

2011

SILICON VALLEY BOARD INDEX



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Corporate boards today not only must navigate critical strategic issues, but also face evolving regulatory requirements and changing expectations from shareholders related to board governance. Helping boards understand and respond to these changes continues to be a top priority for Spencer Stuart.

Now in its ninth year, the *Silicon Valley Board Index* was created to provide a unique window into the evolving governance trends and issues affecting the boards of the largest public technology companies in the Silicon Valley region. And, indeed, over the years, the data have documented changes in governance priorities and, in some cases, highlighted emerging best practices in key areas of governance.

Because data rarely tell the full story, the *Silicon Valley Board Index* also explores topical board issues and concerns through discussions with governance experts and experienced directors. This year, we look at three topics:

- > **The impact the new “say-on-pay” requirements are having — or not — on executive compensation.** Scott P. Spector, a partner in the Fenwick & West Corporate Group and chair of its Executive Compensation and Employee Benefits Group, discusses how Silicon Valley boards and investors have responded to the say-on-pay requirements, whether the disclosure rules are affecting executive pay, and the compensation issues that most concern investors.
- > **The growing demand for directors with experience in social media and digital technologies.** Dan Rosensweig, the president and CEO of Chegg and a board director for Adobe Systems, shares his views on the ways social and digital media are changing business, the questions directors need to be asking about their companies’ digital and social media strategies and the considerations for recruiting digital experts for the board.
- > **Advancing female representation in the boardroom.** Ilene H. Lang, president and chief executive officer of Catalyst, discusses the continued scarcity of women in Silicon Valley boardrooms and the models that might help companies in the region increase the representation of women on boards and in senior management.

This year’s *Silicon Valley Board Index* examines the board composition and practices of 100 public technology companies in the region. We compare data from this year to 2010 findings and, in cases where it is valuable to see longer-term trends, to previous years, including data from our inaugural 2003 index. We also provide comparisons between Silicon Valley and the S&P 500, where relevant.

73%

OF SILICON  
VALLEY BOARDS  
HAVE A SEPARATE  
CHAIR AND CEO

57%

OF BOARDS  
HAVE AT LEAST  
ONE FEMALE  
DIRECTOR

The key findings include:

- > Silicon Valley boards continue to move to a governance model that separates the chair and CEO roles; 73 percent of Silicon Valley boards have a separate chair and CEO, up from 70 percent in 2010. Meanwhile, fewer Silicon Valley companies than in 2010 have named a lead or presiding director, 38 percent versus 47 percent in 2010.
- > Female representation on Silicon Valley boards nudged higher; 57 percent of boards in the index have at least one female director, compared with 56 percent in 2010.
- > Board turnover continues to slow. Only 29 percent of Silicon Valley boards welcomed new members this year, adding a total of 42 new directors.
- > Silicon Valley companies are less likely than the S&P 500 to elect directors annually: 65 percent versus 76 percent.
- > The average annual cash retainer is 78 percent higher than the 2003 average of \$25,000; however, the average retainer is slightly smaller than in 2010.
- > The use of stock option programs as a component of director compensation continues to decline, although the practice is still more common in Silicon Valley than in the S&P 500. The percentage of Silicon Valley companies providing options declined sharply to 60 percent from 72 percent in 2010. Twenty-eight percent of S&P 500 boards offer stock option programs to directors.
- > While restricted stock grants have gained popularity as a component of director compensation in recent years, the trend reversed itself somewhat this year. Fifty-eight percent of Silicon Valley boards provide restricted stock or restricted stock units, compared with 65 percent in 2010. Nevertheless, the total value of annual equity awards increased by 16 percent from the 2010 average of \$153,700 to \$178,600.
- > Even as some components of compensation have become less common, overall director compensation has increased in the past year. The average total compensation for Silicon Valley directors increased by 14 percent to \$251,630.

42

THE NUMBER OF  
NEW DIRECTORS  
ON SILICON  
VALLEY BOARDS

65%

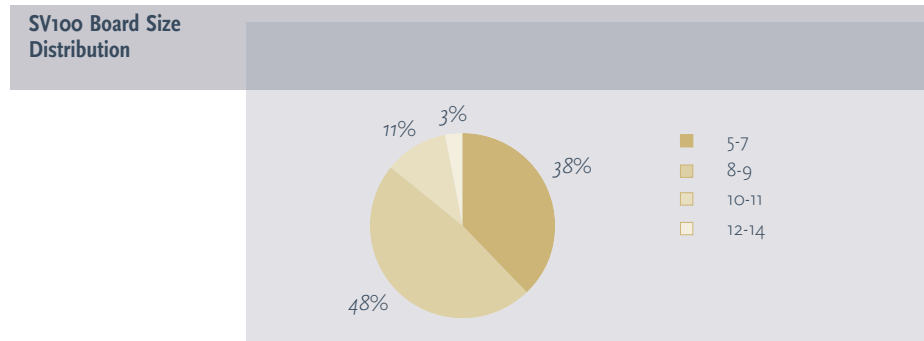
HAVE ANNUAL  
DIRECTOR  
ELECTIONS

**Editor's note:** The index examines 100 public technology companies in and around Silicon Valley, sorted into five groups based on revenue. The companies included in the index must have been publicly traded on one of the major stock exchanges (NYSE, NASDAQ or American). Data for the Spencer Stuart *Silicon Valley Board Index* were obtained from Equilar, a leading independent provider of executive and board compensation data and analysis, except where noted. The data were derived from the most recent proxies released as of May 13, 2011. Stock option awards are valued using the Black-Scholes methodology. All dollar figures and large numbers listed for Silicon Valley board statistics in this index were rounded to the nearest hundred, except where noted. All figures for S&P 500 boards were not rounded to maintain consistency with the original source of these statistics, the *Spencer Stuart U.S. Board Index*.

**Fewer boards with 10 or more directors**

- > The average Silicon Valley board has 8.1 members, the same as in 2010. By comparison, S&P 500 boards, which have been consistently larger than Silicon Valley boards, have 10.7 members on average. Silicon Valley boards with revenues of \$5 billion or more mirror the S&P 500 closely in board size, with an average of 10 members, while smaller Silicon Valley companies tend to have smaller boards.
- > Seventy percent of S&P 500 boards have 10 or more members, compared with 14 percent of Silicon Valley boards. In 2010, 17 percent of Silicon Valley boards had 10 or more members.
- > The Silicon Valley boards in our index have as few as five members to as many as 13 members, while S&P 500 boards range in size from five to 32.

| Average Board Size | SV100 | S&P 500 | SV100 |           |             |               |         |
|--------------------|-------|---------|-------|-----------|-------------|---------------|---------|
|                    |       |         | >\$5B | \$1B-\$5B | \$500M-\$1B | \$250M-\$500M | <\$250M |
| 2011               | 8.1   | 10.7    | 10.0  | 8.3       | 7.4         | 7.4           | 8.2     |



**Slight decrease seen in independent director representation**

- > Eighty percent of Silicon Valley board directors are independent, compared with 83 percent in 2010; 84 percent of S&P 500 directors are independent.

### Silicon Valley boards have aged, but are younger than the S&P 500

- > The average age of independent directors in Silicon Valley is 60, unchanged from 2010 but up from 57 in 2003, when we first published the index. The average age of independent directors on S&P 500 boards is 62.
- > Forty-one percent of Silicon Valley boards have an average age of 59 or younger, compared to 45 percent in 2010. Only 17 percent of S&P 500 boards have an average age of 59 or younger.

### Female representation reaches a new high

- > This year saw the highest percentage of boards with female representation since we started tracking the data in 2003. Fifty-seven percent of boards have at least one woman director, up from 56 percent last year and 41 percent in 2003. However, Silicon Valley still trails the S&P 500 significantly in this regard; 91 percent of S&P 500 boards have at least one female director.
- > Women represent 9.1 percent of the total number of directors on Silicon Valley boards, an increase from 8.6 percent in 2010 and the highest percentage since we began tracking the data. However, Silicon Valley boards continue to lag behind the S&P 500, where 16.2 percent of S&P 500 directors are female.
- > Female representation on Silicon Valley boards increased in all but one revenue category — companies with between \$1 billion and \$5 billion in revenues. All boards of companies with more than \$5 billion in revenue have at least one female director.

| Boards with<br>Female Directors | SV100 |            |       |               |                 |                   |         |
|---------------------------------|-------|------------|-------|---------------|-----------------|-------------------|---------|
|                                 | SV100 | S&P<br>500 | >\$5B | \$1B-<br>\$5B | \$500M-<br>\$1B | \$250M-<br>\$500M | <\$250M |
| 2011                            | 57%   | 91%        | 100%  | 63%           | 48%             | 32%               | 60%     |
| 2010                            | 56%   | 90%        | 93%   | 72%           | 43%             | 29%               | 47%     |

**Lead and presiding directors becoming less common**

- > Thirty-eight percent of Silicon Valley boards identified a lead or presiding director, down from 47 percent last year. This is the lowest level since 2004, when 36 percent had identified a lead or presiding director.
  
- > Boards of the Silicon Valley’s largest companies are most likely to have a lead or presiding director: 53 percent of companies in our index with revenues of at least \$5 billion have a lead or presiding director. However, this is a large decrease from last year, when 79 percent of companies in this category had a lead or presiding director. The number of Silicon Valley boards that identified a lead or presiding director decreased in every size company except for the smallest companies, those with revenues less than \$250 million, where 40 percent of companies identified a lead or presiding director; in 2010, 27 percent of companies in this revenue range had a lead or presiding director.

| Companies with a Lead or Presiding Director | SV100 |         |       |           |             |               |         |
|---|-------|---------|-------|-----------|-------------|---------------|---------|
|   | SV100 | S&P 500 | >\$5B | \$1B-\$5B | \$500M-\$1B | \$250M-\$500M | <\$250M |
| 2011  | 38%   | 92%     | 53%   | 41%       | 35%         | 24%           | 40%     |
| 2010  | 47%   | 92%     | 79%   | 48%       | 48%         | 38%           | 27%     |

### Silicon Valley boards continue to move to a split chair/CEO model

- > In 2011, 73 percent of Silicon Valley boards separated the chairman and CEO roles, up from 70 percent in 2010. In 2004, the first year we started tracking this statistic, only 45 percent of Silicon Valley boards separated the two positions.
- > Silicon Valley boards remain much more likely than S&P 500 boards to divide the chair and CEO responsibilities. Only 41 percent of S&P 500 boards split the two roles.

| Percentage of Boards Separating the Chairman and CEO Roles | SV100 |         |       |           |             |               |         |
|--|-------|---------|-------|-----------|-------------|---------------|---------|
|  | SV100 | S&P 500 | >\$5B | \$1B-\$5B | \$500M-\$1B | \$250M-\$500M | <\$250M |
| 2011   | 73%   | 41%     | 73%   | 75%       | 70%         | 80%           | 40%     |
| 2010   | 70%   | 40%     | 57%   | 76%       | 52%         | 86%           | 73%     |

### A new low in director additions

- > Fewer Silicon Valley boards welcomed a new director this year, continuing a trend we have seen over the past few years. Just 29 percent of Silicon Valley companies added a new director, compared with 32 percent of boards in 2010, 39 percent in 2009 and 50 percent in 2008. This is the lowest percentage of companies to add new directors since we started tracking these data in 2005.
- > Silicon Valley boards added a total of 42 new directors. Of those new directors, 8, or 19 percent, were women. Twenty-one percent of boards that hired new independent directors added at least one woman, down from 2010, when 25 percent of boards that hired new independent directors added a woman.

**Board meeting commitment continues to decline**

- > For the third straight year, the average number of annual board meetings fell for Silicon Valley boards. Boards met an average 8.0 times this year, down from 8.5 meetings in 2010, 9 meetings in 2009 and 9.7 meetings in 2008.
- > A similar trend has been seen on S&P 500 boards, where the average number of board meetings has decreased from 9 in 2009 and to 8.6 in 2010 and to 8.2 this year.
- > Silicon Valley boards had as few as four and as many as 35 board meetings.

| Meeting Distribution |      |      |
|----------------------|------|------|
|                      | 2011 | 2010 |
| 4 to 7               | 55%  | 44%  |
| 8 to 10              | 28%  | 33%  |
| 11 to 13             | 11%  | 16%  |
| 14 & up              | 6%   | 7%   |

**One-year director terms less common than in S&P 500**

- > One-year terms have become more common among S&P 500 companies, and, today, 76 percent of S&P 500 companies elect directors annually. By comparison, 65 percent of Silicon Valley boards that report director term length have annual director elections, the same as in 2010 and down from 68 percent in 2009.
- > Two percent of Silicon Valley companies that reported term length have two-year terms, unchanged from 2010, and 33 percent report having three-year terms, the same as in 2010.
- > The average length of term for Silicon Valley boards is 1.7 years, unchanged from 2010.

**One-third of boards list a mandatory retirement age\***

- > Thirty-three percent of Silicon Valley boards identify a mandatory retirement age, similar to last year's 34 percent — but far less than the 73 percent of S&P 500 companies that report having a retirement age.
- > The average reported retirement age for Silicon Valley companies is 73, very similar to the S&P 500 average retirement age of 72.4.

- > The average retirement age for Silicon Valley boards has remained relatively steady in the past few years, but is higher than the average retirement age in 2003, when we launched the index. The average mandatory retirement age was 72.5 in 2010, 72.4 in 2009, 72.5 in 2008 and 69 in 2003.

\*Retirement age statistics were derived from Spencer Stuart research, not Equilar data.

### Board committee makeup remains consistent

- > Silicon Valley boards have an average of 3.7 committees, compared with 3.6 in 2010. This is lower than the S&P 500 average of 4.2 committees, which has remained constant since 2006.
- > Nine percent of Silicon Valley boards have a stock option/equity committee, the same percentage as last year. Only two of S&P 500 boards have this committee, up from one in 2010.
- > Silicon Valley boards are far less likely than S&P 500 boards to have an executive committee (7 percent versus 35 percent) or a finance committee (10 percent versus 33 percent), but are more likely to have a strategy committee (12 percent versus 3 percent).

| Committee Snapshot              | Silicon Valley Boards | S&P 500 Boards |
|---------------------------------|-----------------------|----------------|
| Audit Committee                 | 100%                  | 100%           |
| Compensation Committee          | 100%                  | 100%           |
| Nominating/Governance Committee | 98%                   | 99%            |
| Executive Committee             | 7%                    | 35%            |
| Finance Committee               | 10%                   | 33%            |
| Stock Option/Equity Committee   | 9%                    | 0%             |
| Strategy Committee              | 12%                   | 3%             |

### Audit committee meeting frequency trends down

- > Silicon Valley audit committees meet an average of 9 times a year, compared with 9.3 times in 2010 and 10 times in 2009. Silicon Valley audit committees had as few as four meetings and as many as 19.
- > The average number of compensation committee meetings remained unchanged from 2010 at 7.8 per year. The number of meetings held by Silicon Valley compensation committees ranged from 3 to 23.
- > The number of meetings held by Silicon Valley nominating/corporate governance committees ranged from zero to nine. On average, Silicon Valley nominating/corporate governance committees have 3.8 meetings per year, consistent with the 2010 average.

**Board cash retainers fall back by 2 percent**

- > Ninety-six percent of Silicon Valley boards pay an annual cash retainer, compared with 95 percent in 2010. In 2003, only 81 percent of Silicon Valley boards paid a cash retainer.
- > The two percent of companies that do not provide annual cash retainers grant equity awards instead. Compensation data were unavailable for two companies.
- > The average annual cash retainer for Silicon Valley boards is \$44,400, 2 percent less than the 2010 average (\$45,400), but still 12 percent higher than the average in 2009 (\$39,600). In general, retainers have grown steadily since 2003, when the average retainer was \$25,000.
- > The average annual cash retainer for the largest Silicon Valley companies (more than \$5 billion in revenues) grew by 5 percent, to \$63,500 this year. Average cash retainers for the smallest companies in our index, those with revenues of \$250 million or less, fell 16 percent to \$28,700, and 15 percent to \$50,800 among companies in the \$1 billion to \$5 billion revenue range.
- > Cash retainers for Silicon Valley boards continue to significantly trail those of S&P 500 boards, which have an average cash retainer of \$88,900.

| Average Annual Cash Retainer | SV100    |          |           |             |               |          |
|------------------------------|----------|----------|-----------|-------------|---------------|----------|
|                              | SV100    | >\$5B    | \$1B-\$5B | \$500M-\$1B | \$250M-\$500M | <\$250M  |
| 2011                         | \$44,400 | \$63,500 | \$50,800  | \$37,800    | \$33,600      | \$28,700 |
| 2010                         | \$45,400 | \$60,200 | \$59,600  | \$37,900    | \$32,500      | \$34,000 |

| Cash Retainer Distribution | Silicon Valley 2011* | Silicon Valley 2010 |
|----------------------------|----------------------|---------------------|
| \$1 – \$19,999             | 3%                   | 4%                  |
| \$20,000 – \$29,999        | 10%                  | 14%                 |
| \$30,000 – \$39,999        | 22%                  | 20%                 |
| \$40,000 – \$49,999        | 22%                  | 23%                 |
| \$50,000 – \$59,999        | 23%                  | 19%                 |
| \$60,000 & up              | 16%                  | 15%                 |
| No cash retainer           | 2%                   | 5%                  |

\* Figures do not total 100 percent because compensation information was unavailable for two companies.

### Meeting attendance fees continue their steady decline

- > Only 28 percent of Silicon Valley boards provide meeting attendance fees, down from 34 percent in 2010 and a high of 61 percent in 2004.
- > S&P 500 boards are somewhat more likely to provide meeting attendance fees; 37 percent of S&P 500 boards offer meeting attendance fees. This figure has steadily declined since 2004, when 66 percent of S&P 500 boards provided meeting attendance fees.
- > None of the smallest companies in our index (those with revenues less than \$250 million) provide meeting attendance fees, while companies in the \$500 million to \$1 billion revenue range were the most likely provide meeting attendance fees.

| Percentage of Boards Providing Meeting Attendance Fees | SV100 |       |           |             |               |         |
|--|-------|-------|-----------|-------------|---------------|---------|
|  | SV100 | >\$5B | \$1B-\$5B | \$500M-\$1B | \$250M-\$500M | <\$250M |
| 2011   | 28%   | 27%   | 25%       | 39%         | 28%           | 0%      |
| 2010   | 34%   | 29%   | 21%       | 52%         | 38%           | 33%     |

- > As these fees have become less common, the average meeting attendance fee has decreased somewhat. The average board meeting attendance fee is \$1,720, 8 percent less than the 2010 average attendance fee of \$1,860.
- > The median board attendance fee dropped to \$1,750 from \$2,000 in 2010.
- > Meeting attendance fees for S&P 500 boards are slightly higher, averaging \$2,284, 4 percent more than in 2010.
- > The highest meeting attendance among Silicon Valley boards is \$3,000.

| Average Board Meeting Attendance Fee* | SV100   |         |           |             |               |         |
|---------------------------------------|---------|---------|-----------|-------------|---------------|---------|
|                                       | SV100   | >\$5B   | \$1B-\$5B | \$500M-\$1B | \$250M-\$500M | <\$250M |
| 2011                                  | \$1,720 | \$2,250 | \$1,560   | \$1,600     | \$1,730       | \$0     |
| 2010                                  | \$1,860 | \$2,250 | \$1,630   | \$1,890     | \$1,880       | \$1,750 |

\* Figures are rounded to the nearest \$10.

**Cash compensation decreases, while total compensation grows**

- > Ninety-six percent of Silicon Valley companies reported a value for annual board cash fees (the meeting attendance fee multiplied by the number of board meetings and then added to the board cash retainer), a 5 percent increase over 2010. Although more companies report providing cash fees, the average decreased by 7 percent to \$48,000 from \$51,500 in 2010.
- > Total board fees, which reflect annual board cash fees and the dollar value of annual equity awards, increased by 13 percent from \$198,500 in 2010 to \$224,500 today.
- > Nineteen percent of Silicon Valley boards offer deferred compensation plans, the same as in 2010. By comparison, S&P 500 boards are much more likely than Silicon Valley companies to allow directors to defer some or all of their compensation; 70 percent of S&P 500 companies offer deferred compensation plans.

**Board leadership fees increase**

- > Forty-two percent of Silicon Valley boards provide additional compensation to the nonexecutive chair, up from 39 percent in 2010 and 30 percent in 2009.
  - Among these companies, the board chair receives a \$55,600 cash premium on average, which represents a 9 percent increase over the 2010 average and a return to the average cash premium in 2009 of \$55,400.
- > Thirty-two percent of the Silicon Valley boards in our index provide additional cash compensation to the lead director, compared with 33 percent in 2010.
  - The average cash premium paid to lead directors is \$20,750, 7 percent more than the average in 2010.

| Average Cash Premium |          |          |
|----------------------|----------|----------|
|                      | 2011     | 2010     |
| Board Chair          | \$55,600 | \$50,900 |
| Lead Director        | \$20,750 | \$19,400 |

### Most boards compensate for audit committee service

- > Ninety-two percent of Silicon Valley boards pay an additional cash retainer to the audit committee chairman. Reflecting the growing demands on this committee since the passage of the Sarbanes-Oxley Act, the percentage of boards paying a retainer to audit committee chairs has increased significantly since 2003, when only 18 percent provided additional audit chair retainers. S&P 500 boards are somewhat less likely to provide a retainer to the audit committee chair than Silicon Valley boards; 86 percent of S&P 500 boards pay an audit committee chair retainer.
  - On average, the cash retainer for Silicon Valley audit chairs is \$23,800.
- > Sixty-five percent of Silicon Valley boards pay an additional retainer to audit committee members, compared with 63 percent in 2010 and 4 percent in 2003. By contrast, 89 percent of S&P 500 boards pay a retainer to audit committee members.
  - On average, the cash retainer for Silicon Valley audit committee members is \$11,300.
- > Audit committee meeting attendance fees are less common than in the past. About one-third (34 percent) provide meeting fees to audit committee members and only 4 percent pay committee meeting fees to the chairman.

### More than half of boards still provide stock options to directors

- > A stock option program is offered at 60 percent of Silicon Valley boards, compared with 28 percent of S&P 500 companies.
- > The percentage of Silicon Valley companies offering a stock option program has significantly declined since 2003, the first year of the index, as boards increased their use of restricted stock and restricted stock units. In 2003, 91 percent of boards in the index had stock option programs, declining to 87 percent in 2008, 79 percent in 2009 and 72 percent in 2010.

| Percentage of Companies with a Stock Option Program | SV100 |       |           |             |               |         |
|---|-------|-------|-----------|-------------|---------------|---------|
|   | SV100 | >\$5B | \$1B-\$5B | \$500M-\$1B | \$250M-\$500M | <\$250M |
| 2011  | 60%   | 33%   | 53%       | 65%         | 76%           | 80%     |
| 2010  | 72%   | 50%   | 69%       | 71%         | 81%           | 87%     |

- > Fewer boards than in the past provide initial options to new directors: 46 percent report that they provide initial stock options, compared with 57 percent in 2010. The average size of initial option grants increased to 35,900 compared to 35,200 in 2010.

| Initial Options                           | SV100  |        |           |             |               |         |
|---|--------|--------|-----------|-------------|---------------|---------|
|   | SV100  | >\$5B  | \$1B-\$5B | \$500M-\$1B | \$250M-\$500M | <\$250M |
| Percentage Granting Initial Options       | 46%    | 27%    | 34%       | 52%         | 60%           | 80%     |
| Average Number of Initial Options Granted | 35,900 | 33,750 | 35,320    | 35,850      | 39,100        | 27,500  |
| as a Percentage of Outstanding Stock      | .0414% | .0132% | .0136%    | .0532%      | .0540%        | .0623%  |

- > Just over half of Silicon Valley boards (51 percent) provide options annually, compared with 63 percent in 2010 and 91 percent in 2006.
  - Of those granting options annually, the average grant is 16,760 options, representing .0165 percent of outstanding stock. In 2010, the average grant was 18,000 options, representing .0195 percent of outstanding stock.
  - The average annual value of options is \$156,150, a 21 percent increase from 2010.
- > Smaller Silicon Valley companies, those with less than a \$1 billion in revenue, are twice as likely as companies with revenues of \$5 billion or more to provide annual options to board directors.

| Annual Options  | SV100            |                  |                  |                  |                 |                 |
|---|------------------|------------------|------------------|------------------|-----------------|-----------------|
|   | SV100            | >\$5B            | \$1B-\$5B        | \$500M-\$1B      | \$250M-\$500M   | <\$250M         |
| Percentage Granting Annual Options                        | 51%              | 27%              | 44%              | 65%              | 52%             | 60%             |
| Average Number of Annual Options Granted                  | 16,760           | 17,790           | 16,600           | 19,230           | 14,840          | 15,830          |
| Annual Options Grant as a Percentage of Outstanding Stock | .0165%           | .0016%           | .0057%           | .0224%           | .0215%          | .0364%          |
| <b>Average Value of Annual Options*</b>                   | <b>\$156,150</b> | <b>\$202,100</b> | <b>\$205,400</b> | <b>\$175,000</b> | <b>\$92,100</b> | <b>\$77,400</b> |

\* Stock option awards are valued using the Black-Scholes methodology.

### Restricted stock use retreats

- > Fifty-eight percent of Silicon Valley boards provide restricted stock or restricted stock units as part of director compensation, compared with 65 percent in 2010.
- > The largest Silicon Valley companies are three times as likely as the smallest companies to offer restricted stock or restricted stock units to board directors. Sixty percent of companies with revenues of over \$5 billion provide restricted stock or restricted stock units, while only 20 percent of companies with revenues of less than \$250 million do.
- > Among companies providing restricted stock/restricted stock unit awards annually, the average award decreased by 8 percent from 2010 to 7,744 shares, representing .0059 percent of outstanding stock.
- > The total value of annual equity awards increased by 16 percent to \$178,600, from \$153,700 in 2010. The median value was \$148,200, a 19 percent increase over 2010.

| Restricted Stock Grants  | SV100            |                  |                  |                  |                 |                  |
|--|------------------|------------------|------------------|------------------|-----------------|------------------|
|  | SV100            | >\$5B            | \$1B-\$5B        | \$500M-\$1B      | \$250M-\$500M   | <\$250M          |
| Percentage Providing Restricted Stock or Restricted Stock Units                        | 58%              | 60%              | 72%              | 57%              | 48%             | 20%              |
| Average Annual Number of Restricted Stock or Restricted Stock Units                    | 7,744            | 13,236           | 6,464            | 6,407            | 7,821           | 4,200            |
| Annual Restricted Stock or Restricted Stock Units as a Percentage of Outstanding Stock | .0059%           | .0022%           | .0032%           | .0081%           | .0117%          | .0037%           |
| Average Value of Annual Restricted Stock   | \$115,836        | \$95,233         | \$184,538        | \$83,490         | \$41,194        | \$102,677        |
| Average Value of Annual Restricted Stock Units   | \$142,906        | \$234,378        | \$128,176        | \$130,031        | \$89,768        | N/A              |
| <b>Total Value of Annual Equity Awards</b>   | <b>\$178,600</b> | <b>\$244,800</b> | <b>\$211,200</b> | <b>\$200,500</b> | <b>\$99,418</b> | <b>\$108,000</b> |

**A broad view of director compensation**

- > On average, Silicon Valley board directors received total compensation of \$251,630, a 14 percent increase from 2010.
- > Cash and options fell as a percentage of director compensation, while stock awards now represent a larger share of compensation.

| Average Total Per-Director Compensation* | SV100     | >\$5B     | \$1B-\$5B | \$500M-\$1B | \$250M-\$500M | <\$250M   |
|--|-----------|-----------|-----------|-------------|---------------|-----------|
| 2011                                     | \$251,630 | \$355,973 | \$271,051 | \$249,659   | \$156,334     | \$159,748 |
| 2010                                     | \$221,100 | \$320,200 | \$247,400 | \$182,400   | \$190,900     | \$126,800 |

\* Averages reflect full-year compensation for nonexecutive directors, excluding new and retired directors as well as special compensation or fees.

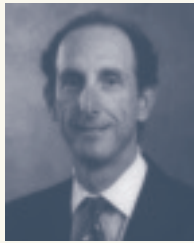
| Compensation Categories                     | SV100 | >\$5B | \$1B-\$5B | \$500M-\$1B | \$250M-\$500M | <\$250M |
|---|-------|-------|-----------|-------------|---------------|---------|
| Percentage of Fees Earned or Paid in Cash   | 25%   | 22%   | 24%       | 26%         | 33%           | 26%     |
| Percentage of Fees Paid as Stock Awards     | 42%   | 53%   | 47%       | 33%         | 23%           | 38%     |
| Options Value as a Percentage of Fees       | 29%   | 21%   | 25%       | 38%         | 42%           | 36%     |
| Other Compensation as a Percentage of Fees* | 3%    | 3%    | 4%        | 3%          | 2%            | 0%      |

\* Other compensation includes travel/spouse expenses, entertainment/gifts, education programs, extra services and insurance/health benefits. Percentages may not add up to 100 due to rounding.

# Say on pay

SCOTT P. SPECTOR

*What impact is the legislation having on boards and executive compensation?*



The Dodd-Frank Act required that shareholders get a regular — but nonbinding — vote on executive pay packages as well as "golden parachute" compensation arrangements. In the 2011 proxy season, companies in Silicon Valley faced little opposition to compensation

packages and lost no "say-on-pay" votes. So, what impact is the new requirement having? Has it changed the way boards think about executive compensation or the pay packages they eventually award?

Scott P. Spector, a partner in the Fenwick & West Corporate Group and chair of its Executive Compensation and Employee Benefits Group, talked with Spencer Stuart about how Silicon Valley boards and investors have responded to the say-on-pay requirements, the impact that the disclosure rules are having on executive pay, and the compensation issues that most concern investors.

**Say-on-pay has been implemented by the SEC. How have boards viewed this generally? Are they concerned about it?**

**Spector:** As the first several months of these votes have taken place and people have seen that an overwhelming number of companies — almost all the companies — have won support for their plans, boards have taken this very much in stride. At least in Silicon Valley, boards are not focused very much on say-on-pay. For a while, they were focused on the issue of say-on-pay frequency, and whether these votes should occur every three years or every year, and what the results would be if they recommended three years versus one year. People have gotten to the point where this is pro forma. That's not to say it won't become an issue in the future. However, all of the companies that did lose say-on-pay votes have been sued,

and, recently, one court let the suit withstand a motion to dismiss. This will get the attention of boards in 2012.

**The U.K. has had what appears to be more stringent say-on-pay requirements for quite some time, and companies have seen resistance to compensation plans. Do you think we'll see more resistance over time, or is there a difference in philosophies between the U.K. and the U.S.?**

There is no question that you're going to see more than a few dozen companies losing votes over the next few years. It's also important to note that there have been a handful of companies that have put the say-on-parachute votes to a test because they've done M&A transactions since these rules became effective in April of this year. Those votes also are nonbinding, but have received greater opposition than the say-on-pay votes, so that may be an indicator of where this might be going.

But as we've seen in a variety of press reports, all this disclosure that has been promulgated by Congress and the SEC over the past few years, in fact, has been an excuse to pay people more, not less. Some of that is because the data is available now and everybody sees what the lowest common denominator is. Everybody wants to be in that above-average category.

**What do you think might affect executive pay going forward?**

There have been some new compensation committee rules proposed, intended to increase the independence of compensation committees and advisers. I'm a pessimist on this. It's cultural here at this point in time, so adding a layer of regulatory restrictions is not going to necessarily change the system. I do not think anybody has a good handle on how to change the culture.

You are seeing some practices changing. You're not seeing gross-ups anymore. You're seeing more performance-based arrangements. At the same time, because of the way companies are looking at performance-based bonuses, salaries are going up. You're seeing stock grants getting bigger rather than smaller, and performance metrics that are put in place aren't necessarily hard metrics or that difficult to achieve. There's a hope that these independence rules will change that, because compensation committees and consultants will have a little different focus; I'm not an optimist that compensation or process will change a lot.

The other thing that is happening related to compensation is the way companies often approach new executive hires. When you finally target somebody who everyone thinks is the right candidate, there's a rush to get this person signed up. They say, "We have to have this person and we don't see any artificial line in negotiating the compensation. If it costs us more, it costs us more. We've invested this amount of time. We've got to go for this." That sends a message, and it is very difficult then to hold down compensation.

**We're seeing compensation committees look at different approaches to structuring compensation, for example, incenting longevity.**

Compensation committees are trying. One of the impediments is that in order to do a really effective job, compensation committees and compensation committee chairmen need to spend more time focusing on the compensation issues that affect the company. That's not being done as much as it should be. This is not easy. Unless you are willing to really spend time talking to the CEO and the other members of the comp committee and experts off-line, it tends to look a little bit simpler than it really is. As a result, you don't necessarily get the hard work being done to come up with the right answers to change the way compensation is structured.

**The comp committee used to be one of the easier committees to be on, and audit was always the tough one. That may be changing. Are you seeing that?**

You hit it exactly right. The comp committee was looked at as being simpler, and it didn't require a lot of work outside the regular cycle of the meetings. It certainly didn't require you to do a lot of homework before you got the slide material. But it's actually harder. A lot of people like myself recommend that comp committees spend at least two meetings looking at a particular set of recommendations before they make a decision. You have to have members who understand that.

**What areas of compensation seem to be receiving closer scrutiny from shareholders?**

You don't see gross-ups to cover excise taxes on golden parachutes and perquisites any more, and they get negative votes and negative reactions. Contracts that have automatic severance on a non-renewal is something that is problematic and gets a lot of attention. Having some kind of performance metric for either restricted stock or a bonus plan gets a lot of attention. Investors don't go into the metrics, they just want to see performance metrics. Anything else doesn't get a lot of attention.

**Going back to your comment earlier that a lot of this is cultural, what role does communication to shareholders play in winning support for executive compensation plans? Can you win with an effective marketing campaign?**

If you put aside say-on-pay, which has been relatively easy for most Silicon Valley companies, from the most common and historical issue of getting equity plans approved, then marketing doesn't help at all. Everybody has found that they have to work with Institutional Shareholder Services (ISS). A lot of investors do have their own policies, but they're heavily influenced by ISS recommendations, and they will retain ISS consulting to help them model a plan. Marketing campaigns are irrelevant. It's just working with ISS to work within their system. By comparison, in some of the say-on-pay situations that initially received a negative recommendation from ISS, companies found it very effective to go out with a supplementary proxy mailing and make their case. ISS did not rebut those this year, but said that next year they will have their own rebuttal.

# Digital expertise on the board

DAN ROSENSWEIG

*High-profile IPOs and social media elevate digital platforms on the board's agenda*



Advancements in digital technologies and social media like Facebook, Twitter, YouTube and the iPhone not only are changing the way customers interact with brands, they also are driving new business models and strategies. At the same time, the initial buzz

around LinkedIn's IPO and the Groupon IPO has directors thinking about the impact of digital strategy on their company's valuation. What is the board's role in making sure digital and social media are built into corporate strategy? What steps can they take to "get smart" about digital technologies, including adding directors with expertise?

Dan Rosensweig is president and CEO of Chegg, former president of Guitar Hero and former chief operating officer of Yahoo!, and he also is a member of the Adobe Systems board of directors. He talked with Spencer Stuart about the ways social and digital media are changing business, the questions directors need to be asking about their companies' digital and social media strategies and the considerations for recruiting digital experts for the board.

**How are digital technologies and social media changing the equation for companies in terms of strategy, valuation and risk?**

**Rosensweig:** Well, frankly, it has expanded and accelerated the disruption that technology has been creating on all companies for the last 50 years. It's changed the cost of doing business. It's reduced barriers to compete with

existing companies. It's lowered the cost of customer acquisition. It's changed the business models and put the power in the hands of the consumer. It's dramatically affected distribution channels.

My daughters are 18 and 16. They've never known a day without the Internet. They've never known a day without broadband. They've never known a day without an iPod, a cell phone or TiVo. We grew up in a generation where people thought water was free and you paid for music. Today, people think music's free and you pay for water. This generation of consumers has a different set of expectations. They don't understand subscription models that you can't cancel without a penalty. They don't understand when you can't buy stuff when you want to buy it. They don't understand that you can't quickly location-base anything. We need to realize that, for this generation, there's been no change; this is all they know. If you are not utilizing YouTube or Facebook, or communicating directly with your consumers in whatever form they want, then you're not where your customers are.

**What do you think most boards misunderstand or underestimate about social media?**

It's not that boards need to understand social media or mobile; they need to realize the fact that the whole dynamic of their customer relationship is changed, and the power is in the consumer's hand.

Remember when people said, "We don't want to put up product reviews because they might be bad?" Well, there are going to be bad reviews. You don't control that anymore, but what you do control is how you respond to

them and that you do so in a genuine fashion. You need somebody on the board who deeply understands and appreciates the intrinsic shift in consumer expectations and behavior, because somebody needs to challenge the CEO about whether he or she really understands the trends and whether he or she is investing in the necessary capabilities to respond. The board can't do anything except make sure that the CEO is doing something. On the flip side, the board needs to be able to help a CEO understand what it means, how the company might address it, the kind of people it might recruit, where those people might be found, and then help the CEO build relationships in those communities.

**What questions should boards be asking about their company's digital and social media activities and policies?**

The number-one question is: "What problem is the company facing now that can be solved using technology and social media?" Two, is "What is the definition of success?" The next is, "Are we thinking big enough? Is that solution big enough to affect the businesses we're in?" Then, boards need to ask what assets are available, including technology, knowledge, people, money, investment and tools. Finally, boards should ask about the odds of success and over what period of time.

If the board asks those questions, directors will know very quickly whether or not the company has a strategy. Saying, "We are on Twitter," is not an answer. The response has to be, "Here's what is going on with our company; here's why; here's how Twitter plays a role; here's what we're doing on Twitter; here's what we're tracking; here's what we're trying to affect and here is how we're going to measure it; and, if it works, our sales are going to go up, our complaints are going to go down," or whatever it might be. You really need to think about it at that level of detail.

Somebody with knowledge and experience can help frame that discussion for the CEO. It's not a "gotcha" game, but should empower the CEO to be effective as he or she tries to bring these things into the company to truly affect the thoughts and behaviors of the employees.

**What advice do you have for boards that want to recruit a director with social or digital media expertise?**

More and more often, I am recommending that boards look to younger people, people who don't necessarily have the big title, but who are living it every day. There aren't enough people who not only are active in the digital and social media space, but also have come from the traditional world. If a board wants to get the people who are on top of all the nuances of digital and the new trends, they're actually going to recruit people in for whom it may be their first board experience. Their perspective and ability to provide unique insight will help keep the company as an influencer in the industry.

**So, how would one of those younger players mesh with the rest of the board members? How would that work, because it could be a radical change in the dynamic of the board?**

What I would say is, that's what the board needs. When each board was created, it was created with a specific objective in mind. Since the company's objectives have changed dramatically, shouldn't the board change dramatically? You want somebody who is mature and responsible, but you really want the benefit of what the person does. This is not a cosmetic change.

**Is it essential to have a director on the board with this expertise or are there other effective ways for a board to make sure it has valuable perspectives on these topics?**

I think you either embrace it or you don't; either go all in and make this person part of your future or pay an external person who is not accountable for any results. If you're running a business and you believe that social media is core to your business, then you better have it as core to your business. It's not something you can outsource. Again, the board doesn't solve the problem. What the board can do is help the CEO frame the issue for the company so they can get smart about it and be somebody the CEO can rely on for relationships and contacts without being embarrassed.

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**What advice would you give to a director or to a CEO who wants to get smart about digital technologies and social media?**

I would advise a CEO to build relationships with people who are in the industry, go out and visit digital and social media companies, set up a series of discussions, make yourself available to it — actually use the products. I'd look for as many 20-year-olds in my company as I could find and would ask them for their genuine input, and ask them, "If you were running the company, what would you do?" Be the most curious person on the planet, learn

about it and use it. I would really empower young people and give them the freedom to create. You can always block it or pull it down, but those are the people who matter to you in this space. They are the people who don't care about the legal stuff. They don't care about corporate governance. They just love building the ship. I spend a lot of time with these individuals because I just want to make sure that I don't miss a thing.

# Advancing female representation in the boardroom

ILENE H. LANG

*What is the right model?*



Female representation on Silicon Valley boards nudged up in the past year. Fifty-seven percent of boards have at least one woman director, the highest percentage of boards with female representation since Spencer Stuart started tracking the information in 2003.

Women now make up 9.1 percent of all Silicon Valley directors, up from 8.6 percent in 2010.

Despite the improvement, female representation on Silicon Valley boards continues to lag the S&P 500. How can the Valley begin to move the needle on this issue? Ilene H. Lang, president and chief executive officer of Catalyst, spoke with Spencer Stuart about the continued scarcity of women in Silicon Valley boardrooms and the models that might help to change that.

**Female representation on corporate boards in Silicon Valley has been consistently lower than among S&P 500 companies. What are your thoughts on that?**

**Lang:** Why is the average lower among Silicon Valley companies? I think there are a few reasons. One is that they have smaller boards, and smaller boards tend to be less diverse. As your analysis shows, larger companies in Silicon Valley have larger boards and levels of female representation that are closer to the S&P 500.

Secondly, these are much younger companies overall, and younger companies often have a lot of venture capitalists (VCs) and founders on the board. Board independence is

not as big an issue. These boards tend to be smaller and clubbier; they tend to have the people who were there from the beginning and know the way they do things.

A common approach to recruiting board members at early-stage companies is to recruit friends; you recruit people like you or people you know already. As companies grow and become more global and include more people from other disciplines — including sales, marketing, HR, finance and services and support — they become more diverse in their leadership and on their board of directors.

**If it's the natural progression of a young company to have less diversity, to have a smaller, clubbier board, and become more diverse over time, does it make a difference that there's not as much female representation at that point in time?**

I think it does make a difference. It's not by accident that so many companies can't get past the first act. Many of these smaller companies don't grow up to be large companies because they run out of gas. They can't get beyond their first product or get another hit. There would be less of that if, early on, the boards and the leadership team were capable of integrating more perspectives and more points of view. I think they'd have a longer runway. That is not to say that they haven't been successful or haven't made money for their VCs and for themselves, but you never know what could have been.

**Several European countries have adopted aggressive targets or formal guidelines to increase the representation of women on boards. What's your view of these**

**legislated approaches? Is there a model you see as most effective?**

Every culture, every country, every society has its own standards, norms and expectations, so approaches will differ. I would say that most companies and most businesspeople really hate the idea of quotas because they think that quotas imply lack of quality. In Silicon Valley, many will go to the grave saying it's a meritocracy out there. What they don't realize is that if it were a meritocracy, then talent would rise and you would see representation at the top the way you see it at the bottom. In fact, the deck is stacked in favor of people who are like the founders of the company.

From my perspective, what you want to see is the outcome. It really is better for a business if there are more women on the leadership team and on the board, but how you get there can vary. We do know that quotas produce the outcome. Norway's economy is doing just fine and they have 40 percent women on the boards of the public companies there.

There is no way any quota laws would ever get passed in the U.S., but looking at it philosophically, any company that's serious about increasing the representation of women on the board will make a commitment, will establish its own targets and quotas, and will do it.

**There is a perception in some circles that there aren't enough viable female candidates for board positions? Do you agree with that?**

I don't agree with that. There are lots and lots of very strong women candidates, but there are two things that are important to mention. First, we have documented over the years the double standard women face. You can see this by looking at women's career paths, as well as the results of formal studies. So gender bias exists, and it means that women have to have more experience than men do in order to get a comparable consideration. On the other hand, in light of the growing importance of digital technologies, it's a new world out there, which may be beyond the experience of a lot of the people we typically see on boards.

**So then what should companies and senior leaders do to prepare the high-performing women in their organizations for more senior-level roles and board opportunities?**

When we compared the career paths of mid-career women and men, women actually get more mentoring than men, but men's mentors are much more senior. They are more likely to be in the C-suite and, therefore, they become what we call "sponsors." They are in a position to shepherd their protégés along and provide access to opportunities. Women just don't have that. Based on that kind of research, we really advocate for formal sponsorship programs where the senior leadership of a company is accountable for grooming successors, and that talent has to be different from themselves. So, no longer is it okay to mentor somebody who is just like you, went to the same school you did or reminds you of yourself when you were younger and you're going to save them from all the mistakes you made. The right thing for the company is for senior executives to mentor and sponsor upcoming stars who are in a different mold.

CEOs should also be encouraging up-and-coming female executives to get outside board experience. There are women who might not be in the C-suite yet but are running multibillion-dollar businesses, and they ought to be promoted by their CEO to other companies for an outside board role. Many mid-cap companies, for example, could really use somebody who has run a multibillion-dollar business on their board. Even C-suite women who spend a lot of time in the boardroom need their CEO or their chairman to advocate for them.

**What advice do you give to women who want to move up both within the executive level and to the board?**

What women can do is start planning to become a really strong, effective candidate with the right kind of resume. They can sit on nonprofit boards, which many do, representing their companies. Some of the very prestigious nonprofits have a lot of corporate people sitting on their boards. A C-suite woman or a really effective investment banker could very well step into one of those boards, get some experience and be seen as a really strong contribu-

tor, but also establish a network that may help them get on a first corporate board. But it takes planning and it takes a number of years.

### **About the interviewers**

Nayla Rizk and Jonathan Visbal are based in Spencer Stuart's Silicon Valley office. They are members of the Board Services and Technology, Communications & Media practices.

## COMPARATIVE BOARD DATA

# Comparative Board Data

|   | NUMBER OF DIRECTORS |                      |                     | LENGTH OF TERM | AVERAGE AGE (YEARS) | MEETINGS PER YEAR <sup>c</sup> | BOARD COMPENSATION               |                        | STOCK COMPENSATION <sup>e</sup> |                          |                                    |                                   |                                 |           |
|---|---------------------|----------------------|---------------------|----------------|---------------------|--------------------------------|----------------------------------|------------------------|---------------------------------|--------------------------|------------------------------------|-----------------------------------|---------------------------------|-----------|
|   | TOTAL               | OUTSIDE <sup>b</sup> | INSIDE <sup>b</sup> |                |                     |                                | BOARD CASH RETAINER <sup>d</sup> | MEETING ATTENDANCE FEE | INITIAL NUMBER OF OPTIONS       | ANNUAL NUMBER OF OPTIONS | INITIAL NUMBER OF RESTRICTED STOCK | ANNUAL NUMBER OF RESTRICTED STOCK | OUTSTANDING STOCK (IN MILLIONS) |           |
| <b>&gt; \$5 Billion Revenues</b>          |                     |                      |                     |                |                     |                                |                                  |                        |                                 |                          |                                    |                                   |                                 |           |
| Advanced Micro Devices                    | 9                   | 8                    | 1                   | 1              | 63                  | 4                              | \$65,000                         | N/A                    | N/A                             | N/A                      | N/A                                | N/A                               | N/A                             | 685.230   |
| Agilent Technologies <sup>3</sup>         | 9                   | 8                    | 1                   | 3              | 65                  | 6                              | \$75,000                         | N/A                    | N/A                             | N/A                      | N/A                                | N/A                               | N/A                             | 347.604   |
| Apple                                     | 7                   | 6                    | 1                   | 1              | 62                  | 4                              | \$50,000                         | N/A                    | N/A                             | N/A                      | N/A                                | N/A                               | N/A                             | 917.307   |
| Applied Materials <sup>5</sup>            | 11                  | 10                   | 1                   | 1              | 59                  | 7                              | \$65,000                         | N/A                    | N/A                             | N/A                      | N/A                                | N/A                               | N/A                             | 1,327.685 |
| Cisco Systems                             | 13                  | 10                   | 3                   | 1              | 56                  | 6                              | \$75,000                         | N/A                    | N/A                             | N/A                      | N/A                                | N/A                               | N/A                             | 5,585.269 |
| eBay <sup>9</sup>                         | 11                  | 9                    | 2                   | 3              | 58                  | 5                              | \$50,000                         | \$2,000                | N/A                             | 14,492                   | N/A                                | N/A                               | N/A                             | 1,298.370 |
| Google                                    | 9                   | 6                    | 3                   | 1              | 58                  | 7                              | \$75,000                         | N/A                    | N/A                             | N/A                      | N/A                                | N/A                               | N/A                             | 321.522   |
| Hewlett-Packard Company <sup>11</sup>     | 13                  | 12                   | 1                   | 1              | 56                  | 17                             | \$100,000                        | N/A                    | N/A                             | N/A                      | N/A                                | N/A                               | N/A                             | 2,190.426 |
| Intel Corporation <sup>12</sup>           | 10                  | 9                    | 1                   | 1              | 58                  | 10                             | \$75,000                         | N/A                    | N/A                             | N/A                      | N/A                                | N/A                               | N/A                             | 5,488.000 |
| Oracle Corporation                        | 12                  | 8                    | 4                   | 1              | 66                  | 4                              | \$52,500                         | \$3,000                | 60,000                          | 45,000                   | N/A                                | N/A                               | N/A                             | 5,026.247 |
| Sanmina-SCI Corporation                   | 9                   | 8                    | 1                   | 1              | 63                  | 6                              | \$60,000                         | \$2,000                | 10,000                          | 1,667                    | N/A                                | N/A                               | N/A                             | 79.812    |
| Seagate Technology                        | 8                   | 7                    | 1                   | 1              | 62                  | 11                             | \$50,000                         | \$0                    | 55,000                          | 10,000                   | 15,000                             | 5,000                             | N/A                             | 471.809   |
| Symantec Corporation                      | 11                  | 9                    | 2                   | 1              | 58                  | 7                              | \$50,000                         | N/A                    | N/A                             | N/A                      | N/A                                | N/A                               | N/A                             | 798.889   |
| SYNNEX Corporation                        | 8                   | 6                    | 2                   | 1              | 65                  | 10                             | \$30,000                         | \$2,000                | 10,000                          | N/A                      | 2,000                              | 2,000                             | N/A                             | 36.294    |
| Yahoo!                                    | 10                  | 8                    | 2                   | 1              | 60                  | 10                             | \$80,000                         | N/A                    | N/A                             | N/A                      | N/A                                | N/A                               | N/A                             | 1,309.412 |
| <b>\$1 Billion - \$5 Billion Revenues</b> |                     |                      |                     |                |                     |                                |                                  |                        |                                 |                          |                                    |                                   |                                 |           |
| Adobe Systems <sup>1</sup>                | 9                   | 8                    | 1                   | 2              | 63                  | 4                              | \$50,000                         | N/A                    | N/A                             | N/A                      | N/A                                | N/A                               | N/A                             | 504.728   |
| Altera Corporation <sup>4</sup>           | 7                   | 6                    | 1                   | 1              | 62                  | 7                              | \$50,000                         | N/A                    | N/A                             | N/A                      | N/A                                | N/A                               | N/A                             | 319.961   |
| Atmel Corporation                         | 7                   | 5                    | 2                   | 1              | 67                  | 9                              | \$50,000                         | \$1,000                | 24,000                          | 16,500                   | N/A                                | N/A                               | N/A                             | 456.889   |
| Autodesk <sup>6</sup>                     | 9                   | 8                    | 1                   | 1              | 58                  | 6                              | \$37,500                         | N/A                    | 50,000                          | 20,000                   | N/A                                | N/A                               | N/A                             | 227.900   |
| Brocade Communications Systems            | 9                   | 8                    | 1                   | 1              | 62                  | 6                              | \$30,000                         | \$1,000                | 50,000                          | 20,000                   | N/A                                | N/A                               | N/A                             | 466.582   |
| Electronic Arts                           | 10                  | 8                    | 2                   | 1              | 54                  | 4                              | \$50,000                         | N/A                    | 17,500                          | 8,400                    | N/A                                | N/A                               | N/A                             | 329.677   |
| Equinix                                   | 8                   | 6                    | 2                   | 1              | 57                  | 6                              | \$35,000                         | N/A                    | N/A                             | N/A                      | N/A                                | N/A                               | N/A                             | 46.199    |
| Fairchild Semiconductor International     | 8                   | 7                    | 1                   | 1              | 64                  | 4                              | \$50,000                         | N/A                    | N/A                             | N/A                      | N/A                                | N/A                               | N/A                             | 126.339   |
| Intuit                                    | 10                  | 7                    | 3                   | 1              | 61                  | 6                              | \$30,000                         | N/A                    | N/A                             | N/A                      | N/A                                | N/A                               | N/A                             | 317.536   |
| JDS Uniphase Corporation                  | 9                   | 7                    | 2                   | 3              | 64                  | 6                              | \$60,000                         | N/A                    | N/A                             | N/A                      | N/A                                | N/A                               | N/A                             | 221.589   |
| Juniper Networks                          | 10                  | 7                    | 3                   | 3              | 57                  | 9                              | \$55,000                         | N/A                    | 50,000                          | N/A                      | N/A                                | N/A                               | N/A                             | 534.922   |
| KLA-Tencor Corporation                    | 11                  | 10                   | 1                   | 3              | 61                  | 9                              | \$75,000                         | \$2,500                | N/A                             | N/A                      | N/A                                | N/A                               | N/A                             | 167.831   |
| Lam Research Corporation                  | 7                   | 5                    | 2                   | 1              | 62                  | 6                              | \$42,000                         | N/A                    | N/A                             | N/A                      | N/A                                | N/A                               | N/A                             | 124.172   |
| Linear Technology Corporation             | 7                   | 5                    | 2                   | 1              | 68                  | 4                              | \$45,000                         | \$1,500                | N/A                             | N/A                      | N/A                                | 3,000                             | N/A                             | 224.449   |
| LSI Corporation                           | 9                   | 8                    | 1                   | 1              | 62                  | 9                              | \$60,000                         | N/A                    | N/A                             | 43,556                   | N/A                                | N/A                               | N/A                             | 616.036   |
| Marvell Technology Group <sup>14</sup>    | 7                   | 5                    | 2                   | 3              | 63                  | 9                              | \$40,000                         | \$1,000                | 50,000                          | 12,000                   | N/A                                | N/A                               | N/A                             | 640.026   |
| Maxim Integrated Products                 | 7                   | 6                    | 1                   | 1              | 64                  | 16                             | \$50,000                         | N/A                    | N/A                             | 12,824                   | N/A                                | N/A                               | N/A                             | 298.330   |
| National Semiconductor Corporation        | 9                   | 8                    | 1                   | 1              | 61                  | 5                              | \$50,000                         | N/A                    | N/A                             | N/A                      | N/A                                | 12,000                            | N/A                             | 239.325   |

|                                    | NUMBER OF DIRECTORS |                      |                     | LENGTH OF TERM | AVERAGE AGE (YEARS) | MEETINGS PER YEAR <sup>c</sup> | BOARD COMPENSATION               |                        | STOCK COMPENSATION <sup>e</sup> |                          |                                    |                                   |                                 |
|------------------------------------|---------------------|----------------------|---------------------|----------------|---------------------|--------------------------------|----------------------------------|------------------------|---------------------------------|--------------------------|------------------------------------|-----------------------------------|---------------------------------|
|                                    | TOTAL               | OUTSIDE <sup>a</sup> | INSIDE <sup>b</sup> |                |                     |                                | BOARD CASH RETAINER <sup>d</sup> | MEETING ATTENDANCE FEE | INITIAL NUMBER OF OPTIONS       | ANNUAL NUMBER OF OPTIONS | INITIAL NUMBER OF RESTRICTED STOCK | ANNUAL NUMBER OF RESTRICTED STOCK | OUTSTANDING STOCK (IN MILLIONS) |
| NetApp                             | 9                   | 7                    | 2                   | 1              | 63                  | 6                              | \$50,000                         | N/A                    | 55,000                          | 20,000                   | N/A                                | N/A                               | 352.542                         |
| Netflix <sup>15</sup>              | 7                   | 6                    | 1                   | 3              | 54                  | 6                              | \$0                              | N/A                    | N/A                             | 6,284                    | N/A                                | N/A                               | 52.891                          |
| Novellus Systems                   | 8                   | 7                    | 1                   | 1              | 63                  | 7                              | \$40,000                         | \$2,000                | N/A                             | N/A                      | 5,000                              | 5,000                             | 90.181                          |
| NVIDIA Corporation                 | 8                   | 7                    | 1                   | 3              | 60                  | 4                              | \$0                              | N/A                    | N/A                             | 40,000                   | N/A                                | N/A                               | 591.400                         |
| Polycom                            | 7                   | 6                    | 1                   | 1              | 57                  | 11                             | \$45,000                         | N/A                    | N/A                             | N/A                      | N/A                                | N/A                               | 87.682                          |
| Salesforce.com <sup>18</sup>       | 9                   | 8                    | 1                   | 3              | 64                  | 8                              | \$50,000                         | N/A                    | N/A                             | N/A                      | N/A                                | 6,000                             | 132.900                         |
| SanDisk Corporation                | 8                   | 7                    | 1                   | 1              | 60                  | 11                             | \$40,000                         | N/A                    | 25,000                          | 6,250                    | N/A                                | N/A                               | 236.700                         |
| Spansion                           | 7                   | 6                    | 1                   | 3              | 60                  | 35                             | \$60,000                         | N/A                    | 25,000                          | N/A                      | N/A                                | N/A                               | 62.391                          |
| SunPower Corporation <sup>19</sup> | 6                   | 5                    | 1                   | 3              | 59                  | 4                              | \$55,000                         | N/A                    | N/A                             | N/A                      | N/A                                | N/A                               | 98.211                          |
| Synopsys                           | 8                   | 6                    | 2                   | 1              | 58                  | 4                              | \$125,000                        | N/A                    | 30,000                          | N/A                      | N/A                                | 5,543                             | 149.300                         |
| Trimble Navigation <sup>22</sup>   | 8                   | 7                    | 1                   | 1              | 65                  | 7                              | \$44,000                         | \$2,000                | N/A                             | 15,000                   | N/A                                | N/A                               | 122.171                         |
| VeriFone Systems                   | 9                   | 8                    | 1                   | N/A            | 64                  | 6                              | \$45,000                         | \$1,500                | N/A                             | 5,500                    | N/A                                | N/A                               | 87.525                          |
| VMware                             | 8                   | 4                    | 4                   | 3              | 59                  | 9                              | \$50,000                         | N/A                    | 12,000                          | 6,000                    | N/A                                | N/A                               | 418.272                         |
| Xilinx                             | 9                   | 8                    | 1                   | 1              | 63                  | 11                             | \$60,000                         | N/A                    | N/A                             | N/A                      | N/A                                | N/A                               | 273.858                         |

### \$500 Million - \$1 Billion Revenues

|                                   |   |   |   |     |    |     |          |         |        |        |     |       |         |
|-----------------------------------|---|---|---|-----|----|-----|----------|---------|--------|--------|-----|-------|---------|
| Atheros Communications            | 8 | 6 | 2 | N/A | 56 | N/A | \$25,000 | N/A     | 37,500 | 7,500  | N/A | N/A   | 72.915  |
| Cadence Design Systems            | 8 | 6 | 2 | 1   | 64 | 10  | \$80,000 | \$2,000 | N/A    | 25,000 | N/A | N/A   | 268.486 |
| Coherent                          | 6 | 5 | 1 | 1   | 61 | 10  | \$40,000 | N/A     | 24,000 | 6,000  | N/A | N/A   | 25.046  |
| Cypress Semiconductor Corporation | 8 | 7 | 1 | 1   | 57 | 4   | \$50,000 | N/A     | N/A    | N/A    | N/A | N/A   | 173.649 |
| Dolby Laboratories <sup>8</sup>   | 9 | 5 | 4 | 1   | 59 | 6   | \$50,000 | \$1,000 | N/A    | N/A    | N/A | N/A   | 111.862 |
| Electronics For Imaging           | 7 | 5 | 2 | 1   | 60 | 8   | \$25,000 | \$2,000 | N/A    | 50,000 | N/A | N/A   | 46.855  |
| Finisar Corporation               | 7 | 5 | 2 | 3   | 62 | 8   | \$30,000 | \$2,000 | 8,750  | 3,750  | N/A | N/A   | 75.886  |
| Infomatica Corporation            | 9 | 8 | 1 | 3   | 61 | 6   | \$50,000 | N/A     | 30,000 | 15,000 | N/A | N/A   | 94.882  |
| Integrated Device Technology      | 7 | 6 | 1 | 1   | 61 | 10  | \$40,000 | N/A     | 40,000 | 10,000 | N/A | N/A   | 162.424 |
| Intersil Corporation              | 9 | 8 | 1 | 1   | 63 | 10  | \$45,000 | N/A     | 25,000 | 5,000  | N/A | N/A   | 124.775 |
| NETGEAR                           | 8 | 7 | 1 | 1   | 56 | 9   | \$25,000 | \$1,000 | N/A    | N/A    | N/A | N/A   | 36.371  |
| OmniVision Technologies           | 5 | 3 | 2 | 3   | 67 | 7   | \$20,000 | \$1,500 | N/A    | N/A    | N/A | N/A   | 53.181  |
| Plantronics                       | 7 | 6 | 1 | 1   | 54 | 5   | \$50,000 | \$0     | 12,000 | 3,000  | N/A | 2,000 | 48.869  |
| PMC Sierra                        | 7 | 6 | 1 | 1   | 62 | 9   | \$40,000 | N/A     | 40,000 | 24,000 | N/A | N/A   | 233.221 |
| Quantum Corporation               | 8 | 7 | 1 | 1   | 54 | 6   | \$40,000 | \$0     | N/A    | 66,000 | N/A | N/A   | 215.900 |
| Riverbed Technology               | 9 | 7 | 2 | 3   | 54 | 5   | \$30,000 | N/A     | 60,000 | 20,000 | N/A | N/A   | 150.903 |
| Rovi Corporation                  | 6 | 5 | 1 | 1   | 62 | 15  | \$35,000 | N/A     | 60,000 | 30,000 | N/A | N/A   | 107.469 |
| SMART Modular Technologies        | 7 | 6 | 1 | 1   | 56 | 9   | \$40,000 | \$1,500 | N/A    | N/A    | N/A | N/A   | 63.004  |
| Super Micro Computer              | 7 | 4 | 3 | 3   | 58 | 4   | \$40,000 | N/A     | 18,000 | 4,500  | N/A | N/A   | 37.319  |
| Synaptics                         | 7 | 5 | 2 | 3   | 58 | 5   | \$10,000 | \$2,000 | 75,000 | 18,750 | N/A | N/A   | 34.465  |
| TIBCO Software <sup>21</sup>      | 6 | 5 | 1 | 1   | 58 | 8   | \$28,500 | \$1,500 | N/A    | N/A    | N/A | N/A   | 164.569 |
| Trident Microsystems              | 8 | 6 | 2 | 3   | 59 | 6   | \$35,000 | N/A     | N/A    | N/A    | N/A | N/A   | 178.193 |
| VeriSign                          | 8 | 5 | 3 | 1   | 66 | 8   | \$40,000 | N/A     | N/A    | N/A    | N/A | N/A   | 173.451 |

# Comparative Board Data

|   | NUMBER OF DIRECTORS |                      |                     | LENGTH OF TERM | AVERAGE AGE (YEARS) | MEETINGS PER YEAR <sup>c</sup> | BOARD COMPENSATION               |                        | STOCK COMPENSATION <sup>e</sup> |                          |                                    |                                   |                                 |  |
|---|---------------------|----------------------|---------------------|----------------|---------------------|--------------------------------|----------------------------------|------------------------|---------------------------------|--------------------------|------------------------------------|-----------------------------------|---------------------------------|--|
|   | TOTAL               | OUTSIDE <sup>b</sup> | INSIDE <sup>b</sup> |                |                     |                                | BOARD CASH RETAINER <sup>d</sup> | MEETING ATTENDANCE FEE | INITIAL NUMBER OF OPTIONS       | ANNUAL NUMBER OF OPTIONS | INITIAL NUMBER OF RESTRICTED STOCK | ANNUAL NUMBER OF RESTRICTED STOCK | OUTSTANDING STOCK (IN MILLIONS) |  |
| <b>\$250 Million - \$500 Million Revenues</b> |                     |                      |                     |                |                     |                                |                                  |                        |                                 |                          |                                    |                                   |                                 |  |
| Advent Software <sup>2</sup>                  | 6                   | 5                    | 1                   | 1              | 64                  | 5                              | \$30,000                         | N/A                    | N/A                             | 10,000                   | N/A                                | N/A                               | 52.340                          |  |
| Affymetrix                                    | 8                   | 6                    | 2                   | 1              | 57                  | 5                              | \$45,000                         | N/A                    | 20,000                          | N/A                      | N/A                                | N/A                               | 70.540                          |  |
| Ariba   | 8                   | 7                    | 1                   | 3              | 61                  | 9                              | \$50,000                         | \$2,500                | N/A                             | N/A                      | N/A                                | N/A                               | 93.939                          |  |
| Aruba Networks                                | 8                   | 6                    | 2                   | 1              | 58                  | 8                              | N/A                              | N/A                    | 50,000                          | 15,000                   | N/A                                | N/A                               | 97.282                          |  |
| Blue Coat Systems                             | 6                   | 5                    | 1                   | 1              | 63                  | 16                             | \$30,000                         | N/A                    | 15,000                          | 8,000                    | N/A                                | N/A                               | 42.625                          |  |
| CPI International <sup>7</sup>                | 6                   | 4                    | 2                   | 3              | 63                  | N/A                            | \$35,000                         | \$1,500                | 6,000                           | N/A                      | N/A                                | 3,215                             | 16.821                          |  |
| Dionex Corporation                            | 6                   | 4                    | 2                   | 1              | 58                  | 4                              | \$35,000                         | N/A                    | 4,000                           | 1,000                    | N/A                                | N/A                               | 17.457                          |  |
| Extreme Networks <sup>10</sup>                | 8                   | 6                    | 2                   | 3              | 59                  | 13                             | \$40,000                         | N/A                    | 25,000                          | 15,000                   | 8,333                              | 5,000                             | 90.750                          |  |
| Fortinet                                      | 7                   | 5                    | 2                   | 3              | 56                  | 4                              | \$12,000                         | N/A                    | 48,000                          | 24,000                   | N/A                                | N/A                               | 150.463                         |  |
| Harmonic                                      | 8                   | 7                    | 1                   | 1              | 68                  | 8                              | \$35,000                         | N/A                    | N/A                             | N/A                      | N/A                                | N/A                               | 113.874                         |  |
| iGate Corporation                             | 9                   | 6                    | 3                   | 3              | 59                  | 20                             | \$30,000                         | N/A                    | 100,000                         | N/A                      | N/A                                | N/A                               | 56.259                          |  |
| Infinera Corporation                          | 8                   | 6                    | 2                   | 3              | 62                  | 9                              | \$40,000                         | \$2,000                | 100,000                         | 14,500                   | N/A                                | N/A                               | 103.868                         |  |
| LeapFrog Enterprises                          | 9                   | 5                    | 4                   | 1              | 63                  | 13                             | \$30,000                         | \$1,500                | 30,000                          | 15,000                   | N/A                                | N/A                               | 64.772                          |  |
| Micrel  | 6                   | 5                    | 1                   | 1              | 66                  | 4                              | \$25,000                         | \$1,250                | 15,000                          | 10,000                   | N/A                                | N/A                               | 61.964                          |  |
| NetLogic Microsystems                         | 7                   | 6                    | 1                   | 3              | 64                  | 8                              | \$30,000                         | N/A                    | N/A                             | N/A                      | N/A                                | N/A                               | 67.667                          |  |
| Oclaro  | 7                   | 5                    | 2                   | 3              | 60                  | 12                             | \$37,000                         | N/A                    | N/A                             | 8,000                    | N/A                                | N/A                               | 49.498                          |  |
| Opnext <sup>16</sup>                          | 11                  | 7                    | 4                   | N/A            | 63                  | 8                              | \$22,500                         | \$1,350                | N/A                             | N/A                      | N/A                                | N/A                               | 89.884                          |  |
| Power Integrations <sup>17</sup>              | 8                   | 7                    | 1                   | 1              | 66                  | 7                              | \$36,000                         | N/A                    | 24,000                          | 8,000                    | N/A                                | N/A                               | 28.735                          |  |
| Rambus  | 10                  | 8                    | 2                   | 2              | 59                  | 6                              | \$40,000                         | N/A                    | 40,000                          | N/A                      | N/A                                | N/A                               | 107.488                         |  |
| Shutterstock                                  | 7                   | 6                    | 1                   | 3              | 55                  | 11                             | N/A                              | N/A                    | N/A                             | N/A                      | N/A                                | N/A                               | 28.436                          |  |
| Silicon Graphics International Corporation    | 7                   | 6                    | 1                   | 1              | 61                  | 6                              | \$45,000                         | N/A                    | N/A                             | 10,000                   | N/A                                | N/A                               | 30.697                          |  |
| Tessera Technologies                          | 6                   | 4                    | 2                   | 1              | 68                  | 12                             | \$35,000                         | N/A                    | N/A                             | 15,789                   | 10,000                             | N/A                               | 51.042                          |  |
| Ultra Clean Holdings                          | 5                   | 3                    | 2                   | 1              | 54                  | 6                              | \$20,000                         | N/A                    | N/A                             | N/A                      | N/A                                | 7,500                             | 22.613                          |  |
| UTStarcom                                     | 7                   | 4                    | 3                   | 3              | 59                  | 13                             | \$50,000                         | N/A                    | 80,000                          | 46,082                   | N/A                                | 23,041                            | 155.727                         |  |
| Zoran Corporation                             | 7                   | 6                    | 1                   | 1              | 56                  | N/A                            | \$20,000                         | \$2,000                | 30,000                          | 15,000                   | N/A                                | N/A                               | 49.126                          |  |
| <b>&lt; \$250 Million Revenues</b>            |                     |                      |                     |                |                     |                                |                                  |                        |                                 |                          |                                    |                                   |                                 |  |
| IXYS Corporation <sup>13</sup>                | 6                   | 4                    | 2                   | 1              | 63                  | 7                              | \$36,000                         | \$0                    | 30,000                          | 20,000                   | N/A                                | N/A                               | 31.400                          |  |
| Omnicell                                      | 9                   | 8                    | 1                   | 3              | 61                  | 7                              | \$40,000                         | N/A                    | N/A                             | N/A                      | N/A                                | N/A                               | 33.370                          |  |
| Symmetricom                                   | 9                   | 8                    | 1                   | 1              | 62                  | 4                              | \$35,000                         | N/A                    | 20,000                          | 15,000                   | 3,750                              | N/A                               | 43.503                          |  |
| Taleo Corporation <sup>20</sup>               | 9                   | 8                    | 1                   | 3              | 56                  | 12                             | \$12,500                         | N/A                    | 35,000                          | N/A                      | N/A                                | N/A                               | 40.809                          |  |
| TiVo  | 8                   | 7                    | 1                   | 3              | 56                  | 6                              | \$20,000                         | N/A                    | 25,000                          | 12,500                   | 8,300                              | 4,200                             | 113.246                         |  |

## Footnotes

- a Outside directors are independent, as reported by the companies.
- b Inside directors include all current executives, officers and employees of the company who are serving on the board.
- c Board meetings include regularly scheduled meetings.
- d Retainers may be paid partially in equity. Some companies include deferred compensation and retirement plans as part of their board compensation, and allow directors the option to receive the cash retainer in equity.
- e Stock components have been noted where possible. Stock grants are paid in common stock, restricted stock or deferred shares.

## Company Footnotes

### 1 Adobe Systems

On April 21, 2011, at the annual meeting, stockholders approved a Certificate of Amendment to the Restated Certificate of Incorporation to declassify the board of directors and provide for the annual election of all directors.

### 2 Advent Software

Directors receive an initial equity grant of \$200,000 and an annual equity grant of \$120,000, each of which is composed of 70 percent SARs and 30 percent RSUs.

### 3 Agilent Technologies

The nonexecutive chairman is not eligible to receive committee chairman fees.

### 4 Altera Corporation

A new director may be granted either up to a maximum of \$300,000 in RSUs and/or restricted stock or a maximum of 40,000 stock option shares and/or SARs. Each nonemployee director who is re-elected may be granted, at the discretion of the compensation committee, either up to a maximum of \$150,000 in RSUs and/or restricted stock or a maximum of 20,000 stock option shares and/or SARs.

### 5 Applied Materials

A director serving in one or more board or committee leadership positions receives a single fee, corresponding to the highest paid position.

### 6 Autodesk

Directors receive an annual retainer of \$82,500, of which \$37,500 is paid in cash and \$45,000 is paid in stock; the chairman receives an annual retainer of \$154,000, of which \$70,000 is paid in cash and \$84,000 in stock; the audit committee chairman receives an additional retainer of \$27,500, of which \$12,500 is paid in cash and \$15,000 in stock; the compensation committee chairman receives an additional annual retainer of \$22,000, of which \$10,000 is paid in cash and \$12,000 in stock; and the governance committee chairman receives an additional annual retainer of \$11,000, of which \$5,000 is paid in cash and \$6,000 in stock.

### 7 CPI International

CPI International was taken private in February 2011.

### 8 Dolby Laboratories

The chairpersons of the audit, compensation and nominating and governance committees rotate as presiding director of executive sessions on an annual basis.

### 9 eBay

Directors receive an annual option grant with a value of \$110,000 and \$2,000 in cash for each off-site meeting attended.

- 
- 10 **Extreme Networks**  
In October 2010, the board unanimously voted to amend and restate the company's Restated Certificate of Incorporation to declassify the board and to recommend the approval of the matter by the company's stockholders at the 2010 annual meeting.
- 11 **Hewlett-Packard Company**  
Directors receive an annual equity retainer of \$175,000, paid either entirely in restricted stock units or half in restricted stock units and half in stock options.
- 12 **Intel Corporation**  
Directors and the chairman of the board each receive an annual equity award of \$205,000 and \$375,000, respectively, payable 50 percent in RSUs and 50 percent in outperformance stock units. Equity grants cannot exceed 30,000 shares per director per year. The number of shares a director receives from OSUs range from 33 percent to 200 percent of the target amount. In addition, non-chair members of the board received a special equity award of 20,000 RSUs in fiscal 2010.
- 13 **IXYS Corporation**  
The board reduced cash retainers by 10 percent for fiscal 2010. The retainers returned to their original amounts for fiscal 2011.
- 14 **Marvell Technology Group**  
Pending shareholder approval, the board of directors will no longer be divided into three classes.
- 15 **Netflix**  
Directors receive a monthly option grant determined by the following formula:  $\$10,000 / ([\text{fair market value on the date of grant}] \times 0.20)$ .
- 16 **Opnext**  
The board reduced cash retainers by 10 percent for fiscal 2010. The retainers returned to their original amounts for fiscal 2011.
- 17 **Power Integrations**  
If on the first trading day of July each year ("Regular Grant Date") a continuing director holds less than 8,000 options that would vest during the period between the second and third anniversary of the regular grant date, the director receives a grant of 8,000 options less the number of shares that would vest during that period.
- 18 **Salesforce.com**  
The company's shareholders approved a proposal to eliminate the classification of the board of directors and to require that all directors elected at or after the annual meeting held in 2012 be elected on an annual basis.
- 19 **SunPower Corporation**  
Directors receive an annual retainer of \$275,000, payable 20 percent in cash and 80 percent in restricted stock units; the lead director receives an additional \$15,000 in cash; and the chairman receives a retainer of \$350,000, payable entirely in restricted stock units.
- 20 **Taleo Corporation**  
Except for the retainer paid to the lead director, all retainers are paid 50 percent in cash and 50 percent in stock.
- 21 **TIBCO Software**  
In fiscal 2010, directors took a voluntary 5 percent reduction to their annual retainers in order to contribute to the company's efforts to manage expenses.
- 22 **Trimble Navigation**  
The board maintains an undisclosed recommended retirement age for directors.





## **About Spencer Stuart**

Spencer Stuart is one of the world's leading executive search consulting firms. Privately held since 1956, Spencer Stuart applies its extensive knowledge of industries, functions and talent to advise select clients — ranging from major multinationals to emerging companies to nonprofit organizations — and address their leadership requirements. Through 52 offices in 28 countries and a broad range of practice groups, Spencer Stuart consultants focus on senior-level executive search, board director appointments, succession planning and in-depth senior executive management assessments.

## **Spencer Stuart — Silicon Valley**

Spencer Stuart's Silicon Valley office opened in 1991 to respond to a growing demand for senior-level leadership from technology companies in the region. Since then, consultants in the office have helped recruit board members, CEOs and a broad range of senior-level functional executives for technology and other companies, as well as for private equity and venture capital firms. Spencer Stuart consultants leverage their industry experience, insight and objectivity to assess the dynamics of an executive fit, identifying the best combination of technical qualifications, leadership style and cultural philosophy for the success of the organization.

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