

Corporate Performance Unit

Warwick Business School
University of Warwick
Coventry
CV4 7AL

Code Book

Corporate Governance and Economic
Performance

CEO Compensation Data

Code Book

Performance, Ownership and Control in UK Quoted Companies

Creating the Sample

The sampling frame for this research consisted of the largest UK quoted companies excluding investment trusts in 1998.

The top 550 shares, ranked by market capitalisation, listed on the London Stock Exchange were downloaded from Datastream in the Summer of 1998. Excluding companies that had floated during the previous 12 months and adjusting for companies that had two classes of shares listed, this produced a final sample of 510 UK stock market companies.

Assembling the Data

Although some financial data was taken from Datastream, the majority of the data was hand collected through direct inspection of each company's annual report and accounts. The first task therefore, was to create a library of the 510 annual reports. Where available the annual report was obtained from the FT Free Annual Report service. If the sample company was not a member of the FT scheme, a direct request to the company was made.

For each company the Most Senior Executive (MSE) was identified. This was taken to be the Chief Executive Officer (CEO) if one existed. If a company had no CEO, an executive Chairman was assumed to be the MSE, or if this role too did not exist, for example the Chairman was a non-executive director, the Group Managing Director was assumed to be the MSE. If neither a CEO, executive Chairman nor a Group Managing Director could be

identified, a judgement as to the most likely MSE was made based on the available information.

Confidentiality

All the information contained in the data set, is derived from publicly available material.

Missing Values

All numerical missing values are coded as either -99 or by blank fields.



Summary of the Data Variables

Variable	Description
Company_ID	Unique company identifier.
Flag	A dummy set equal to 1 the first time a particular company appears in the data set, and 0 for all subsequent entries.
Role	The designated title of the most senior executive e.g. CEO, Chairman, Managing Director, etc..
Op_Data	A dummy set equal to 1 if the MSE held options at any time during the financial year, 0 otherwise.
Op_YearEnd	A dummy set equal to 1 if the MSE held options at the end of the financial year, 0 otherwise.
Op_Change	A dummy set equal to 1 if there was a change in the MSE's option portfolio during the financial year, 0 otherwise.
Marker	Indicates the status of a particular tranche of options: H = Held at y/e. E = Exercised during the year, G = Granted during the year. L = Lapsed during the year.
Weight	Indicates degree of disclosure. W = Weighted average exercise price given. I = Individual exercise prices given.
Xprice	Exercise price for the tranche of options
Ex_First	The earliest date the options can be exercised
Ex_Last	The latest date the options can be exercised
Number	The number of options held in the particular tranche
Scheme	The scheme under which the options were granted. E = Executive scheme, S = Save As You Earn scheme, SAR = Stock Appreciation Right scheme, N = Not specified.
Ind_Code	The broad sector in which the company operates.
MV	Represents the size of the company by total market capitalisation.
Yr_End	Financial year end date of the company
SharePrice	Company share price at the end of the fiscal year
Eq_Start	Total number of ordinary shares in issue at start of fiscal year
Eq_End	Total number of ordinary shares in issue at end of fiscal year
Dir_Months	Number of months of the fiscal year the named MSE was a director of the company.
Role_Months	Number of months of the fiscal year the named MSE was a held the role specified above.
Age	Age of the most senior executive
Salary	Salary paid to most senior executive during the fiscal year
Benefits	Value of benefits paid to most senior executive during the fiscal year
Bonus	Bonus paid to most senior executive during the fiscal year
Other	Other payments made to most senior executive during the fiscal year
Total	Total cash remuneration paid to most senior executive during the fiscal year
Total_PY	Total cash remuneration paid to most senior executive during the previous fiscal year
Ben_Start	Number of shares held beneficially by MSE at the start of the fiscal year
Ben_End	Number of shares held beneficially by MSE at the end of the fiscal year
Tst_Grant	Number of shares granted to the MSE during the fiscal year under Long Term Incentive Plans (or equivalent)
Tst_Start	Number of shares held by the MSE at the start of the fiscal year under Long Term Incentive Plans (or equivalent)
Tst_End	Number of shares held by the MSE at the end of the fiscal year under Long Term Incentive Plans (or equivalent)
SHR	Total share holder return during the fiscal year
Info_Level	Disclosure level: A = All individual tranches identified. W = Weighted information given. S = Some individual tranches identified. N = No options held.
No_Tranches	Number of distinct option tranches held by MSE.
Employees	Total number of employees at the company's fiscal year end.
Total_CE	Total capital employed at the company's fiscal year end.
Sales	Total sales during the company's fiscal year.
Sales_Q	Indicator of sales measure: S = Sales, NII = Net Interest Income, TI = Total Income.
Volatility	Volatility of share price returns.
Div_Yield	Dividend yield on company's shares
Int_Rate	Ruling interest rate on company's fiscal year end date.
PPS	Calculated Pay for Performance Sensitivity.

Analysis of Main Data Variables

- 1) **Flag:** There are 510 distinct companies, in total there are 2186 rows of data.
- 2) **Role:** In most cases (69%) the most senior executive was the Chief Executive Officer (CEO).

	Frequency	Percent
Chief Executive Officer	352	69.0
Executive Chairman	53	10.4
Managing Director	39	7.7
Chief Executive Officer & Chairman	35	6.9
Chief Executive Officer & Deputy Chairman	7	1.4
Chief Executive Officer & Managing Director	6	1.2
Other	18	3.5
Total	510	100.0

- 3) **Op_Data:** Some 87% of the most senior executives held options at some stage during the company's financial year.

	Frequency	Percent
MSE held options at some stage during the fiscal year. (Op_Data = 1)	445	87.3
At no point during the year did the MSE hold any options (Op_Data = 0)	65	12.7
Total	510	100.0

- 4) **Op_YearEnd:** Over 86% of the most senior executives held options at the end of the company's financial year.

	Frequency	Percent
MSE held options at the fiscal year end. (Op_YearEnd = 1)	439	86.1
MSE did not hold options at the fiscal year end. (Op_YearEnd = 0)	71	13.9
Total	510	100.0

- 5) **Op_Change:** Of the 445 MSE who held options during the year, the option portfolio of 331 (74%) of them changed. That is, they either exercised options, were granted new options, or held options that lapsed.

	Frequency	Percent
MSE's option portfolio changed during the year. (Op_Change = 1)	331	64.9
MSE's option portfolio didn't change during the fiscal year. (Op_Change = 0)	179	35.1
Total	510	100.0

6) **Marker:** Of the 2186 observations, 1557 (71%) relate to options held at the year end.

	Frequency	Percent
Options held at fiscal year end (Marker = H)	1557	71.2
Options granted during the fiscal year (Marker = G)	342	15.7
Options exercised during the fiscal year (Marker = E)	252	11.5
Options lapsed during the fiscal year (Marker = L)	35	1.6
Total	2186	100.0

7) **Weight:** Of the 2186 observations, 1970 (90%) relate to individual tranches of options.

	Frequency	Percent
Individual option tranche information given (Weight = I)	1970	90.1
Weighted average option information given (Weight = W)	121	5.5
Ambiguous option information given (Weight = N)	24	1.1
No options held at year end (Weight = .)	71	3.2
Total	2186	100.0

8) **XPrice:** The exercise price of the option represents the price the director will have to pay for the option should he choose to exercise it.

	Options Held At Year End	Options Exercised During Year	Options Granted During Year	Options Lapsed During the Year
Exercise Price (p)				
Mean	296.1	202.0	288.8	232.9
25 th Percentile	142.0	102.5	173.3	140.0
Median	236.6	181.7	305.0	176.6
75 th Percentile	388.4	264.0	517.3	292.0

9) **Ex_First:** Where *Weight* is equal to "I", Ex_First represents the first date all of the options in the specific tranche can be exercised. Where *Weight* is equal to "W", Ex_First represents the earliest date the first option within the weighted portfolio can be exercised.

	Earliest	Latest
Ex_Last when Weight = I	01/01/91	01/08/01
Ex_Last when Weight = W	06/12/89	27/04/05

10) **Ex_Last:** Analogous to Ex_First, Where *Weight* is equal to "I", Ex_Last represents the last date all of the options in the specific tranche can be exercised. Where *Weight* is equal to "W", Ex_Last represents the latest date any of the options within the weighted portfolio can be exercised.

	Earliest	Latest
Ex_Last when Weight = I	01/12/96	23/12/08
Ex_Last when Weight = W	01/05/98	22/12/07

- 11) **Number:** Once again, where *Weight* is equal to "I", *Number* represents the number of options in the specific tranche. Where *Weight* is equal to "W", *Number* represents the total number of options held in the weighted portfolio.

	Weight = W	Weight = I
Number of Options Held		
Mean	424,588	158,207
25 th Percentile	95,161	11,180
Median	194,100	50,000
75 th Percentile	364,546	142,872

- 12) **Scheme:** The vast majority of options are granted under executive option schemes. For the 1373 distinct tranches identified as being held at the year end, 74% were issued under executive option schemes, however, grants under executive schemes are far larger than grants under saving schemes.

	Number of tranches	Mean size of each tranche
Option Scheme		
Executive (Scheme = E)	1014(73.9%)	215,995
Save As You Earn (Scheme = S)	315 (22.9%)	6,564
Stock Appreciation Rights (Scheme = SAR)	20 (1.5%)	151,415
Not specified (Scheme = N)	24 (1.8%)	69,006
Total	1373 (100%)	

- 13) **Ind Code:** Represents the one-digit FTSE Actuaries Industry Classification System. There are six broad categories, Services being the most common.

	Frequency	Percent
Industry		
Mineral Extraction (Ind_Code = 1)	16	3.1
General Manufacturers (Ind_Code = 2)	146	28.6
Consumer Goods (Ind_Code = 3)	55	10.8
Services (Ind_Code = 4)	190	37.3
Utilities (Ind_Code = 6)	19	3.7
Financials (Ind_Code = 7)	84	16.5
Total	510	100.0

- 14) **MV:** Represents the market capitalisation of the company at the beginning of the sampling stage.

	£ million
Market Capitalisation (MV)	
Mean	2,602
25 th Percentile	253
Median	517
75 th Percentile	1,826

- 15) **Yr_End:** The fiscal year end for each of the 510 companies. The year-end dates range from June 1997 to August 1998. This period spans more than one year because a number of companies have reporting periods of 15 or 18. Almost half of the companies have a December 1997 year-end.

	Frequency	Percent
Fiscal Year-End		
June 1997	24	4.7
September 1997	38	7.5
December 1997	239	46.9
March 1998	100	19.6
Other	109	21.4
Total	510	100.0

- 16) **SharePrice:** The company's share price at the end of its fiscal year.

	Pence
Share Price	
Mean	463.4
25 th Percentile	197.5
Median	343.0
75 th Percentile	589.5

- 17) **Eq_Start:** The total number of ordinary shares outstanding at the start of the company's fiscal year.

	Million
Number of shares outstanding at start of year (Eq_Start)	
Mean	429
25 th Percentile	74
Median	168
75 th Percentile	433

- 18) **Eq_End:** The total number of ordinary shares outstanding at the end of the company's fiscal year.

	Million
Number of shares outstanding at end of year (Eq_End)	
Mean	452
25 th Percentile	81
Median	176
75 th Percentile	479

- 19) **Dir_Months:** The number of months the MSE was a director of the company. The MSE may have served on the board for a full 12 months but only as CEO for example for the last 2. Figures in excess of 12 months represent extended reporting periods.

	Frequency	Percent
Number of months MSE was director		
<4	3	0.6
4-6	12	2.4
7-9	8	1.6
10-11	4	0.8
12	479	93.9
>12	4	0.8
Total	510	100.0

- 20) **Role_Months:** The number of months the MSE held the title specified under *Role*. Figures in excess of 12 months represent extended reporting periods.

	Frequency	Percent
Number of months MSE held the role specified.		
<4	14	2.7
4-6	21	4.1
7-9	25	4.9
10-11	8	1.6
12	440	86.3
>12	2	0.4
Total	510	100.0

- 21) **Age:** The age of the MSE during the fiscal year.

	Years
Age of the most senior executive	
Mean	52.3
25 th Percentile	49.0
Median	53.0
75 th Percentile	56.0

- 22) **Salary:** The total salary paid to the MSE during the fiscal year.

	£
Salary paid to the most senior executive	
Mean	270,544
25 th Percentile	175,000
Median	240,000
75 th Percentile	350,000

23) **Benefits:** The total cash value of benefits in kind such as company car, health insurance, telephones, etc received by the MSE during the fiscal year.

	£
Cash value of benefits	
Mean	19,956
25 th Percentile	9,000
Median	14,000
75 th Percentile	21,000

24) **Bonus:** The total cash bonus paid to the MSE during the fiscal year.

	£
Cash bonus paid to the most senior executive	
Mean	117,938
25 th Percentile	20,000
Median	68,764
75 th Percentile	132,000

25) **Other:** The cash value of other miscellaneous payments e.g. compensation, paid to the MSE during the fiscal year.

	£
Other cash payments made to the most senior executive	
Mean	4,947
25 th Percentile	0
Median	0
75 th Percentile	0

26) **Total:** The total cash remuneration paid to the MSE during the fiscal year, representing the sum of *Salary, Benefits, Bonus* and *Other*.

	£
Total cash remuneration received by the MSE during the year	
Mean	413,385
25 th Percentile	235,000
Median	340,000
75 th Percentile	511,000

27) **Total_{PY}:** The total cash remuneration paid to the MSE during the previous fiscal year.

	£
Total cash remuneration received by the MSE during the previous year	
Mean	353,647
25 th Percentile	186,000
Median	280,500
75 th Percentile	434,621

28) **Ben_Start:** The total number of ordinary shares beneficially held by the MSE at the beginning of the company's fiscal year.

	Number of Shares
Beneficial share holding.	
Mean	2,538,913
25 th Percentile	12,094
Median	87,126
75 th Percentile	621,778

29) **Ben_End:** The total number of ordinary shares beneficially held by the MSE at the end of the company's fiscal year.

	Number of Shares
Beneficial share holding.	
Mean	2,655,789
25 th Percentile	22,472
Median	122,896
75 th Percentile	686,642

30) **Tst_Grant:** The total number of ordinary shares granted to the MSE during the company's fiscal year under any Long Term Incentive Scheme. Such awards are generally conditional on future performance, *Tst_Grant* thus represents the maximum possible award that may possible vest.

	Number of Shares
Conditional shares granted during the year	
Mean	28,367
25 th Percentile	0
Median	0
75 th Percentile	18,1988

31) **Tst_Start:** The total number of ordinary shares conditionally held by the MSE at the start of the company's fiscal year under any Long Term Incentive Scheme. As above, since such awards are generally conditional on future performance, *Tst_Start* represents the maximum possible number of shares that may vest.

	Number of Shares
Conditional share holding	
Mean	45,478
25 th Percentile	0
Median	0
75 th Percentile	0

- 32) **Tst_End**: The total number of ordinary shares conditionally held by the MSE at the end of the company's fiscal year under any Long Term Incentive Scheme. As above, since such awards are generally conditional on future performance, *Tst_End* represents the maximum possible number of shares that may vest.

	Number of Shares
Conditional share holding	
Mean	71,636
25 th Percentile	0
Median	0
75 th Percentile	41,666

- 33) **SHR**: The total shareholder return received on the company's share during the fiscal year. Representing share price appreciation and dividends, assumed to be reinvested on a continuous basis. Specifically *SHR* is calculated as $\text{Log}(R_{it}/R_{i,t-1})$ where R_{it} is the Datastream return index at the fiscal year end and $R_{i,t-1}$ is the Datastream return index at the beginning of the fiscal year.

	Shareholder Return
Mean	0.1627
25 th Percentile	-0.0144
Median	0.1630
75 th Percentile	0.3639

- 34) **Info_Level**: This relates to the stock of options held by the MSE at the fiscal year end. "A" implies that all tranches of options held by the MSE are individually identified. "W" implies that only information relating to the whole weighted portfolio is provided. "N" implies the MSE held no options at the end of the year. Of the 439 MSE who did hold options, 362 provided full (tranche level) information.

	Number of Companies
Provided tranche information for all options (Info_Level = A)	362
Provided tranche information for some options (Info_Level = S)	21
Provided weighted average information (Info_Level = W)	56
No options held by MSE (Info_Level = N)	71
Total	510

- 35) **No_Tranches**: This is only relevant for the 362 companies where *Info_level* = A. It measures the total number of individual tranches held by the MSE at the end of the company's fiscal year.

	Number of Tranches
Mean	3.7
25 th Percentile	2
Median	3
75 th Percentile	5

36) **Employees:** Total number of staff employed by the firm

	Number of Employees
Mean	13,057
25 th Percentile	1,236
Median	4,279
75 th Percentile	13,447

37) **Total_CE:** Total capital employed by the firm at the fiscal year end.

	Total Capital Employed (£000)
Mean	2,128,263
25 th Percentile	108,644
Median	319,778
75 th Percentile	1,152,000

38) **Sales:** Total sales by the firm during the fiscal year. Where a sales figure is not available, it is proxied by an alternative measure as identified by *Sales_Q* (see below)

	Sales (£000)
Mean	2,128,263
25 th Percentile	108,644
Median	319,778
75 th Percentile	1,152,000

39) **Sales_Q:** Indicates exactly what the measure of "sales" is given in the *Sales* variable above. This is necessary because for some companies, e.g. banks, insurance companies, a traditional sales figure does not exist. Two alternative measures were used, where available a Total Income (TI) was taken, where this also unavailable a Net Interest Income (NII) figure was used.

Sales Qualifier	Frequency	Percent
Sales (<i>Sales_Q</i> = S)	428	83.9
Total Income (<i>Sales_Q</i> = TI)	73	14.3
Net Interest Income (<i>Sales_Q</i> = NII)	9	1.8
Total	510	100.0

40) **Volatility:** A measure of the variability of the company's stock market returns. Calculated directly from 4 years of historical monthly data.

	Volatility
Mean	25.7%
25 th Percentile	20.1%
Median	23.1%
75 th Percentile	28.0%

- 41) **Div_Yield:** The dividend yield being paid on the company's stock. Calculated directly from 4 years of historical monthly data.

	Dividend Yield
Mean	3.25%
25 th Percentile	2.06%
Median	3.17%
75 th Percentile	4.35%

- 42) **Int_Rate:** A proxy for the riskless-rate of interest. Taken as the ruling three month treasury bill rate at the fiscal year end.

	Interest Rate
Mean	7.22%
25 th Percentile	7.25%
Median	7.25%
75 th Percentile	7.34%

- 43) **PPS:** The Pay-Performance Statistic. Representing the dollar increase in the MSE's wealth from a £1000 increase in shareholder wealth. Increase in MSE wealth calculated as increase in value of beneficially held shares, plus increase in value of option portfolio, plus increase in value of shares held under Long Term Incentive Schemes.

	Pay-Performance Statistic
Mean	2.33
25 th Percentile	0.07
Median	0.25
75 th Percentile	1.08

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Creating the Sample

The sampling frame for this research consisted of the largest UK quoted companies excluding investment trusts in 1998.

The top 150 companies, ranked by market capitalisation, listed on the London Stock Exchange in the Summer of 1998 were downloaded from Datastream. From this population, a sample of 100 companies was randomly selected.

Assembling the Data

Although some financial data was taken from Datastream, the majority of the data was hand collected through direct inspection of each company's annual report and accounts. Where available the annual report was obtained from the FT Free Annual Report service. If the sample company was not a member of the FT scheme, a direct request to the company was made.

Confidentiality

All the information contained in the data set, is derived from publicly available material.

Missing Values

All missing values are coded as -99 or by a blank field.



Summary of the Data Variables

Variable	Description
Company_ID	Unique company identifier
Director_ID	A within company unique identifier for each director
Senior	A dummy set equal to 1 for the most senior executive and 0 for all other directors
Flag	A dummy set equal to 1 the first time a particular director appears in the data set, and 0 for all subsequent entries
Exec	Indicates status of director. E = Executive director. N = Non-executive director
Marker	Indicates the status of a particular tranche of options: H = Held at year end. G = Granted during the year.
Weight	Indicates degree of disclosure. W = Weighted average exercise price given. I = Individual exercise prices given
Xprice	Exercise price for the tranche of options
Ex_First	The earliest date the options can be exercised
Ex_Last	The latest date the options can be exercised
Number	The number of options held in the particular tranche
Scheme	The scheme under which the options were granted. E = Executive scheme. S = Save As You Earn scheme. SAR = Stock Appreciation Right scheme. N = Not specified
Ind_Code	The broad sector in which the company operates
MV	Represents the size of the company by total market capitalisation
Yr_End	Financial year end date of the company
SharePrice	Company share price at the end of the fiscal year
Eq_Start	Total number of ordinary shares in issue at start of fiscal year
Eq_End	Total number of ordinary shares in issue at end of fiscal year
Dir_Months	Number of months of the fiscal year the individual was a director of the company
Role_Months	Number of months of the fiscal year the individual held the role specified
Salary	Salary paid to the director during the fiscal year
Benefits	Value of benefits paid to the director during the fiscal year
Bonus	Bonus paid to the director during the fiscal year
Other	Other payments made to the director during the fiscal year
Total	Total cash remuneration paid to the director during the fiscal year
Total_PY	Total cash remuneration paid to the director during the previous fiscal year
Ben_Start	Number of shares held beneficially by director at the start of the fiscal year
Ben_End	Number of shares held beneficially by director at the end of the fiscal year
Tst_Grant	Number of shares granted to the director during the fiscal year under Long Term Incentive Plans (or equivalent)
Tst_Start	Number of shares held by the director at the start of the fiscal year under Long Term Incentive Plans (or equivalent)
Tst_End	Number of shares held by the director at the end of the fiscal year under Long Term Incentive Plans (or equivalent)
Div_Yield	Dividend yield on company's shares
Volatility	Volatility of share price returns
Int_Rate	Ruling interest rate on company's fiscal year end date
Age	Age of the the director
Multi_B	The total number of directorships held at UK listed companies by the director
ROCE	Return on capital employed during the fiscal year
Total_CE	Total capital employed at the company's fiscal year end
SHR	Total share holder return during the fiscal year
SRank	Indicates the level of responsibility held by the director: 0 = Non-executive. 1 = Group CEO. 2 = Group Finance Director. 3 = Divisional CEO or MD. 4 = Functional director, e.g. personnel, marketing, legal, etc.

Analysis of Main Data Variables

- 1) **Flag:** There are 100 distinct companies, in total there are 2651 rows of data.
- 2) **Exec:** There are 1115 different directors, 583 of which are non-executive directors, 532 of which are executive directors.
- 3) **Marker:** Of the 2651 observations, 85% relate to options held at the year end.

	Frequency	Percent
Options held at fiscal year end (Marker = H)	2252	84.9
Options granted during the fiscal year (Marker = G)	399	15.1
Total	2651	100.0

- 4) **Weight:** Of the 2651 observations, 1775 (67%) relate to individual tranches of options.

	Frequency	Percent
Individual option tranche information given (Weight = I)	1775	67.0
Weighted average option information given (Weight = W)	222	8.4
Ambiguous option information given (Weight = N)	14	0.5
No options held at year end (Weight = .)	640	24.1
Total	2651	100.0

- 5) **XPrice:** The exercise price of the option represents the price the director will have to pay for the option should he choose to exercise it.

	Options Held At Year End	Options Granted During Year
Exercise Price (p)		
Mean	401.1	531.2
25 th Percentile	243.0	350.0
Median	381.0	494.0
75 th Percentile	524.0	649.0

- 6) **Ex_First:** Where *Weight* is equal to "I", *Ex_First* represents the first date all of the options in the specific tranche can be exercised. Where *Weight* is equal to "W", *Ex_First* represents the earliest date the first option within the weighted portfolio can be exercised. For options held at the year end (*Marker* = H) dates spanned:

	Earliest	Latest
Ex_Last when Weight = I	06/12/89	01/02/05
Ex_Last when Weight = W	12/04/91	01/01/01

- 7) **Ex_Last:** Analogous to *Ex_First*, Where *Weight* is equal to "I", *Ex_Last* represents the last date all of the options in the specific tranche can be exercised. Where *Weight* is equal to "W", *Ex_Last* represents the latest date any of the options within the weighted portfolio can be exercised. For options held at the year end (marker = H) dates spanned:

	Earliest	Latest
Ex_Last when Weight = I	01/01/98	30/04/08
Ex_Last when Weight = W	30/04/98	21/10/07

- 8) **Number:** Once again, where *Weight* is equal to "I", *Number* represents the number of options in the specific tranche. Where *Weight* is equal to "W", *Number* represents the total number of options held in the weighted portfolio. For options held at the year end (*Marker* = H)

	Weight = W	Weight = I
Number of Options Held		
Mean	161,927	58,922
25 th Percentile	32,657	5,202
Median	102,717	27,500
75 th Percentile	212,876	75,000

- 9) **Scheme:** The vast majority of options are granted under executive option schemes. For the 1374 distinct tranches identified as being held at the year end, 71% were issued under executive option schemes, however, grants under executive schemes are far larger than grants under saving schemes.

	Number of tranches	Mean size of each tranche
Option Scheme		
Executive (Scheme = E)	977	79,298
Save As You Earn (Scheme = S)	369	3,872
Stock Appreciation Rights (Scheme = SAR)	25	74,036
Not specified (Scheme = N)	3	68,332
Total	1374	

- 10) **Ind_Code:** Represents the one-digit FTSE Actuaries Industry Classification System. There are six broad categories, Services being the most common.

	Frequency
Industry	
Mineral Extraction (Ind_Code = 1)	5
General Manufacturers (Ind_Code = 2)	15
Consumer Goods (Ind_Code = 3)	12
Services (Ind_Code = 4)	39
Utilities (Ind_Code = 6)	13
Financials (Ind_Code = 7)	16
Total	100

- 11) **MV**: Represents the market capitalisation of the company at the beginning of the sampling stage.

	£ million
Market Capitalisation (MV)	
Mean	8,282
25 th Percentile	2,462
Median	4,497
75 th Percentile	8,480

- 12) **Yr_End**: The fiscal year end for each of the 100 companies. The year-end dates range from July 1997 to June 1998. Over 40% of the companies have a December 1997 year-end.

	Frequency
Fiscal Year-End	
September 1997	11
December 1997	41
March 1998	31
Other	17
Total	100

- 13) **SharePrice**: The company's share price at the end of its fiscal year.

	Pence
Share Price	
Mean	668.1
25 th Percentile	357.3
Median	590.5
75 th Percentile	913.5

- 14) **Eq_Start**: The total number of ordinary shares outstanding at the start of the company's fiscal year.

	Million
Number of shares outstanding at start of year	
Mean	1,103
25 th Percentile	414
Median	676
75 th Percentile	1,197

- 15) **Eq_End**: The total number of ordinary shares outstanding at the end of the company's fiscal year.

	Million
Number of shares outstanding at end of year	
Mean	1,135
25 th Percentile	433
Median	712
75 th Percentile	1,209

- 16) **Dir_Months**: The number of months of the fiscal year for which the identified person was a director of the company. Figures in excess of 12 months represent extended reporting periods.

	Executive Director		Non-Executive Director	
	Frequency	Percent	Frequency	Percent
Number of months as a director				
<4	10	1.9	23	3.9
4 - 6	16	3.0	22	3.8
6.5 - 9	17	3.2	5	0.9
9.5 - 11.5	10	1.9	18	3.1
12	471	88.5	507	87.0
>12	8	1.5	8	1.4
Total	532	100.0	583	100.0

- 17) **Role_Months**: The number of months the director held the title specified. Figures in excess of 12 months represent extended reporting periods.

	Executive Director		Non-Executive Director	
	Frequency	Percent	Frequency	Percent
Number of months in specified role				
<4	11	2.1	23	3.9
4 - 6	20	3.8	28	4.8
6.5 - 9	30	5.6	10	1.9
9.5 - 11.5	11	2.1	19	3.3
12	453	85.2	495	84.9
>12	7	1.3	8	1.4
Total	532	100.0	583	100.0

- 18) **Salary**: The total salary paid to the director during the fiscal year.

	Executive £	Non-Executive £
Salary		
Mean	274,184	38,404
25 th Percentile	180,000	21,000
Median	240,622	25,750
75 th Percentile	327,500	34,000

19) **Benefits:** The total cash value of benefits in kind such as company car, health insurance, telephones, etc received by the director during the fiscal year.

	Executive £	Non-Executive £
Benefits		
Mean	21,758	911
25 th Percentile	10,000	0
Median	13,943	0
75 th Percentile	19,000	0

20) **Bonus:** The total cash bonus paid to the director during the fiscal year.

	Executive £	Non-Executive £
Cash bonus		
Mean	104,964	332
25 th Percentile	19,281	0
Median	64,000	0
75 th Percentile	116,963	0

21) **Other:** The cash value of other miscellaneous payments e.g. compensation, paid to the director during the fiscal year.

	Executive £	Non-Executive £
Other cash payments		
Mean	2,942	888
25 th Percentile	0	0
Median	0	0
75 th Percentile	0	0

22) **Total:** The total cash remuneration paid to the director during the fiscal year, representing the sum of *Salary*, *Benefits*, *Bonus* and *Other*.

	Executive £	Non-Executive £
Total cash remuneration		
Mean	403,845	40,533
25 th Percentile	244,137	21,500
Median	328,500	26,000
75 th Percentile	479,000	34,000

23) **Total_PY**: The total cash remuneration paid to the director during the previous fiscal year.

	Executive £	Non-Executive £
Total cash remuneration in previous year		
Mean	321,336	36,647
25 th Percentile	176,500	13,000
Median	267,471	23,000
75 th Percentile	406,500	30,000

24) **Ben_Start**: The total number of ordinary shares beneficially held by the director at the beginning of the company's fiscal year.

	Executive Number of Shares	Non-Executive Number of Shares
Beneficial share holding at start of year		
Mean	1,177,569	187,664
25 th Percentile	4,976	0
Median	20,639	2,237
75 th Percentile	82,228	7,500

25) **Ben_End**: The total number of ordinary shares beneficially held by the director at the end of the company's fiscal year.

	Executive Number of Shares	Non-Executive Number of Shares
Beneficial share holding at end of year.		
Mean	1,172,512	189,423
25 th Percentile	8,855	1,000
Median	29,404	3,220
75 th Percentile	101,109	10,000

26) **Tst_Grant**: The total number of ordinary shares granted to the director during the company's fiscal year under any Long Term Incentive Scheme. Such awards are generally conditional on future performance, *Tst_Grant* thus represents the maximum possible award that may vest.

	Executive Number of Shares	Non-Executive Number of Shares
Conditional shares granted during the year.		
Mean	35,298	0
25 th Percentile	0	0
Median	6,930	0
75 th Percentile	36,255	0

27) **Tst_Start:** The total number of ordinary shares conditionally held by the director at the start of the company's fiscal year under any Long Term Incentive Scheme. As above, since such awards are generally conditional on future performance, *Tst_Start* represents the maximum possible number of shares that may vest.

	Executive Number of Shares	Non-Executive Number of Shares
Conditional share holding at start of the year.		
Mean	38,249	9
25 th Percentile	0	0
Median	0	0
75 th Percentile	30,140	0

28) **Tst_End:** The total number of ordinary shares conditionally held by the director at the end of the company's fiscal year under any Long Term Incentive Scheme. As above, since such awards are generally conditional on future performance, *Tst_End* represents the maximum possible number of shares that may vest.

	Executive Number of Shares	Non-Executive Number of Shares
Conditional share holding at the end of the year.		
Mean	68,187	5
25 th Percentile	0	0
Median	17,446	0
75 th Percentile	70,233	0

29) **Div_Yield:** The dividend yield being paid on the company's stock. Calculated directly from 4 years of historical monthly data.

	Dividend Yield (%)
Mean	3.76
25 th Percentile	2.85
Median	3.87
75 th Percentile	4.72

30) **Volatility:** A measure of the variability of the company's stock market returns. Calculated directly from 4 years of historical monthly data.

	Volatility (%)
Mean	21.6
25 th Percentile	18.5
Median	21.7
75 th Percentile	24.8

31) **Int_Rate**: A proxy for the riskless-rate of interest. Taken as the ruling three month treasury bill rate at the fiscal year end.

	Interest Rate (%)
Mean	7.25
25 th Percentile	7.25
Median	7.25
75 th Percentile	7.34

32) **Age**: The age of the director during the fiscal year.

	Executive Number of Shares	Non-Executive Number of Shares
Age (years)		
Mean	52	60
25 th Percentile	48	55
Median	53	60
75 th Percentile	56	64

33) **Multi_B**: The total number of directorships held by the director at any UK listed company.

	Executive Number of Directorships	Non-Executive Number of Directorships
Number of directorships		
Mean	1.5	2.5
25 th Percentile	1	1
Median	1	2
75 th Percentile	2	3

34) **ROCE**: Return on capital employed by the firm during the fiscal year.

	Return on Capital Employed (%)
Mean	24.2
25 th Percentile	10.8
Median	16.6
75 th Percentile	30.3

35) **Total_CE**: Total capital employed by the firm at the fiscal year end.

	Total Capital Employed (£000)
Mean	6,278,290
25 th Percentile	1,287,750
Median	2,648,150
75 th Percentile	5,175,951

- 36) **SHR:** The total shareholder return received on the company's share during the fiscal year. Representing share price appreciation and dividends, assumed to be reinvested on a continuous basis. Specifically *SHR* is calculated as $\text{Log}(R_{it}/R_{i,t-1})$ where R_{it} is the Datastream return index at the fiscal year end and $R_{i,t-1}$ is the Datastream return index at the beginning of the fiscal year.

	Shareholder Return (%)
Mean	25.8
25 th Percentile	9.6
Median	25.8
75 th Percentile	42.1

- 37) **Srank:** Indicates the level of responsibility held by the director: 0 = Non-executive, 1 = Group CEO, 2 = Group Finance Director, 3 = Divisional CEO or MD, 4 = Functional director, e.g. personnel, marketing, legal, etc.

	Frequency	Percent
Non-executive director (Srank = 0)	583	52.3
Group CEO (Srank = 1)	100	9.0
Finance Director (Srank = 2)	98	8.8
Divisional CEO or managing director (Srank = 3)	239	21.4
Functional Director e.g. Marketing, Personnel (Srank = 4)	95	8.5
Total	1115	100