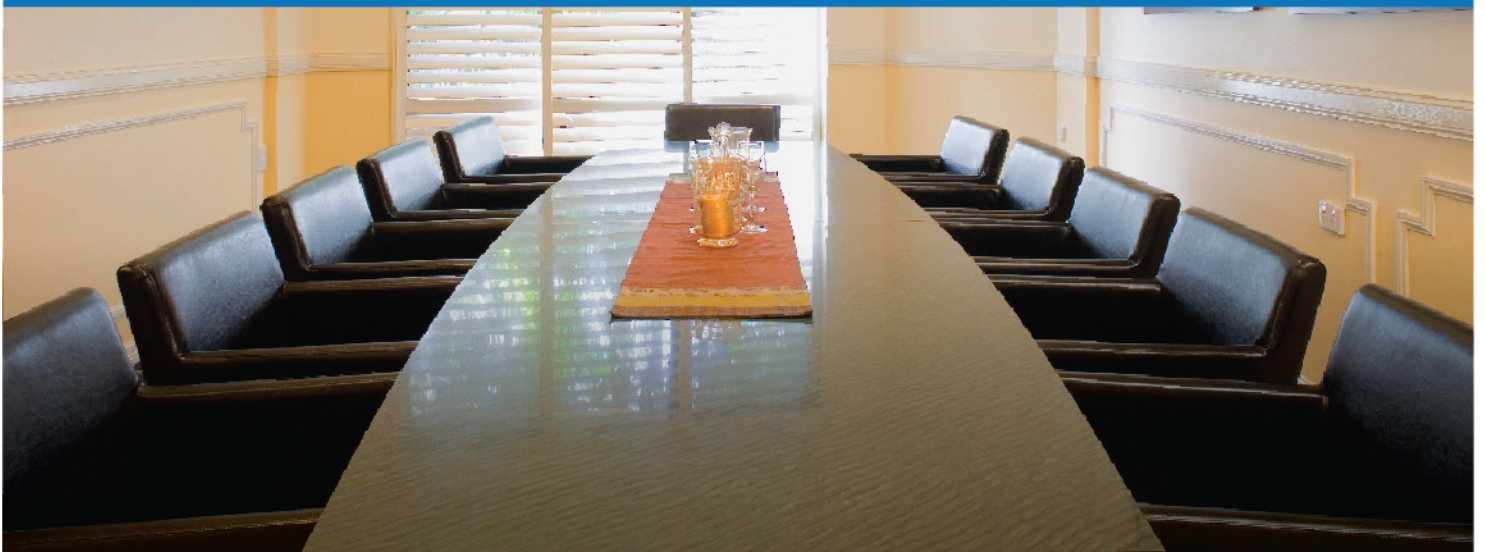


# State of Board Pay

Orange County / Los Angeles – Technology Public Companies  
*January 2012 Release*



---

# LETTER FROM BARNEY & BARNEY

---



Dear Clients and Friends:

Barney & Barney is pleased to provide you with the *2011 State of Board Pay Report for Orange County / Los Angeles – 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 Orange County / Los Angeles area. This year's report focuses on 2011 Director compensation levels and trends for 59 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, Bay Area Life Sciences, Bay Area Technology)
- 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".

Matt Ward  
National Practice Leader  
Compensation Consulting  
p: (415) 548-9000  
[matt.ward@barneyandbarney.com](mailto:matt.ward@barneyandbarney.com)

A handwritten signature in black ink that reads "Jeremy Anderson".

Jeremy Anderson  
Principal  
Compensation Consulting  
p: (858) 875-3069  
[jeremy.anderson@barneyandbarney.com](mailto:jeremy.anderson@barneyandbarney.com)

A handwritten signature in black ink that reads "Annette Winn".

Annette Winn  
Director of Operations  
Compensation Consulting  
p: (858) 875-6589  
[annette.winn@barneyandbarney.com](mailto:annette.winn@barneyandbarney.com)

---

# TABLE OF CONTENTS

---

Executive Summary.....	1
Company List .....	5
Report Methodology and Definitions.....	7
Report Findings.....	11
Cash Compensation .....	12
Equity Compensation.....	13
Total Annual Compensation .....	15
Additional Board Chair Compensation .....	16
Additional Lead Independent Compensation .....	17
Additional Audit Chair Compensation.....	18
Additional Compensation Chair Compensation.....	19
Additional Nominating / Corporate Governance Chair Compensation.....	20
Additional Audit Member Compensation .....	21
Additional Compensation Member Compensation .....	22
Additional Nominating / Corporate Governance Member Compensation .....	23

## ADDENDUM

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



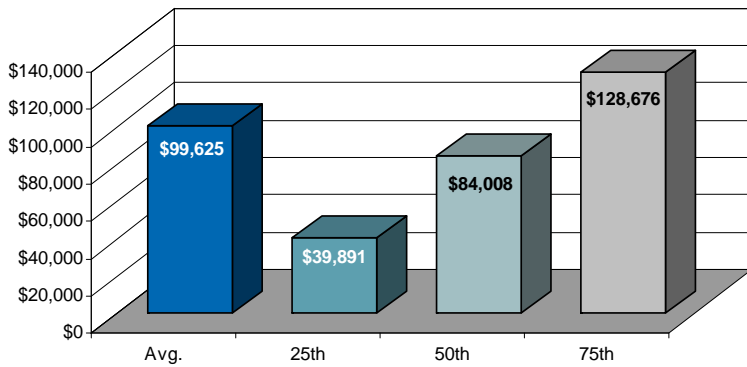
Data included in this report is partially based on SEC-filing research provided by Main Data Group. Main Data Group's **snapshot™** data service provides comprehensive competitive intelligence on the national landscape of executive total reward, and previously-unavailable information on the prevalence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

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

# EXECUTIVE SUMMARY

# EXECUTIVE SUMMARY (CONTINUED)

Total Annual Compensation

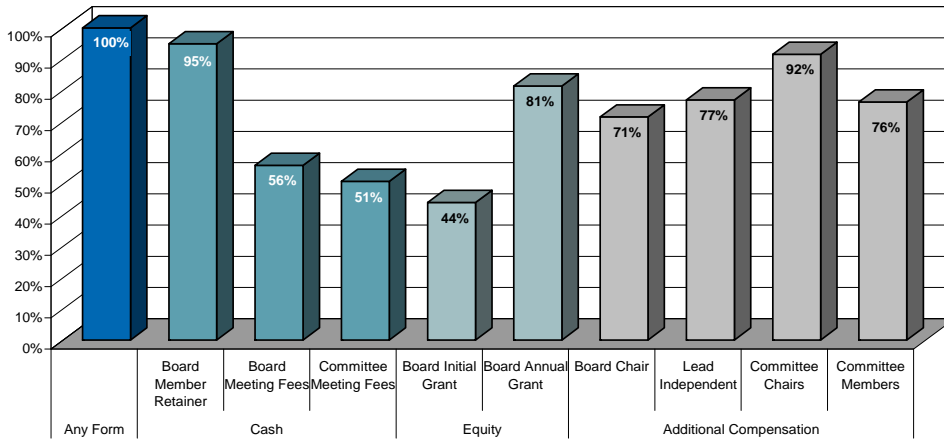


Last year, the median Director made approximately \$84,000 in total annual compensation for service on the Board of a publicly traded company ...

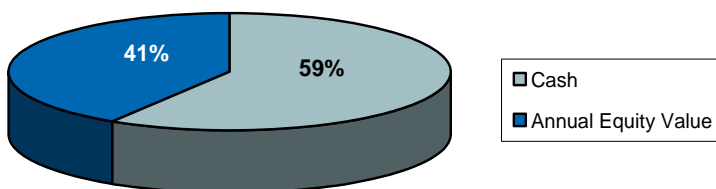
Total compensation for Board members ranges from \$50,000 to over \$200,000 annually.

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 Board annual retainer and Board initial and annual equity grants. Additional compensation for Committee Chairs was more prevalent than additional compensation for the Board Chair, Lead Independent Director and Committee Members. Payments for Board and Committee meeting attendance were least prevalent.



Average Director Pay Mix

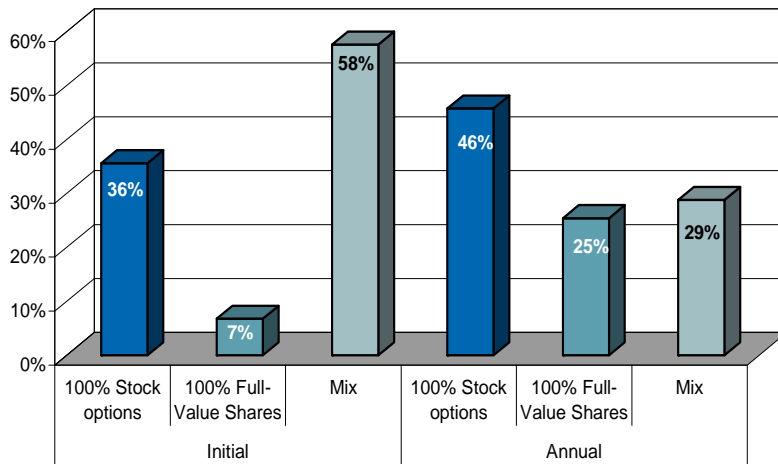


On average, Directors received approximately half of their total annual compensation in cash and the other half in equity ...

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

# EXECUTIVE SUMMARY (CONTINUED)

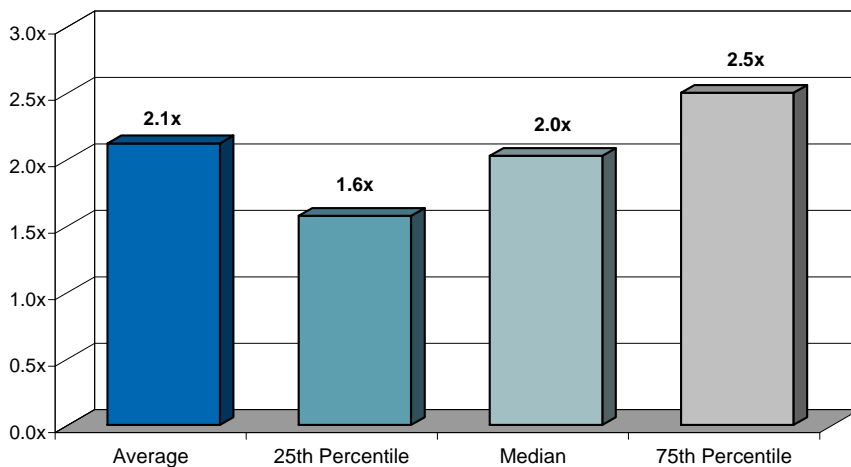
Average Equity Vehicle Mix



Initial equity grants are more likely to be a mix of stock options and full value shares ...

Equity vehicle mix differs between initial and annual grant.

Multiple of Initial to Ongoing Grant

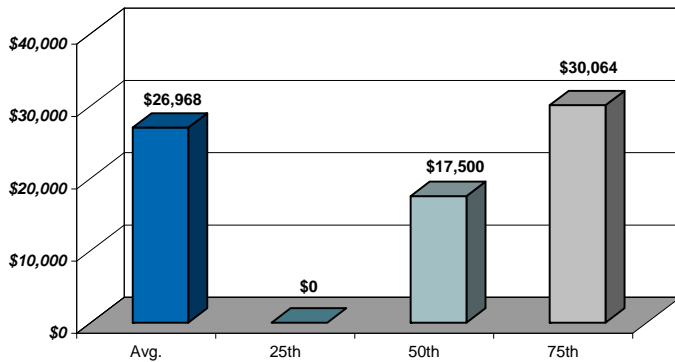


At median, Directors receives 2.0x the size of an ongoing grant when first elected to the Board ...

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

# EXECUTIVE SUMMARY (CONTINUED)

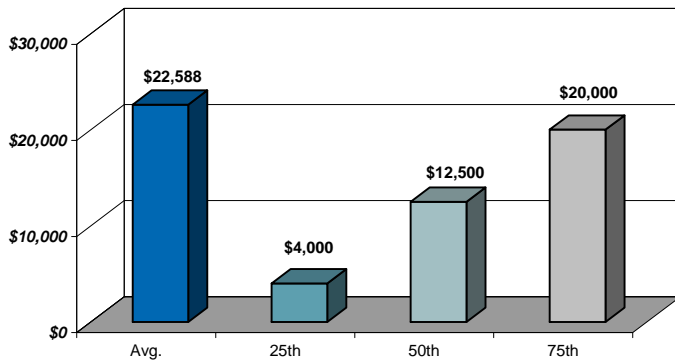
Board Chair - Total Additional Compensation



Total additional compensation for Board Chairs is \$17,500 at median ...

Average additional compensation is higher, at \$26,968, due to several companies providing significantly greater additional compensation.

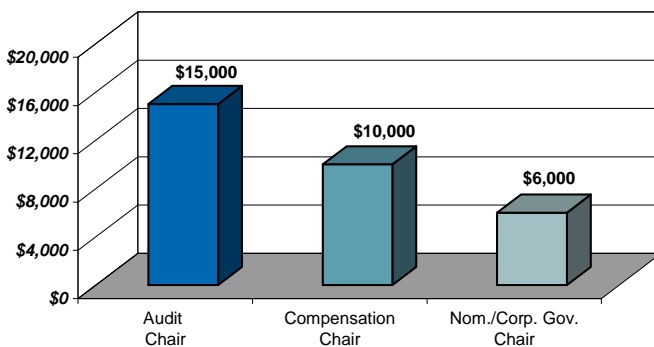
Lead Independent - Total Additional Compensation



Total additional compensation for Lead Independents is \$12,500 at median ...

Most Lead Independents are paid in additional cash compensation.

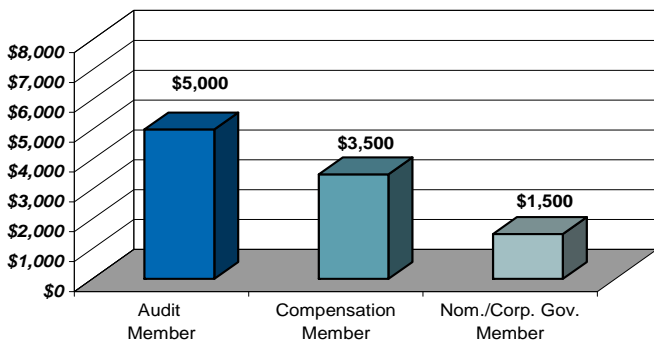
Committee Chair - Total Additional Compensation  
50th Percentile



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

# COMPANY LIST

Dollars in Millions

Company	Ticker	Industry Sector	SIC Code	Location	FYE	LFY	
						# of Ees.	Revenues
Acacia Research	ACTG	Communications Chips	6794	Newport Beach	12/31/10	44	\$67.3
AeroVironment	AVAV	Military Aircraft Manufacturing	3721	Monrovia	04/30/10	768	\$292.5
Alliance Healthcare Service	AIQ	Medical Laboratories & Research	8071	Newport Beach	12/31/10	1,952	\$478.9
Autobytel	ABTL	Internet Services	7370	Irvine	12/31/10	120	\$51.5
Avanir Pharmaceuticals	AVNR	Drug Manufacturers	2834	Aliso Viejo	09/30/10	128	\$2.9
Bidz.com	BIDZ	Internet Auctions	7389	Culver City	12/31/10	177	\$104.8
Biolase	BLTI	Medical Instruments & Supplies	3834	Irvine	12/31/10	145	\$26.2
Boingo Wireless	WIFI	Wireless Communications Services	4812	Los Angeles	12/31/10	91	\$80.4
California First National Bancorp	CFNB	Technology Leasing	7359	Irvine	06/30/10	179	\$34.9
Capstone Turbine	CPST	Power Generation & Storage	3511	Chatsworth	03/31/10	195	\$81.9
Ceradyne	CRDN	Aerospace & Defense Parts Manufacturing	3999	Costa Mesa	12/31/10	2,067	\$402.9
Cherokee	CHKE	Business Services	6794	Van Nuys	01/31/10	21	\$30.8
DDi Corp.	DDIC	Contract Electronics Manufacturing	3672	Anaheim	12/31/10	1,676	\$267.8
Ducommun	DCO	Aerospace & Defense Parts Manufacturing	3728	Carson	12/31/10	1,815	\$408.4
Electro Rent	ELRC	Technology Leasing	7359	Van Nuys	05/31/10	335	\$145.9
Emulex	ELX	Computer Peripherals	3577	Costa Mesa	06/30/10	977	\$399.2
Endologix	ELGX	Medical Equipment & Supplies	3576	Irvine	12/31/10	297	\$67.3
Enova Systems	ENA	Transformers & Power Conversion	3679	Torrance	12/31/10	59	\$8.6
Guidance Software	GUID	Financial Services, Legal & Government Software	7372	Pasadena	12/31/10	371	\$91.9
ICU Medical	ICUI	Medical Instruments & Supplies	3841	San Clemente	12/31/10	2,216	\$284.6
Identive Group	INVE	Network Security Devices	3577	Santa Ana	12/31/10	387	\$84.8
IRIS International	IRIS	Diagnostic Substances	2835	Chatsworth	12/31/10	377	\$107.7
Irvine Sensors	IRSN	Memory Chips & Modules	3674	Costa Mesa	09/30/10	81	\$11.7
ISTA Pharmaceuticals	ISTA	Pharmaceuticals Manufacturers	2834	Irvine	12/31/10	326	\$156.5
Iteris	ITI	Telemetry & Telematics Services Providers	3669	Santa Ana	03/31/10	276	\$59.4
Ixia	XXIA	Communications Testing Equipment	3825	Calabasas	12/31/10	1,100	\$276.8
j2 Global Communications	JCOM	Messaging Services Providers	7375	Hollywood	12/31/10	600	\$255.4
Lantronix	LTRX	Network Access & Communication Devices	3577	Irvine	06/30/10	115	\$46.4
Local.Com	LOCM	Internet Services	7839	Irvine	12/31/10	116	\$84.1
MannKind	MNKD	Biopharmaceuticals & Biotherapeutics	2834	Valencia	12/31/10	436	\$0.1
Masimo	MASI	Medical Appliances & Equipment	3845	Irvine	12/31/10	2,397	\$405.4
Microsemi	MSCC	Discrete & Passive Components	3674	Irvine	09/30/10	2,250	\$518.3
Mindspeed Technologies	MSPD	Microprocessors, Microcontrollers & DSPs	3674	Newport Beach	09/30/10	519	\$178.2
MRV Communications	MRVC	Optical Switching & Transmission Components	3674	Chatsworth	12/31/10	743	\$263.9
National Technical Systems	NTSC	Technical & Scientific Research Services	8734	Calabasas	01/31/10	1,095	\$144.1
Netlist	NLST	Memory Chips & Modules	3674	Irvine	12/31/10	232	\$37.9
NetSol Technologies	NTWK	Financial Services, Legal & Government Software	7371	Calabasas	06/30/10	743	\$36.8
Newport	NEWP	Electronic Test & Measurement Instruments	3827	Irvine	12/31/10	1,745	\$479.8
Obagi Medical Products	OMPI	Pharmaceuticals Manufacturers	2834	Long Beach	12/31/10	203	\$112.8
On Assignment	ASGN	Staffing	7363	Calabasas	12/31/10	1,123	\$438.1
Peregrine Pharmaceuticals	PPHM	Biopharmaceuticals & Biotherapeutics	2836	Tustin	04/30/10	146	\$27.9
Powerwave Technologies	PWAV	Wireless Communications Components	3663	Santa Ana	12/31/10	2,140	\$591.5
Pro-Dex	PDEX	Medical Equipment & Supplies	3841	Irvine	06/30/10	120	\$23.2
Qlogic	QLGC	Semiconductors - Integrated Equipment	3576	Aliso Viejo	04/30/10	1,147	\$549.1
Quality Systems	QSII	Health Care Management Software	7372	Irvine	03/31/10	1,579	\$353.4
Quantum Fuel Systems Tech. WW	QTWW	Power Generation & Storage	3694	Irvine	04/30/10	104	\$9.6
Response Genetics	RGDX	Diagnostic Substances	2835	Los Angeles	12/31/10	95	\$21.3
Simulations Plus	SLP	Engineering, Scientific & CAD/CAM Software	7372	Lancaster	08/31/10	40	\$10.7
Smith Micro Software	SMSI	Wireless Software	7372	Aliso Viejo	12/31/10	549	\$130.5
Spectrum Pharmaceuticals	SPPI	Pharmaceuticals Manufacturers	2834	Irvine	12/31/10	139	\$74.1
SRS Labs	SRSL	Semiconductors	6794	Santa Ana	12/31/10	106	\$31.2
STAAR Surgical Company	STAA	Medical Devices	3851	Monrovia	01/31/10	279	\$55.0
STEC	STEC	Memory Chips & Modules	3572	Santa Ana	12/31/10	809	\$280.1
Taitron Components	TAIT	Electronic Component Distribution & Support	5065	Valencia	12/31/10	37	\$7.2
THQ	THQI	Entertainment & Games Software	7372	Agoura Hills	03/31/10	1,750	\$665.3
TigerLogic	TIGR	Database & File Management Software	7372	Irvine	03/31/10	97	\$13.7
Trio-Tech International	TRT	Semiconductor Equipment & Materials	3559	Van Nuys	06/30/10	418	\$36.9
Universal Electronics	UEIC	Consumer Electronics	3651	Cypress	12/31/10	1,843	\$331.8
Willdan Group	WLDN	Architectural & Engineering Services	8711	Anaheim	12/31/10	540	\$77.9

# REPORT METHODOLOGY AND DEFINITIONS

# REPORT METHODOLOGY AND DEFINITIONS

Barney & Barney's 2011 State of Board Pay Report for Orange County / Los Angeles – 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 Orange County / Los Angeles areas and within the technology industry sector. The selection criteria included companies headquartered in the Orange County / Los Angeles area and trading on one of the major stock exchanges in the United States. The sample size consisted of 59 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 Group	# of Cos.	Median Last Fiscal Year	
		# of Ees	Annual Revenues (MM)
1,000+ employees	16	1,783	\$406.9
100 to 999 employees	34	288	\$76.0
Under 100 employees	9	59	\$13.7
All Companies	59	371	\$84.8

---

## REPORT METHODOLOGY AND DEFINITIONS (CONTINUED)

---

**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 has 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.

---

## REPORT METHODOLOGY AND DEFINITIONS (CONTINUED)

---

**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	100%	100%	31%	63%	63%
100 to 999 employees	97%	97%	53%	59%	44%
Under 100 employees	89%	78%	33%	33%	56%
All Companies	97%	95%	44%	56%	51%

## Prevalence of Cash Compensation Elements – By Employee Size

A majority of companies provided cash compensation to their Directors primarily in the form of an annual retainer. Nearly half 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	\$35,000	\$8,250
100 to 999 employees	\$30,000	\$5,500
Under 100 employees	\$20,000	\$0
All Companies	\$30,000	\$5,000

## Median Pay Amount per Element – By Employee Size

In response to the additional time commitment of a Board Member and to the additional liability associated with serving on the Board, the annual retainer has increased over the last few years, with larger companies paying more than smaller companies. [Figure 2]

Figure 3

Headcount Group	Total Cash Compensation			
	Avg.	25th	50th	75th
1,000+ employees	\$42,755	\$32,875	\$42,500	\$47,875
100 to 999 employees	\$45,904	\$30,500	\$40,000	\$44,250
Under 100 employees	\$19,617	\$9,000	\$20,000	\$25,000
All Companies	\$41,040	\$28,500	\$35,000	\$45,500

## Total Cash Compensation – By Employee Size

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

# EQUITY COMPENSATION

Figure 4

Headcount Group	Total Equity Compensation (Value)			
	Initial Grant			
	Avg.	25th	50th	75th
1,000+ employees	\$94,521	\$0	\$0	\$3,077
100 to 999 employees	\$45,862	\$0	\$15,930	\$45,900
Under 100 employees	\$20,924	\$0	\$0	\$0
All Companies	\$55,253	\$0	\$0	\$40,269

## Initial Equity Grant Value – By Employee Size

Upon initial election to the Board, a Director received an average equity grant valued at approximately \$55,000, 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	\$83,632	\$37,270	\$70,934	\$143,281
100 to 999 employees	\$55,750	\$9,235	\$30,959	\$75,994
Under 100 employees	\$24,762	\$2,363	\$17,810	\$37,457
All Companies	\$58,584	\$8,593	\$40,249	\$78,975

## Annual Equity Grant Value – By Employee Size

On an ongoing basis, a Director received an equity grant valued at approximately \$40,000, 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	0.018%	0.000%	0.000%	0.002%
100 to 999 employees	0.043%	0.000%	0.022%	0.058%
Under 100 employees	0.014%	0.000%	0.000%	0.017%
All Companies	0.033%	0.000%	0.000%	0.057%

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

Upon initial election to the Board, the average Director equity grant as a percent of company was 0.033%. Directors serving on the Board at companies with 100 to 999 employees received the highest average grant as a percent of company at 0.043%. [Figure 6]

Figure 7

Headcount Group	Shares Granted as a % of Company			
	Annual Grant			
	Avg.	25th	50th	75th
1,000+ employees	0.029%	0.008%	0.028%	0.046%
100 to 999 employees	0.047%	0.014%	0.040%	0.061%
Under 100 employees	0.049%	0.015%	0.036%	0.090%
All Companies	0.043%	0.013%	0.036%	0.059%

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

On an annual basis, the median equity grant as a percent of company was 0.036%. Directors serving on the Board at companies with 100 to 999 employees received the highest grant as a percent of company at 0.040%, 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	19%	6%	75%	19%	50%	31%
100 to 999 employees	50%	6%	44%	53%	18%	29%
Under 100 employees	11%	11%	78%	67%	11%	22%
All Companies	36%	7%	58%	46%	25%	29%

### Average Equity Vehicle Mix – By Employee Size

For smaller and larger companies, the initial equity grant is most often in the form of a combination of stock options and full-value shares. For larger companies, the annual equity grants are most often in the form of full-value shares and the smaller companies rely more heavily on stock options.

[Figure 8]

Figure 9

Headcount Group	Grant Ratio - # of Shares of Initial Grant to Annual Grant			
	Avg.	25th	50th	75th
1,000+ employees	2.6x	2.1x	2.1x	2.9x
100 to 999 employees	2.0x	1.6x	2.0x	2.3x
Under 100 employees	1.9x	1.7x	1.9x	2.2x
All Companies	2.1x	1.6x	2.0x	2.5x

### 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 differ based on company size. [Figure 9]

# TOTAL ANNUAL COMPENSATION

Figure 10

Headcount Group	Total Direct Compensation			
	Avg.	25th	50th	75th
1,000+ employees	\$126,387	\$84,620	\$115,641	\$176,425
100 to 999 employees	\$101,655	\$41,614	\$79,504	\$113,363
Under 100 employees	\$54,848	\$29,565	\$30,600	\$65,249
All Companies	\$99,625	\$39,891	\$84,008	\$128,676

## Total Annual Compensation – By Employee Size

Median total annual compensation was approximately \$84,000. [Figure 10]

Figure 11

Headcount Group	Average Pay Mix	
	Cash	Annual Equity
1,000+ employees	53%	47%
100 to 999 employees	63%	37%
Under 100 employees	55%	45%
All Companies	59%	41%

## Average Pay Mix – By Employee Size

All companies provided their Directors with a compensation package made up of a higher percentage of cash than equity. [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	75%	75%	0%	25%
100 to 999 employees	86%	86%	7%	14%
Under 100 employees	33%	33%	17%	0%
All Companies	71%	71%	7%	14%

## Prevalence of Additional Compensation – By Employee Size

Seventy-one 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	\$25,046	\$11,250	\$20,000	\$22,564
100 to 999 employees	\$32,481	\$10,000	\$22,500	\$42,000
Under 100 employees	\$16,667	\$0	\$0	\$3,750
All Companies	\$26,968	\$0	\$17,500	\$30,064

## Total Additional Compensation – By Employee Size

The median additional compensation provided to the Board Chair was \$17,500. [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	67%	67%	0%	17%
100 to 999 employees	86%	86%	0%	0%
Under 100 employees	--	--	--	--
<b>All Companies</b>	<b>77%</b>	<b>77%</b>	<b>0%</b>	<b>8%</b>

## Prevalence of Additional Compensation – By Employee Size

Seventy-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 did not vary by company size. [Figure 14]

Figure 15

Headcount Group	Total Additional Compensation			
	Avg.	25th	50th	75th
1,000+ employees	\$37,525	\$5,000	\$20,000	\$20,000
100 to 999 employees	\$9,786	\$5,500	\$10,000	\$13,750
Under 100 employees	--	--	--	--
<b>All Companies</b>	<b>\$22,588</b>	<b>\$4,000</b>	<b>\$12,500</b>	<b>\$20,000</b>

## Total Additional Compensation – By Employee Size

The median additional compensation provided to the Lead Independent was \$12,500. [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	94%	81%	63%	13%
100 to 999 employees	91%	88%	44%	3%
Under 100 employees	89%	44%	56%	0%
All Companies	92%	80%	51%	5%

### 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	\$42,360	\$19,000	\$21,000	\$25,313
100 to 999 employees	\$16,638	\$10,000	\$14,500	\$22,783
Under 100 employees	\$9,346	\$3,780	\$6,750	\$10,000
All Companies	\$22,137	\$8,667	\$15,000	\$23,606

### Total Additional Compensation – By Employee Size

The median additional compensation provided to the Audit Chair was \$15,000. [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	81%	75%	56%	6%
100 to 999 employees	88%	82%	44%	3%
Under 100 employees	56%	11%	44%	0%
All Companies	81%	69%	47%	3%

## Prevalence of Additional Compensation – By Employee Size

The majority of companies (81%) provided additional compensation to the Compensation Chair, the form of an additional annual retainer or meeting fees. 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	\$23,029	\$8,000	\$15,250	\$19,950
100 to 999 employees	\$8,947	\$5,375	\$10,000	\$13,714
Under 100 employees	\$3,150	\$0	\$750	\$3,750
All Companies	\$12,436	\$3,000	\$10,000	\$16,250

## Total Additional Compensation – By Employee Size

The median additional compensation provided to the Compensation Chair was \$10,000. [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	81%	69%	81%	6%
100 to 999 employees	85%	76%	85%	3%
Under 100 employees	67%	22%	67%	0%
All Companies	81%	66%	81%	3%

## Prevalence of Additional Compensation – By Employee Size

The majority of companies (81%) 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	\$18,848	\$2,250	\$10,500	\$14,650
100 to 999 employees	\$5,041	\$3,000	\$6,250	\$9,375
Under 100 employees	\$1,911	\$0	\$450	\$1,000
All Companies	\$9,274	\$1,000	\$6,000	\$10,000

## Total Additional Compensation – By Employee Size

The median additional compensation provided to the Nominating / Corporate Governance Chair was approximately \$6,000. [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	75%	31%	63%	0%
100 to 999 employees	76%	53%	44%	3%
Under 100 employees	78%	33%	56%	0%
All Companies	76%	44%	51%	2%

## Prevalence of Additional Compensation – By Employee Size

76% provided additional compensation to an Audit Committee Member, in the form of an additional annual retainer or meeting fees. The prevalence of providing additional compensation to an Audit Committee Member did not vary according to company size. [Figure 22]

Figure 23

Headcount Group	Total Additional Compensation			
	Avg.	25th	50th	75th
1,000+ employees	\$8,159	\$3,000	\$9,500	\$11,125
100 to 999 employees	\$4,491	\$1,750	\$5,000	\$10,000
Under 100 employees	\$6,503	\$1,250	\$4,000	\$5,000
All Companies	\$6,736	\$1,375	\$5,000	\$10,250

## Total Additional Compensation – By Employee Size

The median additional compensation provided to an Audit Committee Member was \$5,000. [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	63%	25%	56%	0%
100 to 999 employees	76%	47%	44%	3%
Under 100 employees	56%	11%	44%	0%
All Companies	69%	36%	47%	2%

## Prevalence of Additional Compensation – By Employee Size

Sixty-nine percent of companies provided additional compensation to a Compensation Committee Member, primarily in the form of an additional annual retainer or meeting fees. The prevalence of providing additional compensation to a Compensation Committee Member did not significantly vary according to company size. [Figure 24]

Figure 25

Headcount Group	Total Additional Compensation			
	Avg.	25th	50th	75th
1,000+ employees	\$6,709	\$0	\$7,000	\$9,150
100 to 999 employees	\$3,666	\$1,125	\$3,750	\$8,000
Under 100 employees	\$2,344	\$0	\$750	\$2,500
All Companies	\$4,896	\$0	\$3,500	\$8,500

## Total Additional Compensation – By Employee Size

The median additional compensation provided to a Compensation Committee Member was \$3,500. [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	63%	19%	63%	0%
100 to 999 employees	74%	47%	41%	3%
Under 100 employees	67%	22%	44%	0%
All Companies	69%	36%	47%	2%

## Prevalence of Additional Compensation – By Employee Size

Sixty-nine percent of all companies provided additional compensation to a Nominating / Corporate Governance Committee Member, primarily in the form of an additional annual retainer. The prevalence of providing additional compensation to a Nominating / Corporate Governance Committee Member did not vary according to company size or industry type. [Figure 26]

Figure 27

Headcount Group	Total Additional Compensation			
	Avg.	25th	50th	75th
1,000+ employees	\$3,809	\$0	\$2,875	\$6,300
100 to 999 employees	\$2,088	\$125	\$2,000	\$4,375
Under 100 employees	\$1,244	\$0	\$450	\$1,000
All Companies	\$3,056	\$0	\$1,500	\$4,250

## Total Additional Compensation – By Employee Size

The median additional compensation provided to a Nominating / Corporate Governance Committee Member was \$1,500. [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.

