



**Executive Pay in the New Economy
February 2009 Results
Life Science Edition**

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Introduction

Pearl Meyer & Partners' survey series "Executive Pay in the New Economy" examines modifications to executive pay programs being contemplated by board members, executives and human resources professionals in response to the troubled economy. Areas addressed in the survey include:

- Executive base salaries
- Executive bonus program design and payout levels
- Long-term incentive plans and equity awards
- Severance and security arrangements

The following report focuses on the responses of *Life Science* participants in the latest survey, which was completed on February 6, 2009. Of a total of 436 respondents, 32 represented the *Life Sciences* sector, including 21 "employees of the firm" (i.e., members of the executive team or the human resources or compensation functions) and 11 board members (i.e., outside directors).

As a frame of reference, the report also includes an "All Firms" category, representing responses from the full 436-member survey group in regard to:

- Employee vs. Director perspectives
- Company performance versus plan
 - Somewhat/well off plan
 - On target
 - Somewhat/well ahead of plan

We trust you will find this information useful and would be happy to discuss these findings further. Please contact:

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Highlights from Life Science Respondents

Company Performance and Impact on Decision Making

- Interestingly, fewer respondents in the Winter 2009 survey said their performance for the year was “somewhat or well off target,” compared to a similar study conducted in Fall 2008: 38.8%, vs. 56.0%, respectively. However, more respondents in 2009 predicted that financial turmoil will have a significant impact on their pay decisions going forward: 83.8%, vs. 76.0% in Fall 2008.
 - One factor may be that in Fall 2008, when performance outcomes were more uncertain, life science respondents were overly-pessimistic about their ability to meet target goals. In the current economic environment and with the greater public focus on executive compensation, more life science companies plan to take these considerations into account in their upcoming executive pay decisions.
- 50.0% of respondents who described their company performance for the year as “well off target” indicated that market turmoil will “significantly” impact their pay decisions.

Executive Base Salary and Bonuses

- 61.3% of respondents indicated their executive team base salary increases for 2009 will be “somewhat or considerably less” than in 2008.
- More companies are imposing or considering a freeze on executive team base salaries: 38.8% of respondents in the 2009 survey indicated they already have implemented or are “strongly” considering a freeze, up sharply from just 12.0% who were “strongly” considering a base salary freeze in Fall 2008.
- 16.7% of respondents said their executives would not receive any bonus for 2008 performance.

Long-Term Incentives and Equity Awards

- 53.8% of respondents expect this year’s award values to be “somewhat or considerably” lower than last year.
- 40.7% of respondents predicted their burn rate will be “somewhat or considerably” lower than last year.
- Underwater option exchanges continue to be of interest to life science firms. 3.7% of respondents indicated they have completed, are currently implementing, or will attempt an underwater stock option exchange program within the next six months. Of those who do not currently plan to pursue an exchange, 20.0% said they will revisit the topic in the next 12 months.

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Participant Demographics	<u>Life Science Firms</u>	<u>All Firms</u>	<u>Primary Role</u>		<u>Company Performance vs Plan</u>		
	Total	Total	Employee of the firm	Outside director	Somewhat / Well Off	On Target	Somewhat / Well Ahead
Number of Firms Reporting	32	436	328	108	264	84	84
Employee of the firm							
Employee of the firm	65.6%	75.2%	75.2%	0.0%	75.0%	89.3%	60.7%
Outside director	34.4%	24.8%	0.0%	24.8%	25.0%	10.7%	39.3%
What best describes your role with this organization?							
Chief Executive Officer	3.1%	7.8%	10.4%	0.0%	8.0%	10.7%	4.8%
Chief Financial Officer	9.4%	1.8%	2.4%	0.0%	3.0%	0.0%	0.0%
VP of Human Resources	9.4%	17.2%	22.9%	0.0%	17.9%	15.5%	17.9%
General Counsel	3.1%	1.6%	2.1%	0.0%	1.5%	2.4%	1.2%
A member of the executive team (other than those listed above)	3.1%	5.5%	7.3%	0.0%	5.3%	7.1%	4.8%
A member of the compensation department	31.3%	37.9%	50.3%	0.0%	36.9%	48.8%	27.4%
A member of human resources (not in the compensation department)	3.1%	1.1%	1.5%	0.0%	0.4%	2.4%	2.4%
Other employee of the firm	3.1%	2.3%	3.0%	0.0%	2.3%	2.4%	2.4%
Chairman of the Compensation Committee	15.6%	11.0%	0.0%	44.9%	10.6%	4.8%	19.0%
Member of the Compensation Committee (non-Chairman)	15.6%	8.7%	0.0%	35.5%	8.4%	6.0%	13.1%
Member of the Board (not participant on Compensation Committee)	3.1%	4.1%	0.0%	16.8%	4.9%	0.0%	6.0%
Other Outside Director	0.0%	0.7%	0.0%	2.8%	0.8%	0.0%	1.2%
Organizational Size (Revenue / Assets / Operational Budget)							
Under \$300 million	46.9%	25.5%	22.0%	36.1%	23.9%	27.4%	29.8%
\$300 million to less than \$1 billion	18.8%	22.5%	21.3%	25.9%	22.3%	23.8%	19.0%
\$1 billion to less than \$3 billion	18.8%	22.0%	22.3%	21.3%	23.5%	19.0%	20.2%
\$3 billion to less than \$10 billion	12.5%	18.6%	22.0%	8.3%	19.3%	16.7%	19.0%
\$10 billion or greater	3.1%	11.5%	12.5%	8.3%	11.0%	13.1%	11.9%

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Participant Demographics	<u>Life Science Firms</u>	<u>All Firms</u>	<u>Primary Role</u>		<u>Company Performance vs Plan</u>		
	Total	Total	Employee of the firm	Outside director	Somewhat / Well Off	On Target	Somewhat / Well Ahead
Number of Firms Reporting	32	436	328	108	264	84	84
Form of Ownership							
Publicly Held; For Profit	81.3%	72.0%	50.6%	21.4%	73.4%	64.3%	73.8%
Closely Held; For Profit	3.1%	3.0%	2.1%	0.9%	3.4%	2.4%	2.4%
Privately Held; For Profit	12.5%	20.0%	18.4%	1.6%	20.2%	21.4%	19.0%
Tax Exempt or Government Chartered, including 501(c)(3), FFRDC	3.1%	5.1%	4.1%	0.9%	3.0%	11.9%	4.8%
Industry Group							
Industrials / Materials	0.0%	19.3%	20.1%	17.0%	21.1%	19.8%	13.1%
Consumer Discretionary / Staples	0.0%	17.2%	17.3%	17.0%	21.1%	11.1%	11.9%
Health Care	100.0%	9.5%	8.6%	12.3%	6.1%	12.3%	16.7%
Financials	0.0%	23.0%	21.9%	26.4%	28.0%	12.3%	19.0%
Info Tech / Telecomm Services	0.0%	21.4%	23.1%	16.0%	19.9%	30.9%	17.9%
Energy / Utilities	0.0%	9.5%	9.0%	11.3%	3.8%	13.6%	21.4%
Organization's reporting entity:							
Parent/Stand Alone	96.9%	93.1%	92.1%	96.3%	93.2%	91.7%	94.0%
Subsidiary	3.1%	6.4%	7.3%	3.7%	6.4%	7.1%	6.0%
Division	0.0%	0.5%	0.6%	0.0%	0.4%	1.2%	0.0%

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Company Performance and Impact on Decision Making	Life Science Firms	All Firms	Primary Role		Company Performance vs Plan		
	Total	Total	Employee of the firm	Outside director	Somewhat / Well Off	On Target	Somewhat / Well Ahead
Number of Firms Reporting	32	436	328	108	264	84	84
Please indicate your assessment of your company's performance for the year as compared to plan or budget.							
Well off target	6.5%	26.4%	24.7%	31.5%	43.2%	0.0%	0.0%
Somewhat off target	32.3%	34.7%	36.4%	29.6%	56.8%	0.0%	0.0%
On target	22.6%	18.3%	21.6%	8.3%	0.0%	94.0%	0.0%
Somewhat ahead of target	38.7%	14.6%	11.7%	23.1%	0.0%	0.0%	75.0%
Well ahead of target	0.0%	4.9%	4.0%	7.4%	0.0%	0.0%	25.0%
Not sure	0.0%	1.2%	1.5%	0.0%	0.0%	6.0%	0.0%
To what extent will recent financial market turmoil impact your pay decision making process over the next 6 months?							
Not at all	16.1%	8.6%	7.2%	13.0%	4.6%	13.3%	16.9%
Some impact on decision making process	54.8%	56.1%	55.3%	58.3%	48.1%	72.3%	65.1%
Significant impact on decision making process	29.0%	35.3%	37.5%	28.7%	47.3%	14.5%	18.1%

LS Firms		Impact on Executive Pay Decision Making in 2009			
		Not at all	Some Impact	Significant Impact	Total
Company Performance vs Plan	Well off target	0.0%	50.0%	50.0%	100.0%
	Somewhat off target	10.0%	50.0%	40.0%	100.0%
	On target	14.3%	57.1%	28.6%	100.0%
	Somewhat ahead of target	25.0%	58.3%	16.7%	100.0%
	Well ahead of target	0.0%	0.0%	0.0%	0.0%
	Not sure	0.0%	0.0%	0.0%	0.0%

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Executive Base Pay Changes	<u>Life Science Firms</u>	<u>All Firms</u>	<u>Primary Role</u>		<u>Company Performance vs Plan</u>		
	Total	Total	Employee of the firm	Outside director	Somewhat / Well Off	On Target	Somewhat / Well Ahead
Number of Firms Reporting	32	436	328	108	264	84	84
In percentage terms, do you anticipate that your executive team's base salary increases for 2009 will be...							
Considerably less than 2008's increases	19.4%	40.3%	41.5%	37.0%	50.8%	22.2%	24.4%
Somewhat less than 2008's increases	41.9%	29.5%	25.6%	40.7%	27.7%	32.1%	32.9%
About the same as 2008's increases	32.3%	28.1%	30.4%	21.3%	20.4%	44.4%	36.6%
Somewhat more than 2008's increases	3.2%	1.4%	1.6%	0.9%	0.8%	0.0%	4.9%
Considerably more than 2008's increases	3.2%	0.7%	0.9%	0.0%	0.4%	1.2%	1.2%
Are you considering freezing your executive team's base salaries in 2009?							
We have already decided to freeze executive base salaries in 2009	32.3%	37.2%	38.5%	33.3%	46.3%	18.5%	25.9%
We are strongly considering freezing base salaries	6.5%	13.7%	13.1%	15.7%	16.6%	12.3%	6.2%
We have given somewhat more consideration to freezing base salaries in 2009 than in recent years	16.1%	13.0%	11.5%	17.6%	13.9%	11.1%	12.3%
We have given little consideration to freezing base salaries, and no more so than in recent years	9.7%	8.8%	8.3%	10.2%	6.9%	13.6%	9.9%
We are not considering freezing base salaries	35.5%	27.3%	28.7%	23.1%	16.2%	44.4%	45.7%
What is your anticipated total merit increase budget for executives for 2009?							
0% (Base salaries are frozen)	25.8%	39.7%	41.5%	34.3%	48.3%	27.2%	23.8%
0% to 2%	12.9%	15.2%	14.4%	17.6%	19.7%	9.9%	6.3%
2% to 3%	25.8%	13.3%	11.2%	19.4%	11.6%	14.8%	17.5%
3% to 4%	19.4%	19.2%	18.2%	22.2%	14.7%	23.5%	30.0%
4% to 5%	9.7%	7.1%	8.6%	2.8%	3.5%	18.5%	7.5%
5% to 6%	0.0%	2.6%	3.2%	0.9%	0.8%	3.7%	7.5%
More than 6%	6.5%	2.9%	2.9%	2.8%	1.5%	2.5%	7.5%

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Executive Annual Incentive (Bonus) Programs	<u>Life Science</u> <u>Firms</u>	<u>All Firms</u>	<u>Primary Role</u>		<u>Company Performance vs Plan</u>		
	Total	Total	Employee of the firm	Outside director	Somewhat / Well Off	On Target	Somewhat / Well Ahead
Number of Firms Reporting	32	436	328	108	264	84	84
What is the likelihood that you may exercise discretion in determining your annual incentive payout FOR 2008 PERFORMANCE?							
We have paid, or are likely to pay "below formula"	12.9%	29.1%	30.5%	25.0%	41.1%	9.1%	10.0%
We may pay "below formula"	3.2%	13.1%	12.5%	14.8%	18.6%	9.1%	0.0%
We have paid, or are most likely to pay "at formula"	71.0%	43.6%	43.6%	43.5%	32.8%	67.5%	55.0%
We may pay "above formula"	9.7%	8.2%	7.5%	10.2%	3.6%	9.1%	22.5%
We have paid, or are likely to pay "above formula" annual incentive	3.2%	6.1%	5.9%	6.5%	4.0%	5.2%	12.5%
To what extent was (or will) your annual incentive payout to executives FOR 2008 PERFORMANCE be paid out in the form of stock denominated vehicles?							
We do not anticipate (or have not made) any annual incentive payout for 2008 performance	16.7%	24.8%	25.0%	24.3%	34.9%	9.3%	6.3%
The payout will be 100% cash	56.7%	55.8%	62.7%	36.4%	47.2%	70.7%	69.6%
We allow executives to choose to receive a portion of their incentive payout in the form of stock	3.3%	3.2%	3.3%	2.8%	2.8%	4.0%	3.8%
By policy, we denominate a portion of the payout (less than 50%) in the form of stock	13.3%	11.3%	6.0%	26.2%	10.3%	13.3%	12.7%
By policy, we denominate a portion of the payout (50% or more) in the form of stock	10.0%	4.9%	3.0%	10.3%	4.8%	2.7%	7.6%

Long Term Incentives and Equity Awards	<u>Life Science Firms</u>	<u>All Firms</u>	<u>Primary Role</u>		<u>Company Performance vs Plan</u>		
	Total	Total	Employee of the firm	Outside director	Somewhat / Well Off	On Target	Somewhat / Well Ahead
Number of Firms Reporting	32	436	328	108	264	84	84
Relative to the prior year's equity award, the value of awards made at the end of 2008 or beginning of 2009 will be...							
Considerably lower	19.2%	30.4%	30.0%	31.3%	40.5%	13.5%	11.9%
Somewhat lower	34.6%	29.1%	25.7%	37.5%	30.7%	26.9%	25.4%
About the same	30.8%	31.3%	34.3%	24.0%	21.5%	50.0%	47.8%
Somewhat higher	15.4%	6.1%	5.7%	7.3%	4.4%	5.8%	11.9%
Considerably higher	0.0%	3.1%	4.3%	0.0%	2.9%	3.8%	3.0%
What best describes your company's approach to determining the number of shares to grant to each executive (for awards made at the end of 2008 or beginning of 2009)?							
We referenced market data and attempted to match the economic value at a targeted market percentile.	33.3%	39.5%	42.9%	31.5%	39.4%	50.0%	31.7%
The number of shares is based on an assumed share price growth rate and a targeted "future value" at that growth rate.	4.2%	5.3%	4.7%	6.5%	5.2%	4.3%	6.3%
We granted a similar number of shares as in the prior year (i.e., burn rates are relatively consistent year-over-year).	41.7%	20.1%	19.8%	20.7%	20.2%	17.4%	22.2%
The number of shares was determined based on achievement relative to pre-determined performance goals.	8.3%	10.9%	5.7%	22.8%	10.9%	10.9%	11.1%
We used an alternative approach not described above.	12.5%	24.3%	26.9%	18.5%	24.4%	17.4%	28.6%

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Long Term Incentives and Equity Awards	<u>Life Science Firms</u>	<u>All Firms</u>	<u>Primary Role</u>		<u>Company Performance vs Plan</u>		
	Total	Total	Employee of the firm	Outside director	Somewhat / Well Off	On Target	Somewhat / Well Ahead
Number of Firms Reporting	32	436	328	108	264	84	84
How do you anticipate awards will compare to awards provided in the prior year? (Percents are of those providing each type of award)							
Fair Market Value Stock Options (rights to purchase stock at a fixed price equal to 100 percent of fair market value at grant date)							
Greater Percentage of Value	9.5%	8.9%	8.7%	9.4%	8.3%	12.1%	8.7%
About the Same	66.7%	54.0%	53.0%	56.3%	47.4%	57.6%	71.7%
Lower Percentage of Value	23.8%	37.1%	38.3%	34.4%	44.4%	30.3%	19.6%
Premium Priced Stock Options (rights to purchase stock at a fixed price equal to some value greater than 100 percent of fair market value at grant date)							
Greater Percentage of Value	0.0%	20.8%	25.0%	16.7%	22.2%	20.0%	0.0%
About the Same	50.0%	37.5%	33.3%	41.7%	38.9%	20.0%	100.0%
Lower Percentage of Value	50.0%	41.7%	41.7%	41.7%	38.9%	60.0%	0.0%
Restricted Stock / Restricted Stock Units (shares of stock subject to a restriction period during which the shares cannot be sold)							
Greater Percentage of Value	11.8%	17.2%	17.4%	16.7%	19.4%	18.9%	7.9%
About the Same	52.9%	52.0%	52.9%	50.0%	45.1%	56.8%	73.7%
Lower Percentage of Value	35.3%	30.8%	29.7%	33.3%	35.4%	24.3%	18.4%
Performance Shares / Units (shares of stock subject to achievement of pre-determined performance goals)							
Greater Percentage of Value	22.2%	20.6%	15.5%	33.3%	20.7%	27.3%	16.0%
About the Same	77.8%	52.2%	51.5%	53.8%	43.7%	59.1%	76.0%
Lower Percentage of Value	0.0%	27.2%	33.0%	12.8%	35.6%	13.6%	8.0%
Other Cash-Based Long-Term Incentive Plan (awards paid out in cash if financial targets are achieved over a period of time greater than one year)							
Greater Percentage of Value	20.0%	11.7%	10.1%	13.7%	10.7%	5.3%	16.7%
About the Same	60.0%	50.0%	49.3%	51.0%	34.7%	84.2%	70.8%
Lower Percentage of Value	20.0%	38.3%	40.6%	35.3%	54.7%	10.5%	12.5%
Relative to the prior year's burn rate, do you anticipate that this year's burn rate will be...							
Considerably lower	18.5%	15.9%	16.1%	15.6%	21.9%	4.3%	6.7%
Somewhat lower	22.2%	19.3%	17.5%	23.3%	19.8%	17.0%	18.3%
About the same	44.4%	39.9%	40.8%	37.8%	33.3%	46.8%	56.7%
Somewhat higher	11.1%	15.6%	14.7%	17.8%	12.5%	27.7%	15.0%
Considerably higher	3.7%	9.3%	10.9%	5.6%	12.5%	4.3%	3.3%

Long Term Incentives and Equity Awards	<u>Life Science Firms</u>	<u>All Firms</u>	<u>Primary Role</u>		<u>Company Performance vs Plan</u>		
	Total	Total	Employee of the firm	Outside director	Somewhat / Well Off	On Target	Somewhat / Well Ahead
Number of Firms Reporting	32	436	328	108	264	84	84
Is your organization considering repricing / restructuring / exchanging outstanding underwater stock options?							
No, this is not under consideration	77.8%	71.5%	71.8%	71.0%	65.8%	87.5%	77.6%
We have given the topic some consideration, but are unlikely to take action in the next 6 months	14.8%	15.5%	15.3%	16.1%	18.1%	8.3%	12.1%
We have given the topic a great deal of consideration, but are unlikely to take action in the next 6 months	3.7%	5.5%	6.5%	3.2%	6.0%	2.1%	6.9%
We have given the topic a great deal of consideration and will likely attempt an action in the next 6 months	0.0%	5.8%	4.6%	8.6%	7.5%	2.1%	3.4%
We have just completed a repricing or are in the midst of doing a repricing	3.7%	1.6%	1.9%	1.1%	2.5%	0.0%	0.0%
If not considering repricing, what were the factors in the decision to not take action over the next 6 months?							
Anticipated difficulty in garnering support from shareholders.	20.0%	43.1%	40.4%	50.0%	41.7%	40.0%	54.5%
Equity plan document language precludes a repricing / restructuring / exchange.	20.0%	9.2%	8.5%	11.1%	10.4%	0.0%	9.1%
A repricing / restructuring / exchange would run counter to overall compensation philosophy.	40.0%	33.8%	29.8%	44.4%	31.3%	40.0%	45.5%
Additional expense associated with tender offer, filings, etc. (i.e., administrative expense).	20.0%	13.8%	14.9%	11.1%	10.4%	20.0%	27.3%
Logistical difficulties in developing and implementing a program within this limited time frame.	0.0%	16.9%	17.0%	16.7%	18.8%	20.0%	9.1%
Decided to preclude action until it is confirmed that share price drop is long-term (not an isolated event).	40.0%	29.2%	34.0%	16.7%	22.9%	80.0%	36.4%
If not considering repricing within the next 6 months, do you anticipate reconsidering in the next 12 months?							
Yes	20.0%	29.2%	34.0%	16.7%	31.3%	20.0%	18.2%
No	20.0%	16.9%	14.9%	22.2%	8.3%	40.0%	45.5%
Not sure at this time.	60.0%	53.8%	51.1%	61.1%	60.4%	40.0%	36.4%

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Long Term Incentives and Equity Awards	Life Science Firms	All Firms	Primary Role		Company Performance vs Plan		
	Total	Total	Employee of the firm	Outside director	Somewhat / Well Off	On Target	Somewhat / Well Ahead
Number of Firms Reporting	32	436	328	108	264	84	84
If considering or have completed a repricing, what will (or were) surrendered options be replaced with?							
New stock options	100.0%	59.1%	71.4%	37.5%	60.0%	100.0%	0.0%
Restricted shares / RSUs	0.0%	45.5%	21.4%	87.5%	45.0%	0.0%	100.0%
Cash	0.0%	4.5%	7.1%	0.0%	5.0%	0.0%	0.0%
Percent eligible to participate in repricing / restructuring / exchange							
Non-Executive Board Members Eligible	0.0%	27.3%	21.4%	37.5%	30.0%	0.0%	0.0%
CEOs Eligible	0.0%	50.0%	42.9%	62.5%	50.0%	100.0%	0.0%
Other Named Executive Officers Eligible	100.0%	59.1%	57.1%	62.5%	60.0%	100.0%	0.0%
Importance of Considerations in Implementing Repricing / Exchange / Restructuring - Average Rank (1=Highest, 6 = Lowest)							
New motivational and retentive power for EXECUTIVES.	2.0	2.2	2.0	2.5	2.2	1.0	3.0
New motivational and retentive power for EMPLOYEES.	1.0	3.0	3.3	2.4	3.0	4.0	1.0
Reduced dilution and creation of additional shares available for future grant.	5.0	3.5	3.5	3.5	3.5	5.0	2.0
Restore alignment between executives / employees and shareholder interests.	3.0	3.0	3.1	2.9	3.0	3.0	4.0
Maximize efficiency of awards (likelihood that value realized will exceed expense incurred)	4.0	4.1	3.9	4.5	4.2	2.0	5.0
Other (e.g., compliance with 409A, administrative issues, etc.)	6.0	5.3	5.3	5.3	5.2	6.0	6.0
Percent Ranking 1 or 2							
New motivational and retentive power for EXECUTIVES.	100.0%	68.2%	71.4%	62.5%	70.0%	100.0%	0.0%
New motivational and retentive power for EMPLOYEES.	100.0%	50.0%	42.9%	62.5%	50.0%	0.0%	100.0%
Reduced dilution and creation of additional shares available for future grant.	0.0%	22.7%	21.4%	25.0%	20.0%	0.0%	100.0%
Restore alignment between executives / employees and shareholder interests.	0.0%	40.9%	42.9%	37.5%	45.0%	0.0%	0.0%
Maximize efficiency of awards (likelihood that value realized will exceed expense incurred)	0.0%	9.1%	14.3%	0.0%	5.0%	100.0%	0.0%
Other (e.g., compliance with 409A, administrative issues, etc.)	0.0%	9.1%	7.1%	12.5%	10.0%	0.0%	0.0%

Executive Pay in the New Economy
February 2009 Results

Severance and Security Arrangements	<u>Life Science Firms</u>	<u>All Firms</u>	<u>Primary Role</u>		<u>Company Performance vs Plan</u>		
	Total	Total	Employee of the firm	Outside director	Somewhat / Well Off	On Target	Somewhat / Well Ahead
Number of Firms Reporting	32	436	328	108	264	84	84
Do you anticipate reviewing your executive severance or change-in-control arrangements during the next 12 months?							
Yes, we will be reviewing these arrangements and anticipate some modifications	33.3%	18.8%	13.8%	31.8%	18.4%	14.0%	23.2%
Yes, we will be reviewing these arrangements as normal course-of-business, but do not anticipate modifications	14.3%	26.2%	25.9%	27.1%	28.4%	24.0%	21.4%
No, we do not anticipate reviewing these arrangements	52.4%	55.0%	60.3%	41.2%	53.2%	62.0%	55.4%
Do you anticipate that modifications will increase or decrease severance to executives in terminations ABSENT a change-in-control?							
Increase	0.0%	2.6%	1.5%	4.9%	3.2%	0.0%	2.9%
Decrease	21.4%	19.3%	15.3%	27.9%	21.8%	3.0%	25.7%
Uncertain	78.6%	78.1%	83.2%	67.2%	75.0%	97.0%	71.4%
Do you anticipate that modifications will increase or decrease severance to executives in terminations FOLLOWING a change-in-control?							
Increase	14.3%	7.2%	6.8%	8.2%	8.8%	5.9%	2.9%
Decrease	28.6%	14.4%	12.8%	18.0%	15.2%	8.8%	17.1%
Uncertain	57.1%	78.4%	80.5%	73.8%	76.0%	85.3%	80.0%
Do you anticipate that modifications will decrease any provisions for gross-up payments (for excise tax attributable to parachute payments following a change-in-control)?							
Yes	0.0%	7.7%	4.5%	14.8%	6.3%	5.9%	14.3%
No, we are leaving our current provisions unchanged.	71.4%	35.9%	34.3%	39.3%	34.1%	41.2%	37.1%
No, we are actually adding or expanding gross-up provisions.	0.0%	1.5%	1.5%	1.6%	2.4%	0.0%	0.0%
No, we do not currently provide for gross-up payments and do not plan on adding these provisions.	14.3%	26.7%	24.6%	31.1%	30.2%	20.6%	20.0%

Severance and Security Arrangements	<u>Life Science Firms</u>	<u>All Firms</u>	<u>Primary Role</u>		<u>Company Performance vs Plan</u>		
	Total	Total	Employee of the firm	Outside director	Somewhat / Well Off	On Target	Somewhat / Well Ahead
Number of Firms Reporting	32	436	328	108	264	84	84
Which statement best describes your current treatment of outstanding equity grants upon a change-in-control?							
We provide single-trigger acceleration (accelerated vesting upon a change-in-control)	30.8%	33.6%	36.6%	26.1%	33.7%	31.9%	33.3%
We provide double-trigger acceleration (accelerated vesting requires both a change-in-control and job loss)	61.5%	49.0%	43.5%	62.5%	48.0%	48.9%	53.3%
Not sure	7.7%	17.4%	19.9%	11.4%	18.4%	19.1%	13.3%
Of those providing single-trigger acceleration: Percent considering changing to double-trigger acceleration over the next year?	0.0%	8.8%	6.3%	17.4%	6.1%	13.3%	15.0%
Of those providing double-trigger acceleration: Percent considering changing to single-trigger acceleration over the next year?	6.3%	4.0%	4.3%	3.6%	4.3%	4.3%	3.1%

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