



## THE FIRST 500 REPORTED DIRECTORSHIPS OF 2014

### About this study:

The overarching goal of The Directors' Institute is to build next generation board leadership. In achieving that goal, detailed analysis and understanding of how directorship is changing on a daily basis is a crucial part of our organization. This snapshot is an initial bellwether representing the first 500 new directorships reported in 2014, in anticipation of The Directors' Institute Q1 study on all newly reported directors. The Directors' Institute releases a quarterly study on all newly appointed directors YTD, as well as an annual summary at the end of Q4.

There are many analyses of the boardroom available from other sources that focus on certain segments of the market, such as the Fortune 100, 500, or 1000, and the S&P 500. However, there is little available information on the total picture: of what directorship at all U.S. companies as a whole looks like. Studies by The Directors' Institute represent all filings made by every company that has publicly held securities, including all major exchanges, over-the-counter exchanges, and grey markets, totaling well over 10,000 companies. Our goal is to understand and influence U.S. directorship in its entirety, across all market cap ranges, and provide a true picture of what directorship in the U.S. looks like overall.

We analyze every SEC filing that reports director appointments and departures, and capture all the information available about the individuals involved, their backgrounds, and the companies they serve. This initial snapshot report covers the first 500 filings of 2014, and provides an initial glimpse at the full quarterly report to be released by The Directors' Institute at the end of Q1 2014.



Among all publicly traded companies that make SEC filings, the first 500 directorships of 2014 have collectively been reported. The data below comprise the first 500 director appointments that were filed in 2014.

Some quick facts:

- ✓ The first directorship of 2014 was filed on 1/2/2014, and was effective 1/1/2014. The 500<sup>th</sup> directorship of 2014 was filed on 2/5/2014, and effective on the same date.
- ✓ 88.8 % of the directorships were filled by men, 11.2% by women.
- ✓ The average age of an appointee was 53.3 (53.4 for men, and 52.9 for women)<sup>i</sup>
- ✓ 21.4% of the directorships were executive directorships (filled by current or contemporaneously appointed senior executives at the same respective companies as the directorship), and 78.6% were non-executive directorships (filled by people who were not serving the same company in an executive role). Of executive directorships, 95.3% were filled by men, with the remaining 4.7% filled by women.

Among executive directors, the most commonly held executive positions were:

Position	Percent of First 500 Directorships
CEO	13.2%
President	9.2%
CFO	5%
COO	1.6%
Other (Including CTO, VP, SVP, CMO, CAO)	1.8%

\*Note: total is greater than 21.4%, as some directors hold multiple executive positions.

- ✓ 17.6% of the directorships were related to a change in control, including those due to mergers, acquisitions, and share purchase or exchange agreements.
- ✓ 5.4% of appointees were appointed directly as the chairman of the board. All of the chairmen appointees were men.
- ✓ 2.2% of appointees were appointed directly as a committee chairman. All of the committee chair appointees were men.

## Industry Statistics

The new directorships took place at companies with the following industry classifications:

Industry Classification	Percent of First 500 Directorships
Manufacturing	31.8%
Services	19%
Finance, Insurance & Real Estate	17.6%
Mining	10%
Transportation, Communications, Electric, Gas, & Sanitary Services	7.8%
Retail Trade	7.4%
Wholesale Trade	4.2%
Other (Construction, Public Administration, Unspecified)	2.2%



## Comparison

How do these numbers compare to data available for specific segments? Compared to the S&P 500 in 2013, the first 500 directors of 2014 differ primarily in:<sup>ii</sup>

*Gender.* 18% of all directors in the S&P 500 in 2013 were women, while only 11.2% of the first 500 this year are women. This could largely be due to the increased focus and pressure on large-cap companies like those composing the S&P 500, versus the broad variety in size (as well as regulatory and investor focus) of the vast pool of companies covered in the first 500 list.

*Age.* The average age of independent directors in the S&P 500 in 2013 was 62.9, while that for the first 500 list is 53.3. This difference could be due in part to the fact that the S&P 500 average age number covers existing independent directors, while the first 500 number covers all newly appointed directors.

*Independence.* 85% of S&P 500 directors in 2013 were independent, versus 78.6% for the first 500. This could largely be due to difference in requirements: companies listed in major exchanges, such as the NASDAQ, must meet minimum independent director requirements. Since the first 500 data includes companies that are not subject to these rules, it appears that some of them continue the practice of populating their boards with executives despite concerns this creates for effective governance by the board.

Overall, the picture of directorship in public companies as a whole appears quite different from that at large companies with many eyes on them, such as those in the S&P 500. The push for diversity and good governance issues, like director independence, seem to be slower in catching on for the greater population of U.S. companies in comparison to those in the regulatory and investor spotlight. However, the 500 first directorships of 2014 provides a relatively small view. While it offers an interesting glimpse of how the year is progressing, a more telling comparison will be forthcoming with the full quarterly and yearly studies to be released by The Directors' Institute.



How do we analyze our data? The following chart shows a simplified sample from our database:

File Date	Effective Date	SIC	Company	Name	Gender	Age	Notes
2/5/2014	2/4/2014	3661	Ciena Corp.	Mr. T. Michael Nevens	M	64	
2/5/2014	1/31/2014	6199	Crown Marketing	Mr. Terry Lee	M	62	
2/5/2014	1/31/2014	2860	OriginOil, Inc.	Mr. Byron Elton	M	59	
2/5/2014	4/1/2014	4841	WideOpenWest Finance, LLC	Mr. Steven Cochran	M	42	CEO
2/5/2014	2/4/2014	8731	Protalex, Inc.	Mr. Marco M. Elser	M	55	
2/5/2014	4/25/2014	1381	Rowan Companies plc	Dr. Thomas P. Burke	M	46	CEO
2/5/2014	2/3/2014	5160	Green Earth Technologies, Inc.	Mr. John Scelfo	M	56	
2/6/2014	2/4/2014	3600	Emerson Electric Co.	Dr. Candace Kendle	F	64	
2/6/2014	2/6/2014	7372	Responsys, Inc.	Ms. Dorian Daley	F	54	Sole
2/6/2014	2/1/2014	3572	Violin Memory, Inc.	Mr. Kevin A. DeNuccio	M	54	P/CEO
...							

We also capture vacated directorships.

**Please contact us if you are interested in learning more about our database and the information we record.**

*About The Directors' Institute, Inc.*

*The Directors' Institute, Inc. is a non-profit organization focused on helping executives build the requisite network connections and foundational knowledge to serve as the next generation of leadership on public, private, and non-profit boards of American companies. It is the first membership organization focused on potential new directors, unlike other organizations that only admit current directors. The Directors' Institute serves an audience of nearly 3.5 million senior executives, and conducts Directors' Symposium™ events in cities throughout the U.S. to help prepare its members for board service.*

For more information, please visit [www.DirectorsInstitute.org](http://www.DirectorsInstitute.org) or call our office: (484) 483-2882

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<sup>i</sup> Age data was available for 146 of the 500 appointees, upon which these averages are calculated.

<sup>ii</sup> All S&P 500 data is from Spencer Stuart's Board Index 2013