

# State of CFO Pay

Bay Area – Technology Public Companies

*January 2012 Release*



BARNEY&BARNEY<sup>™</sup> LLC

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# LETTER FROM BARNEY & BARNEY

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Dear Clients and Friends,

Barney & Barney is pleased to provide you with the *2011 State of CFO Pay Report for Bay Area – Technology*.

This annual report is designed to provide an overview of compensation levels and trends for Chief Financial Officers at publicly-traded companies in the Bay Area within the technology industry sector. This year's report focuses on compensation levels and trends over the last year for 92 publicly-traded companies.

In this report, we share our findings on compensation elements including base salaries, cash bonuses and equity compensation.

This report is one in a series of reports focusing on pay practices at public companies in California. Other reports include:

- State of CFO Pay (San Diego, Orange County / Los Angeles Technology, Bay Area Life Sciences)
- State of Board Pay (San Diego, Orange County / Los Angeles Technology, Bay Area Life Sciences, Bay Area Technology)

In this competitive business environment, we believe your success depends on attracting and retaining top executive talent, while preserving your bottom line. As a result of the financial crisis and new regulations implemented by the Securities and Exchange Commission, executive compensation programs have been brought to the forefront for companies.

Barney & Barney's Compensation Consulting Practice helps our clients to reevaluate their compensation programs and strategies while considering current market trends, industry norms and the economic outlook. Our Compensation Consulting Practice provides a specialized level of expertise in several areas of compensation, including executive compensation, Board compensation, sales effectiveness and broad-based rewards advisory services. Our fact-based consulting approach is driven by an understanding of industry norms and tailored to the specific needs of our clients.

We look forward to working with you.

Best regards,

A handwritten signature in black ink that reads 'Matt Ward'.

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## ADDENDUM

### Overview of Barney & Barney's Compensation Consulting Practice



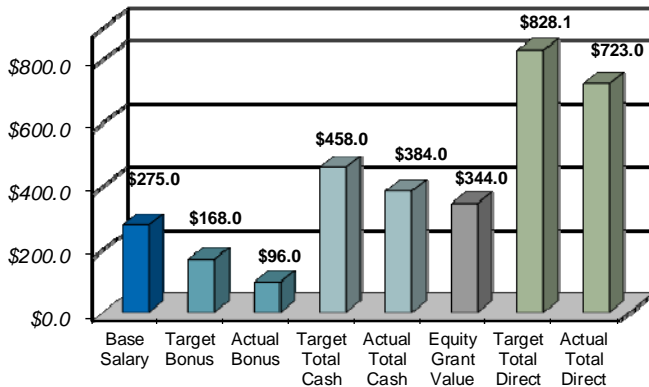
Data included in this report is partially based on SEC-filing research provided by Main Data Group. Main Data Group's **snapshot™** data service provides comprehensive competitive intelligence on the national landscape of executive total reward, and previously-unavailable information on the prevalence and value of retirement benefits and executive perquisites.

[www.maintatagroup.com](http://www.maintatagroup.com)

# EXECUTIVE SUMMARY

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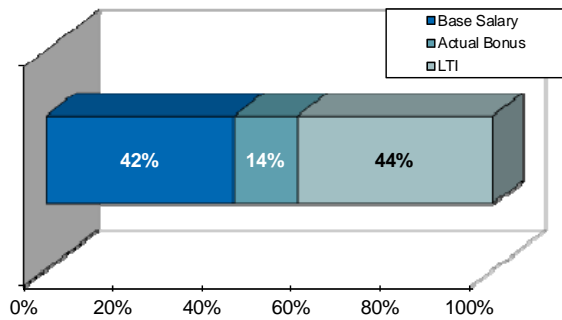
Median CFO Pay Elements



Median CFO actual total direct compensation levels were ~\$723,000

Actual total direct compensation levels fell below target total direct compensation levels by ~\$105,000 as a result of actual bonus payouts falling 43% below target bonus opportunities.

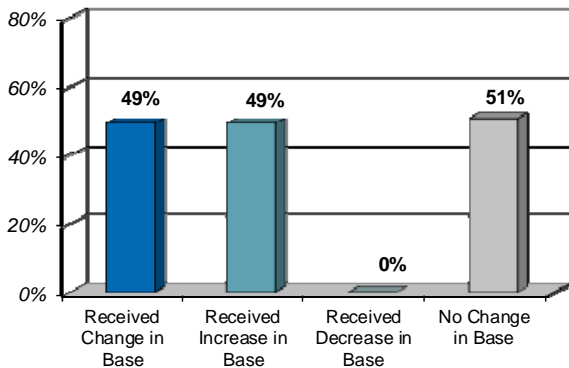
Average Pay Mix



Out of the three compensation elements, "at risk" compensation represents the greatest portion of the pay mix

~58% of the actual total direct compensation is "at-risk" compensation delivered through short- and long-term incentive compensation.

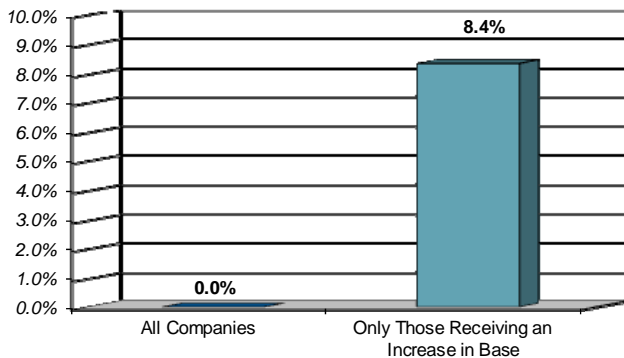
Merit Prevalence



49% of CFOs received merit increases

50% of CFOs did not receive any changes to their base salaries in 2010.

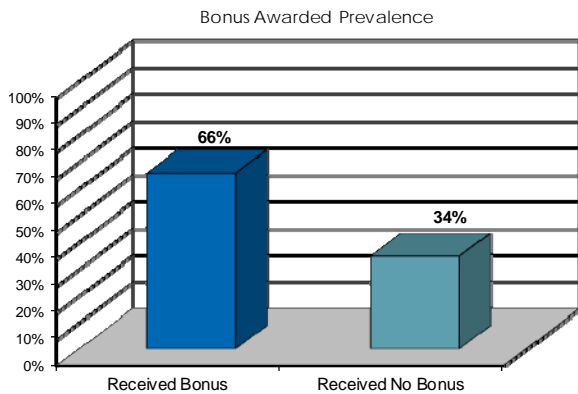
Median % Change in Base Salary



Of the 49% of CFOs who received merit increases, the median change was 8.4%

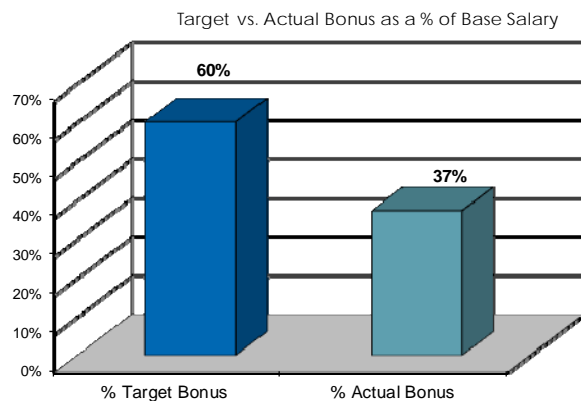
For the total population (including CFOs who did not receive a merit increase or those who received a decrease), the median change was 0%.

## EXECUTIVE SUMMARY (CONTINUED)



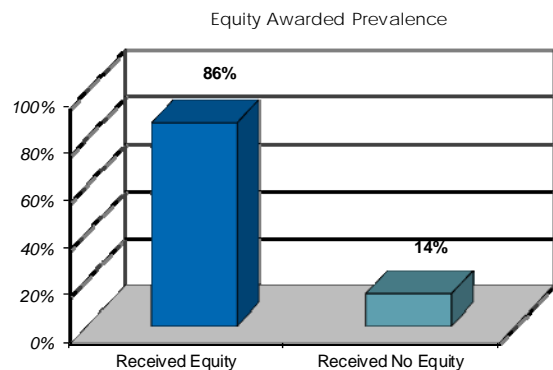
On page 17, we present a summary of the plan design features for short-term incentives. The majority of the companies have "formal" plans that provide for an annual payout

66% of all CFOs received cash bonuses.



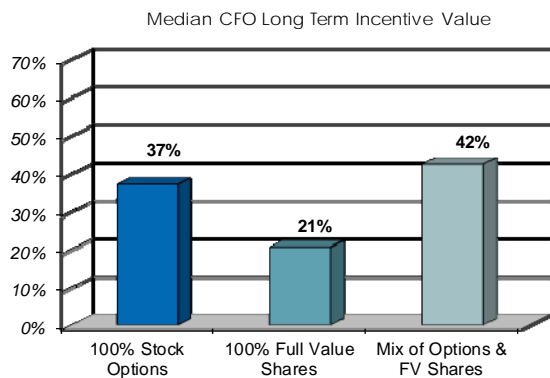
Actual bonus payouts were below target bonus opportunities, at median

Actual total cash for CFOs was \$384,000 and target total cash was \$458,000, at median.



On page 18, we present a summary of the plan design features for performance-based long-term incentives. ~23% of the companies provide performance-based long-term incentives

~86% of all CFOs received a long-term incentive last year (excluding new hires).



Equity was delivered in the form of options and full-value shares

42% received a mix of options and full-value shares in 2010.

# COMPANY LIST

# COMPANY LIST

Dollars in Millions

Company	Ticker	Industry Sector	SIC Code	Location	FYE	LFY	
						# of Ees.	Revenues
Actuate	BIRT	Business Intelligence SW	7372	San Mateo	12/31/10	569	\$131.5
ANTs Software	ANTS	Database & File Management SW	7372	San Francisco	12/31/10	48	\$6.2
Applied Micro Circuit	AMCC	Semiconductors - Integrated Circuits	3674	Sunnyvale	03/31/11	672	\$205.6
Ariba	ARBA	Supply Chain Management & Logistics SW	7372	Sunnyvale	09/30/10	1,804	\$361.1
Aruba Networks	ARUN	Networking & Communication Devices	3577	Sunnyvale	07/31/10	1,009	\$266.5
AXT	AXTI	Semiconductor Equipment & Materials	3674	Fremont	12/31/10	1,302	\$95.5
BigBand Networks	BBND	Wireline Telecommunications Equipment	3663	Redwood City	12/31/10	465	\$111.7
Blue Coat Systems	BCSI	Network Security Devices	3577	Sunnyvale	04/30/10	1,333	\$487.1
BroadVision	BVSN	Cust. Relationship Mgr. Marketing & Sales SW	7372	Redwood City	12/31/10	169	\$21.8
Cadence Design Systems	CDNS	Engineering, Scientific & CAD/CAM SW	7372	San Jose	12/31/10	4,600	\$936.0
Callidus Software	CALD	Human Resources & Workforce Management SW	7372	San Jose	12/31/10	260	\$70.9
Cavium Networks	CAVM	Microprocessors, Microcontrollers & DSPs	3674	Mountain View	12/31/10	633	\$206.5
Cypress Semiconductor	CY	Memory Chips & Modules	3674	San Jose	12/31/10	3,500	\$877.5
DemandTec	DMAN	Supply Chain Management & Logistics SW	7372	San Carlos	02/28/11	340	\$82.4
Dialogic	DLGC	Network Access & Communication Devices	3577	San Jose	12/31/10	750	\$131.8
Digital Power	DPW	Transformers & Power Conversion	3679	Fremont	12/31/10	31	\$10.4
DSP Group	DSPG	Microprocessors, Microcontrollers & DSPs	3674	San Jose	12/31/10	414	\$225.5
Echelon	ELON	Networking & Communication Devices	3576	San Jose	12/31/10	318	\$111.0
Electronics for Imaging	EFIL	Printing & Imaging Equipment	3577	Foster City	12/31/10	1,886	\$504.0
Ellie Mae	ELLI	Fin. Svcs., Legal & Govt. SW	7372	Pleasanton	12/31/10	190	\$43.2
Energy Recovery	ERII	Machinery Manufacturing	3559	San Leandro	12/31/10	129	\$45.9
Exar	EXAR	Logic Devices	3674	Fremont	03/31/11	572	\$146.0
Exponent	EXPO	Technical & Scientific Research Services	8731	Menlo Park	12/31/10	901	\$248.8
Extreme Networks	EXTR	Networking & Communication Devices	3576	Santa Clara	06/30/10	740	\$309.4
FormFactor	FORM	Semiconductor Equipment & Materials	3674	Livermore	12/31/10	729	\$188.6
Fortinet	FTNT	Network Security Devices	3577	Sunnyvale	12/31/10	1,336	\$324.7
GigOptix	GGOX	Optical Switching & Transmission Components	3674	Palo Alto	12/31/10	83	\$26.9
Glu Mobile	GLUU	Entertainment & Games SW	7372	San Mateo	12/31/10	369	\$64.3
GSI Technology	GSIT	Memory Chips & Modules	3674	Sunnyvale	03/31/11	133	\$97.8
Harmonic	HLIT	Communication Equipment	3663	San Jose	12/31/10	1,110	\$423.3
iGate	IGTE	Information Technology Services	7371	Fremont	12/31/10	8,338	\$280.6
Ikanos Communications	IKAN	Networking Chips	3674	Fremont	12/31/10	386	\$191.7
Immersion	IMMR	Computer Input Devices & Speakers	3577	San Jose	12/31/10	91	\$31.1
Infinera	INFN	Communication Equipment	3661	Sunnyvale	12/31/10	1,072	\$454.4
Informatica	INFA	Database & File Management SW	7372	Redwood City	12/31/10	2,126	\$650.1
Integrated Device Technology	IDTI	Logic Devices	3674	San Jose	03/31/11	2,053	\$625.7
Integrated Silicon Solution	ISSI	Memory Chips & Modules	3674	San Jose	09/30/10	452	\$252.5
Intersil	ISIL	Analog Chips	3674	Milpitas	12/31/10	1,762	\$822.4
Intevac	IAC	Scientific & Technical Instruments	3559	Santa Clara	12/31/10	445	\$202.5
iPass	IPAS	Internet SW & Services	7374	Redwood Shores	12/31/10	363	\$171.4
IXYS	IXYS	Analog Chips	3674	Milpitas	03/31/11	1,244	\$363.3
Keynote Systems	KEYN	Market Research Services	8732	San Mateo	09/30/10	323	\$79.9
Magma Design Automation	LAVA	Engineering, Scientific & CAD/CAM SW	7372	San Jose	04/30/10	677	\$139.3
Mattson Technology	MTSN	Semiconductor Equipment & Materials	3559	Fremont	12/31/10	379	\$138.3
Meru Networks	MERU	Wireless Communications	3576	Sunnyvale	12/31/10	292	\$85.0
Micrel	MCRL	Analog Chips	3674	San Jose	12/31/10	837	\$297.4
MIPS Technologies	MIPS	Microprocessors, Microcontrollers & DSPs	3674	Sunnyvale	06/30/10	141	\$71.0
Monolithic Power Systems	MPWR	Semiconductor Specialized	3674	San Jose	12/31/10	889	\$218.8
MoSys	MOSY	Design, Foundry & Packaging Services	3674	Sunnyvale	12/31/10	162	\$15.6
Nanometrics	NANO	Scientific & Technical Instruments	3829	Milpitas	12/31/10	456	\$188.1
NETGEAR	NTGR	Communication Equipment	3661	San Jose	12/31/10	65	\$902.1
NetLogic Microsystems	NETL	Networking Chips	3674	Santa Clara	12/31/10	645	\$381.7
NetSuite	N	Cust. Relationship Mgr. Marketing & Sales SW	7372	San Mateo	12/31/10	1,084	\$193.1
Oclaro	OCLR	Optical Switching & Transmission Components	3674	San Jose	06/30/10	2,865	\$392.5
OCZ Technology Group	OCZ	Memory Chips & Modules	3572	San Jose	02/28/11	422	\$190.1
Omnicell	OMCL	Specialized Computer Systems	3571	Mountain View	12/31/10	753	\$222.4
OmniVision Technologies	OVTI	Sensor Chips	3674	Santa Clara	04/30/10	1,450	\$956.5
Openwave Systems	OPWW	Wireless SW	7371	Redwood City	06/30/10	584	\$183.3
Oplink Communications	OPLK	Semiconductor - Integrated Circuits	3661	Fremont	06/30/10	3,821	\$138.8
PDF Solutions	PDFS	Engineering, Scientific & CAD/CAM SW	7372	San Jose	12/31/10	292	\$61.7
Pericom Semiconductor	PSEM	Communications Chips	3674	San Jose	06/30/10	869	\$146.9
Plantronics	PLT	Processing Systems & Products	3661	Santa Cruz	03/31/11	3,200	\$683.6
PLX Technology	PLXT	Networking Chips	3674	Sunnyvale	12/31/10	260	\$116.6
PMC-Sierra	PMCS	Networking Chips	3674	Santa Clara	12/31/10	1,449	\$635.1

# COMPANY LIST

*Dollars in Millions*

Company	Ticker	Industry Sector	SIC Code	Location	FYE	LFY	
						# of Ees.	Revenues
Quantum	QTM	Optical Disk & Magnetic Tape Storage	3572	San Jose	03/31/11	1,830	\$672.3
QuickLogic	QUIK	Logic Devices	3674	Sunnyvale	12/31/10	78	\$26.2
Rambus	RMBS	Memory Chips & Modules	3674	Los Altos	12/31/10	390	\$323.4
Riverbed Technology	RVBD	Routing & Switching Equipment	3577	San Francisco	12/31/10	1,244	\$551.9
Rovi	ROVI	Content & Document Management SW	7372	Santa Clara	12/31/10	1,200	\$541.5
Saba Software	SABA	Human Resources & Workforce Management SW	7372	Redwood Shores	05/31/10	598	\$109.6
ShoreTel	SHOR	Communication Equipment	3661	Sunnyvale	06/30/10	479	\$148.5
Sigma Designs	SIGM	Graphics & Video Chips & Boards	3674	Milpitas	01/31/11	592	\$286.9
Silicon Graphics International	SGI	Servers & Mainframes	3571	Fremont	06/30/10	1,386	\$403.7
Silicon Image	SIMG	Graphics & Video Chips & Boards	3674	Sunnyvale	12/31/10	432	\$191.3
SuccessFactors	SFSF	Human Resources & Workforce Management SW	7372	San Mateo	12/31/10	1,047	\$205.9
Super Micro Computer	SMCI	Servers & Mainframes	3571	San Jose	06/30/10	1,036	\$721.4
Supertex	SUPX	Analog Chips	3674	Sunnyvale	03/31/11	373	\$83.2
Support.com	SPRT	Asset Management SW	7372	Redwood City	12/31/10	761	\$44.2
Symmetricom	SYMM	Communication Equipment	3661	San Jose	06/30/10	700	\$221.3
Synaptics	SYNA	Computer Peripherals	7371	Santa Clara	06/30/10	586	\$514.9
Taleo	TLEO	Human Resources & Workforce Management SW	7372	Dublin	12/31/10	1,164	\$237.3
TeleNav	TNAV	Communication Equipment	3812	Sunnyvale	06/30/10	997	\$171.2
Tessera Technologies	TSRA	Semiconductor Equipment & Materials	3674	San Jose	12/31/10	480	\$301.4
TIBCO Software	TIBX	Enterprise Application Integration SW	7372	Palo Alto	11/30/10	2,540	\$754.0
Trident Microsystems	TRID	Graphics & Video Chips & Boards	3674	Sunnyvale	06/30/10	1,522	\$557.2
Ultra Clean Holdings	UCTT	Semiconductor Equipment & Materials	3823	Hayward	12/31/10	1,241	\$443.1
Ultratech	UTEK	Semiconductor Equipment & Materials	3559	San Jose	12/31/10	295	\$140.6
Versant	VSNT	Database & File Management SW	7372	Redwood City	10/31/10	61	\$15.8

# REPORT METHODOLOGY AND DEFINITIONS

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## REPORT METHODOLOGY AND DEFINITIONS

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Barney & Barney's *2011 State of CFO Pay Report for Bay Area – Technology* is comprised of CFO compensation data for the fiscal year 2010 as reported in the proxy filings for publicly-traded companies in the Bay Area within the technology industry sector. The selection criteria included CFOs at companies headquartered in the Bay Area and trading on one of the major stock exchanges in the United States. The sample size consisted of 92 incumbents in 2010 for companies that have filed the most recent proxies as of July 31, 2011.

The data represented in this report is a statistical summary of the following pay elements: base salary, cash bonus and long-term incentives. For new hires, only base salary and target bonus data are included; actual bonus and long-term incentive values are excluded due to new hire bonus and long-term incentive grant practices.

The following tables provide a summary of key financial data for the companies included in this study:

Headcount Group	# of Cos.	Median Last Fiscal Year	
		# of EEs	Annual Revenues (MM)
1,000+ employees	32	1,450	\$470.8
100 to 999 employees	53	452	\$148.5
Under 100 employees	7	65	\$26.2
All Companies	92	639	\$204.1

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## REPORT METHODOLOGY AND DEFINITIONS (CONTINUED)

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**Base Salary:** Annualized base salary as reported in the most recent proxy filing.

**Actual Bonus:** Bonus amount earned as reported in the most recent proxy filing. The data is limited to incumbents who earned cash bonuses last year. New hires are excluded.

**Actual Bonus as a % of Base:** The percentage of base salary received as a bonus. The data is limited to incumbents who earned cash bonuses. New hires are excluded.

**Actual Total Cash Compensation:** Annualized base salary plus actual bonus earned. New hires are excluded.

**Target Bonus:** Bonus amount the incumbent is eligible to receive in the most recent fiscal year, as reported in the most recent proxy filing. The data is limited to incumbents with stated target bonuses.

**Target Bonus as a % of Base:** The percentage of base salary of the target bonus the incumbent is eligible in the most recent fiscal year. The data is limited to incumbents with stated target bonuses.

**Target Total Cash Compensation:** Annualized base salary plus target bonus opportunity. The data is limited to incumbents with stated target bonuses.

**Long-Term Incentive Value:** Black-Scholes fair value of options plus the face value of full-value shares (e.g., restricted stock, restricted stock units, etc.) awarded. The Black-Scholes fair value is calculated using each company's Black-Scholes assumptions as reported in the annual report filing or proxy filing and the stock price on the date of grant as reported in the proxy filing. The face value is calculated using the number of full-value shares granted multiplied by the stock price on the date of grant as reported in the proxy filing. The data is limited to incumbents who received any form of long-term incentives. New hires are excluded.

**Target Total Direct Compensation:** Target total cash compensation plus long-term incentive value. New hires are excluded.

**Actual Direct Compensation:** Actual total cash compensation plus long-term incentive value. New hires are excluded.

# REPORT FINDINGS

# BASE SALARIES

Figure 1

Headcount Group	Base Salary (000s)			
	Avg.	25th	50th	75th
1,000+ employees	\$306.8	\$273.5	\$309.0	\$356.8
100 to 999 employees	\$271.9	\$238.8	\$267.0	\$300.8
Under 100 employees	\$210.8	\$190.0	\$206.0	\$250.0
All Companies	\$280.4	\$246.7	\$275.0	\$324.0

## Base Salary Levels – By Employee Size

The median base salary for CFOs was approximately \$275,000. On average, base salary levels correlated with the size of company. [Figure 1]

Figure 2

Headcount Group	Overall Change in Base Salary (%)			
	Avg.	25th	50th	75th
1,000+ employees	8.3%	0.0%	7.1%	10.7%
100 to 999 employees	4.5%	0.0%	0.0%	6.3%
Under 100 employees	0.0%	0.0%	0.0%	0.0%
All Companies	5.6%	0.0%	0.0%	8.0%

## Overall Change in Base Salary – By Employee Size

From 2009 to 2010, the median change in base salary was 0%. The median change was highest, at 7.1%, for companies with more than 1,000 employees. [Figure 2]

Figure 3

Headcount Group	Prevalence of Change in Base Salary		
	% Receiving		
	Increase	Decrease	No Change
1,000+ employees	70%	0%	30%
100 to 999 employees	40%	0%	60%
Under 100 employees	--	--	--
All Companies	49%	0%	51%

## Direction of Change – By Employee Size

Fifty percent of CFOs received no changes in base salaries in 2010. [Figure 3]

Figure 4

Headcount Group	For Those Receiving Increase: % Change			
	Avg.	25th	50th	75th
1,000+ employees	12.0%	7.1%	9.4%	11.1%
100 to 999 employees	11.0%	5.1%	7.3%	17.2%
Under 100 employees	--	--	--	--
All Companies	11.5%	6.3%	8.4%	14.0%

## Merit Increases – By Employee Size

For CFOs receiving increases in base salaries, the median change was 8.4%. Merit increases were higher for companies with more than 1,000 employees, at median. [Figure 4]

# CASH BONUSES

Figure 5

Headcount Group	% Receiving Bonus
1,000+ employees	80%
100 to 999 employees	60%
Under 100 employees	40%
All Companies	66%

## Actual Bonus Prevalence – By Employee Size

Last year, 66% of CFOs earned cash bonuses. [Figure 5]

Figure 6

Headcount Group	Actual Bonus (000s)			
	Avg.	25th	50th	75th
1,000+ employees	\$171.6	\$66.5	\$149.5	\$265.3
100 to 999 employees	\$122.5	\$0.0	\$64.5	\$198.8
Under 100 employees	\$63.2	\$0.0	\$79.0	\$112.0
All Companies	\$136.0	\$16.5	\$96.0	\$215.0

## Actual Bonus Amount – By Employee Size

For CFOs who earned cash bonuses last year, the median bonus payout was approximately \$96,000. [Figure 6]

Figure 7

Headcount Group	Actual Bonus as a % of Base Salary			
	Avg.	25th	50th	75th
1,000+ employees	56%	23%	57%	85%
100 to 999 employees	42%	0%	26%	69%
Under 100 employees	26%	0%	41%	42%
All Companies	46%	6%	37%	73%

## Actual Bonus as a Percent of Base Salary – By Employee Size

For CFOs who earned cash bonuses last year, the median bonus earned as a percent of base salary was 37%. CFOs at larger companies earned higher bonus amounts and thus, bonuses made up a higher percentage of their total cash compensation, at median. [Figure 7]

Figure 8

Headcount Group	% of Target Bonus Achieved			
	Avg.	25th	50th	75th
1,000+ employees	114%	85%	115%	152%
100 to 999 employees	115%	71%	99%	143%
Under 100 employees	81%	81%	81%	81%
All Companies	114%	72%	102%	147%

## Actual Bonus as a Percent of Target – By Employee Size

For companies that have stated target bonuses, the median cash bonus earned as a percent of target bonus opportunity was 101%. [Figure 8]

## CASH BONUSES (CONTINUED)

Figure 9

Headcount Group	Target Bonus (000s)			
	Avg.	25th	50th	75th
1,000+ employees	\$187.5	\$138.6	\$196.7	\$242.8
100 to 999 employees	\$160.1	\$100.8	\$150.8	\$221.9
Under 100 employees	\$137.5	\$137.5	\$137.5	\$137.5
All Companies	\$170.7	\$112.5	\$168.0	\$225.0

### Target Bonus Amount – By Employee Size

For companies that have stated target bonuses, the median target bonus opportunity was approximately \$168,000. [Figure 9]

Figure 10

Headcount Group	Target Bonus as % of Base Salary			
	Avg.	25th	50th	75th
1,000+ employees	58%	50%	60%	70%
100 to 999 employees	56%	38%	54%	73%
Under 100 employees	50%	50%	50%	50%
All Companies	57%	40%	60%	70%

### Target Bonus as a Percent of Base Salary – By Employee Size

For companies that have stated target bonuses, the median target bonus opportunity as a percent of base salary was 60%. [Figure 10]

# TOTAL CASH COMPENSATION

Figure 11

Headcount Group	Actual Total Cash (000s)			
	Avg.	25th	50th	75th
1,000+ employees	\$478.4	\$367.8	\$477.0	\$579.3
100 to 999 employees	\$394.4	\$284.0	\$345.5	\$485.3
Under 100 employees	\$274.0	\$206.0	\$269.0	\$375.0
All Companies	\$416.4	\$292.5	\$384.0	\$511.5

## Actual Total Cash Compensation – By Employee Size

Last year, the median actual total cash compensation for a CFO at a publicly-traded company was approximately \$384,000. [Figure 11]

Figure 12

Headcount Group	Target Total Cash (000s)			
	Avg.	25th	50th	75th
1,000+ employees	\$505.7	\$422.1	\$516.4	\$600.9
100 to 999 employees	\$437.6	\$353.8	\$439.5	\$518.6
Under 100 employees	\$412.5	\$412.5	\$412.5	\$412.5
All Companies	\$464.5	\$386.6	\$458.0	\$568.8

## Target Total Cash Compensation – By Employee Size

For CFOs who have stated target bonuses, the median target total cash compensation was approximately \$458,000. [Figure 12]

# LONG-TERM INCENTIVES

Figure 13

Headcount Group	% Receiving Long-Term Incentive
1,000+ employees	100%
100 to 999 employees	81%
Under 100 employees	60%
All Companies	86%

## Long-Term Incentive Prevalence – By Employee Size

Last year, 86% of CFOs received long-term incentives. [Figure 13]

Figure 14

Headcount Group	Long-Term Incentive Value (000s)			
	Avg.	25th	50th	75th
1,000+ employees	\$1,076.9	\$355.8	\$644.7	\$1,613.1
100 to 999 employees	\$381.5	\$90.2	\$237.7	\$489.0
Under 100 employees	\$214.3	\$0.0	\$138.1	\$344.0
All Companies	\$611.6	\$148.1	\$344.0	\$681.7

## Long-Term Incentive Value – By Employee Size

For CFOs who received long-term incentives last year, the median value delivered was approximately \$344,000. CFOs at companies with more than 1,000 employees received a significantly greater long-term incentive value than CFOs at smaller companies. [Figure 14]

Figure 15

Headcount Group	Average Long-Term Incentive Value Mix		
	100% Stock Options	100% Full Value Shares	Mix
1,000+ employees	23%	27%	50%
100 to 999 employees	45%	18%	38%
Under 100 employees	67%	0%	33%
All Companies	37%	21%	42%

## Average Equity Value Mix – By Employee Size

For larger companies, CFOs more often received their equity as a mix of options and full-value shares. For smaller companies, CFOs more often received their equity in the form of stock options only. [Figure 15]

# TOTAL DIRECT COMPENSATION

Figure 16

Headcount Group	Actual Total Direct Compensation (000s)			
	Avg.	25th	50th	75th
1,000+ employees	\$1,555.3	\$700.6	\$1,154.6	\$2,078.6
100 to 999 employees	\$775.8	\$438.9	\$657.9	\$960.0
Under 100 employees	\$488.3	\$206.0	\$407.1	\$719.0
All Companies	\$1,028.1	\$486.7	\$723.0	\$1,119.5

## Actual Total Direct Compensation – By Employee Size

Last year, the median total direct compensation for a CFO at a publicly traded company was approximately \$723,000. [Figure 16]

Figure 17

Headcount Group	Target Total Direct Compensation (000s)			
	Avg.	25th	50th	75th
1,000+ employees	\$1,678.7	\$830.6	\$1,266.8	\$2,187.7
100 to 999 employees	\$811.9	\$497.2	\$623.0	\$980.3
Under 100 employees	\$1,001.7	\$1,001.7	\$1,001.7	\$1,001.7
All Companies	\$1,161.5	\$568.8	\$828.1	\$1,309.8

## Target Total Direct Compensation – By Employee Size

Last year, the median total direct compensation for a CFO at a publicly traded company was approximately \$828,100. [Figure 17]

Figure 18

Headcount Group	Average Pay Mix		
	Base Salary	Actual Bonus	Long-Term Incentives
1,000+ employees	29%	13%	58%
100 to 999 employees	48%	16%	37%
Under 100 employees	62%	10%	28%
All Companies	42%	14%	44%

## Average Pay Mix – By Employee Size

Long-term incentives represented a greater portion of the total compensation package for CFOs at larger size companies. [Figure 18]

# SHORT-TERM INCENTIVE PLAN DESIGN SUMMARY

## Short-Term Incentive Plan Design Summary

Within each company's proxy statement ("Compensation Discussion and Analysis" section), each company summarizes its short-term incentive plan details. Our research indicates that:

- The majority of companies have "formal" plans that provide for an annual payout
- Of the companies that provided details, the majority indicated that the Compensation Committee has the discretion to impact (both negatively and positively) the actual payout
- On average, companies use three performance metrics within the plan with varying methods used to measure the achievement of performance
- Of the companies that provided details, the majority of companies establish a threshold, target, and maximum within the plan. On average,
  - Performance at threshold is defined at 80% of target performance
  - Performance at maximum is defined at 120% of target performance with a payout of 180% of target payout

	Prevalence
Formal Plan	78%
Discretionary Plan	8%
No Plan	14%

	Prevalence
Annual payout	68%
Payout more frequent than annual	32%

### Compensation Committee has discretion to modify actual payout (where company has disclosed plan details):

	Prevalence
Negative and positive discretion:	93%
Negative discretion only:	5 companies

### For formal plans where company has disclosed plan details:

	Number
Average number of performance metrics	3

### Performance based on achievement of:

	Percentage
Corporate financial objectives only (no strategic objectives and no individual performance)	47%
Corporate financial and strategic objectives only (no individual performance)	11%
Corporate objectives and individual performance	41%
Specific project milestones	0%

### For formal plans where company has disclosed plan details:

	Prevalence
Threshold	70%
Target	67%
Maximum	77%

Average	
80% performance =	N/A
100% performance =	100% payout
120% performance =	180% payout

# LONG-TERM INCENTIVE PLAN DESIGN SUMMARY

## Long-Term Incentive Plan Design Summary

Within each company's proxy statement ("Compensation Discussion and Analysis" section), each company summarizes its long-term incentive plan details. Our research indicates that:

- ~23% of companies have implemented a performance-based long-term incentive plan
- Of the companies that have a performance-based long-term incentive plan, the majority have implemented a performance stock unit plan, with performance tied to the achievement of corporate financial objectives

	Prevalence
Performance-based long-term incentive plan	23%

### For companies with a performance-based long-term incentive plan, the award form:

	Prevalence
Performance Stock Unit (PSU):	90%
Performance-accelerated restricted shares/units (PARS/PARSU):	5%
Performance-unit (PU):	0%
Performance-accelerated stock options (PASOP):	5%

### For companies with a performance-based long-term incentive plan, performance based on achievement of:

	Percentage
Corporate financial objectives only (no strategic objectives and no individual performance)	100%
Corporate financial and strategic objectives only (no individual performance)	0%
Corporate objectives and individual performance	0%
Specific project milestones	0%

# OVERVIEW OF BARNEY & BARNEY'S COMPENSATION CONSULTING PRACTICE

## Compensation Consulting Practice

In this competitive business environment, your success depends on attracting and retaining top-notch executives and employees, while preserving your bottom line.

Barney & Barney's Compensation Consulting Practice provides clients a specialized level of expertise in several areas of compensation.

Our Practice is staffed with a team of experts steeped in practical client experiences and rooted in fact-based consulting. Our solutions are driven by an understanding of industry norms and tailored to the specific needs of our clients.

### AREAS OF EXPERTISE:

- **BOARD ADVISORY SERVICES**  
Executive compensation, board pay and equity strategy consulting
- **SALES EFFECTIVENESS CONSULTING:** Sales compensation design, role definition and deployment model consulting, and quota-setting facilitation
- **BROAD-BASED REWARDS CONSULTING:** Company wide compensation strategy consulting, salary structure design, bonus and equity program development and total rewards communication
- **COMPENSATION CO-SOURCING**  
A sliding scale of compensation talent is provided; depending on your needs, act as your entire compensation department; able to stand in as a fully functional compensation department



*Compensation  
Consulting plans  
for businesses of  
all sizes*



# BOARD ADVISORY SERVICES

## Compensation Consulting Practice

Good corporate governance is paramount for both publicly traded and privately held companies. Barney & Barney offers clients board advisory services aimed at ensuring the highest level of corporate governance.

### SERVICES OFFERED:

#### Compensation Committee Assistance

- Compensation philosophy development
- CEO pay-for-performance assessment
- Compensation risk assessment facilitation
- Education and market trends updates
- Proxy disclosure assistance

#### Executive Compensation

- Peer group development
- Competitive total direct compensation benchmarking
- Short-term and long-term incentive plan design
- Executive benefits consulting
- Employment agreement review, including severance and change-in-control programs

#### Board of Directors Compensation

- Competitive total direct compensation benchmarking
- Program review and design assistance

#### Equity Strategy Management

- Competitive grant value benchmarking
- Equity grant guideline development
- Financial modeling of equity budget
- Aggregate equity utilization benchmarking (burn rate and overhang)

#### IPO Preparation

- Public peer group development: Building the peer list of public company comparables
- Executive compensation: Refining executive compensation programs as the company transitions to being public, including preparation for disclosure
- Board pay: Establishing Board pay programs as the company hires outside directors
- Equity compensation: Updating the equity strategy as the company transitions to being public, including setting up the ESPP and evaluating how ongoing equity is delivered

Our consulting services are typically provided on a project basis. We will work with you to determine the scope of the engagement and provide you with a proposal outlining our suggested project approach, key deliverables, timing, and professional arrangements associated with our support.

Contact us to learn more.



# BROAD-BASED REWARDS CONSULTING

## Compensation Consulting Practice

Employee engagement is paramount in moving your organization forward, and proper employee rewards are a key enabler in the process. Barney & Barney offers clients consulting services aimed at helping you engage employees through competitive rewards.

### SERVICES OFFERED:

- Establishment of the company's compensation philosophy and guiding pay principles
- Benchmarking of cash and equity compensation levels relative to competitors for both business and talent
- Organizational leveling and job family development
- Base salary structure development
- Bonus plan review and design
- Equity strategy development
- Financial analysis and modeling of compensation programs
- Support for program implementation and roll-out communication strategy
- Conducting employee satisfaction and engagement surveys
- Conducting custom surveys to understand market trends and norms

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Contact us to learn more.



# SALES COMPENSATION CONSULTING

## Compensation Consulting Practice

Successful companies ensure that their sales team's incentives and behaviors are properly aligned with the organization's broader business objectives. Barney & Barney offers clients a consulting service aimed at helping your company achieve this alignment.

### SERVICES OFFERED:

- Establishment of a sales compensation philosophy and guiding pay principles
- Benchmarking of sales compensation levels relative to specific competitors and the broader market
- Benchmarking of incentive plan design relative to specific competitors and the broader market
- Development of target pay profiles for the sales organization
- Development of sales incentive plans for management, individual contributors and support positions
- Financial analysis and modeling of compensation programs
- Support for program implementation and roll-out of communication strategy
- Conducting employee surveys to gauge organizational effectiveness
- Conducting custom surveys to better understand market trends and norms

Our consulting services are typically provided on a project basis. We will work with you to determine the scope of the engagement and provide you with a proposal outlining our suggested project approach, key deliverables, timing, and professional arrangements associated with our support.

Contact us to learn more.



# COMPENSATION CO-SOURCING

## Compensation Consulting Practice

Each company's needs with respect to compensation-related duties and tasks vary depending on organizational size, complexity and growth trajectory.

Barney & Barney offers clients an alternative to hiring full-time staff for the compensation department. We call it compensation co-sourcing. As our co-sourcing client, we make all of our resources available to you.

### OUR ADVANTAGES:

#### Minimal ramp-up requirements

We bring all the tools necessary to begin work immediately.

#### Flexibility in duration of engagement

Depending on your needs, we can provide services over a brief period of time (e.g., while a search for full-time staff is underway) or on a more permanent basis.

#### Sliding scale of skill and experience

We provide the necessary level of skill and experience needed to most effectively meet your unique needs, from analyst support to principal-level presentations to the Board.

#### Cost efficiency

Our model is significantly less expensive than the cost of employing full-time staff and buying the tools and resources needed to meet the requirements of the compensation management function.

#### Best practices

We make our methodologies, models and survey library available at the client site, providing a professional approach to managing the function without the investment in additional resources.

#### Data library

We have an extensive data library that we can access during the engagement, which eliminates the need to spend additional money on market research.

#### Industry experts

We have extensive experience in selected industries where we understand business models and industry terminology, helping us to move more quickly on your project.

Our consulting services are typically provided on a project basis. We will work with you to determine the scope of the engagement and provide you with a proposal outlining our suggested project approach, key deliverables, timing, and professional arrangements associated with our support.

Contact us to learn more.

