



Pearl Meyer & Partners  
*Comprehensive Compensation®*

# ON POINT

TIMELY, ACCURATE, INSIGHTFUL

## **2009 Say on Pay Survey Technology & Life Science Industry**



## Table of Contents

Introduction	2
2009 Say on Pay Survey	4
Highlights – Technology/Life Science Industry	5
Results by Company Size:	
Demographics	6
Say on Pay Expectations	8
Say on Pay Actions Already Taken	9
Actions Planned for Next 6 Months	10
Team Involved in Say on Pay	11
Voting Guidelines and Shareholder Relations	12
TARP Company Say on Pay Perspectives	13
Non-TARP Company Say on Pay Perspectives	14
About Pearl Meyer & Partners	15



## Introduction

Say on Pay provides shareholders with an annual, non-binding advisory vote in favor of, or against, a company's executive compensation program and is mandatory for companies receiving funding under the Troubled Asset Relief Program (TARP). More recently, the U.S. House of Representatives approved the Corporate and Financial Institution Compensation Fairness Act of 2009, which includes the specific Say on Pay provisions detailed below.

Given Congressional support for this issue and the increased targeting of companies with "poor pay practices" by major institutional investors, proxy advisory firms and the SEC, PM&P expects a shareholder advisory vote on executive pay will become mandatory for all U.S. public companies in 2011.

## Key Provisions of House Bill

- *Executive Compensation:* All public companies must give their shareholders an annual, non-binding vote on executive compensation matters disclosed in the proxy statement for named executive officers, including the Compensation Committee Report, the CD&A, the compensation tables and any related materials. Congressional opponents, including the pension fund of the United Brotherhood of Carpenters and Joiners, unsuccessfully proposed requiring triennial, rather than annual, shareholder approval.
- *Golden Parachute Arrangements:* In the event of a change-in-control transaction (i.e., acquisition, merger or asset sale), public companies must give their shareholders a non-binding vote on any related compensation arrangements with named executive officers. Such information must be disclosed in the transaction proxy statement in a "clear and simple form."
- *Institutional Shareholder Votes:* Any institutional investment manager owning at least \$100 million in equity of a public company at some point during the preceding 12 months must annually report its vote on all executive compensation or parachute arrangements during that period, unless such a vote is already publicly reported.
- *Discretion:* The Act states that the SEC may exempt certain filers, citing as an example the potential negative impact on smaller reporting issuers, historically defined by the SEC as companies with a public float of less than \$75 million.
- *Effective Date:* The SEC must issue rules within six months of the Act becoming law. Shareholder votes would be required to be included in any proxies filed on or after six months following the promulgation of the rules.

## How can PM&P Assist Companies Prepare for Say on Pay?

- *Evaluate:* Conduct risk assessment and pay-for-performance analyses.
- *Prepare:* Conduct compensation analyses and track results of Say on Pay proposals. Track outcomes of Say on Pay proposals. Gather an understanding of shareholder views regarding compensation programs and develop an effective shareholder communication strategy.
- *Execute:* Modify/eliminate "Poor Pay" practices, and prepare disclosures in drafting Proxy and CD&A to ensure clarity and full disclosure of compensation programs. Assist with incorporating programs that strengthen the alignment between executives and shareholders.



## **Say on Pay: Common Arguments**

### *Pros*

- Responsive to growing political and shareholder concern on executive pay.
- Gives shareholders a way to express views on a company's executive pay program.
- Anticipated to improve pay-for-performance linkage without disruption of Board functions.
- Perceived to be successful in Australia, the UK, Netherlands, Sweden, Norway and Denmark.

### *Cons*

- Investor already have vote on governance through purchase or sale of stock.
- Unnecessary, since shareholders already have the ability to vote out directors.
- Provides limited practical insight into shareholders' views as an up/down vote unless divided into philosophy, payouts, and programs.
- Investors lack the expertise or inside company information needed to appropriately evaluate complex pay decisions.
- Comparison of effectiveness with other countries is not helpful due to business/regulatory differences.
- Even when non-binding, it is another attack on business judgment that is the province of Boards.

## **RiskMetrics' (RMG) Perspective**

Advises shareholders to assess Say on Pay Proposals case-by-case, based on such general principles as:

- Maintaining appropriate pay-for-performance alignment.
- Avoiding "poor pay practices" identified by RMG, including arrangements that "pay for failure".
- Maintaining an independent and effective Compensation Committee.
- Providing appropriate pay for non-executive Directors.
- Providing shareholders with clear and comprehensive disclosure.

## **Other Institutional Investors/Advisory Firm Perspectives**

- Glass Lewis reviews the CD&A as a critical part of determining whether pay is reasonable.
- CalPERS expects the Board to act when a shareholder proposal receives majority support (including Say on Pay) and withholds Director votes if no action taken.



## 2009 Say on Pay Survey

Pearl Meyer & Partners' "Say on Pay" survey was conducted in July and August 2009 to determine corporate views on Say on Pay and what steps companies have taken or plan to take to prepare for a Say on Pay vote.

The five issues addressed in the survey:

- Expectations for Say on Pay
- Preparations for Say on Pay
- Responsibilities for leading Say on Pay efforts
- Familiarity with proxy voting guidelines
- Shareholder outreach on executive compensation

Survey participants are primarily compensation committee members, top human resources professionals, and members of the compensation group. Of the 231 participants, 73 represented technology or life science companies and have been summarized in this report.

We hope that you find this information useful. If you would like to discuss these findings further, please contact:

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## Highlights – Technology/Life Science Industry

### Expectations for Say on Pay

- 67% of respondents predict a mandatory shareholder vote on pay is “likely” or “very likely” in 2011, compared to 44% who expect a requirement in the upcoming proxy season.
- Nevertheless, just 6% of those surveyed said their company is “very concerned” about the prospects for Say on Pay, with another 43% describing themselves as “somewhat” concerned. However, only 17% of companies have been asked by shareholders to date to include provide shareholders with a Say on Pay vote.

### How Firms are Preparing for Say on Pay

- Nearly 70% of survey respondents said their company hasn’t taken any steps to prepare for the possibility of a mandatory Say on Pay vote.
- Among those companies that have already started preparing, the most common initiatives reported were:
  - Staying abreast of the outcomes of Say on Pay votes at other companies (77%).
  - Reviewing market benchmarking practices, particularly peer group selection (59%).
- Companies planning to prepare for Say on Pay over the next 6 months are focusing on:
  - Staying abreast of Say on Pay proposals at other companies (93%).
  - Identify perceived poor pay practices in the executive compensation philosophy and program design (86%).
  - Review proxy CD&A and related tables to ensure executive compensation disclosure is clear, complete and not subject to misinterpretation (86%).

### Team Involvement in Say on Pay

- While companies are taking different approaches to who will lead their efforts associated with Say on Pay (Compensation Committee, Legal, or Human Resources), the majority expect to have the following team members: Compensation Committee of the Board of Directors (86%); Human Resources (80%); Legal (71%); and Outside Compensation Consultant (65%).

### Proxy Voting Guidelines

- More than two-thirds of respondents said they are familiar with the major proxy advisory voting guidelines.
- The voting guidelines of institutional investor groups were less well known, with 47% of companies stating that they are not familiar with those proxy standards.

### Say on Pay Votes/Expectations and Shareholder Outreach

- 70% of firms indicated they think shareholders would vote in favor of their own executive compensation program if a Say on Pay vote took place today.
- 33% of companies said that at present, they “never” seek shareholder input on executive pay matters.
  - Only about 8% conduct such outreach more than once annually.
  - 51% say they will increase their outreach effort if Say on Pay becomes mandatory. However among surveyed the financial institutions who are TARP participants and therefore are required to provide a Say on Pay vote, only 7% are reaching out to shareholders more frequently.

## Demographics

	Peer Group	All Firms	Covered by TARP		Revenue / Assets			
	Tech / LS	All Firms	TARP	Non-TARP	Under \$1 Billion	\$1 Billion to less than \$3 Billion	\$3 Billion to less than \$10 Billion	\$10 Billion or greater
Number of Firms Reporting	73	231	15	216	64	55	45	67
<b>Organization's form of ownership</b>								
Publicly Held - For Profit	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Organization's reporting entity</b>								
Parent/Stand Alone	95.9%	95.2%	93.3%	95.4%	92.2%	98.2%	97.8%	94.0%
Subsidiary	4.1%	4.3%	6.7%	4.2%	6.3%	1.8%	2.2%	6.0%
Division		0.4%		0.5%	1.6%			
<b>Organizational size represents...</b>								
Revenue	98.6%	82.3%	6.7%	87.5%	85.9%	76.4%	82.2%	83.6%
Assets	1.4%	17.7%	93.3%	12.5%	14.1%	23.6%	17.8%	16.4%
<b>Organizational size (revenue / assets)</b>								
Under \$100 Million	9.6%	3.0%		3.2%	10.9%			
\$100 Million to less than \$300 Million	11.0%	5.6%	6.7%	5.6%	20.3%			
\$300 Million to less than \$1 Billion	20.5%	19.0%	20.0%	19.0%	68.8%			
\$1 Billion to less than \$3 Billion	19.2%	23.8%	26.7%	23.6%		100.0%		
\$3 Billion to less than \$10 Billion	16.4%	19.5%	20.0%	19.4%			100.0%	
\$10 Billion to less than \$20 Billion	13.7%	13.4%	6.7%	13.9%				46.3%
\$20 Billion to less than \$30 Billion	2.7%	4.8%	6.7%	4.6%				16.4%
\$30 Billion or greater	6.8%	10.8%	13.3%	10.6%				37.3%
<b>Current market capitalization</b>								
Under \$100 Million	8.7%	9.5%	50.0%	6.8%	26.2%	3.8%	7.5%	
\$100 Million to less than \$300 Million	13.0%	12.3%	7.1%	12.6%	24.6%	20.8%	2.5%	
\$300 Million to less than \$1 Billion	21.7%	20.0%	7.1%	20.9%	34.4%	28.3%	20.0%	
\$1 Billion to less than \$3 Billion	17.4%	17.3%	7.1%	18.0%	9.8%	35.8%	20.0%	7.6%
\$3 Billion to less than \$10 Billion	14.5%	19.1%	28.6%	18.4%	4.9%	11.3%	35.0%	28.8%
\$10 Billion to less than \$20 Billion	7.2%	7.7%		8.3%			10.0%	19.7%
\$20 Billion to less than \$30 Billion	2.9%	5.5%		5.8%			2.5%	16.7%
\$30 Billion or greater	14.5%	8.6%		9.2%			2.5%	27.3%

## Demographics

	Peer Group	All Firms	Covered by TARP		Revenue / Assets			
	Tech / LS	All Firms	TARP	Non-TARP	Under \$1 Billion	\$1 Billion to less than \$3 Billion	\$3 Billion to less than \$10 Billion	\$10 Billion or greater
Number of Firms Reporting	73	231	15	216	64	55	45	67
<b>Industry</b>								
Industrials / Materials	12.3%	16.9%		18.1%	15.6%	20.0%	15.6%	16.4%
Consumer Discretionary / Staples	2.7%	19.9%	6.7%	20.8%	15.6%	20.0%	26.7%	19.4%
Health Care	17.8%	6.5%		6.9%	6.3%	7.3%	4.4%	7.5%
Financials		21.6%	93.3%	16.7%	18.8%	27.3%	20.0%	20.9%
Info Tech / Telecomm Services	67.1%	21.2%		22.7%	32.8%	14.5%	22.2%	14.9%
Energy / Utilities		13.9%		14.8%	10.9%	10.9%	11.1%	20.9%
<b>Respondents role at the company</b>								
Member of the Compensation Committee	17.8%	16.9%	13.3%	17.1%	37.5%	14.5%	11.1%	3.0%
Member of the Board of Directors (Other than the Compensation Committee)	4.1%	2.2%		2.3%	4.7%		4.4%	
CEO		3.5%	13.3%	2.8%	6.3%	3.6%		3.0%
CFO		1.3%		1.4%	1.6%	3.6%		
Head of Human Resources	13.7%	13.9%	33.3%	12.5%	20.3%	20.0%	13.3%	3.0%
Other Direct Report to the CEO		1.7%	13.3%	0.9%	1.6%	1.8%	2.2%	1.5%
Human Resources Staff (Excluding the Compensation Group)	4.1%	3.0%		3.2%	4.7%	1.8%	6.7%	
Member of the Compensation Group	46.6%	48.1%	20.0%	50.0%	18.8%	43.6%	57.8%	73.1%
Other	13.7%	9.5%	6.7%	9.7%	4.7%	10.9%	4.4%	16.4%

## Say on Pay Expectations

	Peer Group	All Firms	Covered by TARP		Revenue / Assets			
	Tech / LS	All Firms	TARP	Non-TARP	Under \$1 Billion	\$1 Billion to less than \$3 Billion	\$3 Billion to less than \$10 Billion	\$10 Billion or greater
Number of Firms Reporting	73	231	15	216	64	55	45	67
<b>In the past year, has your company been asked by any major shareholder, watchdog, or activist group (excluding government mandates) to provide shareholders a Say on Pay vote?</b>								
No	83.3%	82.4%	66.7%	83.5%	98.4%	88.9%	88.4%	57.6%
Yes	16.7%	17.6%	33.3%	16.5%	1.6%	11.1%	11.6%	42.4%
<b>How likely do you think it is that Say on Pay will be required for all U.S. public companies for 2010 proxies?</b>								
Very likely	11.1%	11.9%	46.7%	9.4%	6.3%	11.1%	11.6%	17.9%
Likely	33.3%	35.7%	40.0%	35.4%	38.1%	18.5%	37.2%	46.3%
Neutral	16.7%	19.8%	6.7%	20.8%	19.0%	27.8%	23.3%	11.9%
Unlikely	30.6%	26.9%	6.7%	28.3%	31.7%	42.6%	18.6%	14.9%
Very unlikely	2.8%	4.0%		4.2%	3.2%		7.0%	6.0%
No opinion	5.6%	1.8%		1.9%	1.6%		2.3%	3.0%
<b>How likely do you think it is that Say on Pay will be required for all U.S. public companies for 2011 proxies?</b>								
Very likely	30.1%	34.6%	53.3%	33.3%	26.6%	18.5%	48.8%	46.3%
Likely	37.0%	38.2%	46.7%	37.6%	40.6%	48.1%	25.6%	35.8%
Neutral	15.1%	13.6%		14.6%	17.2%	18.5%	16.3%	4.5%
Unlikely	12.3%	11.4%		12.2%	14.1%	13.0%	7.0%	10.4%
Very unlikely		0.4%		0.5%		1.9%		
No opinion	5.5%	1.8%		1.9%	1.6%		2.3%	3.0%
<b>How concerned is your company about Say on Pay?</b>								
Very concerned	5.6%	6.6%	6.7%	6.6%	10.9%	3.7%	7.0%	4.5%
Somewhat concerned	43.1%	34.8%	40.0%	34.4%	28.1%	35.2%	39.5%	37.9%
Neutral	29.2%	33.0%	20.0%	34.0%	28.1%	35.2%	37.2%	33.3%
Not very concerned	13.9%	19.8%	26.7%	19.3%	21.9%	22.2%	9.3%	22.7%
Not at all concerned	2.8%	4.0%	6.7%	3.8%	7.8%	3.7%	2.3%	1.5%
Unknown	5.6%	1.8%		1.9%	3.1%		4.7%	

## Say on Pay Actions Already Taken

	Peer Group	All Firms	Covered by TARP		Revenue / Assets			
	Tech / LS	All Firms	TARP	Non-TARP	Under \$1 Billion	\$1 Billion to less than \$3 Billion	\$3 Billion to less than \$10 Billion	\$10 Billion or greater
Number of Firms Reporting	73	231	15	216	64	55	45	67
<b>Has your company taken any steps to prepare for Say on Pay?</b>								
No	69.4%	65.8%	20.0%	69.0%	78.1%	78.2%	67.4%	42.4%
Yes	30.6%	34.2%	80.0%	31.0%	21.9%	21.8%	32.6%	57.6%
<b>If yes, what steps has your company taken to prepare for Say on Pay (select all that apply)?</b>								
Inquired about our institutional shareholder's general views on Say on Pay and whether they are likely to follow recommendations from proxy advisory firms like RiskMetrics Group and Glass Lewis	50.0%	35.1%	25.0%	36.9%	21.4%	33.3%	42.9%	37.8%
Identified any perceived poor pay practices in our executive compensation philosophy and program design	54.5%	57.1%	50.0%	58.5%	28.6%	66.7%	64.3%	62.2%
Reviewed our proxy CD&A and related tables to ensure executive compensation disclosure is clear, complete, and not subject to misinterpretation	54.5%	81.8%	75.0%	83.1%	71.4%	91.7%	78.6%	83.8%
Stayed abreast of the results of Say on Pay proposals at other companies	77.3%	80.5%	50.0%	86.2%	71.4%	75.0%	85.7%	83.8%
Conducted an analysis to ensure there is a strong link between executive pay and performance	54.5%	62.3%	50.0%	64.6%	71.4%	66.7%	50.0%	62.2%
Conducted a risk assessment to ensure incentive programs do not motivate 'unnecessary and excessive risk-taking'	18.2%	41.6%	66.7%	36.9%	42.9%	41.7%	21.4%	48.6%
Reviewed market benchmarking practices, particularly with respect to selection of appropriate peer group(s)	59.1%	68.8%	50.0%	72.3%	64.3%	75.0%	78.6%	64.9%
Established an effective shareholder communication strategy, including a process for gathering feedback from institutional shareholders, unions and / or other constituencies on executive compensation programs	31.8%	22.1%	33.3%	20.0%	0.0%	0.0%	28.6%	35.1%
Other	0.2%	0.2%	0.3%	0.1%	0.1%	0.3%	0.1%	0.2%

Actions Planned For Next 6 Months	Peer Group	All Firms	Covered by TARP		Revenue / Assets			
	Tech / LS	All Firms	TARP	Non-TARP	Under \$1 Billion	\$1 Billion to less than \$3 Billion	\$3 Billion to less than \$10 Billion	\$10 Billion or greater
Number of Firms Reporting	73	231	15	216	64	55	45	67
<b>Within the next 6 months, is your company planning to take any steps to prepare for Say on Pay?</b>								
No	67.9%	64.9%		66.2%	68.6%	65.1%	56.7%	66.7%
Yes	32.1%	35.1%	100.0%	33.8%	31.4%	34.9%	43.3%	33.3%
<b>If yes, what steps is your company planning to take to prepare for Say on Pay (select all that apply)?</b>								
Inquire about our institutional shareholder's general views on Say on Pay and whether they are likely to follow recommendations from proxy advisory firms like RiskMetrics Group and Glass Lewis	57.1%	38.0%	33.3%	38.3%	40.0%	46.7%	33.3%	25.0%
Identify any perceived poor pay practices in our executive compensation philosophy and program design	85.7%	64.0%	33.3%	66.0%	60.0%	73.3%	66.7%	50.0%
Review our proxy CD&A and related tables to ensure executive compensation disclosure is clear, complete, and not subject to misinterpretation	85.7%	84.0%	100.0%	83.0%	80.0%	100.0%	91.7%	50.0%
Stay abreast of the results of Say on Pay proposals at other companies	92.9%	90.0%	100.0%	89.4%	93.3%	86.7%	91.7%	87.5%
Conduct an analysis to ensure there is a strong link between executive pay and performance	50.0%	40.0%	66.7%	38.3%	60.0%	46.7%	16.7%	25.0%
Conduct a risk assessment to ensure incentive programs do not motivate 'unnecessary and excessive risk-taking'	28.6%	36.0%	100.0%	31.9%	40.0%	33.3%	33.3%	37.5%
Review market benchmarking practices, particularly with respect to selection of appropriate peer group(s)	71.4%	60.0%	33.3%	61.7%	60.0%	73.3%	58.3%	37.5%
Establish an effective shareholder communication strategy, including a process for gathering feedback from institutional shareholders, unions and / or other constituencies on executive compensation programs	14.3%	22.0%	33.3%	21.3%	20.0%	20.0%	25.0%	25.0%
Other	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%

Team Involved in Say on Pay	Peer Group	All Firms	Covered by TARP		Revenue / Assets			
	Tech / LS	All Firms	TARP	Non-TARP	Under \$1 Billion	\$1 Billion to less than \$3 Billion	\$3 Billion to less than \$10 Billion	\$10 Billion or greater
Number of Firms Reporting	73	231	15	216	64	55	45	67
<b>What function will LEAD (or is leading) the company's efforts associated with Say on Pay?</b>								
Human Resources	22.1%	22.5%	6.7%	23.6%	19.0%	17.0%	26.8%	27.9%
Legal	27.9%	29.8%	20.0%	30.5%	20.6%	18.9%	34.1%	45.9%
Finance		0.5%		0.5%	1.6%			
Outside Compensation Consultant		2.8%		3.0%		5.7%	7.3%	
Outside Legal Counsel	1.5%	2.8%	13.3%	2.0%	3.2%	5.7%	2.4%	
Compensation Committee	32.4%	28.9%	40.0%	28.1%	44.4%	32.1%	19.5%	16.4%
Members of the Board of Directors (Other than the Compensation Committee)	2.9%	1.8%		2.0%	4.8%	1.9%		
Senior Executives	2.9%	3.2%	20.0%	2.0%	3.2%	7.5%	2.4%	
Other	4.4%	4.6%		4.9%	1.6%	7.5%		8.2%
None	5.9%	3.2%		3.4%	1.6%	3.8%	7.3%	1.6%
<b>What function(s) are or will be PART OF THE TEAM addressing your company's efforts associated with Say on Pay?</b>								
Human Resources	79.7%	77.3%	66.7%	78.0%	71.4%	72.7%	82.9%	83.6%
Legal	71.0%	69.5%	53.3%	70.7%	61.9%	58.2%	80.5%	80.3%
Finance	39.1%	36.8%	46.7%	36.1%	38.1%	45.5%	22.0%	37.7%
Investor Relations	40.6%	45.5%	20.0%	47.3%	31.7%	36.4%	51.2%	63.9%
Outside Compensation Consultant	65.2%	69.1%	66.7%	69.3%	66.7%	65.5%	78.0%	68.9%
Outside Legal Counsel	42.0%	45.0%	53.3%	44.4%	44.4%	43.6%	43.9%	47.5%
Proxy Solicitor	8.7%	10.0%	13.3%	9.8%	3.2%	7.3%	17.1%	14.8%
Compensation Committee of the Board of Directors	85.5%	83.6%	86.7%	83.4%	82.5%	81.8%	82.9%	86.9%
Members of the Board of Directors (Other than the Compensation Committee)	24.6%	29.5%	26.7%	29.8%	23.8%	36.4%	17.1%	37.7%
Senior Executives	44.9%	50.9%	53.3%	50.7%	47.6%	56.4%	51.2%	49.2%
Other	1.4%	2.7%	0.0%	2.9%	1.6%	1.8%	2.4%	4.9%
None	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

**Voting Guidelines and Shareholder Relations**

Peer Group	All Firms	Covered by TARP		Revenue / Assets			
Tech / LS	All Firms	TARP	Non-TARP	Under \$1 Billion	\$1 Billion to less than \$3 Billion	\$3 Billion to less than \$10 Billion	\$10 Billion or greater

**as RiskMetrics Group, Glass Lewis, and Proxy Governance with respect to Say on Pay?**

Number of Firms Reporting	73	231	15	216	64	55	45	67
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**Are you familiar with the overall voting guidelines of proxy advisory groups such as RiskMetrics Group, Glass Lewis, and Proxy Governance with respect to Say on Pay?**

No	29.9%	30.1%	40.0%	29.4%	39.7%	39.6%	31.7%	10.2%
Yes	70.1%	69.9%	60.0%	70.6%	60.3%	60.4%	68.3%	89.8%

**Are you familiar with the overall voting guidelines of major institutional investors (e.g., Fidelity, CalPERS) with respect to Say on Pay?**

No	47.1%	54.8%	66.7%	54.0%	65.1%	63.0%	53.7%	37.3%
Yes	52.9%	45.2%	33.3%	46.0%	34.9%	37.0%	46.3%	62.7%

**How often does your company typically reach out to shareholders for feedback on executive compensation matters?**

Never	32.8%	45.8%	42.9%	46.0%	46.8%	54.7%	45.0%	36.8%
Less than once a year	35.8%	26.9%	7.1%	28.3%	32.3%	22.6%	25.0%	26.3%
Once a year	23.9%	22.2%	50.0%	20.2%	19.4%	17.0%	27.5%	26.3%
2 to 3 times a year	4.5%	3.8%		4.0%	1.6%	5.7%	2.5%	5.3%
4 to 5 times a year	3.0%	1.4%		1.5%				5.3%

TARP Company Say on Pay Perspectives	Peer Group	All Firms	Covered by TARP		Primary Role	
	Tech / LS	All Firms	TARP	Non-TARP	Employee of the firm	Outside director
Number of Firms Reporting	73	231	15	216	187	44
<b>Is your company a TARP participant?</b>						
No	100.0%	93.2%	100.0%		92.7%	95.2%
Yes		6.8%	100.0%		7.3%	4.8%
<b>Did your company file a proxy in 2009 that included a management Say on Pay proposal?</b>						
No		6.7%	6.7%		7.7%	
Yes		93.3%	93.3%		92.3%	100.0%
<b>Are you familiar with the voting recommendations given to shareholders by proxy advisory firms such as RiskMetrics Group or Glass Lewis regarding your company's Say on Pay proposal?</b>						
Yes		57.1%	57.1%		58.3%	50.0%
No		42.9%	42.9%		41.7%	50.0%
<b>Have the vote results of your company's 2009 Say on Pay proposal been determined?</b>						
Yes		100.0%	100.0%		100.0%	100.0%
<b>What were the results of the vote on your company's 2009 Say on Pay proposal?</b>						
75% to less than 90% of our shareholders voted in favor of our executive compensation program		50.0%	50.0%		50.0%	50.0%
90% or more of our shareholders voted in favor of our executive compensation program		50.0%	50.0%		50.0%	50.0%
<b>How prepared was your company for Say on Pay in 2009?</b>						
Very prepared		42.9%	42.9%		41.7%	50.0%
Prepared		28.6%	28.6%		33.3%	
Somewhat prepared		21.4%	21.4%		16.7%	50.0%
Very unprepared		7.1%	7.1%		8.3%	
<b>Now that a Say on Pay vote is required at your company, how often are you reaching out to shareholders to discuss executive compensation matters?</b>						
More often		7.1%	7.1%		8.3%	
About the same as previously		92.9%	92.9%		91.7%	100.0%

Note: Data by industry and revenue group suppressed to maintain confidentiality of responses

**Non-TARP Company Say on Pay Perspectives**

	Peer Group	All Firms	Covered by TARP		Revenue / Assets			
	Tech / LS	All Firms	TARP	Non-TARP	Under \$1 Billion	\$1 Billion to less than \$3 Billion	\$3 Billion to less than \$10 Billion	\$10 Billion or greater
Number of Firms Reporting	73	231	15	216	64	55	45	67
<b>Did your company voluntarily adopt Say on Pay or include a management Say on Pay proposal in its most recent proxy?</b>								
No	98.5%	97.5%	97.5%		100.0%	98.0%	100.0%	92.9%
Yes	1.5%	2.5%	2.5%		2.0%		7.1%	
<b>If Say on Pay were required for your company today, how prepared would your company be?</b>								
Very prepared	6.1%	4.5%	4.5%		1.8%	4.0%	10.7%	
Prepared	19.7%	21.5%	21.5%		17.9%	18.0%	21.1%	28.6%
Somewhat prepared	53.0%	51.5%	51.5%		60.7%	48.0%	52.6%	44.6%
Not prepared	21.2%	21.5%	21.5%		19.6%	28.0%	23.7%	16.1%
Very unprepared		1.0%	1.0%		2.0%		2.6%	
<b>If Say on Pay becomes mandatory, how often do you expect your company will reach out to shareholders to discuss executive compensation matters?</b>								
More often	50.7%	61.7%	61.7%		56.1%	72.0%	57.9%	60.7%
About the same as now	49.3%	38.3%	38.3%		43.9%	28.0%	42.1%	39.3%
<b>If a Say on Pay vote were conducted at your company today, do you think most shareholders would cast their ballots...</b>								
In favor of your executive compensation program	70.1%	76.1%	76.1%		73.7%	84.0%	73.7%	73.2%
Against your executive compensation program	1.5%	2.5%	2.5%		6.0%		3.6%	
Unpredictable	28.4%	21.4%	21.4%		26.3%	10.0%	26.3%	23.2%
<b>If your company were required to have a Say on Pay vote, would you anticipate changing the proxy Compensation Discussion &amp; Analysis (CD&amp;A) section in your proxy?</b>								
No	47.0%	49.7%	49.7%		62.5%	48.0%	40.5%	44.6%
Yes	53.0%	50.3%	50.3%		37.5%	52.0%	59.5%	55.4%



## About Pearl Meyer & Partners

For 20 years, PM&P has served as a trusted independent advisor to Boards and their senior management in the areas of compensation governance, strategy and program design. The firm provides comprehensive solutions to complex compensation challenges through the development of programs that align rewards with business goals to create long-term value for all stakeholders: shareholders, executives and employees. The firm maintains offices in New York, Atlanta, Boston, Charlotte, Chicago, Houston, Los Angeles and San Jose.

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