

# State of CFO Pay

San Diego Public Companies  
*January 2012 Release*



BARNEY&BARNEY™  
LLC

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# LETTER FROM BARNEY & BARNEY

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Dear Clients and Friends,

Barney & Barney is pleased to provide you with the *2011 State of CFO Pay Report for San Diego*.

This annual report is designed to provide an overview of compensation levels and trends for Chief Financial Officers at publicly-traded companies in San Diego. This year's report focuses on compensation levels and trends over the last year for 74 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 (Orange County / Los Angeles Technology, 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

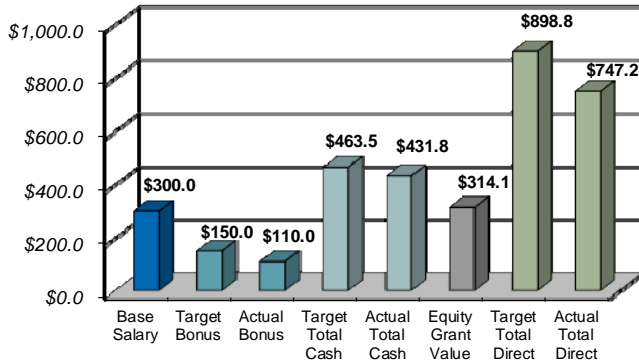


Data included in this report are partially based on SEC-filing research provided by Main Data Group. Main Data Group's **snapshot™** data service provides comprehensive competitive intelligence on the national landscape of executive total reward, and previously-unavailable information on the prevalence and value of retirement benefits and executive perquisites.  
[www.maintatagroup.com](http://www.maintatagroup.com)

# EXECUTIVE SUMMARY

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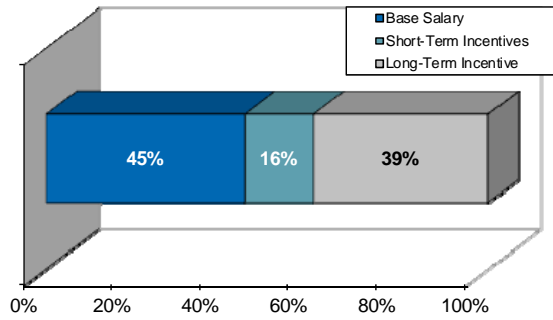
Median CFO Pay Elements



Median CFO actual total direct compensation levels were ~\$747,000

Actual total direct compensation levels fell below target total direct compensation levels by ~\$152,000 as a result of actual bonus payouts falling 27% below target bonus opportunities.

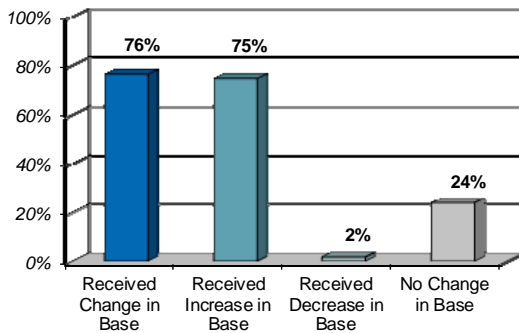
Average Pay Mix



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

~55% of the actual total direct compensation is "at-risk" compensation delivered through short- and long-term incentive compensation.

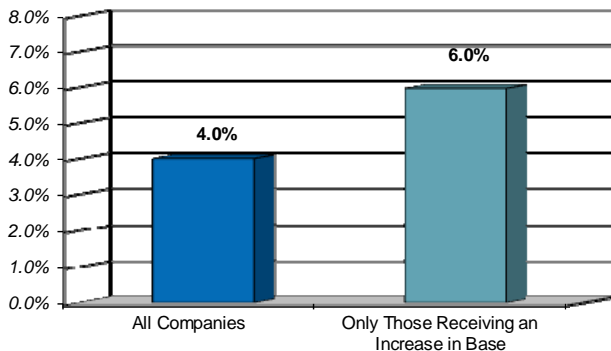
Merit Prevalence



The majority (75%) of CFOs received merit increases

Two percent of CFOs received base salary reductions in 2010. Twenty-four percent of CFOs did not receive any changes to their base salaries.

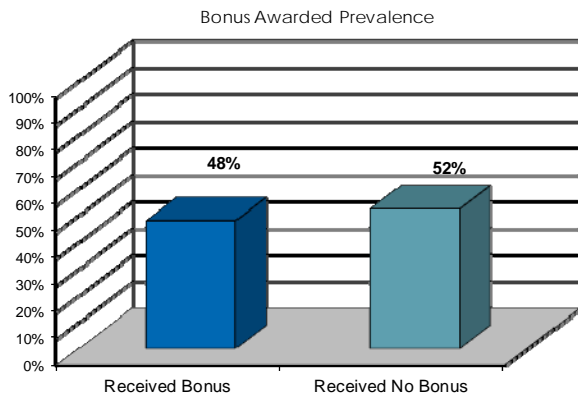
Median % Change in Base Salary



Of the 75% of CFOs who received merit increases, the median change was 6.0%

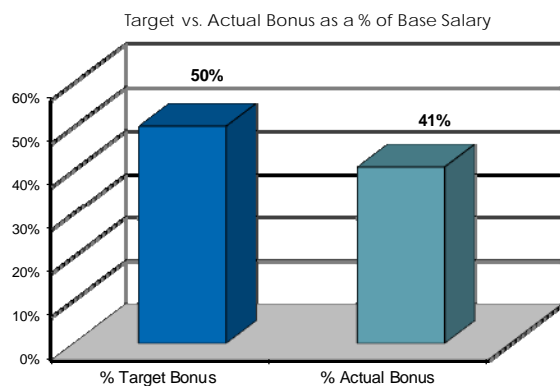
For the total population (including CFOs who did not receive a merit increase or those who received a decrease), the median change was 4.0%.

# EXECUTIVE SUMMARY (CONTINUED)



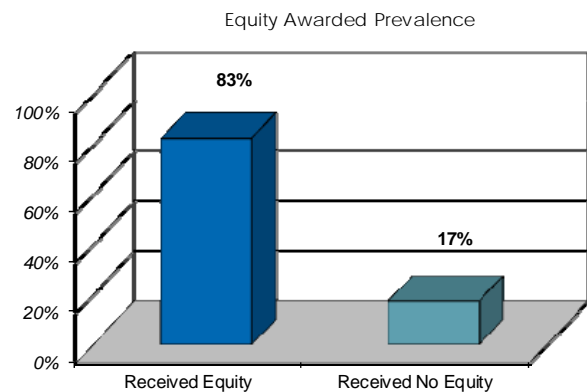
On page 20, we present a summary of the plan design features for short-term incentives. The majority of the companies have "formal" plans that provide for an annual payout.

48% of all CFOs received cash bonuses.



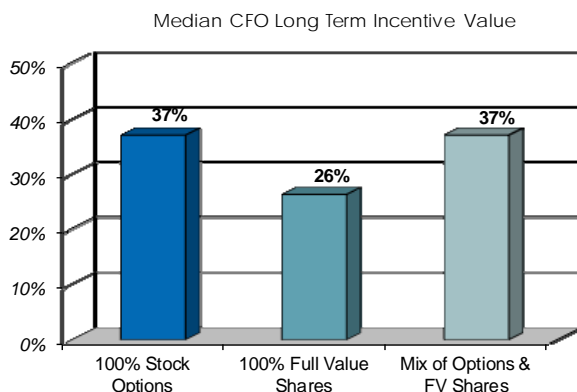
Actual bonus payouts were below target bonus opportunities, at median

Actual total cash for CFOs was \$431,800 and target total cash was \$463,500, at median.



On page 21, we present a summary of the plan design features for performance-based long-term incentives. ~28% of the companies provide performance-based long-term incentives.

~83% of all CFOs received a long-term incentive last year (excluding new hires).



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

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

# COMPANY LIST

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Dollars in Millions

Company	Ticker	Industry	Industry Sector	SIC Code	Location	FYE	LFY	
							# of Ees.	Revenues
ACADIA Pharmaceuticals	ACAD	Biotechnology	Pharmaceuticals Manufacturers	2834	San Diego	12/31/10	27	\$42.1
Alphatec Holdings	A TEC	Medical Technology	Medical Devices	3841	Carlsbad	12/31/10	460	\$171.6
AMN Healthcare Services	AHS	Other	Health Care Staffing	7361	San Diego	12/31/10	1,833	\$689.2
Amylin Pharmaceuticals	AMLN	Biotechnology	Pharmaceuticals Manufacturers	2834	San Diego	12/31/10	1,400	\$668.8
Anadys Pharmaceuticals	ANDS	Biotechnology	Biopharmaceuticals & Biotherapeutics	2834	San Diego	12/31/10	27	\$0.0
Apricus Biosciences	APRI	Biotechnology	Drug Delivery Systems	2834	San Diego	12/31/10	35	\$5.0
Ardea Biosciences	RDEA	Biotechnology	Drug Manufacturers	2834	San Diego	12/31/10	77	\$27.4
Arena Pharmaceuticals	ARNA	Biotechnology	Pharmaceuticals Manufacturers	2834	San Diego	12/31/10	351	\$16.6
BioMed Realty Trust	BMR	Other	Office REITs	6798	San Diego	12/31/10	159	\$386.4
Bofi Holdings	BOFI	Other	Banking	6035	San Diego	06/30/10	170	\$93.9
Cadence Pharmaceuticals	CADX	Biotechnology	Pharmaceuticals Manufacturers	2834	San Diego	12/31/10	247	\$0.0
Callaway Golf Company	ELY	Other	Golf Equipment	3949	Carlsbad	12/31/10	2,100	\$967.7
Cardium Therapeutics	CXM	Biotechnology	Biopharmaceuticals & Biotherapeutics	2836	San Diego	12/31/10	15	\$0.2
CareFusion	CFN	Medical Technology	Medical Equipment & Supplies	3841	San Diego	06/30/10	15,000	\$3,929.0
Cohu	COHU	High Technology	Semiconductor Equipment & Materials	3559	Poway	12/31/10	1,100	\$322.7
Cubic	CUB	High Technology	Aerospace & Defense Parts Manufacturing	3577	San Diego	09/30/10	7,700	\$1,194.2
Cymer	CYMI	High Technology	Semiconductor Equipment & Materials	3559	San Diego	12/31/10	953	\$534.2
Cytori Therapeutics	CYTX	Biotechnology	Medical Equipment & Supplies	3841	San Diego	12/31/10	124	\$10.6
DexCom	DXCM	Medical Technology	Medical Devices	3841	San Diego	12/31/10	520	\$48.6
Digirad	DRAD	Medical Technology	Medical Equipment & Supplies	3845	Poway	12/31/10	349	\$56.2
Encore Capital Group	ECFG	Other	Collections	7322	San Diego	12/31/10	1,900	\$381.3
Entropic Communications	ENTR	High Technology	Communications Chips	3674	San Diego	12/31/10	300	\$210.2
Excel Trust	EXL	Other	Retail REITs	6798	San Diego	12/31/10	31	\$17.5
First PacTrust Bancorp	FPTB	Other	Regional Banks & Thrifts	6035	Chula Vista	12/31/10	107	\$45.8
Franklin Wireless	FKWL	High Technology	Network Access & Communication Devices	3577	San Diego	06/30/10	58	\$101.9
Gen-Probe	GPRO	Biotechnology	Diagnostic Substances	2835	San Diego	12/31/10	1,468	\$543.3
Glacier Water Services	GWSV	Other	Water & Ice	5149	Vista	12/31/10	419	\$100.1
Halozyne Therapeutics	HALO	Biotechnology	Biopharmaceuticals & Biotherapeutics	2836	San Diego	12/31/10	102	\$13.6
Illumina	ILMN	Medical Technology	Biotechnology Research Equipment	3826	San Diego	12/31/10	2,100	\$902.7
Imagenetix	IAGX	Biotechnology	Pharmaceuticals Manufacturers	2834	San Diego	12/31/10	16	\$6.6
International Stem Cell	ISCO	Biotechnology	Pharmaceuticals Manufacturers	2834	Oceanside	12/31/10	18	\$1.1
Isis Pharmaceuticals	ISIS	Biotechnology	Biopharmaceuticals & Biotherapeutics	2834	Carlsbad	12/31/10	270	\$108.5
Jack in the Box	JACK	Other	Fast-Food & Quick-Service Restaurants	5812	San Diego	09/30/10	29,300	\$2,297.5
Kratos Defense & Security Solutions	KTOS	Other	Information Technology Services	7373	San Diego	12/31/10	2,900	\$408.5
Leap Wireless International	LEAP	High Technology	Wireless Network Operators	4812	San Diego	12/31/10	4,362	\$2,697.2
Life Technologies	LIFE	Biotechnology	Biotechnology Research Equipment	2836	Carlsbad	12/31/10	11,000	\$3,588.1
Ligand Pharmaceuticals	LGND	Biotechnology	Biopharmaceuticals & Biotherapeutics	2834	La Jolla	12/31/10	31	\$23.5
LRAD	LRAD	High Technology	Audio Equipment	3669	San Diego	09/30/10	38	\$16.7
Maxwell Technologies	MXWL	High Technology	Discrete & Passive Components	3675	San Diego	12/31/10	368	\$121.9
MediciNova	MNOV	Biotechnology	Biopharmaceuticals & Biotherapeutics	2834	San Diego	12/31/10	18	\$0.0
Natural Alternatives International	NAII	Biotechnology	Vitamins, Nutritional & Other Health-Related Products	2834	San Marcos	06/30/10	164	\$65.6
Neurocrine Biosciences	NBIX	Biotechnology	Biotechnology	2836	San Diego	12/31/10	66	\$33.5
Novatel Wireless	NVTL	High Technology	Network Access & Communication Devices	3669	San Diego	12/31/10	489	\$338.9
NTN Buzztime	NTN	High Technology	Entertainment	7999	Carlsbad	12/31/10	134	\$25.3
NuVasive	NUVA	Medical Technology	Medical Devices	3841	San Diego	12/31/10	789	\$478.2
Optimer Pharmaceuticals	OPTR	Biotechnology	Biopharmaceuticals & Biotherapeutics	2834	San Diego	12/31/10	87	\$1.5
Orexigen Therapeutics	OREX	Biotechnology	Drug Manufacturers	2834	La Jolla	12/31/10	33	\$1.2
Overland Storage	OVRL	High Technology	Optical Disk & Magnetic Tape Storage	3572	San Diego	06/30/10	190	\$77.7
PacWest Bancorp	PACW	Other	Regional Banks & Thrifts	6022	San Diego	12/31/10	929	\$339.1
Patriot Scientific	PTSC	High Technology	Microprocessors, Microcontrollers & DSPs	3669	Carlsbad	05/31/11	17	\$0.6
PICO Holdings	PICO	Other	Investment Firms	6719	La Jolla	12/31/10	57	\$32.2
PriceSmart	PSMT	Other	Warehouse Clubs & Superstores	5399	San Diego	08/31/10	4,728	\$1,395.9
PURE Bioscience	PURE	Biotechnology	Medical Equipment & Supplies	2842	El Cajon	07/31/10	24	\$1.4
QUALCOMM	QCOM	High Technology	Wireless Communications Components	3663	San Diego	09/30/10	17,500	\$10,991.0
Quidel	QDEL	Medical Technology	Diagnostic Substances	2835	San Diego	12/31/10	532	\$113.3
Realty Income	O	Other	Retail REITs	6798	Escondido	12/31/10	79	\$345.0
ResMed	RMD	Medical Technology	Medical Equipment & Supplies	3841	San Diego	06/30/10	3,200	\$1,092.4
RF Industries	RFL	High Technology	Electronic Connectors	3678	San Diego	10/31/10	110	\$16.3
Royale Energy	ROYL	Other	Independent Oil & Gas	1311	San Diego	12/31/10	22	\$11.6
Santarus	SNTS	Biotechnology	Drug Manufacturers	2834	San Diego	12/31/10	224	\$125.4
Sempra Energy	SRE	Other	Natural Gas Distribution & Marketing	4924	San Diego	12/31/10	13,504	\$9,003.0
Senomyx	SNMX	Biotechnology	Comm Phys. & Biological Res.	8731	San Diego	12/31/10	113	\$28.7
SEQUENOM	SQNM	Biotechnology	Biotechnology Research Equipment	3826	San Diego	12/31/10	237	\$47.5
Solera Holdings	SLH	High Technology	Financial Services, Legal & Government Software	7372	San Diego	06/30/10	2,202	\$631.3
Somaxon Pharmaceuticals	SOMX	Biotechnology	Drug Manufacturers	2834	San Diego	12/31/10	44	\$1.4
The Active Network	ACTV	High Technology	Database & File Management Software	7372	San Diego	12/31/10	2,490	\$279.6
ViaSat	VSAT	High Technology	Satellite & Broadcast Network Equipment	3663	Carlsbad	03/31/11	2,200	\$802.2
Vical	VICL	Biotechnology	Biopharmaceuticals & Biotherapeutics	2836	San Diego	12/31/10	114	\$8.7
Volcano	VOLC	Medical Technology	Medical Equipment & Supplies	3845	San Diego	12/31/10	1,144	\$294.1
Warburg Pincus Private Equity	BPI	Other	Colleges & Universities	8221	San Diego	12/31/10	3,000	\$713.2
WD-40 Company	WDFC	Other	Specialty Chemical Manufacturing	2899	San Diego	08/31/10	316	\$321.5
Websense	WBSN	High Technology	Security Software	7372	San Diego	12/31/10	1,442	\$332.8
Xenonics Holdings	XNNH	High Technology	Electrical Products	3648	Carlsbad	09/30/10	17	\$4.4
Zogenix	ZGNX	Biotechnology	Pharmaceuticals Manufacturers	2834	San Diego	12/31/10	144	\$23.4

# REPORT METHODOLOGY AND DEFINITIONS

## REPORT METHODOLOGY AND DEFINITIONS

Barney & Barney's *2011 State of CFO Pay Report for San Diego* is comprised of CFO compensation data for the fiscal year 2010 as reported in the proxy filings for publicly-traded companies in the San Diego area. The selection criteria included CFOs at companies headquartered in San Diego and trading on one of the major stock exchanges in the United States. The sample size consisted of 74 incumbents in 2010 for companies that have filed the most recent proxies as of July 31, 2011.

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

Our findings are summarized into two categories: one based on company size, and one based on industry. Most companies were categorized into the biotechnology, high technology or medical technology industries. Companies in retail, financial services, consumer products, defense, and other services were categorized into "other."

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	23	2,490	\$802.2
100 to 999 employees	29	247	\$77.7
Under 100 employees	22	31	\$5.8
All Companies	74	258.5	\$101.0

Industry Group	# of Cos.	Median Last Fiscal Year	
		# of EEs	Annual Revenues (MM)
Biotechnology	28	95	\$15.1
High Technology	19	368	\$210.2
Medical Technology	9	789	\$294.1
Other	18	674	\$363.2

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## REPORT METHODOLOGY AND DEFINITIONS (CONTINUED)

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

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

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

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

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

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

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

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

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

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

# REPORT FINDINGS

# BASE SALARIES

Figure 1

Headcount Group	Base Salary (000s)			
	Avg.	25th	50th	75th
1,000+ employees	\$413.8	\$329.5	\$382.6	\$521.5
100 to 999 employees	\$307.7	\$272.0	\$300.0	\$325.0
Under 100 employees	\$253.6	\$195.0	\$260.0	\$300.0
All Companies	\$328.1	\$260.0	\$300.0	\$370.0

## Base Salary Levels – By Employee Size

The median base salary for CFOs was approximately \$300,000. 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	4.0%	0.0%	2.5%	6.9%
100 to 999 employees	8.2%	2.6%	4.0%	10.8%
Under 100 employees	6.2%	0.1%	4.7%	7.2%
All Companies	6.2%	0.0%	4.0%	8.5%

## Overall Change in Base Salary – By Employee Size

From 2009 to 2010, the median change in base salary was 4.0%. The median change was highest, at 4.7%, for companies with less than 100 employees. [Figure 2]

Figure 3

Headcount Group	Prevalence of Change in Base Salary		
	% Receiving		
	Increase	Decrease	No Change
1,000+ employees	71%	5%	24%
100 to 999 employees	77%	0%	23%
Under 100 employees	75%	0%	25%
All Companies	75%	2%	24%

## 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	5.7%	2.4%	3.9%	8.4%
100 to 999 employees	10.6%	4.0%	9.0%	11.7%
Under 100 employees	8.3%	4.4%	6.0%	8.3%
All Companies	8.3%	3.4%	6.0%	9.9%

## 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 100 – 999 employees and were lower for companies with more than 1,000 employees, at median. [Figure 4]

## BASE SALARIES (CONTINUED)

Figure 5

Industry Group	Base Salary (000s)			
	Avg.	25th	50th	75th
Biotechnology	\$316.6	\$281.5	\$300.0	\$322.8
High Technology	\$319.6	\$240.0	\$297.5	\$380.3
Medical Technology	\$355.6	\$300.4	\$325.0	\$413.6
Other	\$337.0	\$239.0	\$300.0	\$432.2

### Base Salary Levels – By Industry

CFOs at medical technology companies received the highest base salaries at approximately \$325,000, at median. Base salary correlated more to the size of company than on industry type. [Figure 5]

Figure 6

Industry Group	Overall Change in Base Salary (%)			
	Avg.	25th	50th	75th
Biotechnology	3.8%	0.1%	4.0%	6.9%
High Technology	6.5%	0.0%	5.3%	9.1%
Medical Technology	8.2%	2.5%	3.5%	11.4%
Other	5.8%	0.0%	1.1%	8.4%

### Overall Change in Base Salary – By Industry

The median change in base salary was highest for CFOs at high technology companies, at 5.3%. [Figure 6]

Figure 7

Industry Group	Prevalence of Change in Base Salary		
	% Receiving		
	Increase	Decrease	No Change
Biotechnology	79%	5%	16%
High Technology	67%	6%	28%
Medical Technology	86%	0%	14%
Other	63%	0%	38%

### Direction of Change – By Industry

The majority of CFOs received changes in base salaries regardless of industry. Merit increases were most prevalent at medical technology companies, at 86%. [Figure 7]

Figure 8

Industry Group	For Those Receiving Increase: % Change			
	Avg.	25th	50th	75th
Biotechnology	6.7%	3.9%	4.5%	7.6%
High Technology	9.9%	6.0%	8.6%	10.7%
Medical Technology	9.6%	2.7%	6.6%	12.3%
Other	9.2%	2.1%	5.7%	11.0%

### Merit Increases – By Industry

For CFOs receiving merit increases, the median change was highest at high technology companies, at 8.6%. Merit increases were lowest for CFOs at biotechnology companies, at 4.5%, at median. [Figure 8]

# CASH BONUSES

Figure 9

Headcount Group	% Receiving Bonus
1,000+ employees	65%
100 to 999 employees	48%
Under 100 employees	26%
All Companies	48%

## Actual Bonus Prevalence – By Employee Size

Last year, 48% of CFOs earned cash bonuses. [Figure 9]

Figure 10

Headcount Group	Actual Bonus (000s)			
	Avg.	25th	50th	75th
1,000+ employees	\$302.0	\$129.0	\$200.0	\$348.0
100 to 999 employees	\$122.4	\$25.0	\$110.0	\$172.0
Under 100 employees	\$86.2	\$17.5	\$75.0	\$99.0
All Companies	\$172.3	\$35.0	\$110.0	\$234.0

## Actual Bonus Amount – By Employee Size

For CFOs who earned cash bonuses last year, the median bonus payout was approximately \$110,000. [Figure 10]

Figure 11

Headcount Group	Actual Bonus as a % of Base Salary			
	Avg.	25th	50th	75th
1,000+ employees	69%	32%	67%	83%
100 to 999 employees	38%	11%	35%	53%
Under 100 employees	34%	6%	29%	50%
All Companies	47%	22%	41%	65%

## 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 41%. CFOs at larger companies earned higher bonus amounts and thus, bonuses made up a higher percentage of their total cash compensation, at median. [Figure 11]

Figure 12

Headcount Group	% of Target Bonus Achieved			
	Avg.	25th	50th	75th
1,000+ employees	119%	87%	112%	167%
100 to 999 employees	111%	70%	100%	159%
Under 100 employees	91%	69%	94%	101%
All Companies	110%	72%	100%	145%

## 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 100%. [Figure 12]

## CASH BONUSES (CONTINUED)

Figure 13

Industry Group	% Receiving Bonus
Biotechnology	43%
High Technology	50%
Medical Technology	56%
Other	39%

### Actual Bonus Prevalence – By Industry

The highest prevalence of bonus payouts last year was 56% within the medical technology industry. [Figure 13]

Figure 14

Industry Group	Actual Bonus (000s)			
	Avg.	25th	50th	75th
Biotechnology	\$120.9	\$17.5	\$98.0	\$142.5
High Technology	\$190.0	\$66.3	\$139.5	\$204.8
Medical Technology	\$238.6	\$25.0	\$200.0	\$278.0
Other	\$179.1	\$35.0	\$141.5	\$245.3

### Actual Bonus Amount – By Industry

CFOs within the medical technology industry earned the highest bonus at approximately \$200,000, at median. CFOs within the biotechnology industry earned the lowest cash bonuses at approximately \$98,000, at median. [Figure 14]

Figure 15

Industry Group	Actual Bonus as a % of Base Salary			
	Avg.	25th	50th	75th
Biotechnology	33%	6%	30%	46%
High Technology	52%	24%	47%	68%
Medical Technology	55%	8%	56%	67%
Other	53%	17%	49%	71%

### Actual Bonus as a Percent of Base Salary – By Industry

CFOs within the medical technology industry earned the highest bonuses as a percent of base salary at 56%, at median. [Figure 15]

Figure 16

Industry Group	% of Target Bonus Achieved			
	Avg.	25th	50th	75th
Biotechnology	108%	75%	98%	143%
High Technology	100%	63%	96%	107%
Medical Technology	102%	64%	122%	130%
Other	132%	78%	141%	184%

### Actual Bonus as a Percent of Target – By Industry

CFOs within all industries (who have stated target bonuses) achieved between 98% and 141% of target bonuses, at median. [Figure 16]

## CASH BONUSES (CONTINUED)

Figure 17

Headcount Group	Target Bonus (000s)			
	Avg.	25th	50th	75th
1,000+ employees	\$283.8	\$180.8	\$261.5	\$338.3
100 to 999 employees	\$140.8	\$110.7	\$134.0	\$150.0
Under 100 employees	\$132.1	\$93.1	\$105.0	\$145.3
All Companies	\$195.8	\$108.0	\$150.0	\$261.5

### Target Bonus Amount – By Employee Size

For companies that have stated target bonuses, the median target bonus opportunity was approximately \$150,000. [Figure 17]

Figure 18

Headcount Group	Target Bonus as % of Base Salary			
	Avg.	25th	50th	75th
1,000+ employees	67%	51%	68%	75%
100 to 999 employees	43%	35%	40%	50%
Under 100 employees	47%	35%	38%	50%
All Companies	54%	35%	50%	68%

### 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 50%. [Figure 18]

Figure 19

Industry Group	Target Bonus (000s)			
	Avg.	25th	50th	75th
Biotechnology	\$146.4	\$105.0	\$112.9	\$150.0
High Technology	\$254.8	\$148.1	\$186.5	\$280.9
Medical Technology	\$200.0	\$115.6	\$158.5	\$237.6
Other	\$213.8	\$108.7	\$250.0	\$291.1

### Target Bonus Amount – By Industry

For companies that have stated target bonuses, the median target bonus opportunity was the highest for companies in other industries while the median target bonus opportunity was the lowest at biotechnology companies. [Figure 19]

Figure 20

Industry Group	Target Bonus as % of Base Salary			
	Avg.	25th	50th	75th
Biotechnology	41%	35%	35%	45%
High Technology	67%	50%	63%	79%
Medical Technology	53%	40%	50%	59%
Other	58%	40%	60%	75%

### Target Bonus as a Percent of Base Salary – By Industry

For companies that have stated target bonuses, the highest target bonus opportunities as a percentage of base salary was within the high technology industry, at 63%, at median. [Figure 20]

# TOTAL CASH COMPENSATION

Figure 21

Headcount Group	Actual Total Cash (000s)			
	Avg.	25th	50th	75th
1,000+ employees	\$715.8	\$481.5	\$575.0	\$768.3
100 to 999 employees	\$430.1	\$297.5	\$409.0	\$475.5
Under 100 employees	\$339.7	\$261.5	\$337.0	\$374.5
All Companies	\$500.4	\$300.4	\$431.8	\$575.0

## 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 \$431,800. [Figure 21]

Figure 22

Headcount Group	Target Total Cash (000s)			
	Avg.	25th	50th	75th
1,000+ employees	\$690.9	\$505.9	\$635.5	\$813.0
100 to 999 employees	\$459.3	\$404.9	\$442.5	\$479.4
Under 100 employees	\$412.7	\$317.4	\$393.3	\$439.4
All Companies	\$540.1	\$395.8	\$463.5	\$645.5

## Target Total Cash Compensation – By Employee Size

For CFOs who have stated target bonuses, the median target total cash compensation was approximately \$463,500. [Figure 22]

Figure 23

Industry Group	Actual Total Cash (000s)			
	Avg.	25th	50th	75th
Biotechnology	\$437.5	\$337.3	\$409.0	\$477.0
High Technology	\$509.5	\$278.8	\$418.0	\$629.3
Medical Technology	\$594.2	\$300.4	\$509.0	\$691.6
Other	\$516.0	\$344.3	\$488.5	\$595.8

## Actual Total Cash Compensation – By Industry

For CFOs the highest actual total cash compensation was in the medical technology industry, approximately \$509,000, at median. [Figure 23]

Figure 24

Industry Group	Target Total Cash (000s)			
	Avg.	25th	50th	75th
Biotechnology	\$491.2	\$402.3	\$433.5	\$491.4
High Technology	\$604.2	\$439.2	\$487.5	\$659.1
Medical Technology	\$543.8	\$404.7	\$475.5	\$643.4
Other	\$567.5	\$339.7	\$600.0	\$740.0

## Target Total Cash Compensation – By Industry

For CFOs in the highest target total cash was in other industries, approximately \$600,000, at median. [Figure 24]

# LONG-TERM INCENTIVES

Figure 25

Headcount Group	% Receiving Long-Term Incentive
1,000+ employees	96%
100 to 999 employees	81%
Under 100 employees	68%
All Companies	83%

## Long-Term Incentive Prevalence – By Employee Size

Last year, 83% of CFOs received long-term incentives. [Figure 25]

Figure 26

Headcount Group	Long-Term Incentive Value (000s)			
	Avg.	25th	50th	75th
1,000+ employees	\$1,065.6	\$351.8	\$687.7	\$1,099.5
100 to 999 employees	\$361.5	\$105.0	\$250.5	\$429.8
Under 100 employees	\$307.7	\$0.0	\$243.3	\$308.5
All Companies	\$581.4	\$138.2	\$314.1	\$671.1

## Long-Term Incentive Value – By Employee Size

For CFOs who received long-term incentives last year, the median value delivered was approximately \$314,100. CFOs at companies with more than 1,000 employees received a greater long-term incentive value than CFOs at smaller companies. [Figure 26]

Figure 27

Headcount Group	Average Long-Term Incentive Value Mix		
	100% Stock Options	100% Full Value Shares	Mix
1,000+ employees	9%	23%	68%
100 to 999 employees	50%	32%	18%
Under 100 employees	62%	23%	15%
All Companies	37%	26%	37%

## Average Equity Value Mix – By Employee Size

For larger companies, CFOs received their equity as a mix of options and full-value shares. For smaller companies, CFOs received a greater amount of equity in the form of stock options. [Figure 27]

## LONG-TERM INCENTIVES (CONTINUED)

Figure 28

Industry Group	% Receiving Long-Term Incentive
Biotechnology	87%
High Technology	60%
Medical Technology	100%
Other	89%

### Long-Term Incentive Prevalence – By Industry

Last year, equity awards made to CFOs were provided to all CFOs within the medical technology industry. [Figure 28]

Figure 29

Industry Group	Long-Term Incentive Value (000s)			
	Avg.	25th	50th	75th
Biotechnology	\$449.5	\$142.3	\$302.8	\$475.1
High Technology	\$623.8	\$0.0	\$337.2	\$732.6
Medical Technology	\$1,060.7	\$250.5	\$471.6	\$1,466.7
Other	\$493.5	\$131.3	\$314.8	\$702.7

### Long-Term Incentive Value – By Industry

For CFOs who received long-term incentives last year, CFOs at companies within the medical technology industry received the greatest long-term incentive values, at median. [Figure 29]

Figure 30

Industry Group	Average Long-Term Incentive Value Mix		
	100% Stock Options	100% Full Value Shares	Mix
Biotechnology	65%	5%	30%
High Technology	25%	33%	42%
Medical Technology	22%	22%	56%
Other	6%	63%	31%

### Average Equity Value Mix – By Industry

CFOs at biotechnology companies received the highest prevalence of long-term incentives in the form of stock options. CFOs at other industries received the highest prevalence of long-term incentives in the form of full-value shares only. [Figure 30]

# TOTAL DIRECT COMPENSATION

Figure 31

Headcount Group	Actual Total Direct Compensation (000s)			
	Avg.	25th	50th	75th
1,000+ employees	\$1,781.4	\$917.4	\$1,169.9	\$1,674.8
100 to 999 employees	\$791.6	\$464.5	\$648.4	\$875.8
Under 100 employees	\$647.4	\$296.8	\$544.0	\$775.2
All Companies	\$1,081.8	\$479.0	\$747.2	\$1,231.0

## Actual Total Direct Compensation – By Employee Size

Last year, the median total direct compensation for a CFO at a publicly-traded company was approximately \$747,200. [Figure 31]

Figure 32

Headcount Group	Target Total Direct Compensation (000s)			
	Avg.	25th	50th	75th
1,000+ employees	\$1,804.9	\$938.3	\$1,285.7	\$1,971.7
100 to 999 employees	\$834.4	\$526.3	\$744.0	\$937.8
Under 100 employees	\$830.2	\$536.6	\$679.4	\$989.2
All Companies	\$1,221.5	\$597.7	\$898.8	\$1,333.8

## Target Total Direct Compensation – By Employee Size

Last year, the median target total direct compensation for a CFO at a publicly-traded company was approximately \$898,800. [Figure 32]

Figure 33

Headcount Group	Average Pay Mix		
	Base Salary	Actual Bonus	Long-Term Incentives
1,000+ employees	32%	17%	51%
100 to 999 employees	51%	15%	35%
Under 100 employees	53%	15%	32%
All Companies	45%	16%	39%

## 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 33]

# TOTAL DIRECT COMPENSATION (CONTINUED)

Figure 34

Industry Group	Actual Total Direct Compensation (000s)			
	Avg.	25th	50th	75th
Biotechnology	\$887.0	\$477.4	\$710.0	\$952.2
High Technology	\$1,133.3	\$290.0	\$744.3	\$1,361.9
Medical Technology	\$1,654.9	\$594.9	\$980.6	\$2,158.3
Other	\$1,009.6	\$498.3	\$825.3	\$1,457.3

## Actual Total Direct Compensation – By Industry

For CFOs within the medical technology industry, the highest actual total direct compensation was approximately \$980,600, at median. For CFOs within the biotechnology industry, the lowest actual total direct compensation was approximately \$710,000, at median. [Figure 34]

Figure 35

Headcount Group	Target Total Direct Compensation (000s)			
	Avg.	25th	50th	75th
Biotechnology	\$1,065.5	\$651.0	\$750.4	\$1,068.8
High Technology	\$1,494.8	\$762.1	\$1,019.3	\$1,817.6
Medical Technology	\$1,532.1	\$695.4	\$897.9	\$1,781.2
Other	\$1,130.5	\$544.2	\$1,029.4	\$1,507.4

## Target Total Direct Compensation – By Industry

For CFOs within other industry sectors, target total direct compensation was approximately \$1,029,400, at median. [Figure 34]

Figure 36

Industry Group	Average Pay Mix		
	Base Salary	Actual Bonus	Long-Term Incentives
Biotechnology	49%	13%	38%
High Technology	50%	18%	32%
Medical Technology	32%	11%	57%
Other	43%	17%	39%

## Average Pay Mix – By Industry

For CFOs within the high technology industry, approximately 50% of their pay was in base salary and 50% was in incentive compensation. [Figure 36]

# SHORT-TERM INCENTIVE PLAN DESIGN SUMMARY

## Short-Term Incentive Plan Design Summary

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

- The majority of companies have "formal" plans that provide for an annual payout
- Of the companies that provided details, the majority indicated that the Compensation Committee has the discretion to impact (both negatively and positively) the actual payout
- On average, companies use three performance metrics within the plan with varying methods used to measure the achievement of performance
- Of the companies that provided details, the majority of companies establish a threshold, target, and maximum within the plan. On average,
  - Performance at threshold is defined at 75% of target performance
  - Performance at maximum is defined at 115% of target performance with a payout of 150% of target payout

	Prevalence
Formal Plan	68%
Discretionary Plan	22%
No Plan	11%

	Prevalence
Annual payout	94%
Payout more frequent than annual	6%

Compensation Committee has discretion to modify actual payout:	Prevalence
Negative and positive discretion:	100%
Negative discretion only:	0%

### 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)	35%
Corporate financial and strategic objectives only (no individual performance)	25%
Corporate objectives and individual performance	40%
Specific project milestones	17%

For formal plans where company has disclosed plan details:	Prevalence
Threshold	68%
Target	92%
Maximum	80%

Average	
75% performance	= 0% payout
100% performance	= 100% payout
115% performance	= 150% 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:

- ~28% 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	28%

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

	Prevalence
Performance Stock Unit (PSU):	90%
Performance-accelerated restricted shares/units (PARS/PARSU):	10%
Performance-unit (PU):	0%
Performance-accelerated stock options (PASOP):	0%

### 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)	71%
Corporate financial and strategic objectives only (no individual performance)	10%
Corporate objectives and individual performance	10%
Specific project milestones	19%

# 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.

