

# BOARD OF DIRECTOR COMPENSATION

*Contrasting San Diego / Orange County  
Public Company Director Pay Practices*

An RCG|Executive Compensation Group / Remedy Compensation Consulting Survey Report  
**January 2010**

## EXECUTIVE SUMMARY

Board compensation packages vary significantly between San Diego and Orange County, particularly on how equity is delivered. Interestingly, the overall cash compensation packages are similar, with San Diego paying 98% of Orange County at the median (Figure 1), yet the annual revenue of Orange County companies is 2-3 times larger. This confirms that Boards pay a certain level of cash, regardless of the size of the firm.

At the median, the total annual direct compensation is within a few percentage points, yet on the extremes, the Orange County packages are significantly larger. Annual equity grants are delivered primarily in the form of Stock Options in Orange County with grants being significantly larger, reflective of the greater revenue and more mature companies.

### San Diego Compensation Levels as a Percent of Orange County Compensation Levels

#### Cash Compensation (Figure 1)

Company	Cash Compensation											
	Retainers			Full Board Meetings				Committee Meetings		Total Meeting Fees		Total Cash Compensation (retainers + fees)
	Annual	Committee membership (assumes membership on 2 cttes)	Total	Number (IP)	Per Meeting Fees (IP)	Number (T)	Per Meeting Fees (T)	Average Number	Per Meeting Fees	Full Board	Committee membership (assumes membership on 2 cttes)	
25th Percentile	100%	89%	83%	100%	125%	90%	150%	100%	133%	118%	100%	99%
Median	83%	107%	100%	100%	100%	100%	100%	100%	100%	115%	100%	98%
75th Percentile	88%	101%	99%	100%	100%	88%	67%	100%	80%	117%	87%	86%
Average	92%	75%	94%	104%	96%	86%	93%	100%	103%	106%	98%	98%

#### Equity Compensation (Figure 2)

Company	Equity Compensation									
	Initial Grant				Annual Grant					
	Number of Options Granted	B-S Value of Stock Options	RS and SE (value @ grant)	Total Initial Equity	Number of Options Granted	B-S Value of Stock Options	RS and SE (value @ grant)	Total Annual Equity	Total Annual Direct Compensation	
25th Percentile	100%	107%	184%	124%	209%	48%	100%	34%	70%	
Median	71%	55%	163%	107%	167%	64%	102%	78%	95%	
75th Percentile	97%	39%	72%	94%	133%	44%	122%	71%	75%	
Average	64%	22%	197%	59%	209%	42%	291%	62%	72%	

### Companies in the Report: Financial and Demographic Information

#### San Diego

Element	25th Percentile		75th Percentile		Average
	Percentile	Median	Percentile	Average	
LFY Revenue (\$MMs)	\$12.4	\$101.3	\$325.6	\$702.9	
LFY Net Income (\$MMs)	-\$36.6	-\$8.3	\$24.4	\$15.7	
LFY # Employees	74	278	1,252	1,836	
Market Capitalization (\$MMs)	\$85.7	\$286.0	\$724.9	\$1,807.0	

#### Orange County

Element	25th Percentile		75th Percentile		Average
	Percentile	Median	Percentile	Average	
LFY Revenue (\$MMs)	\$61.1	\$292.5	\$733.8	\$1,082.2	
LFY Net Income (\$MMs)	-\$17.0	\$0.2	\$28.2	\$0.3	
LFY # Employees	48	247	755	1,111	
Market Capitalization (\$MMs)	\$148.8	\$553.5	\$2,500.0	\$2,948.0	

## Board of Director Compensation in San Diego Public Companies

### Cash Compensation (Figure 3)

Market Position	Cash Compensation											
	Retainers			Full Board Meetings				Committee Meetings		Total Meeting Fees		Total Cash Compensation (retainers + fees)
	Annual	Committee (assumes membership on 2 cttcs)	Total	Number (IP)	Per Meeting Fees (IP)	Number (T)	Per Meeting Fees (T)	Average Number	Per Meeting Fees	Full Board	Committee (assumes membership on 2 cttcs)	
25th Percentile	\$20,000	\$8,000	\$20,000	4	\$1,500	2	\$750	4	\$1,000	\$7,750	\$8,000	\$29,250
Median	\$25,000	\$10,667	\$30,000	4	\$1,500	4	\$1,000	6	\$1,000	\$9,750	\$12,000	\$41,000
75th Percentile	\$35,000	\$15,167	\$45,000	4	\$2,000	7	\$1,000	7	\$1,000	\$14,000	\$16,000	\$55,950
Average	\$29,612	\$11,688	\$34,443	4	\$1,772	5	\$954	6	\$1,088	\$11,236	\$14,085	\$44,876
Prevalence	96%	40%	96%	99%	55%	94%	40%	97%	44%	50%	44%	99%
n	75	31	75	77	43	73	31	76	34	39	34	77

### Equity Compensation (Figure 4)

Company	Equity Compensation									
	Initial Grant				Annual Grant					
	Number of Options Granted	B-S Value of Stock Options	RS and SE (value @ grant)	Total Initial Equity	Number of Options Granted	B-S Value of Stock Options	RS and SE (value @ grant)	Total Annual Equity	Total Annual Direct Compensation	
25th Percentile	8,976	\$47,703	\$31,750	\$50,838	9,455	\$9,959	\$30,115	\$10,105	\$47,549	
Median	14,150	\$58,169	\$48,920	\$100,774	15,000	\$32,511	\$50,000	\$40,146	\$89,395	
75th Percentile	24,360	\$102,880	\$86,965	\$179,910	20,000	\$62,291	\$100,000	\$89,297	\$127,706	
Average	22,601	\$75,783	\$134,132	\$172,023	24,882	\$51,274	\$201,603	\$69,040	\$112,339	
Prevalence	18%	9%	18%	18%	72%	64%	28%	72%	72%	
n	14	7	14	14	56	50	22	56	56	

## Board of Director Compensation in Orange County Public Companies

### Cash Compensation (Figure 5)

Company	Cash Compensation											
	Retainers			Full Board Meetings				Committee Meetings		Total Meeting Fees		Total Cash Compensation (retainers + fees)
	Annual	Committee (assumes membership on 2 cttcs)	Total	Number (IP)	Per Meeting Fees (IP)	Number (T)	Per Meeting Fees (T)	Average Number	Per Meeting Fees	Full Board	Committee (assumes membership on 2 cttcs)	
25th Percentile	\$20,000	\$9,000	\$24,000	4	\$1,200	3	\$500	4	\$750	\$6,563	\$8,000	\$29,500
Median	\$30,000	\$10,000	\$30,000	4	\$1,500	4	\$1,000	6	\$1,000	\$8,450	\$12,000	\$42,000
75th Percentile	\$40,000	\$15,000	\$45,333	4	\$2,000	8	\$1,500	7	\$1,250	\$12,000	\$18,300	\$64,750
Average	\$32,089	\$15,670	\$36,823	4	\$1,852	6	\$1,031	6	\$1,061	\$10,620	\$14,435	\$45,804
Prevalence	95%	26%	95%	95%	67%	91%	42%	94%	54%	54%	50%	99%
n	99	27	99	99	69	95	44	97	56	56	52	103

### Equity Compensation (Figure 6)

Company	Equity Compensation									
	Initial Grant				Annual Grant					
	Number of Options Granted	B-S Value of Stock Options	RS and SE (value @ grant)	Total Initial Equity	Number of Options Granted	B-S Value of Stock Options	RS and SE (value @ grant)	Total Annual Equity	Total Annual Direct Compensation	
25th Percentile	9,000	\$44,738	\$17,250	\$40,950	4,527	\$20,650	\$30,000	\$30,000	\$67,900	
Median	20,000	\$105,260	\$30,000	\$94,000	9,000	\$50,840	\$48,850	\$51,734	\$94,000	
75th Percentile	25,000	\$265,625	\$121,220	\$192,000	15,000	\$140,451	\$82,100	\$126,375	\$171,343	
Average	35,372	\$348,935	\$67,923	\$292,732	11,889	\$122,703	\$69,184	\$111,890	\$155,809	
Prevalence	36%	28%	8%	36%	63%	44%	22%	63%	63%	
n	37	29	8	37	65	45	23	65	65	



## *Board Compensation Report*

More comprehensive information is available in our detailed report. Should you have a question about Board Compensation, please contact us.

## *CEO and CFO Compensation Surveys Also Available – San Diego and Orange County*

We've also compiled CEO and CFO compensation surveys for both markets. These reports cover all aspects of Total Direct Compensation, including: base salary, annual bonuses and equity / long-term rewards. Included within the reports are regression analyses contrasting company revenues to the CEO & CFO executive pay packages, enabling you to scale compensation based upon organizational revenues.

## *About RCG|Executive Compensation Group and Remedy Compensation Consulting:*

RCG|Executive Compensation Group (RCG) is an executive benefits and retirement planning firm committed to offering organizations efficient solutions to attract, retain and reward highly compensated and talented executives. William L. MacDonald, a 20 year expert in the executive benefits industry, founded RCG in 2002. Since then, he has assembled an experienced team of compensation, benefits and retirement experts that deliver industry-leading consultative services and solutions.

We specialize in the following areas of compensation:

- Assistance to the Board of Directors
- Executive Compensation
- Deferred Compensation
- Equity Strategies
- Sales Compensation
- Workforce Compensation

Our services can include the following:

- Establishing pay strategies
- Conducting competitive assessments
- Designing or refining plans

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