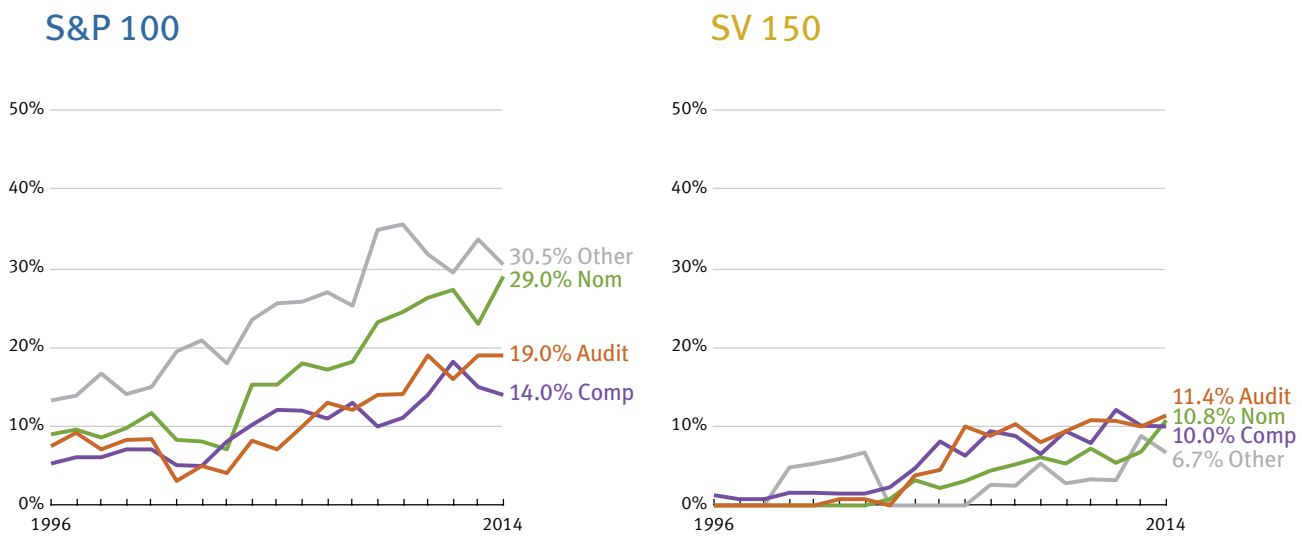
Committee Chairs

Among the three primary committees that are common across almost all companies (audit, compensation and nominating committees), the percentage of women chairs when measured across all such committees has risen steadily in both groups of companies, particularly since the 2003 proxy season. However, throughout the survey period, that percentage has averaged about seven percentage points higher in the S&P 100 compared with the SV 150, with that spread increasing over the last three proxy seasons (S&P 100 moving from 7.3% in 1996 to 16.6% in 2010 and 20.7% in 2014; SV 150 moving from 0.4% in 1996 to 8.0% in 2010 and 10.7% in 2014). Excluding companies with no women directors, the percentage of women chairs when measured across the primary committees in the SV 150 was similar to S&P 100 companies (17.2% in the 2014 proxy season).

Looking at the three committees separately, the two groups of companies have experienced somewhat different trends. For the S&P 100, the percentage of nominating committee chairs that are women is highest and increased most over the period (S&P 100 Audit moved from 7.5% in 1996 to 19.0% in 2014; Compensation moved from 5.3% in 1996 to 14.0% in 2014; Nominating moved from 9.0% in 1996 to 29.0% in the 2014 proxy season), while the opposite was true for the SV 150 but that trend may be changing (SV 150 Audit moved from 0.0% in 1996 to 11.4% in 2014; Compensation moved from 1.3% in 1996 to 10.0% in 2014; Nominating moved from 0.0% in 1996 to 10.8% in the 2014 proxy season, a 59% increase from 2013).

The following graphs show the percentage of audit, compensation, nominating and other standing committee chairs that are women in each of the SV 150 and the S&P 100 over the period from the 1996 through 2014 proxy seasons (among those companies in each group identifying such chairs in their public filings in each such proxy season).

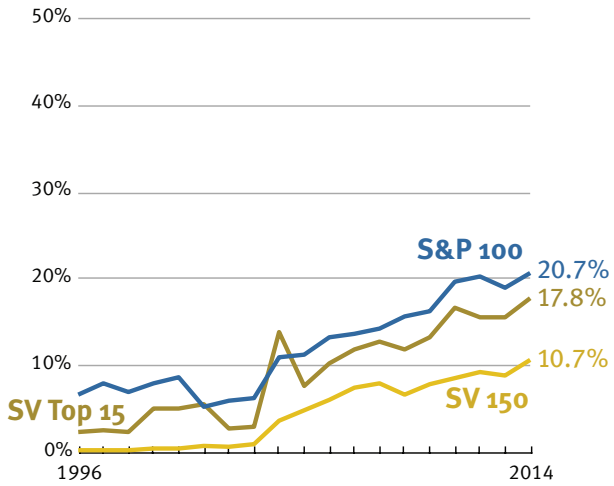
PERCENTAGE OF COMMITTEE CHAIRS THAT ARE WOMEN — 1996–2014



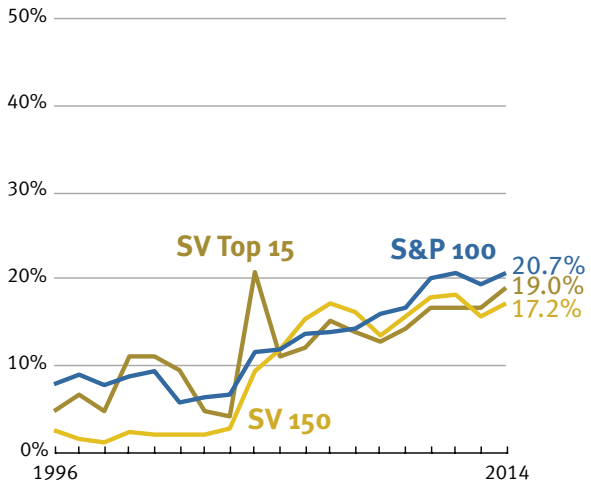
The following graphs show the percentage of chairs of primary committees (audit, compensation and nominating) and all committees, that are women for all companies in each of the SV 150, SV Top 15 and the S&P 100, as well as for only those companies that have at least one woman director, over the period from the 1996 through 2014 proxy seasons.

PERCENTAGE OF WOMEN COMMITTEE CHAIRS: PRIMARY COMMITTEES — 1996–2014

All Companies

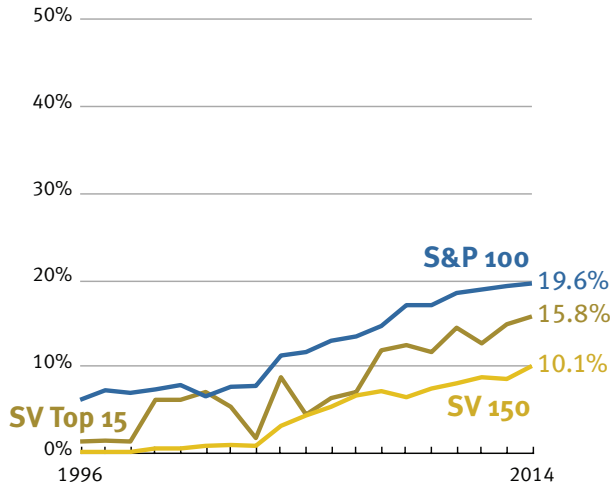


Companies with at least 1 Woman Director

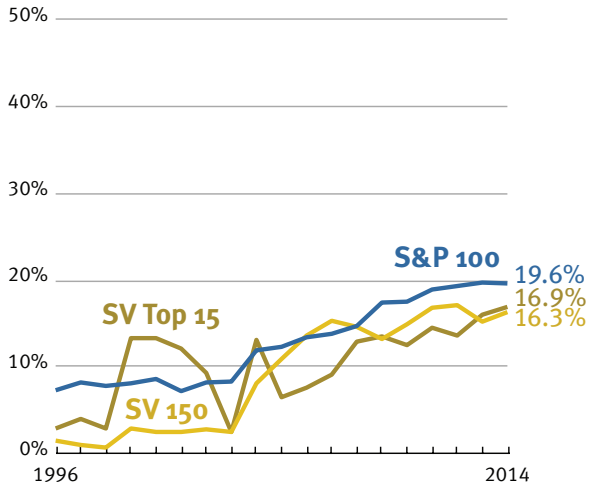


PERCENTAGE OF WOMEN COMMITTEE CHAIRS: ALL COMMITTEES — 1996–2014

All Companies



Companies with at least 1 Woman Director



Gender Diversity on the Executive Management Team

Executive Officers

Under applicable SEC disclosure rules, public companies are not required to provide disclosure specific to diversity on their executive teams.[51] However, they are required to identify and provide limited biographical information regarding their executive officers. We have used this biographical information to collect data on gender diversity regarding executive officers.[52] The rules for determining who is an "executive officer" are imprecise and leave significant room for judgment by a company and its board when making that determination.[53] The judgments that companies apply to their specific facts and circumstances can result in a significant variance between the number of executive officers identified by companies (even by companies that, when viewed externally, seem reasonably similar).[54] For example, in the 2014 proxy season, the number of executive officers identified per company in the SV 150 ranged from 2 to 13, with a median of 6 (and an average of 6.4),[55] while in the S&P 100, the number ranged from 3 to 23 executive officers, with a median of 10 (and an average of 10.9).[56]

51 There is no analogue to Item 407(c)(2)(vi) of Regulation S-K with respect to executive officers (even at the board level, as discussed above, the disclosure requirement extends only to whether the nominating committee (or the board) has a policy with regard to the consideration of diversity in identifying director nominees, how it is implemented and how its effectiveness is assessed). While some companies disclose some diversity statistics in some contexts (e.g., outside of SEC filings, perhaps on their websites or in responses to inquiries), that is a far from universal practice, and where it does take place, the coverage and depth of that disclosure vary widely. In 2014, in a move towards more transparency, several large Silicon Valley based technology companies have released workplace diversity statistics for the first time. Such companies included Apple, Google and HP, which had previously resisted disclosure. See "Five Silicon Valley Companies Fought Release of Employment Data, and Won" *San Jose Mercury News* (February 2010) and "Apple, Google, HP and Other Tech Giants Again Refuse to Release Workplace Diversity Data" *San Jose Mercury News* (March 2013).

52 The specific requirement is in Item 401(b) of Regulation S-K ("List the names and ages of all executive officers of the registrant and all persons chosen to become executive officers; indicate all positions and offices with the registrant held by each such person; state his [or her] term of office as officer and the period during which he [or she] has served as such and describe briefly any arrangement or understanding between him [or her] and any other person(s) (naming such person) pursuant to which he [or she] was or is to be selected as an officer").

53 See "Methodology—Executive Officers (and NEOs)" beginning on p. 64 for a discussion of such determinations.

54 As discussed in the "Introduction," the size and employee base of companies in this survey vary greatly, to which could be added a great deal of variation in internal organizational complexity, geographic footprint and management philosophies involved.

55 For the top 15 of the SV 150, the number ranges from 5 to 11, a median of 8 (and an average of 7.5) in the 2014 proxy season; for the top 50, it ranges from 4 to 11, with a median of 7 (and an average of 7.2); for the middle 50, it ranges from 2 to 13, with a median of 6 (and an average of 6.2); and for the bottom 50, it ranges from 2 to 10, with a median of 6 (and an average of 5.6).

56 According to "Study: Benchmarking the Number of 'Executive Officers'" by TheCorporateCounsel.net and LogixData (February 2011), "based on disclosures pulled from the Form 10-Ks, proxy statements and glossy annual reports of all public companies that made such disclosures during 2010," for the S&P 500, the number ranges from 1 to 31, with a median of 8 (and an average of 8.7), and for the Russell 2000 the number ranges from 1 to 27, with a median of 5 (and an average of 6.1).

Gender Diversity on the Executive Management Team *(continued)*

During the period of the survey, the average number of women executive officers per company increased in each group of companies (SV 150 moved from an average of 0.4 to 0.7; S&P 100 moved from an average of 0.6 to 1.7; and the top 15 of the SV 150 moved from an average of 0.4 to 1.0). The average percentage of women executive officers, which takes into account the variable number of executive officers per company,[57] has increased over the survey period (SV 150 moved from 4.9% in 1996 to 10.8% in 2014 (down from 11.5% in 2013); S&P 100 moved from 4.3% in 1996 to 15.5% in 2014 ; and the top 15 of the SV 150 moved from 4.5% in 1996 to 11.8% in 2014). While the SV 150 initially exceeded the S&P 100 in terms of average percentage of women executive officers, the growth rate of women executive officers, in terms of either the average number of women executive officers per company or the average percentage of executive officers that are women, has been faster in the S&P 100 (approximately 260% growth) than in the SV 150 (approximately 120% growth) over the survey period. 46.7% of SV 150 companies, 33.3% of the Top 15 of the SV 150 and 16.0% of S&P 100 companies had no women executive officers in the 2014 proxy season.

While a wealth of long-term, large-scale research on the effect of women executives on company performance is not yet available, observers have hypothesized that the women who have broken through a "glass ceiling" impeding the promotion of women to the executive level and then ultimately become CEO will possess superior skills compared with male CEOs on average, leading to superior performance on objective measures for women CEOs on average.[58] Research also suggests that the proportion of women in top management jobs tends to have positive effects on company performance.[59] However, other research has suggested that there

57 In addition to the wide variation in the number of executive officers discussed above (including the disparity in the average number of executive officers between the SV 150 and the S&P 100), it should be noted that there was a steady decline in the average total number of executive officers per company over the course of the survey (SV 150 declined from 8.8 to 6.4; S&P 100 declined from 13.2 to 10.9). In addition, the range of the number of executive officers has narrowed significantly, particularly since the 2000 proxy season (SV 150, range of 2 to 28; S&P 100, range of 4 to 54 in the 2000 proxy season).

58 See, e.g., "Does Gender Matter?: A Comparative Study of Performance of American CEOs" by Jelena Strelcova at the Stern School of Business at New York University (April 1, 2004).

59 See, e.g., "Women Matter, Gender Diversity at the Top of Corporations: Making It Happen" by McKinsey & Company (2012), which found that companies with top-quartile representation of women in executive committees significantly outperform companies with no women, having an average return on equity that is 41% higher and operating results that are 56% higher, and the Credit Suisse Gender 3000 report referenced in footnote 22, which found that companies with more than 15% of women in top management, carry a 2013 return on equity of 14.7% compared to 9.7% for those companies where women represent less than 10% of top management and that companies where female CEO and Operations management accounted for more than 10% of those roles exhibited a return on equity of 15.2% versus 11.9% where their presence was less than 5%. Compare "Do women in top management affect firm performance? A panel study of 2,500 Danish firms" by Nina Smith, Valdemar Smith, and Mette Verner of the Aarhus School of Business in the *International Journal of Productivity and Performance Management* (2006), which cautioned that "[t]he results show that the positive effects of women in top management strongly depend on the qualifications of female top managers."

is no difference in stock price performance or leverage levels in public companies led by women, and that women-led technology startup companies have underperformed by some measures (although that may be a reflection of women having access to inferior opportunities).[60]

It is important to observe that there appear to be relatively few women working in Silicon Valley companies and, as in companies elsewhere, there are many possible career paths leading to serving as CEO or as an executive officer of a high technology or life sciences company in Silicon Valley, beyond being the founder of a startup company[61] — and such career paths often start during college or graduate school and stretch over many years before arriving at the executive officer level.[62] One contributing factor to the lower numbers of women serving as executive officers for the companies in the SV 150 is scale, both in terms of the relatively smaller size of the executive management teams, which means there are fewer opportunities for advancement to the executive officer level, and in terms of the smaller employee bases at SV 150 companies from which to develop and promote women internally to an executive officer position. Other factors that may contribute to much, but perhaps not all, of the relative dearth of women serving as executive officers for the

60 See, e.g., "Diagnosing Discrimination: Stock Returns and CEO Gender" by Justin Wolfers in the *Journal of the European Economic Association* (2006), which found "no systematic differences in returns to holding stock in female-headed firms;" the Strelcova paper referenced in footnote 58, which found that "female CEO run companies significantly underperform male CEO run companies in the year following the female CEO appointment; [s]tarting from the second year after the female CEO appointment no statistically significant differences in stock price performance between female CEO and male CEO run companies was observed; [and the s]tudy also does not find any statistically significant difference between the leverage levels of female CEO and male CEO run companies;" and "Sources of Financing for New Technology Firms: A Comparison by Gender" by the Ewing Marion Kauffman Foundation (July 2009), which found that women-owned high-tech firms lag behind the men-owned firms in critical performance measures (in their fourth year "women-owned firms had total revenues that were less than half of those for men-owned firms, while their profits were almost 40 percent lower; women-owned firms that had intellectual property had fewer patents, copyrights, and trademarks on average than men-owned firms; women-owned firms that had some type of intellectual property employed an average of 7.7 employees, compared with 9.7 employees for men-owned firms"). But compare the findings of the Credit Suisse Gender 3000 report referenced in footnote 22 that "adjusting for any industry bias, companies with more than 15% of women in top management carry a 2013 ROE of 14.7% compared to 9.7% for those where women represent less than 10% of the top management… companies with more than 15% of women in the top management show significantly higher debt to equity ratios, compared to those with less than 10%… [and] companies with more than 15% of women in top management showed a payout ratio of 43% versus 36% for companies with less than 10%."

61 There is sometimes an impression left when discussing Silicon Valley that founder-CEOs are the norm or that many of the executive officers in companies were also founders. While not carefully studied, and clearly beyond the scope of the research reported in this paper, anecdotal experience and long-time observation of Silicon Valley would suggest that it is far from the norm. It appears that most executive officers of public companies in Silicon Valley never founded a company, let alone the company at which they currently serve. The same appears to be true of public company CEOs — even when limited to only considering IPO companies. Very different sets of skills and temperament may be needed by executives, including CEOs, at different stages in the life cycle of a company. While a founder may have the skills necessary for the very early stage of a company, they may lack those necessary as the company develops further, often resulting in the hiring of more experienced executives to move the company through the next phase (this is often iterative, with those executives being replaced by executives having skills appropriate to later phases). Analyses that focus solely on founders may miss the full picture of how Silicon Valley companies develop.

62 According to "Want To Be A CEO? Stay Put" by Wendy Todaro in *Forbes* (March 31, 2003), "across industries, the average [rookie] CEO is 50 years old upon taking office." Similarly, "The Changing Path to Corporate Leadership" by Matthew Davis of the National Bureau of Economic Research noted that "the average age of executives — high-level figures who include company presidents, chief executive officers, chief financial officers, and senior vice presidents, among others — was 56 in 2001." The Spencer Stuart report referenced in footnote 37 notes that the average age of S&P 500 company CEOs was 56.5 in 2012. But see "Young CEOs: Are They Up to the Job?" by Spencer Ante and Joann Lublin in *The Wall Street Journal* (February 7, 2012), which noted that "[e]ight of the 42 technology and Internet companies that held initial public offerings in the U.S. in 2011 were led by CEOs who were under 40 at the time, according to a review of data from capital-markets data firm Dealogic."

Gender Diversity on the Executive Management Team *(continued)*

high technology and life sciences companies in the SV 150 (many of which are common to companies outside of Silicon Valley and interact with each other in complex ways) include, among others, gender differences in:

- education levels, particularly historically;
- areas of education, particularly in science, technology, engineering and math (STEM) majors, MBAs and other subjects relevant to Silicon Valley, as well as perseverance in such educations, particularly among those pursuing specialized skills or elite education;
- career field or industry selection, particularly among those with specialized skills or elite education;
- risk-taking on the job and in careers, as well as pursuing Silicon Valley entrepreneurship;
- the Silicon Valley ecosystem beyond the high technology and life sciences companies themselves (including venture capital firms, investment banks, law firms, accounting firms and others);
- the effect of societal and cultural factors in the United States and in the many countries around the world from which Silicon Valley draws that affect education or career pursuit; and
- career interruption, including for child rearing, which may have a greater impact on entrepreneurship or at the professional/executive level. [63]

63 See the materials referenced in "Additional Resources" and elsewhere in these footnotes for information and analysis related to, and underlying, these factors. The workplace diversity reports referenced in footnote 51 provided by Apple, eBay, Facebook, Google, Intuit, LinkedIn, Pinterest, Twitter and Yahoo! indicate that there are on average four times as many men working in tech as women, compared to the nontech workforce which is made up almost equally of men and women. See also "News Graphic: Workplace Diversity in Silicon Valley" in the *San Jose Mercury News* (August 13, 2014), and "Out of the Loop in Silicon Valley" by Claire Cain Miller in *The New York Times* (April 17, 2010), which covers the subject fairly broadly and notes that "[j]ust 1 percent of girls taking the SAT in 2009 said they wanted to major in computer or information sciences, compared with 5 percent of boys, according to the College Board. Only 18 percent of college students graduating with computer science degrees in 2008 were women, down from 37 percent in 1985. … In a study of 493 undergraduate engineering majors' intentions to continue with their major, men tended to stick with their studies as long as they completed the coursework, while women did so only if they earned high grades. … Even women who soldier through demanding computer science and engineering programs in college don't subsequently create tech start-ups on a par with their male counterparts. … 56 percent of women with technical jobs leave their work midway through their careers, double the turnover rate for men. Twenty percent of them leave the workforce entirely, and an additional 31 percent take nontechnical jobs — suggesting that child- rearing isn't necessarily the primary reason women move on. Many are pushed to pursue supervisory and management jobs instead of 'individual contributor' jobs involving deep technical expertise. … For women who choose to leave their jobs to raise children, returning to technical careers after a leave is harder because technology changes so quickly and skills can become rapidly outdated. Some women also leave promising jobs earlier than men because they discover that the workplaces themselves can be lonely. … Networks are crucial for fund-raising, because most investors don't look at pitches that come over the transom. Since an overwhelming majority of venture capitalists are men and have gotten to the firms via start-ups or business schools — both places where women are underrepresented — women have a harder time gaining access to the Valley's boys club, analysts say." But, see also "Report: 60 Percent of Tech Jobs Created This Year Filled by Women" by Levi Sumagaysay in *SiliconBeat* (November 12, 2013), which also provides statistics for gender participation in net newly created jobs going back to 2004.

Gender Diversity on the Executive Management Team *(continued)*

It is very difficult to separate the interplay of these and other factors. For example, research has shown that "women-owned firms had a significantly lower probability of using outside equity as a financing source at startup."[64] But that same research also found that "older owners, owners who worked longer hours, owners with higher levels of education, and owners who had previous startup experience had a significantly higher probability of using outside equity."[65] Obviously, gender differences may underlie each of these factors, which may contribute to the gender disparity in equity fundraising. To the extent that founders are a source of public company CEOs, these differences will obviously lead to increased gender disparity.

64 See the Kauffman Foundation study referenced in footnote 60.

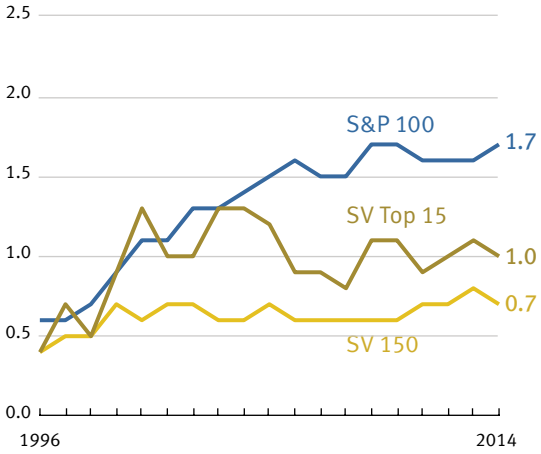
65 The Kauffman Foundation study referenced in footnote 60 also observed that "[s]ome of the differences between women- and men-owned firms at startup can be explained by differences in financing strategy. … Men's greater reliance on outside equity to fund their firms may suggest that they were more open to sharing ownership and control with outsiders. Alternatively, it may suggest that men have greater access to networks that provide investors willing to supply external equity." Further, that study surveyed the limited preexisting research touching on the subjects of women's experiences in the technology industry and financing strategies of women-owned technology companies, including referencing research that "noted that women entrepreneurs may lack the managerial experience required by equity investors if they are unable to gain human capital in the form of executive or technical management. The authors also observed that the venture capital industry is a relatively closed and male-dominated network. There are comparatively few women equity investors, and women typically are excluded from decision-making roles in venture capital firms. All these factors conspire to make it more difficult for women to gain access to networks that could provide equity capital." See also the Women Entrepreneurs 2014 report referenced in footnote 31, which analyzes why so few firms receiving equity capital have women on their teams and concludes that "there is strong evidence that it is not the women who need fixing … companies with women on the executive team are just as successful if not more successful than companies with no women on the team. The lack of diversity in the venture capital industry, taken together with the overall performance of the industry [i.e., the majority of funds (65%) failed to exceed returns and the average venture capital fund fails to return investor capital after fees], suggests that the model for venture capital that has been in place since the 1980s should be reconsidered and re-evaluated in order to effect change." The report offers nine recommendations for improving women entrepreneurs' access to venture capital, including (1) increasing the number of women investment professionals in the VC industry, (2) the VC industry should do more to recruit and promote women investors to partner level, (3) limited partners should demand more investments by VCs in companies with women on the executive team, (4) the VC industry should re-examine their preferences for investing in businesses led by male CEOs, (5) the VC industry should seek out more early-stage companies with women on the executive team, (6) increase media awareness of the lack of women in the VC community and investments, (7) examine if gender biases are part of the VC decision-making process, (8) [recognition that] women need more VC investment [than currently provided] across all industry sectors, and (9) [examination of] the VC industry… based on gender and geographical investment preferences.

Gender Diversity on the Executive Management Team *(continued)*

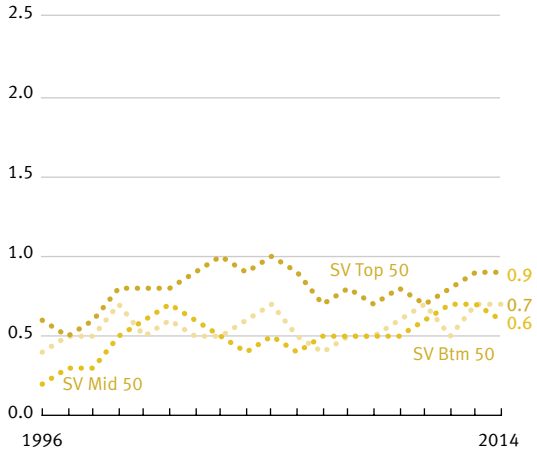
The following graphs show the average number and the average percentage of executive officers that are women in each of the SV 150, SV Top 15 and the S&P 100 (and with the SV 150 broken down by the top 50, middle 50 and bottom 50 companies) over the period from the 1996 through 2014 proxy seasons.

AVERAGE NUMBER OF WOMEN EXECUTIVE OFFICERS — 1996–2014

S&P 100 vs. SV Top 15 vs. SV 150

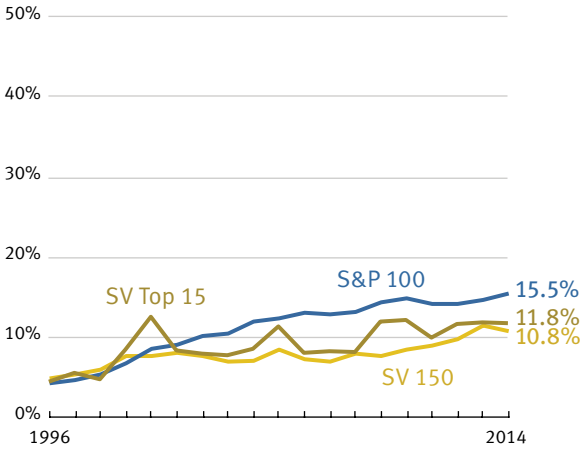


SV 150 Breakdown

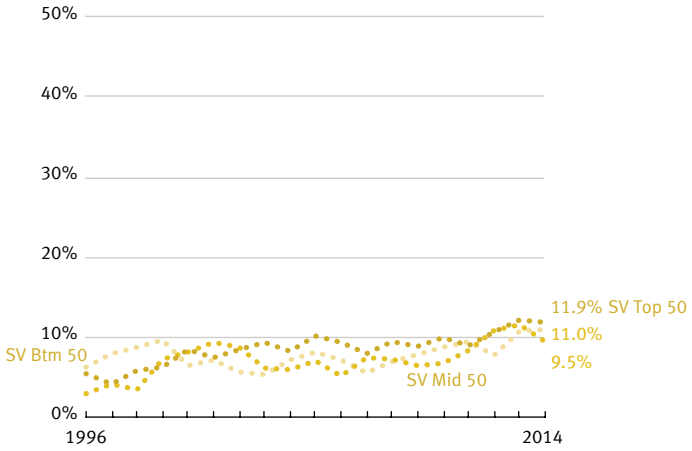


AVERAGE PERCENTAGE OF WOMEN EXECUTIVE OFFICERS — 1996–2014

S&P 100 vs. SV Top 15 vs. SV 150



SV 150 Breakdown

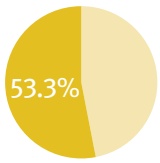


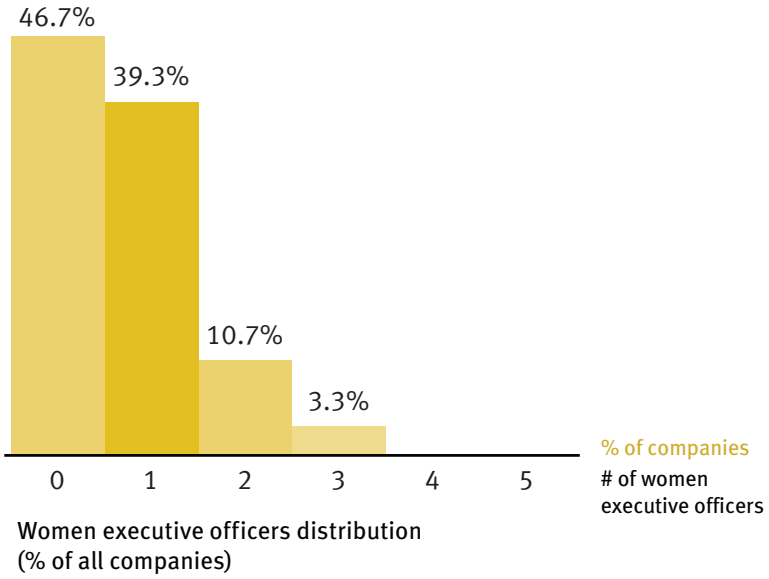
Gender Diversity on the Executive Management Team *(continued)*

The following graphs show the percentage of companies with at least one woman executive officer and the distributions by number of women executive officers among the companies in each group during the 2014 proxy season.

WOMEN EXECUTIVE OFFICERS DISTRIBUTION — 2014 PROXY SEASON

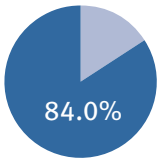
SV 150
2014
% of companies with at least 1 woman executive officer

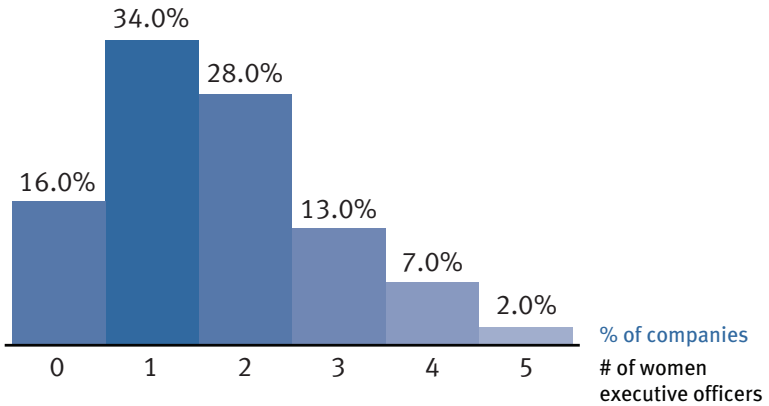




Women executive officers distribution
(% of all companies)

S&P 100
2014
% of companies with at least 1 woman executive officer





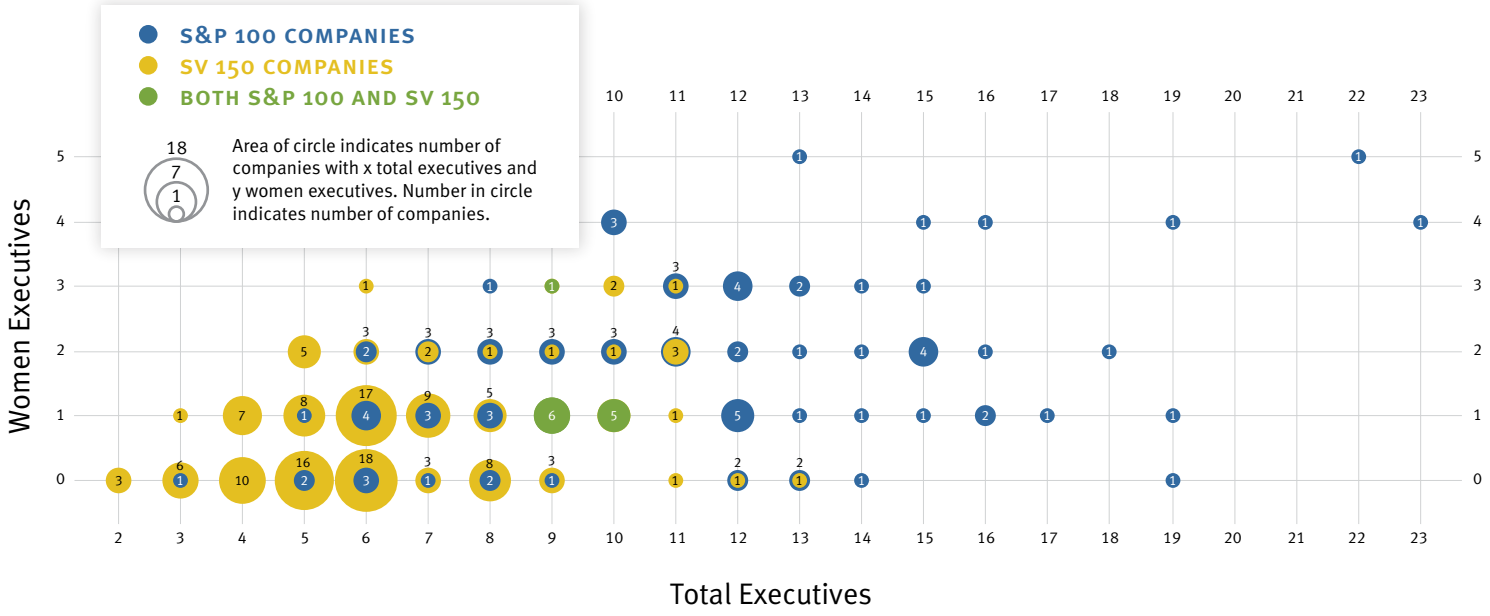
Women executive officers distribution
(% of all companies)

Gender Diversity on the Executive Management Team *(continued)*

The following graph shows the distribution of women executive officers by number of women executive officers at each executive management team size among companies in each group during the 2014 proxy season.

DISTRIBUTIONS BY TOTAL EXECUTIVE OFFICERS VS. NUMBER OF WOMEN EXECUTIVE OFFICERS — 2014 PROXY SEASON

S&P 100 (100 COMPANIES) **VS.** **SV 150** (150 COMPANIES)



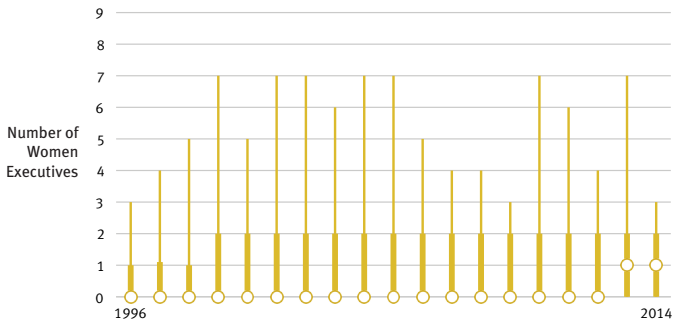
Gender Diversity on the Executive Management Team *(continued)*

The following graphs show the trend in the distribution by number and percentage of women executive officers in each group over the period from the 1996 through 2014 proxy seasons (showing both the median number or percentage and the cutoffs for the deciles with the most women executive officers).

DISTRIBUTION OF NUMBER AND PERCENTAGE OF WOMEN EXECUTIVE OFFICERS — 1996–2014

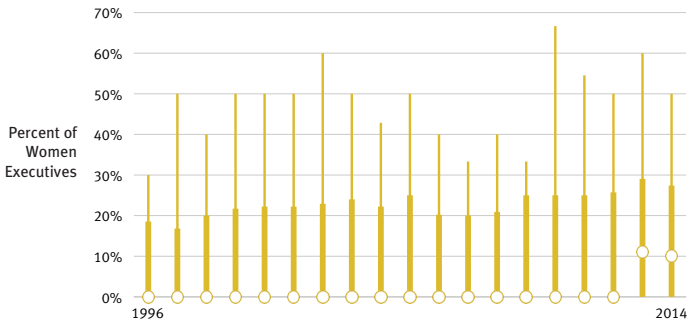
Women Executive Officers: Numbers
1996-2014

SV 150

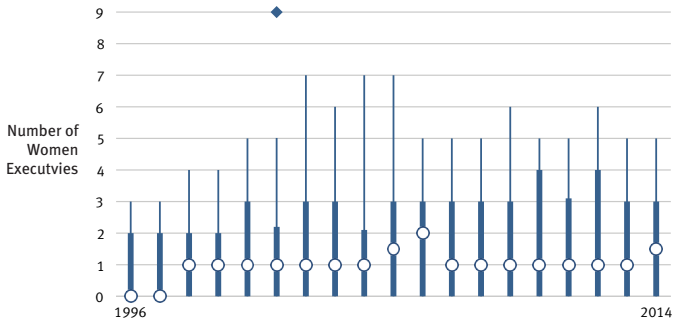


Women Executive Officers: Percentages
1996-2014

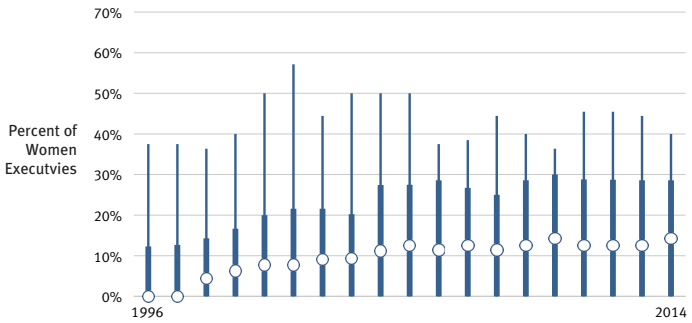
SV 150

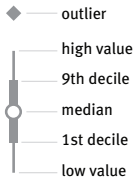


S&P 100



S&P 100





"Named Executive Officers"

SEC rules require that each public company identify and provide detailed disclosure and analysis regarding the compensation paid to the company's principal executive officer (generally CEO), principal financial officer (generally CFO) and three most highly compensated executive officers other than those specified individuals, in each case as of the end of the most recently completed fiscal year.[66] The term of art "named executive officers" (or "NEOs") is somewhat confusingly used in SEC rules (and consequently by practitioners) to refer to such individuals,[67] despite the fact that other/additional executive officers may be named in the proxy statement and other SEC filings as discussed above in the subsection "Executive Officers" beginning on page 31.[68] This report continues such usage.

We have analyzed the gender diversity of NEOs, because this group represents to a degree the executive officers that each company considers most important (somewhat in the vein that the company is putting its money where its mouth is) — and reviews of diversity often focus on this group. However, it should be noted that this is an imperfect indicator, potentially deeply imperfect in individual cases. There are major idiosyncrasies in the rules for determining "most highly compensated" that can significantly skew

66 This describes the generally applicable current definition (the specific requirement is in Item 402(a)(3) of Regulation S-K). However, as more fully discussed in "Methodology—Executive Officers (and NEOs)" on pp. 65-66 (in footnotes 129-134 and the associated text) the general definition and calculation of compensation for the determination has evolved over time and, as discussed in footnote 130, some companies are required to list only the CEO and the two next most highly compensated executive officers.

67 The individuals are sometimes loosely referred to in lay discussion simply as the "most highly compensated [or paid]" officers of a company. As the more fulsome discussion in "Methodology—'Named Executive Officers'" shows, that is also something of a misnomer, as two members of the group (under the current rule) must be included irrespective of their level of compensation relative to that of others in their company (CEO and CFO). Consequently, a CEO who is paid $1 per year in compensation (and awarded no options), which has sometimes happened with founders or to set an example in companies facing fiscal difficulties; or a relatively low-paid CFO would be included in a population inaccurately described as "most highly paid." As discussed in footnotes 71 and 130, the NEO group also includes former CEOs and CFOs who served any time during the most recently completed fiscal year and up to two additional individuals for whom disclosure would have been provided as one of the most highly compensated officers but for the fact that the individual did not happen to still be serving as an executive officer at the end of the fiscal year (i.e., they were with the company for much of the year and, even without extrapolating their pay received during the fiscal year, were more highly paid than one of the three most highly compensated non-CEO/CFO executive officers who were with the company as of the end of the applicable fiscal year).

68 The term originated as a reference to being required to be "named" in certain tables disclosing compensation details required to be included in proxy statements and certain other SEC filings, but has since been used to refer to this group of individuals in a number of other contexts in SEC rules. To be clear, "named executive officers" are an imperfect subset of the "executive officers" that are required to be identified and for which limited biographical information is required to be disclosed as described on p. 31 (the difference being that additional disclosure related to compensation is required for NEOs). See "Methodology—Executive Officers (and NEOs)" beginning on p. 64 for a more fulsome discussion.

membership.[69] Even where such idiosyncrasies do not have a material impact, there are also other reasons why an executive officer might be "underpaid" relative to their importance and value in the eyes of the company's CEO and/or board.[70] In addition, the requirement in the rule to include not only the CEO and CFO as of the end of the fiscal year, but also any other person that held either of those positions during the fiscal year can also skew NEO membership.[71]

Subject to these meaningful qualifications, our data shows that during the period of the survey, the average number of women NEOs per company increased in each group of companies (SV 150 moved from an average 0.1 to 0.5; S&P 100 moved from 0.1 to 0.5). Taking into account the variable number of NEOs per company, the

69 The most significant idiosyncrasy for Silicon Valley companies is the requirement to include the full grant date fair value of stock options and other equity-based compensation in the "total compensation" of individuals when determining which are the most highly compensated. Such equity-based compensation is typically subject to time-based vesting (typically four years) or to substantial performance-based vesting requirements (that may also be measured over a period of years — often three years). However, the rules require the entire value of such grants (i.e., the accounting charge that would be recognized over the entire vesting period) to be treated as compensation in the year of grant. This component of compensation often leads to changes in the makeup of NEOs from year to year because initial (i.e., new hire) stock grants that typically vest (or are earned) over four years are generally much larger than typical annual "refresh" stock grants (if any are made at all). The treatment of such grants causes a spike in deemed compensation for the employee in the year of hire, causing new hires to be included as NEOs in that year, even if when viewed objectively in full context, such individuals would not be considered one of the most highly compensated employees. Similar impacts result where companies do not make annual "refresh" grants (often for philosophical reasons) and instead make sporadic large grants similar in scale to initial/new-hire grants as required by retention needs. See SEC Release No. 33-8765. Given that there are disproportionately more male executive officers, this effect is likely to skew NEO makeup toward men (since they present more opportunities for this "spiking" of compensation to occur). There are a number of other idiosyncrasies that can also have an effect that may be objectively perceived as skewing NEO makeup, particularly in close cases, discussion of which is beyond the scope of this report. Outside of high technology and life sciences companies where such compensation elements are less common, the deduction of the "Change in Pension Value and Nonqualified Deferred Compensation Earnings" can also be a meaningful element in shifting makeup.

70 A significant example of this is the trend toward reliance on peer benchmarking when setting compensation, particularly in the wake of the requirement to include a Compensation Discussion and Analysis (CD&A) section in annual meeting proxy statements and certain other public filings beginning in late 2006. In brief, Compensation Committees are often strongly influenced by peer compensation data at the target benchmark level for similar executive officers at other companies when setting the compensation for a particular executive officer at their own company, which in practice can have a strong anchoring effect on compensation unrelated to perceived contribution relative to that of other executives at that particular company. To the extent that women are overrepresented in functions for which compensation is generally lower than other executive officers of similar internal stature (perhaps human resources, legal or marketing functions for example, see footnote 83), NEO makeup may be skewed toward men. This effect may be amplified by the requirement to include up to two additional executive officers as NEOs if they would have been one of the three most highly compensated but for having departed prior to the end of the year.

71 To the extent that men are overrepresented in CEO and CFO positions (and consequently more likely to be added to the set of NEOs as former CEOs and CFOs), NEO makeup may be skewed toward men (such former officer additions also have the effect of increasing the number of NEOs beyond the typical five per company). See the "—Chief Executive Officer (CEO)" subsection beginning on p. 46 and the "—Chief Financial Officer (CFO)" subsection on p. 49.

average percentage of women NEOs increased meaningfully (SV 150 moved from 1.5% in 1996 to 9.2% in 2014 (a decrease from 10.7% in 2013); S&P 100 moved from 2.1% in 1996 to 9.2% in the 2014 proxy season). While the S&P 100 initially exceeded the SV 150 in terms of average percentage of women NEOs, the growth rate of women NEOs, in terms of the average percentage of NEOs that are women, has been faster in the SV 150 (approximately 500% growth) than in the S&P 100 (approximately 340% growth) over the survey period. However, 62.7% of SV 150 companies and 60.0% of S&P 100 companies had no women NEOs in the 2014 proxy season.[72]

When viewed over time, it does not appear that the high technology and life sciences companies of the SV 150 are any less likely than the large public companies of the S&P 100 to have women NEOs. In the current year, they are equally likely to have them.[73] There also does not appear to be any meaningful correlation between the percentage of women NEOs and company size.[74]

72 This appears to be representative of companies generally. See, e.g., the UC Davis Graduate School of Management study of the 400 largest public companies in California ("a wide majority (59.8%) of California's 400 largest public companies have no women among the highest-paid executives; [a]nother 31.3% of the state's companies have only one woman among the highest-paid executives; [and o]nly 9.0% [of] companies have two or more women among the highest-paid executives") and The Boston Club census of the 100 largest public companies in Massachusetts (finding that only "[t]hirty of the 100 companies have at least one woman among their most highly compensated executives"), each referenced in footnote 27.

73 The UC Davis Graduate School of Management study referenced in footnote 27 suggests a more nuanced view of the contribution of industry to the inclusion of women among "highest paid executives," finding that "pharmaceuticals" and "health care" were the highest (50%) and "semiconductors" was the lowest (21%), with "technology hardware" and "technology software" in between (43% and 36%, respectively), in terms of percentage of companies in an industry with one or more women "highest paid executives" (also providing information for industries identified as "financial services," "consumer goods," "utilities and telecommunications" and "energy, materials and industrials").

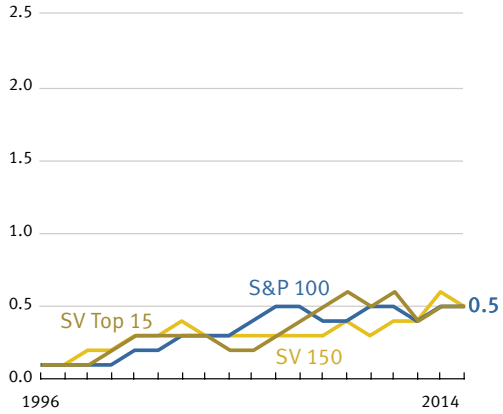
74 The UC Davis Graduate School of Management study referenced in footnote 27 reached a similar conclusion ("[W]hether measured by market capitalization or total revenue, the largest firms in our study have almost the same percentage of highest-paid women executives as the smallest firms in our study … No discernable pattern exists between company size and percentage of highest-paid women executives.").

Gender Diversity on the Executive Management Team *(continued)*

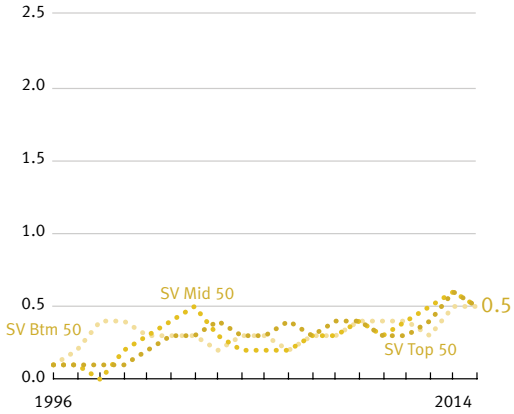
The following graphs show the average number and the average percentage of "named executive officers" that are women in each of the SV 150, SV Top 15 and the S&P 100 (and with the SV 150 broken down by the top 50, middle 50 and bottom 50 companies) over the period from the 1996 through 2014 proxy seasons.

AVERAGE NUMBER OF WOMEN NAMED EXECUTIVE OFFICERS (NEOS) — 1996–2014

S&P 100 vs. SV Top 15 vs. SV 150

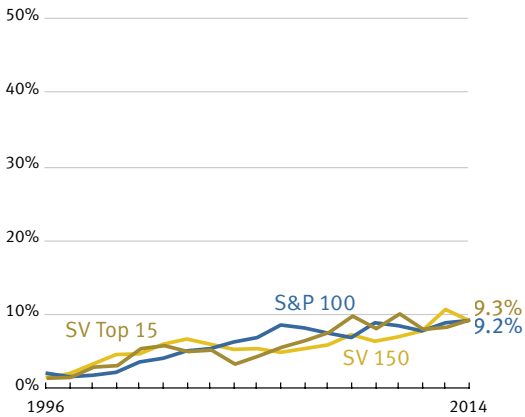


SV 150 Breakdown

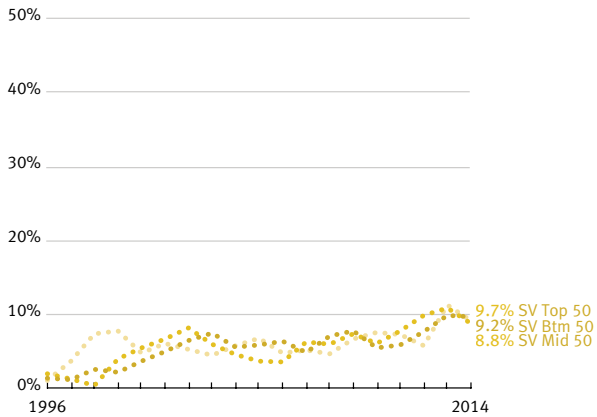


AVERAGE PERCENTAGE OF WOMEN NAMED EXECUTIVE OFFICERS (NEOS) — 1996–2014

S&P 100 vs. SV Top 15 vs. SV 150



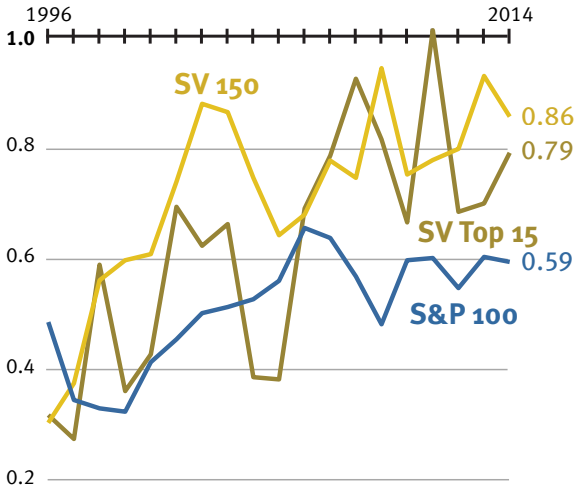
SV 150 Breakdown



The following graph shows the ratio of average representation of women among "named executive officers" to the average representation of women among all executive officers overall in each of the SV 150, SV Top 15 and the S&P 100 over the period from the 1996 through 2014 proxy seasons.

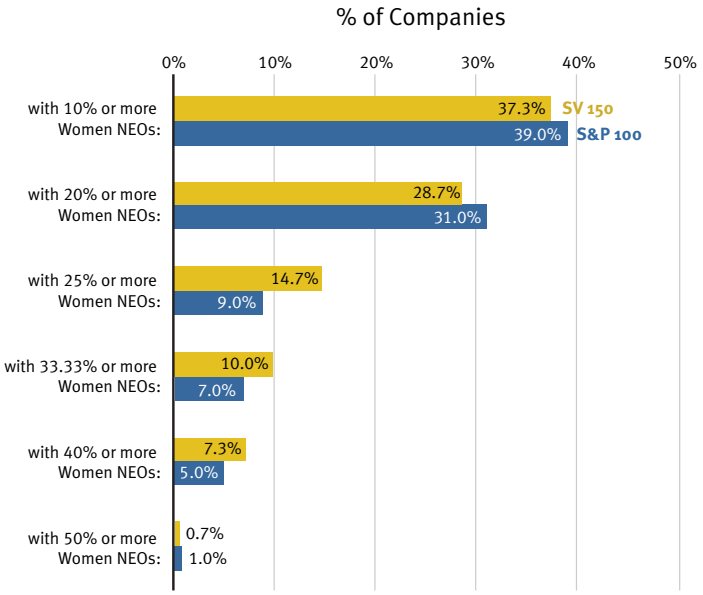
RATIO OF WOMEN NEO REPRESENTATION TO WOMEN EXECUTIVE REPRESENTATION — 1996–2014

(Average Percentage of Women NEOs divided by Average Percentage of Women Executives)



The following graph shows the percentage of companies in each group with women representing at least a variety of minimum threshold percentages of "named executive officers" during the 2014 proxy season.

WOMEN NEO REPRESENTATION: S&P 100 vs. SV 150 — 2014 PROXY SEASON

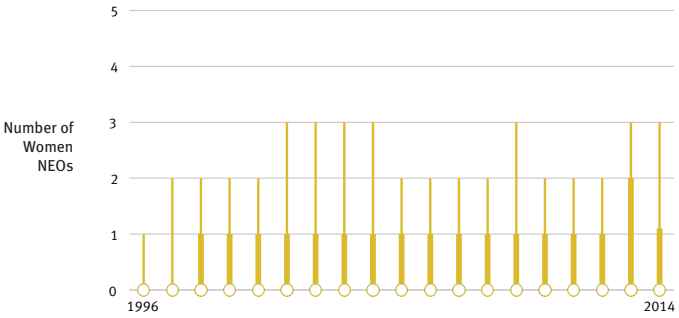


The following graphs show the trend in the distribution by number and percentage of women named executive officers in each group over the period from the 1996 through 2014 proxy seasons (showing both the median number or percentage and the cutoffs for the deciles with the most women named executive officers).

DISTRIBUTION OF NUMBER AND PERCENTAGE OF WOMEN NAMED EXECUTIVE OFFICERS — 1996–2014

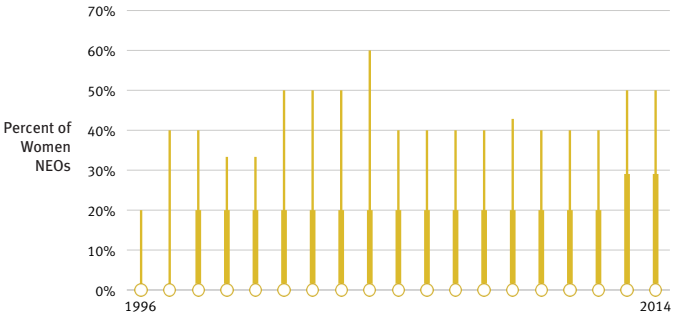
Women Named Executive Officers: Numbers
1996-2014

SV 150

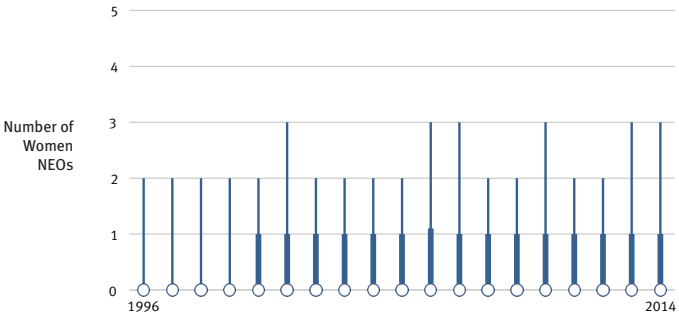


Women Named Executive Officers: Percentages
1996-2014

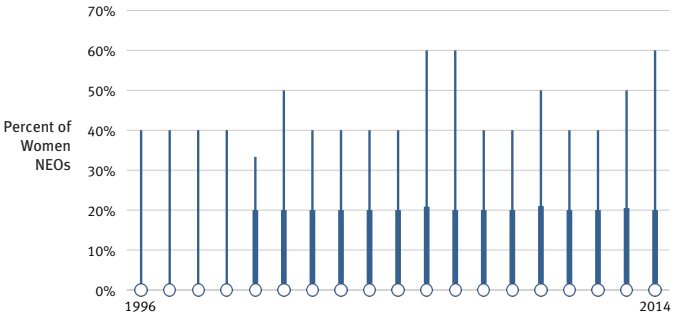
SV 150

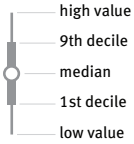


S&P 100



S&P 100



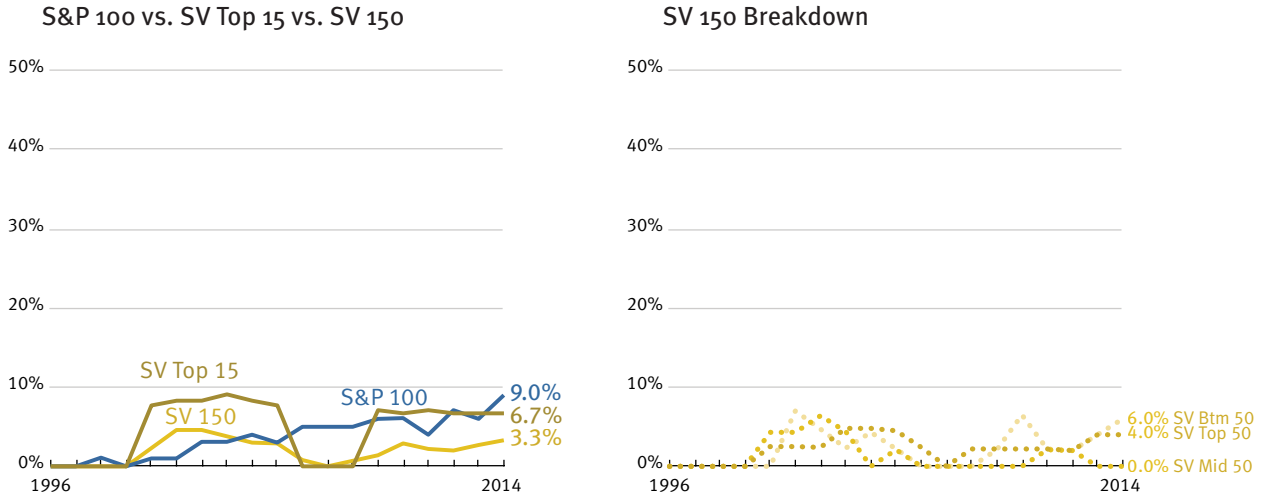


Chief Executive Officer (CEO)

The large public companies of the S&P 100 have tended to more frequently have a woman serving as CEO than the high technology and life sciences companies of the SV 150 (S&P 100 = 9.0% and SV 150 = 3.3% in the 2014 proxy season), although both groups have very few women serving as CEOs.[75] Since CEOs often serve on their own company's board and are often sought as board members for other companies, the small number of women CEOs is a factor that contributes to the relatively low number of women serving on boards of directors. In addition, CEOs exert a great deal of influence on the recruitment of new board members and executives to their company. To the extent that women CEOs are more likely to recruit other women for those roles or have more women in their network to refer for those roles, the scarcity of women CEOs further contributes to the relative infrequency of women on boards and on executive management teams.[76]

The following graphs show the percentage of companies with a woman serving as the chief executive officer in each of the SV 150, SV Top 15 and the S&P 100 (and with the SV 150 broken down by the top 50, middle 50 and bottom 50 companies) over the period from the 1996 through 2014 proxy seasons (among those companies in each group identifying such an executive in their public filings in each such proxy season).

PERCENTAGE OF COMPANIES WITH A WOMAN CEO — 1996–2014



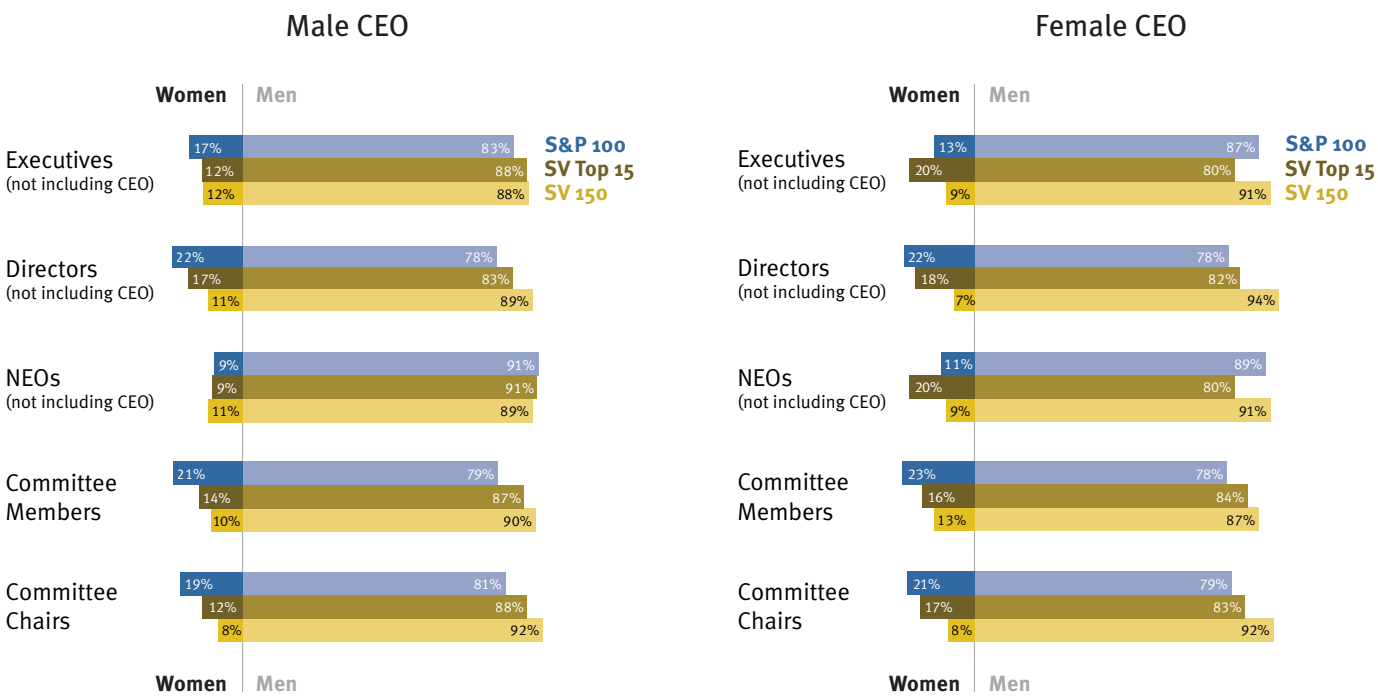
75 The companies of the S&P 100 and the SV 150 do not appear to be outliers in this regard. See, e.g., "More Women Are Primed to Land CEO Roles (In the U.S., a Strong Pipeline of Female Senior Executives Means a Larger Pool Eyed by Recruiters)" by Joann Lublin and Kelly Eggers in *The Wall Street Journal* (April 30, 2012) ("The ranks of female chief executives remain thin, with women in the top spot at just 35 Fortune 1000 companies"); the UC Davis Graduate School of Management study referenced in footnote 27 ("Of the 400 largest public companies in California, 13 [3.3%] are led by women chief executive officers") — bearing in mind that Silicon Valley companies made up roughly a quarter of the companies covered in that study (which also suggested that industry was a contributing factor); the Spencer Stuart report referenced in footnote 37, which found that women represented 4.1% of CEOs in the S&P 500; the Credit Suisse Gender 3000 report referenced in footnote 22, which found that "CEO roles remain a male preserve, with women representing only 4% [of CEOs of the 3,000 companies surveyed]"; and the Women Entrepreneurs 2014 report referenced in footnote 31, which found that only 2.7% of venture-backed companies between 2011 and 2013 had women CEOs, even though women entrepreneurs are majority owners of approximately 36% of all businesses in the United States.

76 E.g., according to the Spencer Stuart report referenced in footnote 37, "[i]n S&P 500 companies led by women, 29% of all directors are women; excluding the CEO, the percentage is 22%. In companies with a male CEO, the average is 17%" (no statistic excluding the male CEO was provided).

Gender Diversity on the Executive Management Team *(continued)*

The following graphs show the respective imbalances in the percentage of executive officers, named executive officers, board members, committee members and committee chairs that are women among companies with a woman serving as CEO compared with companies with a man serving as CEO in each of the SV 150, SV Top 15 and the S&P 100 during the 2014 proxy season.

GENDER IMBALANCES: S&P 100 VS. SV TOP 15 VS. SV 150 — 2014 PROXY SEASON

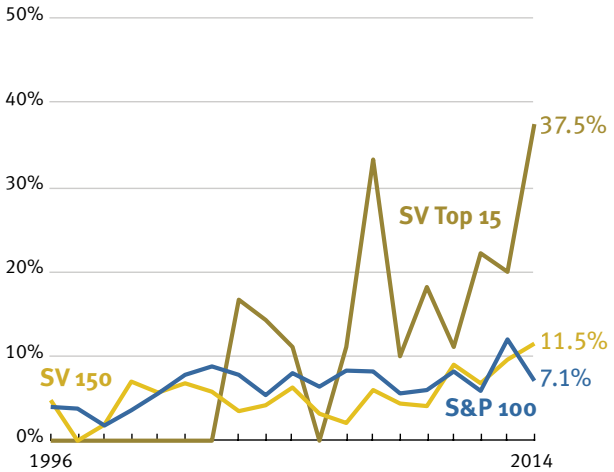


President/Top Operations Executive (separate from CEO)

In the 2014 proxy season, the high technology and life sciences companies of the SV 150 had a woman serving as the president (separate from the CEO)[77] and/or the top operations executive (often COO) more frequently than the large public companies of the S&P 100 (SV 150 = 11.5% and S&P 100 = 7.1%). Eight of the top 15 of the SV 150 had a president and/or top operations executive (separate from the CEO) during the 2014 proxy season and three (or 37.5%) of such positions were held by women. Overall, both groups have very few women serving in these roles — although women serve in these roles more frequently than they serve as CEO.[78] A company's president or senior operations executive is often a potential successor to the CEO (or candidate for outside CEO positions).[79] Consequently, the relatively low number of women serving in these roles contributes to the paucity of women CEOs, as well as to the relatively low number of women serving on boards of directors — although the increasing frequency over time and relative to the frequency of women serving as CEO suggests that gains may be made in the number of women CEOs and board members in coming years.

The following graph shows the percentage of companies with a woman serving as the president or top operations executive (that is separate from the CEO) in each of the SV 150, SV Top 15 and the S&P 100 over the period from the 1996 through 2014 proxy seasons (among those companies in each group identifying such an executive in their public filings in each such proxy season).

PERCENTAGE OF COMPANIES WITH A WOMAN PRESIDENT OR COO/TOP OPERATIONS EXECUTIVE — 1996–2014



77 For purposes of this survey, we have counted only the president and/or the top operations executive where they are separate from the CEO. Many companies combine the roles. The data for CEO includes such combined roles.

78 As with CEOs, the companies of the S&P 100 and the SV 150 do not appear to be outliers in this regard. See, e.g., the UC Davis Graduate School of Management study referenced in footnote 27, which found 21 women serving as president and/or chief operating officer of the 400 largest public companies in California in 2013.

79 A similar observation is made in *The Wall Street Journal* article referenced in footnote 75.

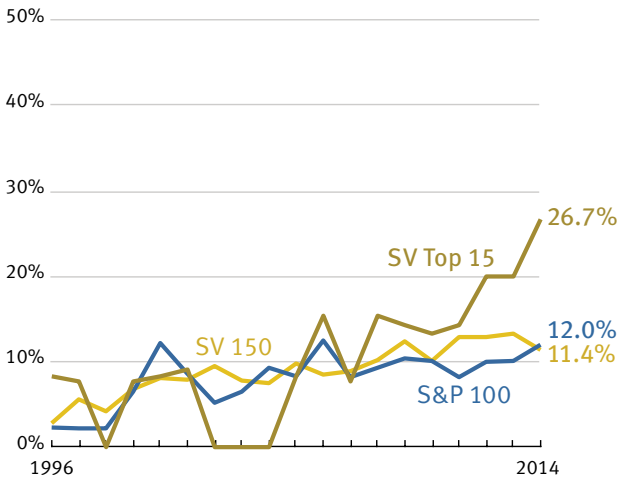
Chief Financial Officer (CFO)

The high technology and life sciences companies of the SV 150 were equally as likely as the large public companies of the S&P 100 to have a woman serving as CFO[80] in the 2014 proxy season (SV 150 = 11.4% and S&P 100 = 12.0%). Four of the top 15 of the SV 150, or 26.7%, had a woman CFO during the 2014 proxy season. Over the period of the survey, companies in both groups have been more likely to have a woman serving as CFO than either CEO or president/top operating executive,[81] although both groups still have relatively few women serving as CFOs.

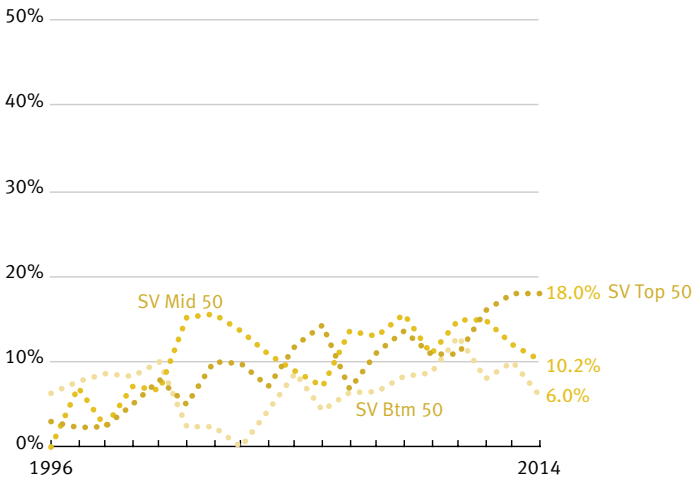
The following graph shows the percentage of companies with a woman serving as the chief financial officer in each of the SV 150, SV Top 15 and the S&P 100 (and with the SV 150 broken down by the top 50, middle 50 and bottom 50 companies) over the period from the 1996 through 2014 proxy seasons (among those companies in each group identifying such an executive in their public filings in each such proxy season).

PERCENTAGE OF COMPANIES WITH A WOMAN CFO — 1996–2014

S&P 100 vs. SV Top 15 vs. SV 150



SV 150 Breakdown



80 Includes the top financial officer identified, if no CFO was identified.

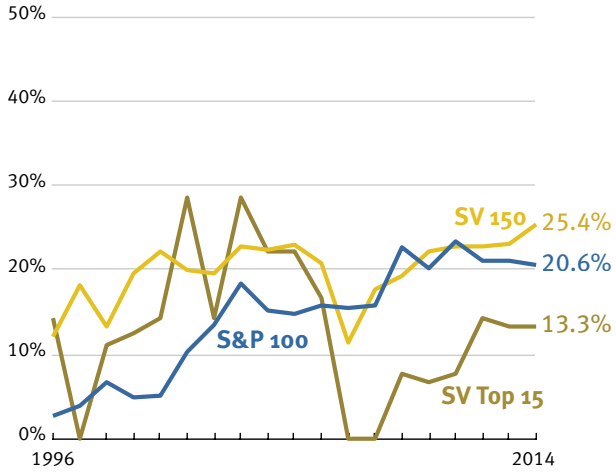
81 Similar results have been seen in other studies. See, e.g., the UC Davis Graduate School of Management study referenced in footnote 27 ("The number of women serving as the chief financial officer in California's 400 largest public companies continues to grow, reaching 52 this year, up from 47 last year and 45 in 2011."). The percentage of presidents/top operating executives that are women in the S&P 100 was once again lower than the percentage of CFOs that are women in S&P 100 companies in the 2014 proxy season (falling to 7.1% in 2014 from 12.5% in 2013).

General Counsel (GC)

The high technology and life sciences companies of the SV 150 have historically had a woman serving as the senior legal executive, usually the general counsel (GC), meaningfully more frequently than the large public companies of the S&P 100. However, the growth rate has been faster in the S&P 100 companies during that period, largely closing the gap (SV 150 = 25.4% and S&P 100 = 20.6% in the 2014 proxy season).[82] Among SV 150 companies, the GC has been the senior executive role most likely to be filled by a woman during the survey period.[83] Two of the top 15 of the SV 150, or 13.3%, had a woman GC during the 2014 proxy season.

The following graph shows the percentage of companies with a woman serving as the general counsel in each of the SV 150, SV Top 15 and the S&P 100 over the period from the 1996 through 2014 proxy seasons (among those companies in each group identifying such an executive in their public filings in each such proxy season).

PERCENTAGE OF COMPANIES WITH A WOMAN GENERAL COUNSEL — 1996–2014



82 The percentage of GCs that are women in the SV 150 and the S&P 100 are somewhat higher than the 18.9% of GCs that are women in the Fortune 1000 according to the "Minority Corporate Counsel Association's 14th Annual General Counsel Survey" (September 2013). The percentage in the S&P 100 is similar to the 21.0% of GCs that are women in the Fortune 500, while the percentage in the SV 150 clearly exceeds that group's percentage as well as the 16.8% of GCs that are women in the Fortune 501-1000 companies, according to that survey.

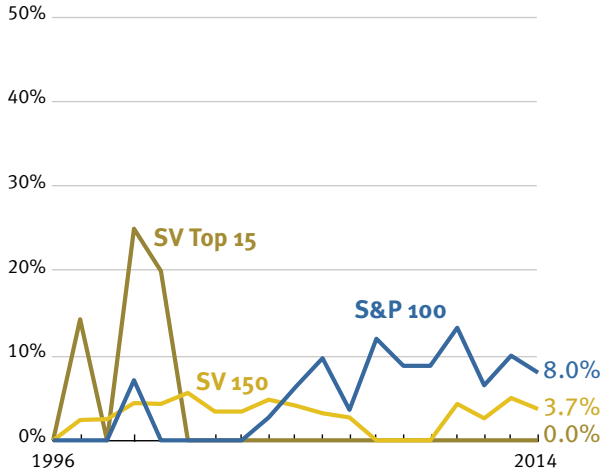
83 To a degree, this may be a function of the relatively higher proportion of women who pursue legal education versus education in fields that lead to other executive officer positions in Silicon Valley. See "Additional Resources–Education" on pp. 68–69. These studies show that in 2009–2010, women were 47.2% of law students, 36.9% of MBAs earned and only 18% of all computer and information sciences undergraduate degrees earned. The higher number of women GCs may also be symptomatic of the challenges that leading law firms have in retaining top-performing women, particularly in corporate transactional and high-stakes litigation practices. Partnership track in a leading law firm is often the primary alternative to choosing an in-house career path for such women in Silicon Valley (the career paths of large public company GCs outside of Silicon Valley appear to have a much greater degree of variation — including many arriving via government service). In-house counsel roles at public companies and fast rising private companies can offer an attractive alternative to such women in terms of both autonomy and compensation, as well as in career-path flexibility. Anecdotal experience suggests that women also serve fairly frequently as a company's top human resources executive (perhaps more frequently than as the general counsel or top marketing officer). However, such officers are infrequently included among the executive officers of public companies comprising these indices and were not tracked for purposes of the survey. But see the Credit Suisse Gender 3000 report referenced in footnote 22, which found that "women have significantly greater representation in Shared Services [(defined as HR, Legal, IT and External Relations)] rather than CEO or operational roles. These [Shared Services] positions can carry less influence and typically have less P&L responsibility. [In addition,] Shared Services includes technology functions [in which women are] poorly represented, suggesting these positions are heavily skewed to legal and human resources functions. … The Official Board's recent analysis of female executives at large corporates with sales over USD 100 million annually shows the highest concentration of women to be in VP Communications 44%, VP Investor Relations 35% and VP Human Resources 33%, corroborating these findings."

Top Technology/Engineering/R&D Executive

It is difficult to compare the frequency of women serving as the top technology/engineering/research and development executive[84] between the high technology and life sciences companies of the SV 150 and the large public companies of the S&P 100. While this is often a central, leading role at SV 150 companies, it is less common at, and appears to have less importance to, S&P 100 companies — although its importance and centrality do appear to be increasing in that group.[85] Subject to those limitations, during the course of the survey, women have served as the top technology/engineering/research and development executive at similar (low) levels, although the percentage in the S&P 100 has exceeded the percentage in the SV 150 in recent years (S&P 100 = 8.0% and SV 150 = 3.7% in the 2014 proxy season (down from 10.0% and 5.0%, respectively, in 2013). Nine of the top 15 of the SV 150 had one or more top technology/engineering/R&D executives during the 2014 proxy season, none of whom were women. A woman has not served as a top technology/engineering/R&D executive of the SV Top 15 since 2001. There appears to be an upward trend in women in these roles in the S&P 100, while the data for the SV 150 and SV Top 15 does not suggest such a trend.

The following graph shows the percentage of companies with a woman serving as the top technology, engineering or research and development executive in each of the SV 150, SV Top 15 and the S&P 100 over the period from the 1996 through 2014 proxy seasons (among those companies in each group identifying such an executive in their public filings in each such proxy season).

PERCENTAGE OF COMPANIES WITH A WOMAN CTO OR OTHER TOP TECHNOLOGY/ENGINEERING/R&D EXECUTIVE — 1996–2014



84 This role may carry the title of CTO, VP of Engineering or VP of Research and Development among others. These roles are often thought of as being quite distinct. However, these terms are used with a wide degree of meaning, with CTO often being the broadest sometimes also encompassing a sales-focused or product development role. For purposes of this survey, the roles have been grouped together.

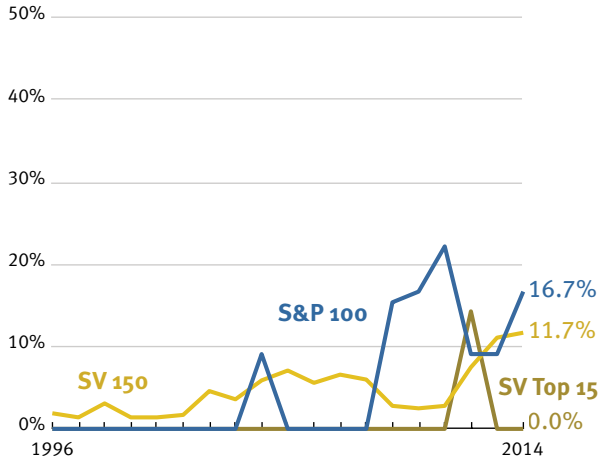
85 A much wider range of titles has been counted in the S&P 100 for purposes of this survey. For example, in the S&P 100, we have included chief information officers (CIOs). CIOs are generally a much less central role in the SV 150 and are meaningfully dissimilar to CTO or vice president of engineering or of research and development in Silicon Valley companies (often not thought of as one of the most senior executive roles).

Top Sales Executive

Comparisons of the frequency of women serving as the top sales executive between the high technology and life sciences companies of the SV 150 and the large public companies of the S&P 100 are difficult. This is often a central leading role at SV 150 companies, where revenue growth is a principal driver of valuation, organizations are smaller and organizational structures are much less complex. S&P 100 companies are much less likely to identify a top sales executive among their executive officers.[86] Subject to those limitations, during the course of the survey, more women have served as the top sales executive in the SV 150 than in the S&P 100 in absolute numbers, but in some years, including in the 2014 proxy season, the S&P 100 surges ahead in terms of the percentage of all sales executives that are women, due to the small number of companies in the S&P 100 with sales executives (SV 150 = 11.7% of 77 companies with a senior sales executive and S&P 100 = 16.7% of 12 companies with a senior sales executive in the 2014 proxy season). Five of the top 15 of the SV 150 had a top sales executive during the 2014 proxy season, none of whom were women. There has only been one woman top sales executive among the SV Top 15 in the 19 years surveyed (in 2012). There appears to be a steady upward trend in women in these roles in the SV 150 (but not in the SV Top 15), while the data for the S&P 100 does not clearly suggest such a trend.[87] The increase of women in such roles in the S&P 100 in recent years may develop into a clearer trend over time.

The following graph shows the percentage of companies with a woman serving as the top sales executive in each of the SV 150, SV Top 15 and the S&P 100 over the period from the 1996 through 2014 proxy seasons (among those companies in each group identifying such an executive in their public filings in each such proxy season).

PERCENTAGE OF COMPANIES WITH A WOMAN TOP SALES EXECUTIVE — 1996–2014



86 During the course of the survey, the SV 150 companies have identified generally five to ten times more top sales executives among their executive officers than have the S&P 100 companies.

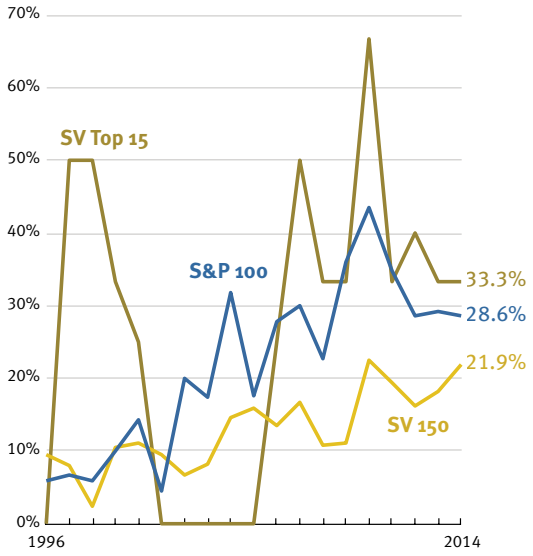
87 The volatility of the percentage of top sales executives that are women in the S&P 100 appears to be a function of both the very low number of top sales executives identified among their executive officers and changes in the makeup of that index.

Top Marketing Executive (separate from Sales)

Over the course of the survey period, the large companies of the S&P 100 have been substantially more likely to have a woman serving as the top marketing executive than the high technology and life sciences companies of the SV 150, although both groups have shown substantial growth in the percentage of women serving in such roles (S&P 100 grew from 5.9% to 40.0% in 2013 before dropping to 28.6% in 2014; SV 150 grew from 9.5% to 21.9%).[88] Three of the top 15 of the SV 150 had a top marketing executive (separate from sales) during the 2014 proxy season, one of whom was a woman. Although there are relatively few top marketing executives among the SV Top 15, three on average over the years surveyed, in most years, a woman has held at least one or more of such marketing positions. In the S&P 100, the top marketing executive has been by far the senior executive role most likely to be filled by a woman during the survey period. In the SV 150, the frequency of women serving as top marketing executive has grown near that of general counsel.

The following graph shows the percentage of companies with a woman serving as the top marketing executive (that is separate from the top sales executive) in each of the SV 150, SV Top 15 and the S&P 100 over the period from the 1996 through 2014 proxy seasons (among those companies in each group identifying such an executive in their public filings in each such proxy season).

PERCENTAGE OF COMPANIES WITH A WOMAN TOP MARKETING EXECUTIVE — 1996–2014



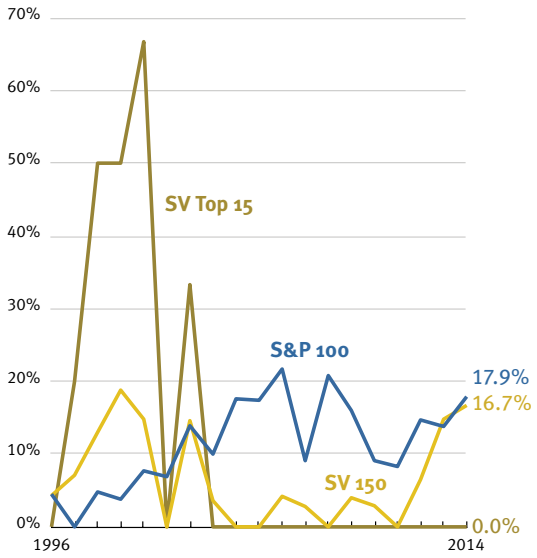
88 This may be a function of women disproportionately choosing marketing as a discipline within business education. See, e.g., "What Women Do With Their M.B.A.s" by Jenna Goudreau in *Forbes* (June 21, 2010), which noted that "22% of women seek marketing and advertising jobs with their M.B.A.s. Management consulting positions drew in 20% of female grads and financial services attracted 11%," and "Fewer Women Are Choosing College Business Programs" by Erin Zlomek in *Bloomberg BusinessWeek* (March 22, 2013), which noted that "In *Bloomberg Businessweek*'s survey, women were 1.3 times more likely than men to concentrate on health-care management and policy and international business. They were 1.6 times more likely to concentrate in marketing. Men, on the other hand, outnumbered women 2 to 1 in finance, entrepreneurship, information management, and environmental policy and management. Accounting, general management, and e-commerce had near gender parity." To some degree, the volatility of the percentage of top marketing executives who are women in the S&P 100 is a function of both the very low number of top sales executives identified among their executive officers and changes in the makeup of that index. See footnote 83 for additional information about women serving as the top human resources executive.

Top Corporate/Business Development Executive

The percentage of women serving as the top corporate/business development executive[89] in the large companies of the S&P 100 generally exceeded the percentage in the high technology and life sciences companies of the SV 150 during the period of the survey. Three of the top 15 of the SV 150 had a top corporate/business development executive during the 2014 proxy season, none of whom was a woman. A woman has not served as a top corporate/business development executive of the SV Top 15 since 2003, although in 2000, two of the three top corporate/business development executives in the SV Top 15 were women. There has been significant volatility in the percentage of women serving in such roles, and the SV 150 companies and the S&P 100 companies are now similarly represented (SV 150 = 16.7% and S&P 100 = 17.9% in the 2014 proxy season). It is not clear that the data for either group of companies represents a trend.[90]

The following graph shows the percentage of companies with a woman serving as the top corporate development or business development executive in each of the SV 150, SV Top 15 and the S&P 100 over the period from the 1996 through 2014 proxy seasons (among those companies in each group identifying such an executive in their public filings in each such proxy season).

PERCENTAGE OF COMPANIES WITH A WOMAN TOP CORPORATE/BUSINESS DEVELOPMENT EXECUTIVE — 1996–2014



89 These roles are often thought of as being quite distinct. However, these terms are used with a wide degree of meaning, with "business development" in particular being expanded to encompass much of what is meant by corporate development. In a number of instances, the roles are explicitly combined (e.g., "Senior Vice President of Corporate and Business Development"). For purposes of this survey, the roles have been grouped together.

90 To some degree, the volatility of the percentage of top corporate/business executives that are women in both groups is a function of both the relatively low number of top corporate/business development executives identified among their executive officers and changes in the makeup of each index.

Fenwick Gender Diversity Score™

This year, we created the Fenwick Gender Diversity Score™ as a way to assess the overall picture of gender diversity at the companies in the S&P 100, SV 150 and top 15 of the SV 150 over the 19 years surveyed. The baseline score for each index was created by adding the percentage of companies with at least one woman on the board to the percentage of companies with at least one woman on the executive management team to the average percentage of women on boards and the average percentage of women on executive management teams. Additional points were given for the leadership positions held by women. We counted board chairs, primary committee chairs (in the aggregate), CEOs, CFOs and NEOs. [91]

To create the numerical score, full point value was given to the baseline categories (i.e., if 50% of companies had women on the executive management team in a given year, then 50 points would be scored). The individual positions of board chair, CEO and CFO were given a 25% value (i.e., if 3% of CEOs were women in a given year, then 0.75 points would be scored) because these positions paint a relatively limited picture of diversity by virtue of the fact that so few of them are available. The percentage of primary committee chairs was given a 33% value because of the slightly increased number of available positions (generally three possible positions on a board), and the percentage of NEOs was given a 50% value because on average S&P 100 and SV 150 companies have had five or more NEOs over the period surveyed.

A review of the yearly scores across the survey period shows that gender diversity has improved over time, though progress is slow and in many years there may be no progress at all. For the S&P 100, gender diversity has grown slowly but steadily over time. The SV 150 has lower scores overall, but a faster growth rate than the S&P 100, despite a period of limited growth from 2001 to 2007. Over the period surveyed, the S&P 100 grew at a rate of 59% while the SV 150 grew at a rate of 144%. The score and growth rate for the top 15 of the SV 150 has been in between the S&P 100 and SV 150 scores (a 104% growth rate over the period surveyed), with strong gains in diversity during the "dot com" technology bubble between the 1998 and 2000 proxy seasons and again between the 2007 and 2008 proxy seasons, but with little improvement since 2009.

Focusing on the scores for the last ten proxy seasons, since 2004, shows an increase of 29 points, or 14%, in the S&P 100 compared to an increase of 52 points, or 53%, in the SV 150 (with the score for the top 15 of the SV 150 increasing by 60 points, or 41%).

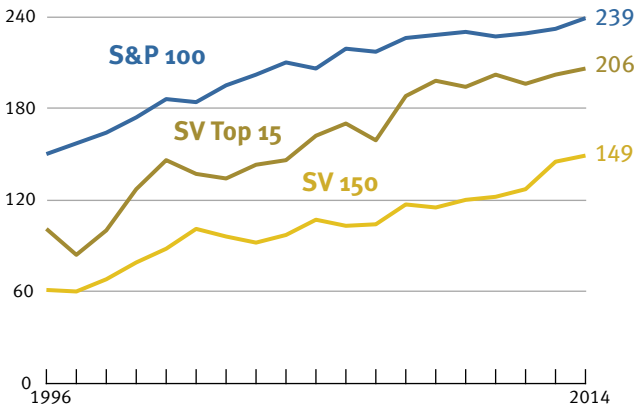
Similarly, focusing on the scores for the last five proxy seasons, since 2009, shows an increase of 11 points, or 5%, in the S&P 100 compared to an increase of 33 points, or 29% in the SV 150 (with the score for the top 15 of the SV 150 increasing by 8 points, or 4%).

91 For purposes of scoring, we only used positions for which more than half of the companies in each index had data points over the period surveyed. For example, in most years, only a small percentage of companies in each group identified a senior marketing executive, such as a CMO. Consequently that position is not included in the score.

Fenwick Gender Diversity Score™ *(continued)*

The following graph shows the gender diversity score for each of the SV 150, SV Top 15 and S&P 100 over the period from the 1996 through 2014 proxy seasons.

FENWICK GENDER DIVERSITY SCORE™ — 1996–2014

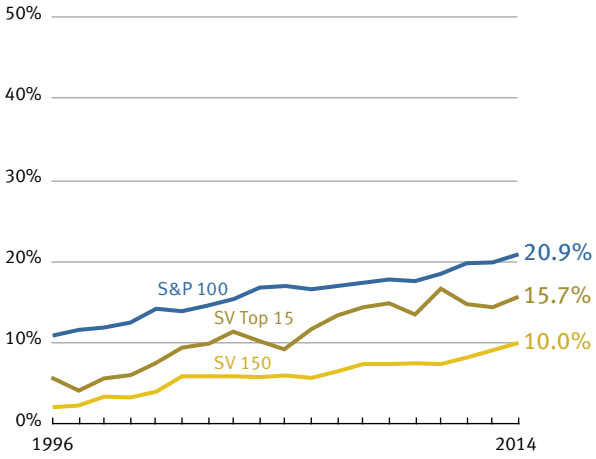


Conclusion

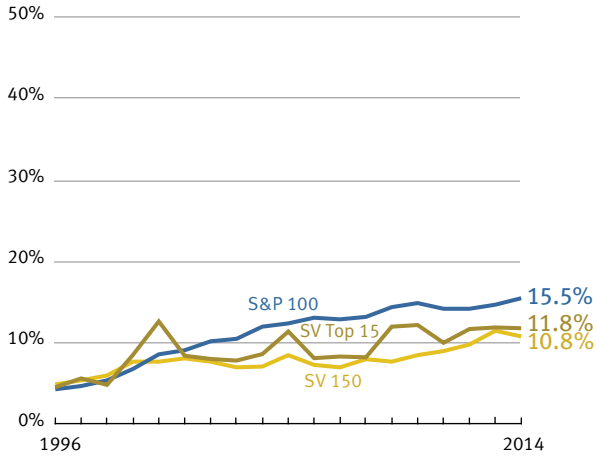
As discussed in the "Introduction," for a number of years, and particularly recently, there has been media coverage and commentary, as well as much discussion among participants in the Silicon Valley ecosystem, about the relative lack of gender diversity here.[92] Much of this discussion has been based on anecdotal observation or relatively limited statistical information.[93] Commentary that is unduly negative or pessimistic, even if well intended, runs the risk of discouraging talented women in all disciplines from initiating, pursuing or maintaining careers in the Silicon Valley high technology and life sciences industries. This would be a real loss for Silicon Valley and all those who benefit from its innovations and economic contributions. While the data presented in this survey shows that women are significantly underrepresented relative to their percentage of the general population and as a percentage of the national workforce (and in a number of ways when compared with their percentage in very large public companies), it also shows that the past two decades (and, in particular, the last five years since the depth of the financial crisis) has been a time of progress for women in leadership roles in Silicon Valley public companies.[94]

The following graphs show the average percentage of board members that are women and the average percentage of executive officers that are women in each of the SV 150, SV Top 15 and the S&P 100 over the period from the 1996 through 2014 proxy seasons.

WOMEN DIRECTORS (AVERAGE): 1996–2014



WOMEN EXECUTIVE OFFICERS (AVERAGE): 1996–2014



92 See, e.g., the articles discussed in footnote 4.

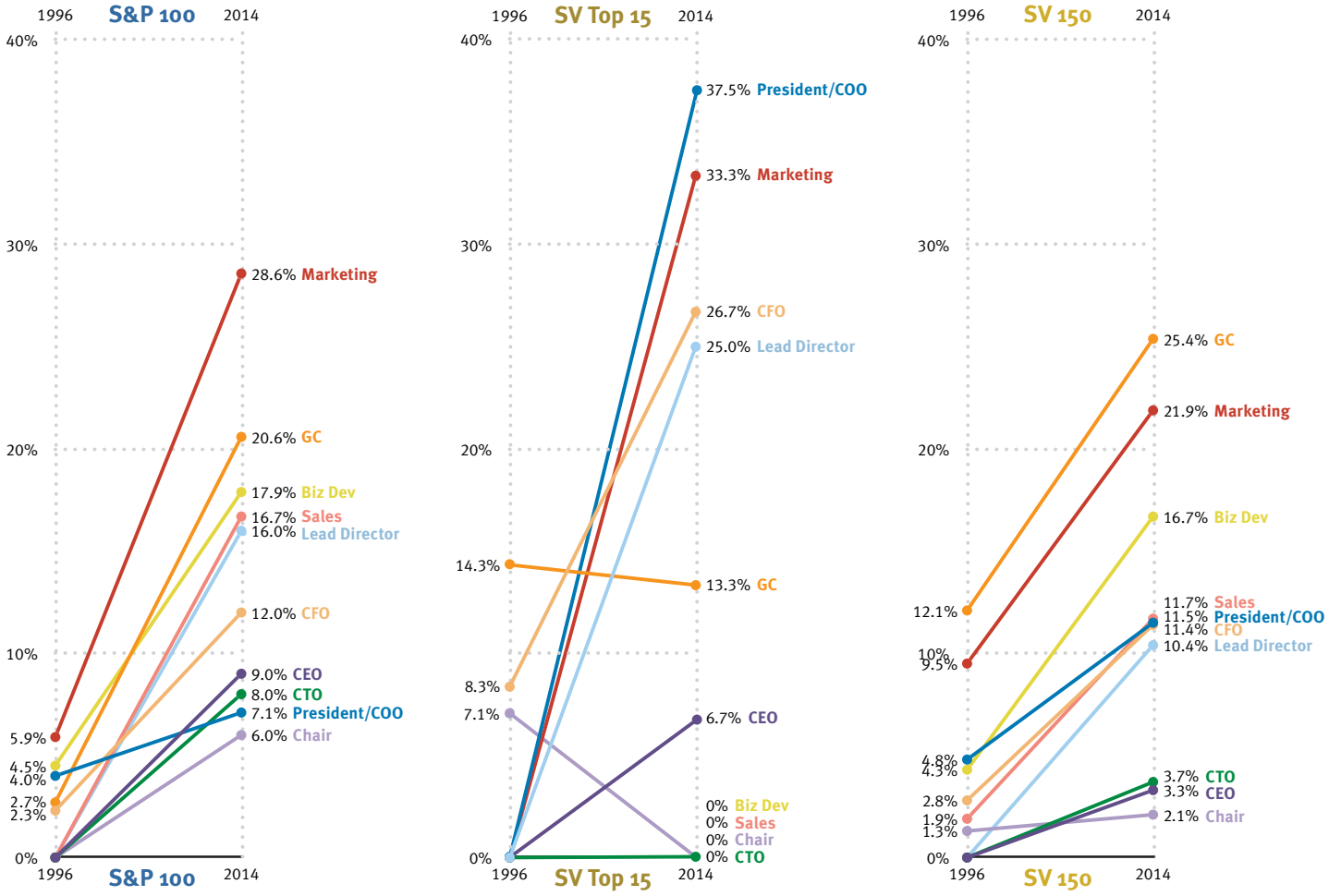
93 A similar point has been made in "Closing The Tech Industry's Gender Gap Requires Better Data" by Catherine Bracy on NPR's *All Tech Considered* blog (June 25, 2013) and "Women in Tech: One Look At The Numbers" by Levi Sumagaysay in *SiliconBeat* (November 8, 2012), which also references some initial numbers for women engineers in technology companies based on an effort initiated by Tracy Chou in a blog post titled "Where Are The Numbers?" (October 21, 2013).

94 It also suggests caution when considering the data for any one point in time or trends for a relatively short period (including, for example, the observation in the last parenthetical in the sentence). The data may also suggest that periods of particularly strong growth in Silicon Valley may have been accompanied by periods of especially good opportunity for women.

Conclusion *(continued)*

The following graphs show the percentage of board and executive leadership positions that were held by women in each of the SV 150, SV Top 15 and the S&P 100 in the 1996 proxy season compared with the percentage in the 2014 proxy season.

PERCENTAGE OF TOP POSITIONS FILLED BY WOMEN: 1996 vs. 2014



Silicon Valley companies — from startups to very large public companies — whose customers and users are often a diverse array of men and women from across the nation and globally (this is especially the case for Internet businesses),[95] need teams and leadership that can create and thrive in diverse environments addressing diverse needs.

95 See "Why Women Rule The Internet" by Aileen Lee, Partner at Kleiner Perkins Caufield & Byers, in *TechCrunch* (March 20, 2011).

Conclusion *(continued)*

Diversity, including gender diversity, at the executive officer and board levels of corporate leadership (and at all levels of an organization) can provide a number of potential benefits, including:

- access to a significant part of the potential relevant talent pool that can contribute to and lead in a variety of technical and other functional areas;
- unique and tangible contributions, resulting from different perspectives, experiences, concerns and sensibilities, in product development, marketing, customer relations, mentoring and employee relations in a world of diverse customers and workforces;
- the potential for richer discussion and debate at the executive and board level (and at other levels of management) that may ultimately increase effectiveness in their decision-making and advising functions;
- executive teams and boards with diverse backgrounds increase the likelihood that the perspectives and concerns of often-ignored constituencies are represented in discussions, while at the same time reducing the risk of "groupthink"; and
- signaling to various constituencies, including employees at all levels, customers, communities, regulators and other government actors, and the public, about a company's values.

As discussed above,[96] major contributors to the difference in gender diversity measures between the high technology and life sciences companies of the SV 150 and the large public companies of the S&P 100 appear to be the difference in scale between the companies in the two groups and the concentration of technology companies in the SV 150, which, as a sector, appears to have relatively less gender diversity irrespective of geography.[97] A wide array of factors contributes to the under-participation of women in the technology sector,[98] and the relative lack of gender diversity at the most senior levels of leadership in public companies often reflects conditions that existed and individual decisions that were made 20 or more years ago.

As anyone who lives and works in the high technology and life sciences industries in Silicon Valley can readily attest, Silicon Valley is quite diverse in terms of ethnicity and culture as well as in many other ways, drawing talent from across the United States and around the world. And, as a general matter, Silicon Valley companies embrace open-mindedness and meritocracy as core values and are interested in attracting the best, most

96 See the discussion on pp. 7–8 and graph on p. 10 in "Gender Diversity on the Board of Directors" and on pp. 31–32 and graph on p. 38 in "Gender Diversity on the Executive Management Team."

97 See, e.g., the breakdown for technology companies in The Boston Club study referenced in footnote 27, the Spencer Stuart report referenced in footnote 37, and the workplace diversity statistics referenced in footnote 51.

98 See the materials referenced in "Additional Resources" and elsewhere in these footnotes for information and analysis related to, and underlying, these factors.

Conclusion *(continued)*

talented workforce possible, in the belief that it is essential to the success of their businesses. In 2014, several of the SV 150 and some large private Silicon Valley companies publicly released gender and ethnicity data about their workforces as a way to stimulate discussion and drive change along socio-demographic lines within their organizations.[99] Most of the companies that released data publicly acknowledged that the numbers reveal ample room for improvement,[100] and many of them committed to increasing the number of women and minorities in the workplace. We hope that such data, and the information in this survey, and the many resources to which it refers, will spur and inform additional thought and discussion among the participants and leaders in the Silicon Valley ecosystem on how to create and sustain a more diverse workplace.

In addition to the endeavors internal to companies and initiatives nationally[101] and in California[102] to advance gender and other diversity, there are a number of organizations dedicated to increasing gender diversity in Silicon Valley, including:

- Watermark, a "non-profit membership and development organization" that helps "top executive women accelerate their careers and tap into the power of networking with other top women;"
- Astia Silicon Valley, a "global not-for-profit organization that propels women's full participation as entrepreneurs and leaders in high-growth businesses, fueling innovation and driving economic growth;"
- Anita Borg Institute for Women and Technology, a non-profit organization that seeks to "increase the impact of women on all aspects of technology, and increase the positive impact of technology on the world's women;"
- Women 2.0, "a media company at the intersection of women, entrepreneurship and technology" that offers "content, community and conferences for aspiring and current innovators in technology;"
- Sheryl Sandberg's "Lean In" campaign, a non-profit organization "committed to offering women the ongoing inspiration and support to help them achieve their goals," that seeks to develop an active and supportive community for women, offers a "library of free online lectures on topics including leadership and communication" and encourages the organization of "small peer groups that meet regularly to learn and share together;"

99 See footnote 51.

100 See, e.g., "The Silicon Valley Diversity Numbers Nobody Is Proud Of" by Mark Milian on *Bloomberg.com* (August 12, 2014)

101 E.g., the National Center for Women & Information Technology, Catalyst and the Thirty Percent Coalition.

102 E.g., the Diverse Director DataSource (3D), which the California Public Employees' Retirement System and the California State Teachers' Retirement System commissioned GMI Ratings to create (see the GMI Ratings survey referenced in footnote 27).

Conclusion *(continued)*

- The Club, "an organization dedicated to helping women accelerate their leadership journeys by providing an environment that inspires and tools that empower;"
- CodeChix, "a non-profit public benefit organization run by local women developers for local women developers" to "educate, promote and mentor female developers, engineers and students;"
- ChIPs, a non-profit corporation with the mission of "support[ing], educat[ing] and promot[ing] the advancement, development and retention of women in patent- and intellectual property-related fields; and
- Leading Women in Technology, "a non-profit dedicated to unleashing the potential of professionals who advise technology businesses and executives [by connecting] similarly situated women across business organizations and offer[ing] them an opportunity to develop their critical business skills through integrated multi-workshop programs and mentorship."

Methodology

Group Makeup

We collected the gender diversity data presented in this report in connection with our review of the corporate governance practices[103] of the companies included in the Standard & Poor's 100 Index (S&P 100)[104] and the high technology and life sciences companies included in the Silicon Valley 150 Index (SV 150).[105] The makeup of the indices has changed over time as determined by their publishers,[106] with the SV 150 makeup being updated generally once annually and the S&P 100 changing more frequently.[107] For analytical purposes, companies are included in the survey if they appeared in the relevant index as determined as of the most recent calendar year-end.[108] Further, in past years, to focus the survey on the industries most relevant to Silicon Valley, companies were excluded from the SV 150 data set for purposes of the survey if they were not primarily in the high technology or life sciences industries (broadly interpreted).[109] To some degree, the

103 See footnote 1.

104 Standard & Poor's has stated that "[t]he S&P 100 consists of 100 companies selected from the S&P 500. To be included, the companies should be among the larger and most established companies in the S&P 500, and must have listed options. Sector balance is considered in the selection of companies for the S&P 100." (Standard & Poor's states that "[t]he S&P 500 focuses on the large-cap sector of the market; however, since it includes a significant portion of the total value of the market, it also represents the market; [c]ompanies in the S&P 500 are considered leading companies in leading industries" and "[c]onstituents of the S&P 100 are selected for sector balance and represent over 60% of the market capitalization of the S&P 500 and almost 45% of the market capitalization of the U.S. equity markets.")

105 In the past, the *San Jose Mercury News* had stated that "[t]he Silicon Valley 150 ranks [public] companies headquartered in Santa Clara, Santa Cruz, southern San Mateo and southern Alameda counties [in California] on the basis of worldwide revenue for the most recent available four quarters ended on or near [the most recent December 31]." However, in recognition of the continued geographic spread of high technology and life sciences companies beyond the traditional Silicon Valley area, beginning in the 2012 proxy season, the *San Jose Mercury News* expanded the definition for purposes of the index to "include [the entirety of] the five core Bay Area counties: Santa Clara, San Mateo, San Francisco, Alameda and Contra Costa." (According to local lore, the term "Silicon Valley" was coined in 1971 to describe the concentration of semiconductor companies in what was then the northern portion of Santa Clara County. The term has since expanded to include all technology and life sciences companies and their geographic spread in the region.) For a discussion of the change in geographical area and its history, see "O'Brien: Welcome to the new and expanded Silicon Valley" in the *San Jose Mercury News* (April 22, 2012). The most recent determination of the makeup of the SV 150, based on the revenues of public companies in Silicon Valley for the most recent available four quarters ended on or near December 31, 2013, was announced by the *San Jose Mercury News* in April 2014. That group was used for purposes of the 2014 proxy season in this report. The *San Jose Mercury News* subsequently made an unpublished correction to the SV 150 and added Fair Isaac Corporation to the list at number 64. As Fair Isaac Corporation was not included in the original publication of the SV 150, it was similarly excluded from the SV 150 data set analyzed in this report.

106 The constituents of the Standard & Poor's 100 (S&P 100) Index are now determined by S&P/Dow Jones Indices LLC (a subsidiary of The McGraw-Hill Companies, Inc. that was originally launched by Standard & Poor's) and the constituents of the Silicon Valley 150 Index (SV 150) are determined by the *San Jose Mercury News* (part of the Bay Area News Group, a MediaNews Group company).

107 However, while changes are more frequent, Standard & Poor's has noted that "in past years, turnover among stocks in the S&P 100 has been even lower than the turnover in the S&P 500." Given the relative rapidity of acquisitions and the volatility of the technology business, constituent turnover in the SV 150 is somewhat greater than that of the S&P 100 in terms of the number of companies changing.

108 I.e., the Fenwick & West survey for the 2014 proxy season included companies constituent in the S&P 100 as of December 31, 2013 and constituent in the SV 150 as published on April 14, 2014, based on "the most recent available four quarters ended on or near December 31, 2013."

109 E.g., for the 2011 proxy season, the following companies were excluded from the SV 150 data set for purposes of the survey (in order of rank within the index): Franklin Resources (14), Con-Way (17), Robert Half (25), Granite Construction (38), West Marine (66), California Water (74), Essex Property (79), SJW (105), Financial Engines (138), Coast Distribution (141) and Mission West (142). However, beginning with the 2012 proxy season, the *San Jose Mercury News* removed all of the non-high technology/life sciences companies from the SV 150 and created a parallel Bay Area 25 (BA 25) index made up of the 25 largest such companies ranked by revenue. While not presented in this report, Fenwick does collect and analyze the same set of data for the BA 25, which can be obtained by consulting your Fenwick & West Securities Partner. In addition, companies are not included in the data set (on a subject-by-subject basis) if information is not available because no SEC filing with the relevant data was made (generally as a result of acquisition). In the 2012 proxy season, one such company was not included in the SV 150 data set for all subjects.

volatility in the statistical trends within each of the indices is a reflection of changes in the constituents of the index over time.[110] Finally, some companies are constituents of both indices.[111] Those companies are included in the data sets of both groups for purposes of this survey.

Proxy Season / Proxy Statements

To be included in the data set for a particular "proxy season," the definitive proxy statement for a company's annual meeting generally must have been filed by the company with the Securities and Exchange Commission (SEC) during the year ended June 30, irrespective of when the annual meeting was actually held.[112] In some instances, a company may not have consistently filed its annual meeting proxy statement on the same side of the cutoff date each year. In such cases, we have normalized the data by including only one proxy statement per year for a company (and including a proxy statement in a "proxy season" year even though it was filed beyond the normal cutoff).[113] In some instances, a company may not have filed an annual meeting proxy statement during a year at all (or held any annual meeting).[114] In such instances, data was gleaned for that company from other SEC filings to the extent available.[115]

Generally, where a trend graphic identifies a year, it presents information as of the time of the proxy statement (such as the number of directors or whether the company has a woman CEO), in which event the data speaks as to circumstances in effect at the time of the proxy statement (rather than at some particular time during the preceding year or immediately following the annual meeting) and is presented by "proxy season" (as defined for purposes of the survey). Generally, any discussion of the data will be by "proxy season" and will be shown in graphics with a "2014" statistic representing the most recent "proxy season" (and so on for each preceding proxy season shown).

110 Other factors include changes in board membership and turnover in the chief executive officer of constituent companies.

111 For example, for the 2014 proxy season, the following companies were included in each of the S&P 100 and the SV 150 (in order of rank within the SV 150 index): Apple (1), Hewlett-Packard (2), Google (3), Intel (4), Cisco Systems (5), Oracle (6) eBay (7), Gilead Sciences (8) and Facebook (11).

112 I.e., the proxy statements included in the 2014 proxy season survey were generally filed with the SEC from July 1, 2013 through June 30, 2014.

113 E.g., several companies generally filed proxy statements in June each year, but in a particular year filed in July (or later). The data for such a proxy statement was "moved" into the data set for the "proxy season" year before the cutoff.

114 This can occur for a variety of reasons, including among others instances where: (a) a company could fail to timely file its periodic reports due to a pending or potential accounting restatement (such as during the so-called "stock option backdating scandals" that afflicted several Silicon Valley companies), or (b) a company was acquired or had agreed to be acquired (and determined to defer an annual meeting during the pendency of the acquisition).

115 Generally Forms 10-K or S-4 and Schedules 14D-9 or TO as well as proxy statements for mergers (Schedules 14A) when the company is in the process of being acquired. These sources generally provide only a subset of the data available in an annual meeting proxy statement (Schedule 14A). Sometimes these filings were made beyond the standard cutoff for the relevant proxy season for purposes of the survey, but were nonetheless included in the survey data set for that proxy season if they generally presented data for the period that would have been covered by the proxy statement for that company if it had been filed.

Nominating and Governance Committees / Other Standing Committees

Generally, the companies surveyed have a unified committee with responsibility for both nominating and governance functions. However, a small number of companies have separate committees for nominating functions and for governance functions.[116] For statistical purposes, where separate committees existed, the data for the nominating committee was included (and data for the governance committee ignored) for the information presented in this report. Such separate governance committees were also ignored for purposes of the statistics for "Other Standing Committees" included in this report. Similarly, an exceedingly small number of companies have had a committee that combined the nominating function with the function of one of the other primary committees in a single committee.[117] In such rare instances, the data for that committee was included in the data set for each of the primary committees it comprised.[118] In addition, some companies have not formed a nominating committee,[119] and instead nomination decisions are made by the independent directors as a group.[120] In such instances, our statistics have treated that group as the nominating committee. Further, with respect to the statistics regarding "Other Standing Committees" included in this report, we have disregarded "Stock Option," "Equity Incentive" and other committees whose sole (or almost exclusive) function is to approve grants to non-executive employees and consultants of the company.[121]

Executive Officers (and NEOs)

SEC regulations define the term "executive officer" as a company's "president, any vice president of the [company] in charge of a principal business unit, division or function (such as sales, administration or finance), any other officer who performs a policy making function, or any other person who performs similar policy making functions for the [company]."[122] A company's determination of executive officers under this definition is an inherently factual one, with the focus less on a person's title and more on their actual duties or substantive role within the company. The SEC staff will not provide advice or concurrence regarding a determination. So companies, with the advice of their counsel, must apply the facts, judicial decisions and

116 While always rare, it has become increasingly less common over time.

117 Such as a unified "Compensation and Corporate Governance Committee" that the proxy statement described as having nominating functions.

118 E.g., data for a unified "Compensation and Corporate Governance Committee" that the proxy statement described as having nominating functions was included in the data for the Compensation Committee and the Nominating Committee with respect to that company.

119 This was considerably more common, particularly in the SV 150, prior to the wave of governance reforms in the wake of the Sarbanes-Oxley Act of 2002.

120 In some instances, particularly before the wave of governance reforms in the wake of the Sarbanes-Oxley Act of 2002, the nominating decisions were made by the board as a whole.

121 These "committees" generally consist of the CEO as the sole member or are made up of members of the company's management team operating with delegated authority in order to relieve the board of the burden of routine grants of stock-based compensation. Consequently, they are not really indicative of general board operations.

122 See Rule 3b-7 under the Securities Exchange Act of 1934, as amended. The rule goes on to provide that "[e]xecutive officers of subsidiaries [of a company] may be deemed executive officers of the [parent company] if they perform such policy making functions for the [parent company]."

Methodology *(continued)*

various statements by the SEC staff when applying the rule.[123] We have not tried to second-guess these inherently subjective conclusions, and have simply accepted the executive officer determinations made by companies and/or their boards as reflected in their SEC filings.[124] It is possible that the number of executive officers is effectively systematically under-reported due to the timing of executive departures.[125]

In addition to the requirement to identify and provide the limited biographical information regarding their executive officers referenced in "Gender Diversity on the Executive Management Team," companies that are going public are also required to provide similar disclosure regarding employees "such as production managers, sales managers, or research scientists who are not executive officers but who make or are expected to make significant contributions to the business of the [company]."[126] While not required, some companies continue the practice of listing "key employees" in their periodic public filings.[127] Where such information is provided, while not included for purposes of the statistical information for "executive officers" and any related analysis, the information regarding "key employees" was used for statistics and the related analysis to the extent it covered particular positions.[128]

While the definition of "executive officer" has been constant for many years (albeit with the subjective judgments and other factors discussed above), the definition of "named executive officers," in addition to being more complex, has changed over time (both directly and indirectly in the form of changes to the way total compensation is calculated).[129] In its current form, the definition includes the company's principal executive officer (generally CEO), principal financial officer (generally CFO) and three most highly

123 As noted in TheCorporateCounsel.net and LogixData study referenced in footnote 56, "[i]n particular, determining whether a business unit, division or function is a 'principal' one — or whether a person's sphere of responsibility involves significant policymaking — can be challenging. Internal company politics can play a role too. Sometimes people are deemed to be 'executive officers' even though they really do not have important functions or policymaking responsibilities, but are deemed as such because the company doesn't want to tell them that their stature isn't equal to others at the same level on the organization chart, etc." Companies and their advisers often use as a starting point in this analysis an informal rule of thumb that any officer that reports directly to the CEO (or sometimes president) should be presumed to be an executive officer, absent meaningful substantive indicia to the contrary.

124 As a practical matter, the judgment of who is an executive officer is made annually by the board of directors of most companies at the time the board approves the list of executive officers in connection with the filing of their Forms 10-K (or proxy statement).

125 For example, if an executive officer resigns shortly prior to the filing of the company's proxy statement and the company has not yet hired a replacement (even though it intends to do so — and for most of the years preceding and succeeding the filing in fact has a person filling the position of the departed executive), then that company may list one fewer executive officer in its proxy statement than it generally has in practice.

126 The specific requirement is in Item 401(c) of Regulation S-K.

127 Inclusion as a "key employee" in an IPO prospectus or in subsequent public filings may be for internal political reasons such as those described in footnote 123.

128 I.e., when providing data regarding gender diversity among CEOs, CFOs, GCs, top sales executives, etc.

129 The current definition is in Item 402(a)(3) of Regulation S-K, which goes on to provide detailed instructions regarding how the determination of "most highly compensated" is made (which are further elaborated in a number of Compliance and Disclosure Interpretations and other guidance from the SEC staff).

Methodology *(continued)*

compensated executive officers other than those specified individuals.[130] However, for many years prior to 2007,[131] the definition did not require the inclusion of the CFO (rather, it required the CEO and the four most highly compensated executive officers other than the CEO). In addition, at that same time, the definition of compensation used to determine the most highly compensated executive officers was changed from simply aggregating the base salary and bonus of an officer to also including the accounting charge recorded with respect to outstanding stock-based compensation for the year for that officer, any non-equity plan compensation and the value of a bucket of "all other compensation."[132] Further, in early 2009, the definition of total compensation was again revised to require inclusion of the aggregate grant date accounting fair value for stock awards, even if subject to vesting requirements (rather than just the amount recorded as an expense for accounting purposes in the year being reported — which had the effect of taking into account such vesting requirements).[133] We did not attempt to adjust the data in any way for these changes, which to a degree limits comparability across the proxy seasons covered in this report (and leads to some discrepancy within proxy seasons, as the different companies followed different rules depending on timing of proxy filing within the season for those seasons in which a rule transition occurred).[134]

In this survey, we have presented data for a number of specific executive officer positions (CEO, CFO, etc.). In a number of instances across the period of the survey, companies have combined two or more of the executive officer positions.[135] Except where noted,[136] we have counted an executive serving in multiple roles in the data for each of the positions presented separately.[137] The determination of roles is almost always based simply on the titles of the executive officers (and in a few cases, key employees) listed in the

130 In a small number of cases, the SV 150 has included companies that qualify as "smaller reporting companies" or, recently, as "emerging growth companies" (EGCs were introduced as part of the JOBS Act, effectively beginning with IPOs on or after December 9, 2011), and consequently are only required to include a company's CEO and two next most highly compensated executive officers (as well as any other person that served as CEO during the fiscal year and up to two additional individuals for whom disclosure would have been provided as one of the most highly compensated officers but for the fact that the individual did not happen to still be serving as an executive officer at the end of the fiscal year). See Regulation S-K, Item 402(m)(2). This may exacerbate the potential skewing of NEO membership discussed in "Gender Diversity on the Executive Management Team—'Named Executive Officers'" and footnotes 69–71.

131 Technically the requirement started very late in 2006, but effectively for most companies in the 2007 proxy season. See SEC Release No. 33-8732A and SEC Release No. 33-8765.

132 This bucket includes, among other things, any perks (that exceed $10,000 in value), tax "gross-ups" or reimbursements, stock discounts, amounts contributed by the company to defined compensation plans, life insurance premiums paid by the company and dividends on stock awards. See Item 402(c)(2)(ix) of Regulation S-K.

133 See SEC Release No. 33-9089, which reversed the wisdom of SEC Release No. 33-8765 (which had required only inclusion of the "proportionate amount of an award's total fair value that is recognized in the company's financial statements for the fiscal year").

134 The impact of the idiosyncrasies in the rules for determining "most highly compensated" executive officers discussed in "Gender Diversity on the Executive Management Team—'Named Executive Officers'" and footnote 69, which can cause swings in NEO membership within a company from year to year, even where there has been neither a change in the management team nor a material change in their compensation, could also affect comparability across periods.

135 E.g., "General Counsel and Senior Vice President, Corporate Development."

136 I.e., for the president/top operations executive and the top marketing executive.

137 E.g., a "General Counsel and Senior Vice President, Corporate Development" has been counted in the numerator (if female) and/or the denominator for statistics related to general counsels and to corporate/business development executives.

Methodology *(continued)*

applicable SEC filings,[138] and a general understanding of the roles such titles encompass. Naturally, there is a degree of judgment involved in these determinations, and views may differ. It is certainly possible that our determinations are at variance from the actual roles performed by particular executive officers.

Gender

In almost all cases, the proxy statement or other SEC filings of a company clearly identify the gender of each of its executive officers and directors.[139] In a small number of instances, we resorted to limited supplemental research (apart from reviewing SEC filings) to identify gender.[140] This supplemental research generally took the form of researching a relevant individual on freely available public sources.[141] We accepted the gender identifications in SEC filings or such supplemental sources at face value.

138 In a very small number of cases, companies have included some description of the roles of executive officers beyond simply stating the titles (e.g., in the brief biography of each executive presented in the filing).

139 I.e., through the use of the prefix "Mr." or "Ms." in the individual's biographical description or elsewhere in the filing(s).

140 Most typically these involved instances in which the prefix "Dr." was consistently used (and the prefix "Mr." or "Ms." was not).

141 I.e., the bio for such individual on the relevant company's web page or the web pages of other companies for which the individual serves as an executive officer or director, LinkedIn profiles, biographical profiles prepared by reputable online sources, etc.

Additional Resources

In addition to the many resources referenced or cited in the footnotes to this report, which contain a wealth of information and analysis on the subject of gender diversity (as well as other traditional aspects of diversity), the following resources may be helpful to anyone interested in the subject of gender diversity in Silicon Valley (and in the high technology and life sciences industries):

Technology Industry

Women in IT: The Facts by the National Center for Women & Information Technology (NCWIT) (September 30, 2009)

NCWIT Scorecard: A Report on the Status of Women in Information Technology (April 18, 2014)

"High-skilled immigration debate grows over stark gender imbalance, favoring men for H-1B visas" by Matt O'Brien in the *San Jose Mercury News* (March 19, 2013)

Senior Technical Women: A Profile of Success by Caroline Simard and Shannon K. Gilmartin of the Anita Borg Institute for Women and Technology (2010)

Women Technologists Count: Recommendations and Best Practices to Retain Women in Computing by the Anita Borg Institute for Women and Technology (September 24, 2013)

"The Truth About Marissa Mayer: An Unauthorized Biography" by Nicholas Carlson in *Business Insider* (August 24, 2013)

Silicon Valley Workplace Diversity Reports

Education

Girls in IT: The Facts by the NCWIT (November 30, 2012)

Education and Tech Entrepreneurship by the Ewing Marion Kauffman Foundation (May 2008)

"Girls Lead in Science Exam, but Not in the United States" by Hannah Fairfield and Alan McLean in *The New York Times* (February 4, 2012) and Basics: Mystery of the Missing Women in Science by Natalie Angier in *The New York Times* (September 2, 2013)

Addressing Core Equity Issues in K–12 Computer Science Education: Identifying Barriers and Sharing Strategies by the Anita Borg Institute for Women and Technology (2010)

"Sparks to Science, Math and Tech Careers Differ among Sexes" by Adam Maltese in *Scientific American* (August 13, 2012)

Additional Resources *(continued)*

"Women Are Earning Greater Share of STEM Degrees, but Doctorates Remain Gender-Skewed (Women are more likely than men to withdraw from science)" by John Matson in *Scientific American* (April 23, 2013)

"Men's and Women's Intentions to Persist in Undergraduate Engineering Degree Programs" by James P. Concannon and Lloyd H. Barrow in *Journal of Science Education and Technology* (April 2012)

"Fewer Women Are Choosing College Business Programs" by Erin Zlomek in *Bloomberg BusinessWeek* (March 22, 2013)

Women's Share of MBAs Earned in the U.S. by Catalyst (July 8, 2014)

Business schools that feed into Silicon Valley:

Stanford University Graduate School of Business: School Profile

University of California, Berkeley Haas School of Business: Class Profile

Harvard Business School: Class Profile

UC Davis Graduate School of Management: Class Profile[142]

Santa Clara University Leavy School of Business

"Opting Out among Women with Elite Education" by Joni Hersch in *Review of Economics of the Household* (April 24, 2013)

Quick Take: Women in Law in the U.S. by Catalyst (2013)

Law schools that feed into Silicon Valley:

Stanford Law School: 2013-2014 Enrollment Profile

University of California Berkeley School of Law: Profile for Class of 2017

Harvard Law School: Profile for Class of 2017

UC Davis School of Law: Student Body Profile

UC Hastings College of the Law: Profile for Class of 2017

Santa Clara University School of Law: 2014 Class Profile

142 Presents data for full-time MBA program. See also the part-time MBA class profile.

Additional Resources *(continued)*

Venture Capital and Entrepreneurship

Sources of Financing for New Technology Firms: A Comparison by Gender by the Ewing Marion Kauffman Foundation (July 2009)

2011 Venture Census by the National Venture Capital Association and *Dow Jones VentureSource*

Gatekeepers of Venture Growth: The Role and Participation of Women in the Venture Capital Industry by the Ewing Marion Kauffman Foundation (2004)

"High Performance Entrepreneurs: Women in High Tech" by Cindy Padnos of Illuminate Ventures (February 1, 2010)

"Out of the Loop in Silicon Valley" by Claire Cain Miller in *The New York Times* (April 17, 2010)

"Female Entrepreneurs Hit Glass Ceiling for VC Funding" by Nonny de la Peña in *PBS Idealab* (March 23, 2011)

The Angel Investor Market in 2012: A Moderating Recovery Continues by the University of New Hampshire Center for Venture Research

"Do Women Take as Many Risks as Men?" by Doug Sundheim in *Harvard Business Review*'s HBR Blog Network (February 27, 2013)[143]

143 But, see also "Are Women Really More Risk-Averse than Men?" a working paper by Julie A. Nelson of Tufts University (September 2012), which reviews "substantial literature in economics and finance has concluded that women are more risk averse than men" and offers a critique of the breadth of the conclusion often drawn from the research, and "Men, Women and Risk Aversion: Experimental Evidence" by Catherine C. Eckel and Philip J. Grossman in the *Handbook of Experimental Economics Results,* Volume 1 (2008), "there is enough counter-evidence to warrant caution" when drawing conclusions from laboratory evidence.

Additional Resources *(continued)*

Service Providers

Quick Take: Women in Financial Services by Catalyst (March 3, 2014)

"Women in Investment Banking: Why Such A Big I-banking Gender Gap?" by Susan Lyon (January 28, 2013)

Quick Take: Women in Accounting by Catalyst (2013)

"Research on Women's Advancement in Accounting" by Louise Single and Elizabeth Dreike Almer in *Issues in Accounting Education* (2007)

The American Lawyer's 2014 Diversity Scorecard[144]

"Survey Finds High-Level Women In-House Lawyers Paid Less" by Rebekah Mintzer in *Corporate Counsel* (September 9, 2013)[145]

Report of the Eighth Annual NAWL National Survey on Retention and Promotion of Women in Law Firms by The National Association of Women Lawyers and The NAWL Foundation (February 25, 2014)

Large Companies

2013–2014 UC Davis Study of California Women Business Leaders—A Census of Women Directors and Highest-Paid Executives by the University of California, Davis Graduate School of Management

2012 Census of Women Directors and Executive Officers of Massachusetts Public Companies— Unfinished Business by The Boston Club

Examining the Cracks in the Ceiling: A Survey of Corporate Diversity Practices of the S&P 100 by Calvert Investments (March 2013)

144 Diversity rankings for law firms are also published by *Corporate Counsel*, *Vault* and *MultiCultural Law Magazine*. See also The NALP Directory of Legal Employers, which allows you to search for demographic data on law firms, including major Silicon Valley firms.

145 This article in *Corporate Counsel*, an ALM Media Properties, LLC publication, references the *2013 Law Department Compensation Benchmarking Survey* sold by ALM Legal Intelligence, which reported that female GCs make approximately 80% of the total cash compensation of male GCs, with smaller bonuses accounting for a large part of the disparity.

About the Firm

Fenwick & West provides comprehensive legal services to technology and life sciences clients of national and international prominence. Fenwick is committed to providing innovative, cost-effective and practical legal services that focus on global technology industries and issues. We have built internationally recognized practices in a wide spectrum of corporate, intellectual property, tax and litigation areas. We have also received praise for our innovative use of technology, our pro bono work and our diversity efforts. We differentiate ourselves by having a deep understanding of our clients' technologies, industry environments and business needs. For more information, visit www.fenwick.com.

From our founding in 1972, diversity and inclusion have been core components of our culture, and we commit significant resources towards improving our efforts at the firm across all levels.

The firm actively recruits diverse attorneys—race, gender, sexual orientation, physical ability, geographic/cultural background—through numerous channels, including on-campus initiatives and minority bar associations and job fairs. We believe that respect for and acknowledgment of others' backgrounds fosters cooperation, creativity and mutual understanding and helps us serve our clients better.

Fenwick has implemented a number of diversity and inclusion initiatives, including:

- **Diversity and Inclusion Committee:** To refine existing diversity programs as well as plan and implement innovative new diversity and inclusion initiatives.
- **Women's Leadership Initiative:** Focused on building the leadership, management and business development skills of our women attorneys.
- **Diversity and Inclusion Leadership Initiative:** Partners commit to fulfilling a variety of diversity-promoting action items throughout the year.
- **Bar Association Activities:** To promote the advancement of diversity and inclusion initiatives in the broader legal community; Fenwick attorneys chair key diversity and inclusion committees.
- **Affinity Groups:** Informal attorney groups centered on common interests and backgrounds to create a more comfortable and inclusive environment.
- **Attorney Recruiting Initiative:** A commitment to maintain strong representation of diverse attorneys in Fenwick's summer program as well as participation in minority job fairs and interfacing with diverse law student groups.
- **OnRamp Fellowship:** Fenwick is a participant in the OnRamp Fellowship, an innovative program launched in January 2014 to provide women lawyers re-entering the legal profession with an opportunity to update their skills and legal contacts through one-year, paid positions with top law firms. The program aims to replenish the talent pipeline in law firms with diverse, high-performing

About the Firm *(continued)*

lawyers who have the potential and the desire to advance into leadership roles. Through the OnRamp Fellowship, Fenwick will hire women with three or more years of legal experience who have taken a hiatus of two or more years from practice.

For the sixth consecutive year, the firm was one of the top fifteen most diverse U.S law firms in *The American Lawyer's* 2014 Diversity Scorecard.

About the Authors

David A. Bell's practice includes advising startup companies, venture capital financings, mergers and acquisitions, initial public offerings and intellectual property licensing, as well as counseling public companies in corporate, securities, governance and compliance matters. He represents a wide range of technology companies, from privately held startups to publicly traded corporations.

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The views expressed are those of the authors and do not necessarily represent the views of any other partner of Fenwick & West LLP or the firm as a whole, nor do they necessarily represent the views of the firm's many clients that are mentioned in this report or are constituents of either the SV 150 or the S&P 100 indices.

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To be placed on an email list for future editions of this survey, please visit fenwick.com/subscribe-GD-Survey.