

State of CFO Pay

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



BARNEY&BARNEY[™] LLC

LETTER FROM BARNEY & BARNEY



Dear Clients and Friends,

Barney & Barney is pleased to provide you with the *2011 State of CFO Pay Report for Orange County / Los Angeles – Technology*.

This annual report is designed to provide an overview of compensation levels and trends for Chief Financial Officers at publicly-traded companies in the Orange County / Los Angeles area. This year's report focuses on compensation levels and trends over the last year for 61 publicly-traded companies.

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

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

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

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

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

We look forward to working with you.

Best regards,

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

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ADDENDUM

Overview of Barney & Barney's Compensation Consulting Practice



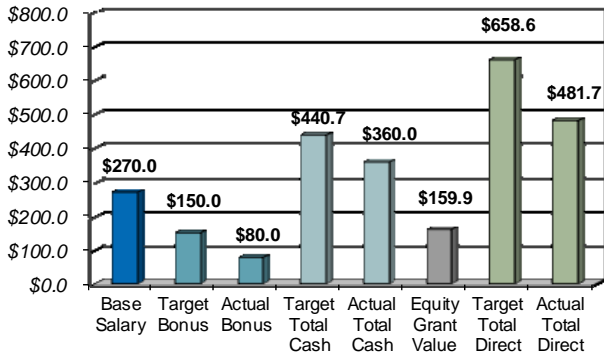
Data included in this report is partially based on SEC-filing research provided by Main Data Group. Main Data Group's **snapshot™** data service provides comprehensive competitive intelligence on the national landscape of executive total reward, and previously-unavailable information on the prevalence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

www.maintatagroup.com

EXECUTIVE SUMMARY

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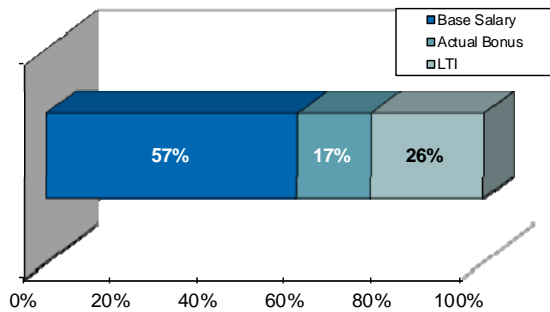
Median CFO Pay Elements



Median CFO actual total direct compensation levels were ~\$481,700

Actual total direct compensation levels fell below target total direct compensation levels by ~\$177,000 as a result of actual bonus payouts falling 47% below target bonus opportunities.

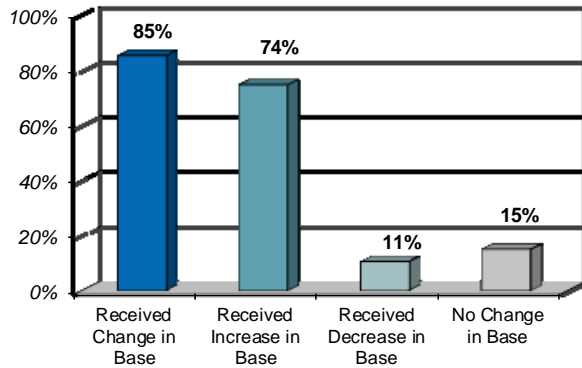
Average Pay Mix



Out of the three compensation elements, base salary represents the greatest portion of the pay mix.

~43% of the actual total direct compensation is "at-risk" compensation delivered through short- and long-term incentive compensation.

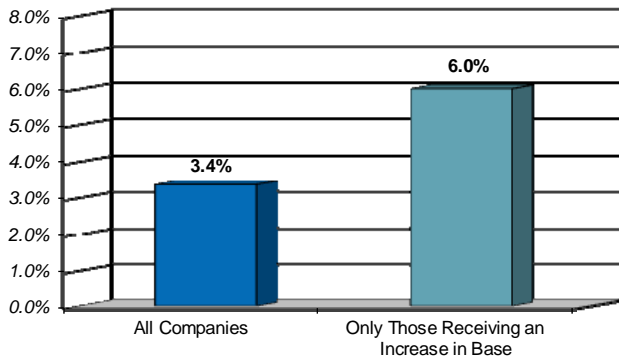
Merit Prevalence



The majority (74%) of CFOs received merit increases

11% of CFOs received base salary reductions in 2010. Fifteen percent of CFOs did not receive any changes to their base salaries.

Median % Change in Base Salary

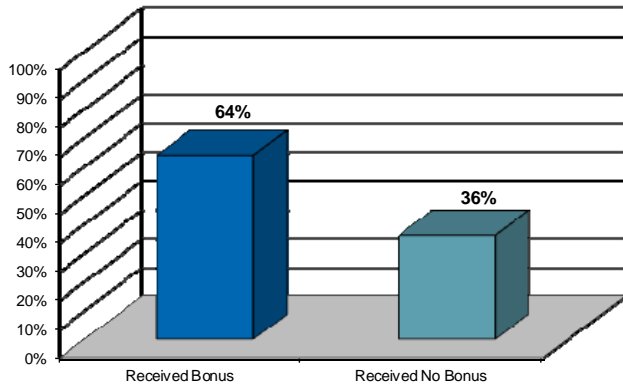


Of the 74% of CFOs who received merit increases, the median change was 6.0%

For the total population (including CFOs who did not receive a merit increase or those who received a decrease), the median change was 3.4%.

EXECUTIVE SUMMARY (CONTINUED)

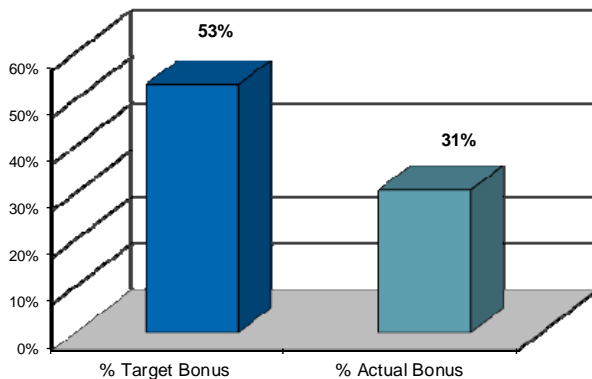
Bonus Awarded Prevalence



On page 16, we present a summary of the plan design features for short-term incentives. The majority of the companies have "formal" plans that provide for an annual payout.

64% of all CFOs received cash bonuses.

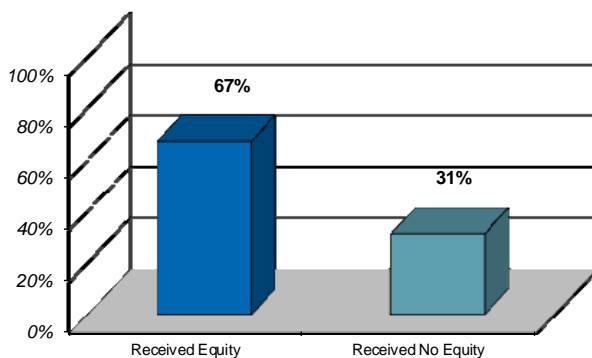
Target vs. Actual Bonus as a % of Base Salary



Actual bonus payouts were below target bonus opportunities, at median

Actual total cash for CFOs was \$360,000 and target total cash was \$440,700, at median.

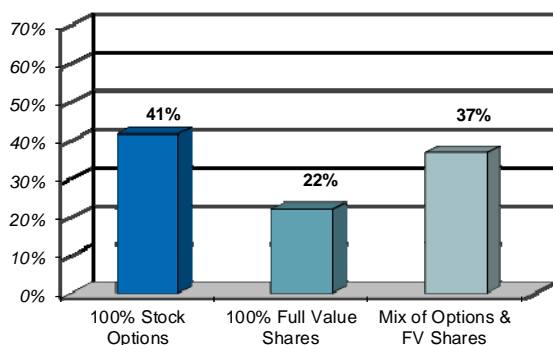
Equity Awarded Prevalence



On page 17, we present a summary of the plan design features for performance-based long-term incentives. ~19% of the companies provide performance-based long-term incentives.

~67% of all CFOs received a long-term incentive last year (excluding new hires).

Median CFO Long Term Incentive Value



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

37% received a mix of options and full-value shares in 2010.

COMPANY LIST

COMPANY LIST

Dollars in Millions

Company	Ticker	Industry Sector	SIC Code	Location	FYE	LFY	
						# of Ees.	Revenues
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
Autobyte	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
Demand Media	DMD	Internet Content Provider	2741	Santa Monica	12/31/10	600	\$252.9
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
Gateway International Holdings	MLHC	Machinery Manufacturing	3540	Tustin	9/30/2010	300	\$6.2
Guidance Software	GUID	Financial Services, Legal & Government Softw	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 Softw.	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 Technologies	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 CFO Pay Report for Orange County / Los Angeles – Technology is comprised of CFO compensation data for the fiscal year 2010 as reported in the proxy filings for publicly-traded companies in the Orange County / Los Angeles areas within the technology industry sector. The selection criteria included companies headquartered in the Orange County / Los Angeles areas and trading on one of the major stock exchanges in the United States. The sample size consisted of 61 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: base salary, cash bonus and long-term incentives. For new hires, only base salary and target bonus data are included; actual bonus and long-term incentive values are excluded due to new hire bonus and long-term incentive grant practices.

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

Headcount Group	# of Cos.	Median Last Fiscal Year	
		# of EEs	Annual Revenues (MM)
1,000+ employees	16	1,783	\$406.9
100 to 999 employees	36	299	\$76.0
Under 100 employees	9	59	\$13.7
All Companies	61	371	\$84.8

REPORT METHODOLOGY AND DEFINITIONS (CONTINUED)

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

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

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

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

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

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

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

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

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

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

REPORT FINDINGS

BASE SALARIES

Figure 1

Headcount Group	Base Salary (000s)			
	Avg.	25th	50th	75th
1,000+ employees	\$328.1	\$296.5	\$326.1	\$331.5
100 to 999 employees	\$257.1	\$212.5	\$250.0	\$307.5
Under 100 employees	\$220.6	\$159.5	\$210.7	\$277.5
All Companies	\$267.9	\$220.0	\$270.0	\$323.1

Base Salary Levels – By Employee Size

The median base salary for CFOs was approximately \$270,000. On average, base salary levels correlated with the size of company. [Figure 1]

Figure 2

Headcount Group	Overall Change in Base Salary (%)			
	Avg.	25th	50th	75th
1,000+ employees	7.4%	0.0%	6.8%	10.0%
100 to 999 employees	10.8%	0.0%	2.9%	9.2%
Under 100 employees	2.5%	3.6%	5.5%	6.1%
All Companies	8.8%	0.0%	3.4%	9.5%

Overall Change in Base Salary – By Employee Size

From 2009 to 2010, the median change in base salary was 3.4%. The median change was highest, at 6.8%, for companies with more than 1,000 employees. [Figure 2]

Figure 3

Headcount Group	Prevalence of Change in Base Salary		
	% Receiving		
	Increase	Decrease	No Change
1,000+ employees	77%	15%	8%
100 to 999 employees	71%	7%	21%
Under 100 employees	83%	17%	0%
All Companies	74%	11%	15%

Direction of Change – By Employee Size

The majority of CFOs received changes in base salaries regardless of company size. [Figure 3]

Figure 4

Headcount Group	For Those Receiving Increase: % Change			
	Avg.	25th	50th	75th
1,000+ employees	10.1%	5.3%	9.5%	11.5%
100 to 999 employees	15.6%	2.9%	4.7%	15.7%
Under 100 employees	5.5%	5.1%	5.9%	6.1%
All Companies	12.5%	3.1%	6.0%	12.5%

Merit Increases – By Employee Size

For CFOs receiving increases in base salaries, the median change was 6.0%. Merit increases were higher for companies with over 1,000 employees, at median. [Figure 4]

CASH BONUSES

Figure 5

Headcount Group	% Receiving Bonus
1,000+ employees	88%
100 to 999 employees	60%
Under 100 employees	40%
All Companies	64%

Actual Bonus Prevalence – By Employee Size

Last year, 64% of CFOs earned cash bonuses. [Figure 5]

Figure 6

Headcount Group	Actual Bonus (000s)			
	Avg.	25th	50th	75th
1,000+ employees	\$213.3	\$141.5	\$192.5	\$281.5
100 to 999 employees	\$78.7	\$0.0	\$59.0	\$122.0
Under 100 employees	\$56.7	\$0.0	\$30.2	\$82.7
All Companies	\$109.6	\$0.0	\$80.0	\$165.0

Actual Bonus Amount – By Employee Size

For CFOs who earned cash bonuses last year, the median bonus payout was approximately \$80,000. [Figure 6]

Figure 7

Headcount Group	Actual Bonus as a % of Base Salary			
	Avg.	25th	50th	75th
1,000+ employees	65%	47%	68%	85%
100 to 999 employees	28%	0%	24%	44%
Under 100 employees	22%	0%	17%	36%
All Companies	37%	0%	31%	59%

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

For CFOs who earned cash bonuses last year, the median bonus earned as a percent of base salary was 31%. CFOs at larger companies earned higher bonus amounts and thus, bonuses made up a higher percentage of their total cash compensation, at median. [Figure 7]

Figure 8

Headcount Group	% of Target Bonus Achieved			
	Avg.	25th	50th	75th
1,000+ employees	114%	68%	99%	149%
100 to 999 employees	87%	49%	93%	105%
Under 100 employees	109%	107%	112%	113%
All Companies	99%	65%	98%	112%

Actual Bonus as a Percent of Target – By Employee Size

For companies that have stated target bonuses, the median cash bonus earned as a percent of target bonus opportunity was 98%. [Figure 8]

CASH BONUSES (CONTINUED)

Figure 9

Headcount Group	Target Bonus (000s)			
	Avg.	25th	50th	75th
1,000+ employees	\$216.6	\$154.3	\$184.9	\$279.3
100 to 999 employees	\$132.1	\$99.3	\$129.8	\$159.0
Under 100 employees	\$130.9	\$87.4	\$89.3	\$153.6
All Companies	\$161.6	\$113.6	\$150.0	\$194.0

Target Bonus Amount – By Employee Size

For companies that have stated target bonuses, the median target bonus opportunity was approximately \$150,000. [Figure 9]

Figure 10

Headcount Group	Target Bonus as % of Base Salary			
	Avg.	25th	50th	75th
1,000+ employees	65%	50%	60%	75%
100 to 999 employees	49%	38%	50%	60%
Under 100 employees	45%	33%	35%	53%
All Companies	54%	40%	53%	61%

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

For companies that have stated target bonuses, the median target bonus opportunity as a percent of base salary was 53%. [Figure 10]

TOTAL CASH COMPENSATION

Figure 11

Headcount Group	Actual Total Cash (000s)			
	Avg.	25th	50th	75th
1,000+ employees	\$541.5	\$420.1	\$504.0	\$607.0
100 to 999 employees	\$335.7	\$235.5	\$325.0	\$404.2
Under 100 employees	\$277.3	\$172.5	\$251.4	\$350.0
All Companies	\$377.5	\$245.0	\$360.0	\$463.4

Actual Total Cash Compensation – By Employee Size

Last year, the median actual total cash compensation for a CFO at a publicly traded company was approximately \$360,000. [Figure 11]

Figure 12

Headcount Group	Target Total Cash (000s)			
	Avg.	25th	50th	75th
1,000+ employees	\$544.6	\$453.8	\$497.9	\$614.6
100 to 999 employees	\$403.4	\$350.9	\$387.5	\$476.3
Under 100 employees	\$414.6	\$357.4	\$370.5	\$449.8
All Companies	\$453.7	\$370.4	\$440.7	\$503.4

Target Total Cash Compensation – By Employee Size

For CFOs who have stated target bonuses, the median target total cash compensation was approximately \$440,700. [Figure 12]

LONG-TERM INCENTIVES

Figure 13

Headcount Group	% Receiving Long-Term Incentive
1,000+ employees	88%
100 to 999 employees	71%
Under 100 employees	20%
All Companies	67%

Long-Term Incentive Prevalence – By Employee Size

Last year, 67% of CFOs received long-term incentives. [Figure 13]

Figure 14

Headcount Group	Long-Term Incentive Value (000s)			
	Avg.	25th	50th	75th
1,000+ employees	\$432.1	\$201.6	\$338.5	\$495.7
100 to 999 employees	\$271.1	\$0.0	\$138.6	\$252.7
Under 100 employees	\$45.0	\$0.0	\$0.0	\$0.0
All Companies	\$270.8	\$0.0	\$159.9	\$359.1

Long-Term Incentive Value – By Employee Size

For CFOs who received long-term incentives last year, the median value delivered was approximately \$159,900. CFOs at companies with more than 1,000 employees received a greater long-term incentive value than CFOs at smaller companies. [Figure 14]

Figure 15

Headcount Group	Average Long-Term Incentive Value Mix		
	100% Stock Options	100% Full Value Shares	Mix
1,000+ employees	36%	29%	36%
100 to 999 employees	44%	16%	40%
Under 100 employees	50%	50%	0%
All Companies	41%	22%	37%

Average Equity Value Mix – By Employee Size

CFOs received their equity as a mix of options and full-value shares. [Figure 15]

TOTAL DIRECT COMPENSATION

Figure 16

Headcount Group	Actual Total Direct Compensation (000s)			
	Avg.	25th	50th	75th
1,000+ employees	\$973.5	\$749.9	\$890.7	\$998.3
100 to 999 employees	\$606.8	\$293.5	\$438.0	\$699.5
Under 100 employees	\$322.3	\$172.5	\$251.4	\$393.4
All Companies	\$648.4	\$317.0	\$481.7	\$839.3

Actual Total Direct Compensation – By Employee Size

Last year, the median total direct compensation for a CFO at a publicly-traded company was approximately \$481,700. [Figure 16]

Figure 17

Headcount Group	Target Total Direct Compensation (000s)			
	Avg.	25th	50th	75th
1,000+ employees	\$911.3	\$756.2	\$828.6	\$1,050.4
100 to 999 employees	\$613.1	\$397.9	\$502.0	\$720.3
Under 100 employees	\$540.9	\$436.7	\$529.1	\$639.3
All Companies	\$712.1	\$458.7	\$658.6	\$852.5

Target Total Direct Compensation – By Employee Size

Last year, the median total direct compensation for a CFO at a publicly-traded company was approximately \$658,600. [Figure 17]

Figure 18

Headcount Group	Average Pay Mix		
	Base Salary	Actual Bonus	Long-Term Incentives
1,000+ employees	38%	23%	39%
100 to 999 employees	62%	14%	24%
Under 100 employees	78%	14%	8%
All Companies	57%	17%	26%

Average Pay Mix – By Employee Size

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

SHORT-TERM INCENTIVE PLAN DESIGN SUMMARY

Short-Term Incentive Plan Design Summary

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

- The majority of companies have "formal" plans that provide for an annual payout
- Of the companies that provided details, the majority indicated that the Compensation Committee has the discretion to impact (both negatively and positively) the actual payout
- On average, companies use three performance metrics within the plan with varying methods used to measure the achievement of performance
- Of the companies that provided details, slightly more than half establish a threshold, target, and maximum within the plan. On average,
 - Performance at threshold is defined at 75% of target performance
 - Performance at maximum is defined at 125% of target performance with a payout of 165% of target payout

	Prevalence
Formal Plan	57%
Discretionary Plan	16%
No Plan	16%

	Prevalence
Annual payout	84%
Payout more frequent than annual	16%

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

	Prevalence
Negative and positive discretion:	~80%
Negative discretion only:	4 companies

For formal plans where company has disclosed plan details:

	Number
Average number of performance metrics	3

Performance based on achievement of:

	Percentage
Corporate financial objectives only (no strategic objectives and no individual performance)	40%
Corporate financial and strategic objectives only (no individual performance)	16%
Corporate objectives and individual performance	44%
Specific project milestones	10%

For formal plans where company has disclosed plan details:

	Prevalence
Threshold	54%
Target	62%
Maximum	56%

Average	
75% performance =	N/A
100% performance =	100% payout
125% performance =	165% payout

LONG-TERM INCENTIVE PLAN DESIGN SUMMARY

Long-Term Incentive Plan Design Summary

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

- ~19% of companies have implemented a performance-based long-term incentive plan
- Of the companies that have a performance-based long-term incentive plan, the majority have implemented a performance stock unit plan, with performance tied to the achievement of corporate financial objectives

	Prevalence
Performance-based long-term incentive plan	19%
For companies with a performance-based long-term incentive plan, the award form:	
	Prevalence
Performance Stock Unit (PSU):	54%
Performance-accelerated restricted shares/units (PARS/PARSU):	15%
Performance-unit (PU):	8%
Performance-accelerated stock options (PASOP):	31%
For companies with a performance-based long-term incentive plan, performance based on achievement of:	
	Percentage
Corporate financial objectives only (no strategic objectives and no individual performance)	69%
Corporate financial and strategic objectives only (no individual performance)	0%
Corporate objectives and individual performance	0%
Specific project milestones	15%

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.

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