

# BoardEx Progress Summary

# Universe

- Profile almost every publicly listed company and “notable” private companies since 1999.
- Public means anyone listed on FTSE, Stoxx Europe, SP 500, NASDAQ 100, DAX, CAC...
- Claim 70% of data is public companies and 30% private.
- What data is available to us?
  - Try to provide **top 5** individuals in companies.
  - Only United States listed companies

Why might this data be useful?

# 1) Can see all types of Long-Term Incentive Plans (LTIP)

- Options to buy stock at a strike price sometime in the future.
- Equity Matching Scheme
  - Employer matches whatever stock you already own in company
- Equity Issued
  - Typically no vesting period
- Cash Plan
  - Not sure yet what this is exactly

For now we just focus on options.

# Options Timeline Example



## Some important facts I've learned about options from the data

- Several different plans typically awarded in same year.
- Plans differ in size, when vesting period starts and length, strike price, expiry date.
- Most option plans are NOT exercisable when issued -- executive must wait.
- But sometimes there are plans that are exercisable immediately.
- Very common to have strike price LOWER than stock price when issued.

# BoardEx gives us...

- 2321 companies, 32,772 executives.
- Shows options awarded by plan.
- We have vesting period start date (when option becomes exercisable), expiration date, strike price, stock price
- Additional info like base salary, annual bonuses, etc.
- Do NOT know when the option is exercised. Only know the period when it could be exercised.
  - We do know if they expire and there are very few.
  - There are **256 execs (0.78% of execs sample)** who have an option package that expires. In total there are **430 packages that expire (0.09% of all packages in sample)**



# How to deal with exercised options -- some assumptions

## 1. Median Vesting Year

- a. Assume that executive exercises option package at the median vesting period in the dataset (around 7-8)

## 2. Spread Out Package over Vesting Period

- a. If an executive has 1 over and a vesting period of 5 years then they exercise 0.2 of that option in each vesting year.

## 3. Executive exercises option package when stock value is highest during vesting period.

- a. Would be an upper bound case.