

# State of Board Pay

Bay Area – Technology Public Companies

*January 2012 Release*



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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 Board Pay Report for Bay Area – Technology*.

This annual report is designed to provide an overview of compensation levels and trends for Board of Directors at publicly-traded companies in the Bay Area within the technology industry sector. This year's report focuses on 2011 Director compensation levels and trends for 88 publicly-traded companies.

In this report, we share our findings on compensation elements including Board and Committee annual retainers, Board and Committee meeting fees (in-person and telephonic) and Board and Committee initial and annual equity grants. We also share our findings on Director compensation trends (e.g., prevalence of additional annual retainers for Board Chair, Lead Independent, Committee Chairs and Committee members and equity mix, etc.).

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

- State of Board Pay (San Diego, Orange County / Los Angeles Technology, Bay Area Life Sciences)
- State of CFO 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 appointing Board members who will effectively guide the overall philosophy and direction of your organization, attract, retain and motivate top executive talent, and be responsive to stockholders. As a result of the financial crisis and new regulations implemented by the Securities and Exchange Commission, Directors are faced with the challenges of managing the organization's risks while adding value to the company.

Barney & Barney's Compensation Consulting Practice helps our clients 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 is 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



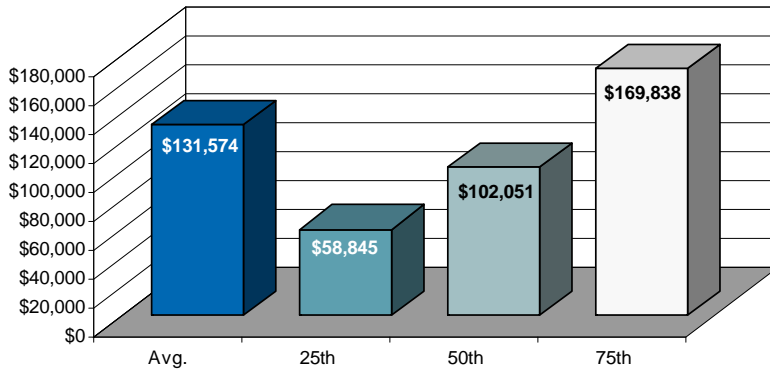
Data included in this report is partially based on SEC-filing research provided by Main Data Group. Main Data Group's **snapshot™** data service provides comprehensive competitive intelligence on the national landscape of executive total reward, and previously-unavailable information on the prevalence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

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

# EXECUTIVE SUMMARY

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Total Annual Compensation

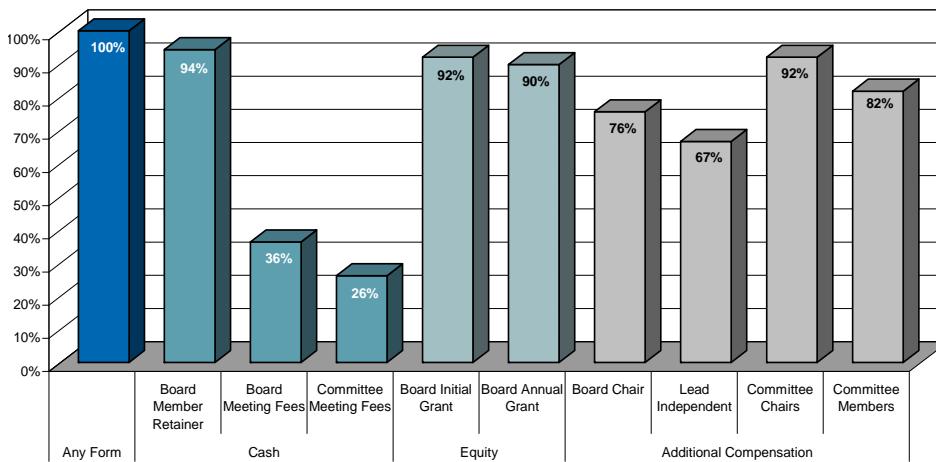


Last year, the median Director made approximately \$102,051 in total annual compensation for service on the Board of a publicly-traded company ...

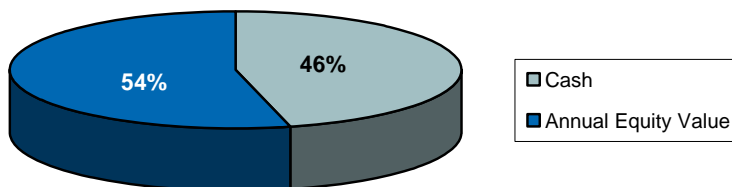
Total compensation for Board members ranges from \$50,000 to over \$200,000 annually.

All companies provide some form of compensation to their Directors ...

A majority of companies provided compensation to their Directors primarily in the form of a annual retainer and initial and annual equity grants. Additional compensation for Committee Chairs was more prevalent than additional compensation for the Board Chair or Lead Independent and Committee Members. Payments for Board and Committee meeting attendance were least prevalent.



Average Director Pay Mix

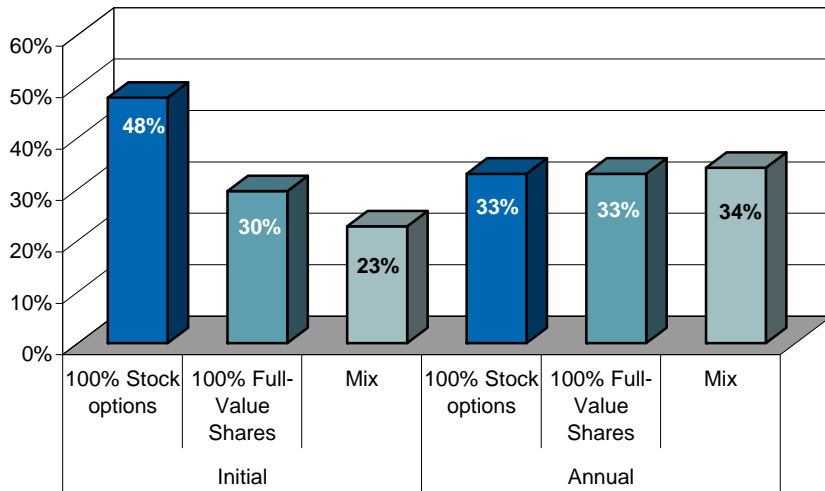


On average, Directors received approximately half of their total annual compensation in cash and the other half in equity ...

Most equity grants came in the form of ongoing stock options.

# EXECUTIVE SUMMARY (CONTINUED)

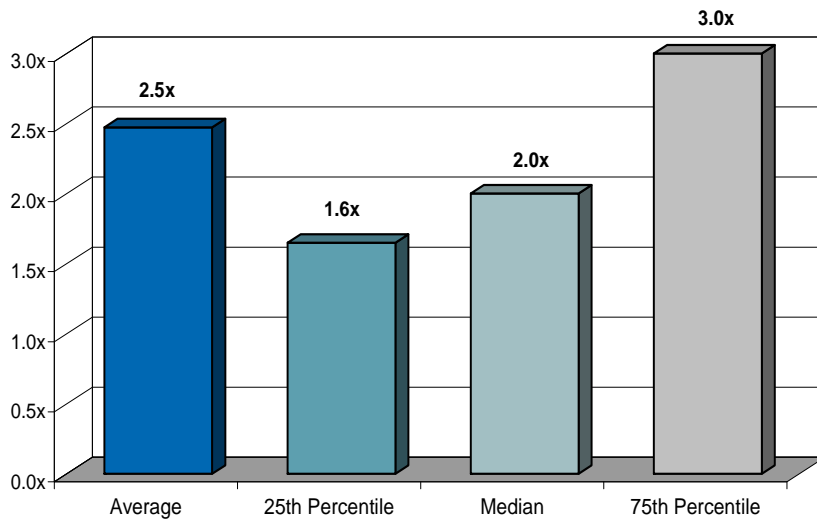
Average Equity Vehicle Mix



Initial equity grants are more likely to be in the form of stock options ...

Equity vehicle mix differs between initial and annual grant.

Multiple of Initial to Ongoing Grant

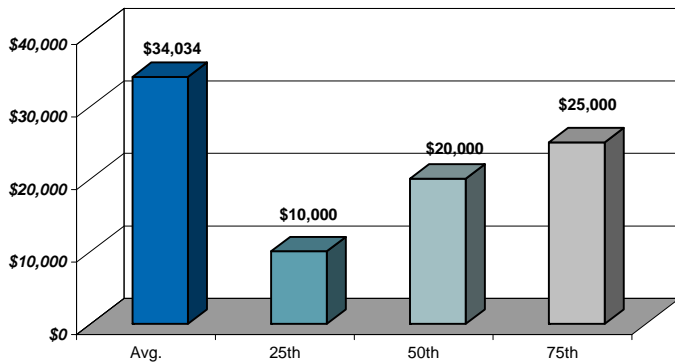


At median, Directors receive 2.0x the size of an ongoing grant when first elected to the Board ...

Most Boards provide a larger grant up front than is provided annually.

# EXECUTIVE SUMMARY (CONTINUED)

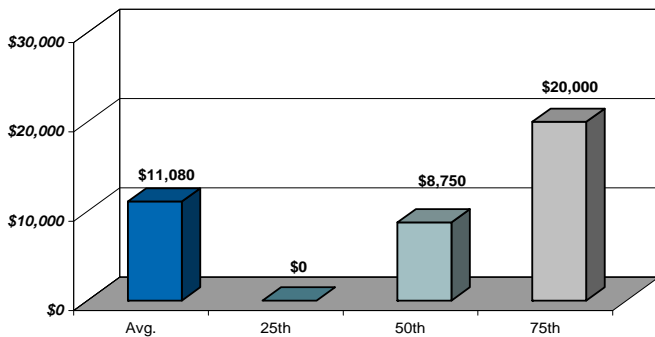
Board Chair - Total Additional Compensation



Total additional compensation for Board Chairs is \$20,000 at median ...

Average additional compensation is higher, at \$34,034, due to several companies providing significantly greater additional compensation.

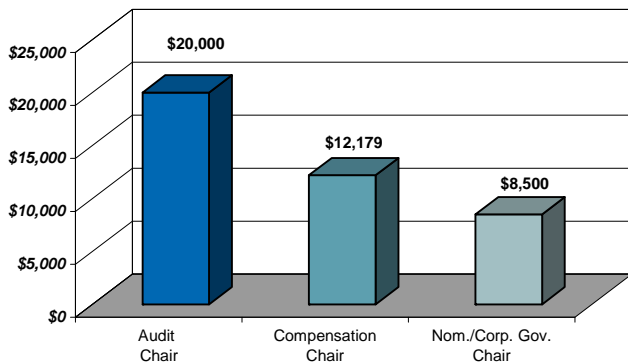
Lead Independent - Total Additional Compensation



Total additional compensation for Lead Independent is \$8,750 at median ...

Most Lead Independents are paid in additional cash compensation.

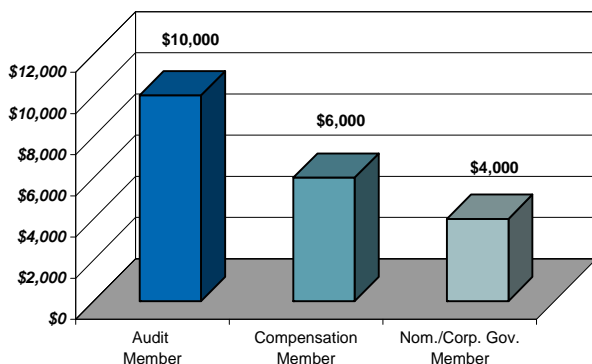
Committee Chair - Total Additional Compensation  
50th Percentile



Additional compensation for Committee Chairs is a common practice ...

Most Committee Chairs are paid in additional cash compensation.

Committee Member - Total Additional Compensation  
50th Percentile



Additional compensation for Committee Members is also a common practice ...

The increased role of the Audit Committee and the increased role of the Compensation Committee have led to additional premiums.

# COMPANY LIST

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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	EFII	Printing & Imaging Equipment	3577	Foster City	12/31/10	1,886	\$504.0
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	IVAC	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
Omicell	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	OPWV	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
Power Integrations	POWI	Analog Chips	3674	San Jose	12/31/10	444	\$299.8

## COMPANY LIST (CONTINUED)

*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 Board Pay Report for Bay Area – Technology is comprised of Board of Director 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 companies headquartered in the Bay Area and trading on one of the major stock exchanges in the United States. The sample size consisted of 88 companies in 2010 that have filed their most recent proxy by July 31, 2011.

The data represented in this report is a statistical summary of the following pay elements: Board annual retainer, Board and Committee meeting fees (in-person and telephonic), Board initial and annual equity grants and additional compensation for the Board Chair and Committee Chairs. We excluded Director data in the statistical summary for a particular pay element if the Director did not receive that particular pay element (with the exception of prevalence statistics).

Our findings are summarized by company size.

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

Headcount Category	# of Cos.	Median Last Fiscal Year	
		# of Ees	Annual Revenues (MM)
1,000+ employees	31	1,449	\$487.1
100 to 999 employees	51	454	\$159.9
Under 100 employees	7	65	\$26.2
All Companies	88	659	\$205.8

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## REPORT METHODOLOGY AND DEFINITIONS (CONTINUED)

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**Board Member Retainer:** Cash value provided to each non-employee Director for their role as a Board member, as reported in the most recent proxy filing. Statistical data is limited to each Director who received this particular pay element.

**Board Member per Meeting Fee (in-person):** Cash value provided to each non-employee Director for his/her attendance in person at a Board meeting. Unless otherwise noted, we assumed each Director attended all Board meetings in person. Statistical data is limited regarding which Directors participated in-person or by telephone; consequently, we have not estimated telephonic meeting fees.

**Board Member Total Cash Compensation:** The sum of the Board Member retainer and Board meeting fees. Unless otherwise noted, we assumed each Director attended all Board meetings in person.

**Board Member Initial Equity Grant Value:** The Black-Scholes fair value of options plus the face value of full-value shares granted to each non-employee Director upon initial election to the Board. The Black-Scholes fair value is calculated using each company's Black-Scholes assumptions as reported in the annual report filing (10-K) 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. Statistical data is limited to each Director with a stated guideline for an initial equity grant. For those without a stated guideline for an initial equity grant but have a stated guideline for an annual equity grant, the initial equity grant is assumed to be the same as the annual equity grant.

**Board Member Annual Equity Grant Value:** The Black-Scholes fair value of options plus the face value of full-value shares granted to each non-employee Director upon initial election to the Board. The Black-Scholes fair value is calculated using each company's Black-Scholes assumptions as reported in the annual report filing (10-K) and the stock price as of the fiscal year end. The face value is calculated using the number of full-value shares granted multiplied by the stock price as of the fiscal year end.

**Board Member Total Annual Compensation:** The sum of the Board Member retainer, Board meeting fees, and Board annual equity grant value.

**Additional Board Chair / Lead Independent Retainer:** Cash value provided to each non-employee Director for his/her role as a Board Chair / Lead Independent, incremental to the Board Member retainer, as reported in the most recent proxy filing. Statistical data is limited to each Director who received this particular pay element.

**Additional Board Chair / Lead Independent Meeting Fee:** Cash value provided to each non-employee Director for attending meetings as a Board Chair / Lead Independent, incremental to the Board Member per meeting fee (in-person), as reported in the most recent proxy filing. Statistical data is limited to each Director who received this particular pay element.

**Additional Board Chair / Lead Independent Annual Equity Grant:** The Black-Scholes fair value of options plus the face value of full-value shares granted to each non-employee Director for his/her role as a Board Chair / Lead Independent, incremental to the Board Member annual equity grant, as reported in the most recent proxy filing. The Black-Scholes fair value is calculated using each company's Black-Scholes assumptions as reported in the annual report filing (10-K) 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.

**Additional Board Chair / Lead Independent Total Annual Compensation:** The sum of the additional Board Chair / Lead Independent retainer, meeting fees and annual equity grant. Statistical data is limited to each Director who received any of these particular pay elements.

**Additional Committee Chair Retainer:** Cash value provided to each non-employee Director for his/her role as a Committee Chair, incremental to the Board Member retainer, as reported in the most recent proxy filing. Statistical data is limited to each Director who received this particular pay element.

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## REPORT METHODOLOGY AND DEFINITIONS (CONTINUED)

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**Additional Committee Chair Meeting Fee:** Cash value provided to each non-employee Director for attending meetings as a Committee Chair, incremental to the Committee per meeting fee (in-person), as reported in the most recent proxy filing. Statistical data is limited to each Director who received this particular pay element.

**Additional Committee Chair Annual Equity Grant:** The Black-Scholes fair value of options plus the face value of full-value shares granted to each non-employee Director for his/her role as a Committee Chair, incremental to the Board Member annual equity grant, as reported in the most recent proxy filing. The Black-Scholes fair value is calculated using each company's Black-Scholes assumptions as reported in the annual report filing (10-K) 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. Statistical data is limited to each Director with a stated guideline for an additional annual equity grant.

**Additional Committee Chair Total Annual Compensation:** The sum of the additional Committee Chair retainer, meeting fees and annual equity grant. Statistical data is limited to each Director who received any of these particular pay elements.

**Additional Committee Member Retainer:** Cash value provided to each non-employee Director for his/her role as a Committee Member, incremental to the Board Member retainer, as reported in the most recent proxy filing. Statistical data is limited to each Director who received this particular pay element.

**Additional Committee Member Meeting Fee:** Cash value provided to each non-employee Director for attending meetings as a Committee Member, incremental to the Committee per meeting fee (in-person), as reported in the most recent proxy filing. Statistical data is limited to each Director who received this particular pay element.

**Additional Committee Member Annual Equity Grant:** The Black-Scholes fair value of options plus the face value of full-value shares granted to each non-employee Director for his/her role as a Committee Member, incremental to the Board Member annual equity grant, as reported in the most recent proxy filing. The Black-Scholes fair value is calculated using each company's Black-Scholes assumptions as reported in the annual report filing (10-K) 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.

**Additional Committee Member Total Annual Compensation:** The sum of the additional Committee Member retainer, meeting fees and annual equity grant. The data is limited to each Director who received any of these particular pay elements.

# REPORT FINDINGS

# CASH COMPENSATION

Figure 1

Headcount Group	Prevalence of Cash Compensation Elements				
	Any	Board Member Retainer	Committee Member Retainer	Board Meeting Fee	Committee Meeting Fee
1,000+ employees	97%	97%	87%	29%	23%
100 to 999 employees	94%	94%	58%	40%	36%
Under 100 employees	86%	86%	43%	43%	43%
All Companies	94%	94%	66%	36%	32%

## Prevalence of Cash Compensation Elements – By Employee Size

The majority of companies provided cash compensation to Directors primarily in the form of an annual retainer. A third of all companies are providing meeting fees for in-person attendance at a Board or Committee meeting. [Figure 1]

Figure 2

Headcount Group	Median Pay Amount	
	Board Member Retainer	Board Meeting Fees
1,000+ employees	\$40,000	\$0
100 to 999 employees	\$30,000	\$0
Under 100 employees	\$20,000	\$0
All Companies	\$30,000	\$0

## Median Pay Amount per Element – By Employee Size

Larger companies provide a larger annual retainer than smaller companies. [Figure 2]

Figure 3

Headcount Group	Total Cash Compensation			
	Avg.	25th	50th	75th
1,000+ employees	\$41,823	\$30,000	\$40,000	\$50,000
100 to 999 employees	\$34,235	\$30,000	\$35,000	\$40,000
Under 100 employees	\$20,714	\$17,500	\$25,000	\$25,500
All Companies	\$35,832	\$29,500	\$35,000	\$42,000

## Total Cash Compensation – By Employee Size

The median Director total cash compensation was \$35,000. [Figure 3]

# EQUITY COMPENSATION

Figure 4

Headcount Group	Total Equity Compensation (Value)			
	Initial Grant			
	Avg.	25th	50th	75th
1,000+ employees	\$284,828	\$77,509	\$125,000	\$482,303
100 to 999 employees	\$142,692	\$56,765	\$93,309	\$163,292
Under 100 employees	\$78,795	\$16,983	\$23,820	\$108,602
All Companies	\$186,363	\$54,484	\$100,981	\$192,639

## Initial Equity Grant Value – By Employee Size

Upon initial election to the Board, a Director received an equity grant valued at approximately \$100,000, at median. Directors at larger size companies received higher initial equity grant values than Directors at smaller companies. [Figure 4]

Figure 5

Headcount Group	Total Equity Compensation (Value)			
	Annual Grant			
	Avg.	25th	50th	75th
1,000+ employees	\$146,132	\$61,691	\$100,000	\$175,713
100 to 999 employees	\$69,515	\$29,626	\$56,252	\$89,383
Under 100 employees	\$57,663	\$16,983	\$23,820	\$68,318
All Companies	\$95,742	\$28,892	\$66,033	\$110,860

## Annual Equity Grant Value – By Employee Size

On an ongoing basis, a Director received an equity grant valued at approximately \$66,000, at median. Directors at larger size companies received higher annual equity grant values than Directors at smaller companies. [Figure 5]

Figure 6

Headcount Group	Shares Granted as a % of Company			
	Initial Grant			
	Avg.	25th	50th	75th
1,000+ employees	0.044%	0.017%	0.032%	0.051%
100 to 999 employees	0.078%	0.036%	0.059%	0.088%
Under 100 employees	0.091%	0.038%	0.126%	0.135%
All Companies	0.067%	0.026%	0.050%	0.088%

## Initial Equity Grant as a % of Company – By Employee Size

Upon initial election to the Board, the median Director equity grant as a percent of company was 0.050%. Directors serving on the Board at companies with under 100 employees received the highest grant as a percent of company at 0.126%, at median. [Figure 6]

Figure 7

Headcount Group	Shares Granted as a % of Company			
	Annual Grant			
	Avg.	25th	50th	75th
1,000+ employees	0.025%	0.013%	0.017%	0.027%
100 to 999 employees	0.040%	0.022%	0.028%	0.053%
Under 100 employees	0.078%	0.032%	0.060%	0.128%
All Companies	0.038%	0.016%	0.024%	0.050%

## Annual Equity Grant as a % of Company – By Employee Size

On an annual basis, the median equity grant as a percent of company was 0.024%. Directors serving on the Board at companies with under 100 employees received the highest grant as a percent of company at 0.060%, at median. [Figure 7]

## EQUITY COMPENSATION (CONTINUED)

Figure 8

Headcount Group	Average Equity Vehicle Mix					
	Initial			Ongoing		
	100% Stock Options	100% Full-Value Shares	Mix	100% Stock Options	100% Full-Value Shares	Mix
1,000+ employees	42%	35%	23%	23%	39%	39%
100 to 999 employees	46%	30%	24%	34%	32%	34%
Under 100 employees	86%	14%	0%	71%	14%	14%
All Companies	48%	30%	23%	33%	33%	34%

### Equity Vehicle Mix – By Employee Size

For smaller companies, the initial and ongoing equity grant is most often in the form of stock options. Full-value shares are introduced to the equity mix as companies grow larger. [Figure 8]

Figure 9

Headcount Group	Grant Ratio - # of Shares of Initial Grant to Annual Grant			
	Avg.	25th	50th	75th
1,000+ employees	2.4x	1.7x	2.0x	3.2x
100 to 999 employees	2.6x	1.6x	2.0x	3.0x
Under 100 employees	1.7x	1.5x	1.7x	1.9x
All Companies	2.5x	1.6x	2.0x	3.0x

### Equity Grant Ratio – By Employee Size

Overall, a Director received an initial equity grant approximately two times the size of the annual equity grant. This ratio does not significantly differ based on company size. [Figure 9]

# TOTAL ANNUAL COMPENSATION

Figure 10

Headcount Group	Total Direct Compensation			
	Avg.	25th	50th	75th
1,000+ employees	\$187,955	\$94,648	\$166,000	\$191,972
100 to 999 employees	\$103,750	\$58,638	\$92,201	\$132,575
Under 100 employees	\$80,628	\$34,710	\$49,820	\$93,318
All Companies	\$131,574	\$58,845	\$102,051	\$169,838

## Total Annual Compensation – By Employee Size

Median total annual was approximately \$102,000. [Figure 10]

Figure 11

Headcount Group	Average Pay Mix	
	Cash	Annual Equity
1,000+ employees	44%	56%
100 to 999 employees	49%	51%
Under 100 employees	35%	65%
All Companies	46%	54%

## Average Pay Mix – By Employee Size

Most companies provided their Directors with a compensation package made up of a higher percentage of equity than cash. [Figure 11]

# ADDITIONAL BOARD CHAIR COMPENSATION

Figure 12

Headcount Group	Prevalence of Additional Compensation			
	Any	Additional Retainer	Additional Meeting Fees	Additional Annual Grant
1,000+ employees	81%	81%	0%	6%
100 to 999 employees	77%	73%	0%	15%
Under 100 employees	33%	33%	0%	0%
All Companies	76%	73%	0%	11%

## Prevalence of Additional Compensation – By Employee Size

Seventy-six percent of all companies provided additional compensation to the Board Chair primarily in the form of an additional annual retainer. [Figure 12]

Figure 13

Headcount Group	Total Additional Compensation			
	Avg.	25th	50th	75th
1,000+ employees	\$32,899	\$13,750	\$20,000	\$26,250
100 to 999 employees	\$38,274	\$10,500	\$20,000	\$28,750
Under 100 employees	\$3,333	\$0	\$0	\$5,000
All Companies	\$34,034	\$10,000	\$20,000	\$25,000

## Total Additional Compensation – By Employee Size

The median additional compensation provided to the Board Chair was \$20,000. [Figure 13]

# ADDITIONAL LEAD INDEPENDENT COMPENSATION

Figure 14

Headcount Group	Prevalence of Additional Compensation			
	Any	Additional Retainer	Additional Meeting Fees	Additional Annual Grant
1,000+ employees	73%	73%	0%	0%
100 to 999 employees	63%	38%	6%	19%
Under 100 employees	67%	67%	0%	0%
All Companies	67%	53%	3%	10%

## Prevalence of Additional Compensation – By Employee Size

Sixty-seven percent of all companies provided additional compensation to the Lead Independent primarily in the form of an additional annual retainer. The prevalence of providing additional compensation to the Lead Independent varied according to company size. [Figure 14]

Figure 15

Headcount Group	Total Additional Compensation			
	Avg.	25th	50th	75th
1,000+ employees	\$12,727	\$2,500	\$15,000	\$22,500
100 to 999 employees	\$11,087	\$10,500	\$20,000	\$28,750
Under 100 employees	\$5,000	\$2,500	\$5,000	\$7,500
All Companies	\$11,080	\$0	\$8,750	\$20,000

## Total Additional Compensation – By Employee Size

The median additional compensation provided to the Lead Independent was \$8,750. [Figure 15]

## ADDITIONAL AUDIT CHAIR COMPENSATION

Figure 16

Headcount Group	Prevalence of Additional Compensation			
	Any	Additional Retainer	Additional Meeting Fees	Additional Annual Grant
1,000+ employees	97%	94%	19%	6%
100 to 999 employees	92%	78%	28%	12%
Under 100 employees	71%	71%	43%	29%
All Companies	92%	83%	26%	11%

### Prevalence of Additional Compensation – By Employee Size

The majority of companies (92%) provided additional compensation to the Audit Chair, primarily in the form of an additional annual retainer. Larger companies provided additional compensation to the Audit Chair more often than smaller companies. [Figure 16]

Figure 17

Headcount Group	Total Additional Compensation			
	Avg.	25th	50th	75th
1,000+ employees	\$28,903	\$20,000	\$24,000	\$34,000
100 to 999 employees	\$19,186	\$10,000	\$20,000	\$25,000
Under 100 employees	\$22,114	\$2,500	\$10,000	\$26,354
All Companies	\$23,686	\$13,214	\$20,000	\$30,000

### Total Additional Compensation – By Employee Size

The median additional compensation provided to the Audit Chair was \$20,000. [Figure 17]

# ADDITIONAL COMPENSATION CHAIR COMPENSATION

Figure 18

Headcount Group	Prevalence of Additional Compensation			
	Any	Additional Retainer	Additional Meeting Fees	Additional Annual Grant
1,000+ employees	97%	94%	19%	6%
100 to 999 employees	88%	76%	24%	10%
Under 100 employees	57%	57%	43%	14%
All Companies	89%	81%	24%	9%

## Prevalence of Additional Compensation – By Employee Size

The majority of companies (89%) provided additional compensation to the Compensation Chair, primarily in the form of an additional annual retainer. Larger companies provided additional compensation to the Compensation Chair more often than smaller companies. [Figure 18]

Figure 19

Headcount Group	Total Additional Compensation			
	Avg.	25th	50th	75th
1,000+ employees	\$18,689	\$10,000	\$15,000	\$20,000
100 to 999 employees	\$13,291	\$5,000	\$12,000	\$16,000
Under 100 employees	\$15,727	\$0	\$7,000	\$10,750
All Companies	\$15,595	\$7,500	\$12,179	\$17,500

## Total Additional Compensation – By Employee Size

The median additional compensation provided to the Compensation Chair was approximately \$12,000. [Figure 19]

# ADDITIONAL NOMINATING / CORPORATE GOVERNANCE CHAIR COMPENSATION

Figure 20

Headcount Group	Prevalence of Additional Compensation			
	Any	Additional Retainer	Additional Meeting Fees	Additional Annual Grant
1,000+ employees	97%	94%	19%	6%
100 to 999 employees	86%	72%	26%	10%
Under 100 employees	43%	43%	29%	14%
All Companies	86%	77%	24%	9%

## Prevalence of Additional Compensation – By Employee Size

The majority of companies (86%) provided additional compensation to the Nominating / Corporate Governance Chair, primarily in the form of an additional annual retainer. Larger companies provided additional compensation to the Nominating / Corporate Governance Chair more often than smaller companies. [Figure 20]

Figure 21

Headcount Group	Total Additional Compensation			
	Avg.	25th	50th	75th
1,000+ employees	\$13,390	\$7,500	\$10,000	\$12,000
100 to 999 employees	\$10,526	\$4,625	\$7,750	\$11,500
Under 100 employees	\$14,013	\$0	\$0	\$7,250
All Companies	\$11,702	\$4,875	\$8,500	\$12,000

## Total Additional Compensation – By Employee Size

The median additional compensation provided to the Nominating / Corporate Governance Chair was approximately \$8,500. [Figure 21]

# ADDITIONAL AUDIT MEMBER COMPENSATION

Figure 22

Headcount Group	Prevalence of Additional Compensation			
	Any	Additional Retainer	Additional Meeting Fees	Additional Annual Grant
1,000+ employees	94%	87%	23%	3%
100 to 999 employees	78%	56%	36%	6%
Under 100 employees	57%	43%	43%	14%
<b>All Companies</b>	<b>82%</b>	<b>66%</b>	<b>32%</b>	<b>6%</b>

## Prevalence of Additional Compensation – By Employee Size

The majority of companies (82%) provided additional compensation to an Audit Committee Member, primarily in the form of an additional annual retainer. Larger companies provided additional compensation to Audit Committee Members more often than smaller companies. [Figure 22]

Figure 23

Headcount Group	Total Additional Compensation			
	Avg.	25th	50th	75th
1,000+ employees	\$13,171	\$10,000	\$10,000	\$15,500
100 to 999 employees	\$7,052	\$4,250	\$8,000	\$11,750
Under 100 employees	\$5,673	\$0	\$3,000	\$9,500
<b>All Companies</b>	<b>\$10,439</b>	<b>\$5,000</b>	<b>\$10,000</b>	<b>\$14,625</b>

## Total Additional Compensation – By Employee Size

The median additional compensation provided to an Audit Committee Member was \$10,000. [Figure 23]

# ADDITIONAL COMPENSATION MEMBER COMPENSATION

Figure 24

Headcount Group	Prevalence of Additional Compensation			
	Any	Additional Retainer	Additional Meeting Fees	Additional Annual Grant
1,000+ employees	94%	87%	23%	3%
100 to 999 employees	76%	58%	32%	4%
Under 100 employees	57%	43%	43%	0%
All Companies	81%	67%	30%	3%

## Prevalence of Additional Compensation – By Employee Size

Eighty-one percent of companies provided additional compensation to a Compensation Committee Member, primarily in the form of an additional annual retainer. Larger companies provided additional compensation to Compensation Committee Members more often than smaller companies. [Figure 24]

Figure 25

Headcount Group	Total Additional Compensation			
	Avg.	25th	50th	75th
1,000+ employees	\$9,986	\$5,000	\$7,500	\$10,000
100 to 999 employees	\$5,165	\$1,250	\$5,000	\$9,500
Under 100 employees	\$2,714	\$0	\$3,000	\$4,750
All Companies	\$7,373	\$3,000	\$6,000	\$10,000

## Total Additional Compensation – By Employee Size

The median additional compensation provided to a Compensation Committee Member was \$6,000. [Figure 25]

# ADDITIONAL NOMINATING / CORPORATE GOVERNANCE MEMBER COMPENSATION

Figure 26

Headcount Group	Prevalence of Additional Compensation			
	Any	Additional Retainer	Additional Meeting Fees	Additional Annual Grant
1,000+ employees	94%	87%	23%	3%
100 to 999 employees	78%	58%	34%	6%
Under 100 employees	43%	29%	29%	0%
All Companies	81%	66%	30%	5%

## Prevalence of Additional Compensation – By Employee Size

Eighty-one percent of all companies provided additional compensation to a Nominating / Corporate Governance Committee Member, primarily in the form of an additional annual retainer. Larger companies provided additional compensation to Nominating / Corporate Governance Committee Members more often than smaller companies. [Figure 26]

Figure 27

Headcount Group	Total Additional Compensation			
	Avg.	25th	50th	75th
1,000+ employees	\$6,308	\$3,000	\$5,000	\$5,250
100 to 999 employees	\$3,914	\$1,000	\$4,000	\$6,826
Under 100 employees	\$1,786	\$0	\$0	\$3,500
All Companies	\$5,571	\$2,000	\$4,000	\$6,000

## Total Additional Compensation – By Employee Size

The median additional compensation provided to a Nominating / Corporate Governance Committee Member was \$4,000. [Figure 27]

# 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

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.



# 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.

