

BDO 600

Board Director Compensation Trends in Middle-Market Technology Companies



DIRECTOR COMPENSATION CONTINUES TO CLIMB IN SIX DIFFERENT INDUSTRIES BUT DECLINES IN TWO, ACCORDING TO AN ANALYSIS CONDUCTED BY BDO USA, LLP, A LEADING ACCOUNTING AND CONSULTING ORGANIZATION.

The *BDO 600: 2013 Survey of Board Compensation Practices of 600 Mid-Market Public Companies* examines director compensation trends in publicly traded companies with annual revenues from \$25 million to \$1 billion in the energy, healthcare, manufacturing, real estate, retail and technology industries; and publicly traded companies with assets between \$50 million and \$2 billion in the banking and financial services industries. The study included proxy statements that were filed between May 15, 2012, and May 15, 2013.

Technology board directors saw a drop-off in total compensation this year. On average, technology board members earn \$174,407, a two percent decrease from the previous year. Despite the drop, compensation for board directors at mid-market technology companies continues to dominate all other surveyed industries for the third consecutive year. While technology experienced a decline, financial services banking and non-banking, retail and real estate companies saw significant upward movement with 13 percent, seven and six percent increases, respectively, in compensation from last year.

BDO TECHNOLOGY & LIFE SCIENCES PRACTICE

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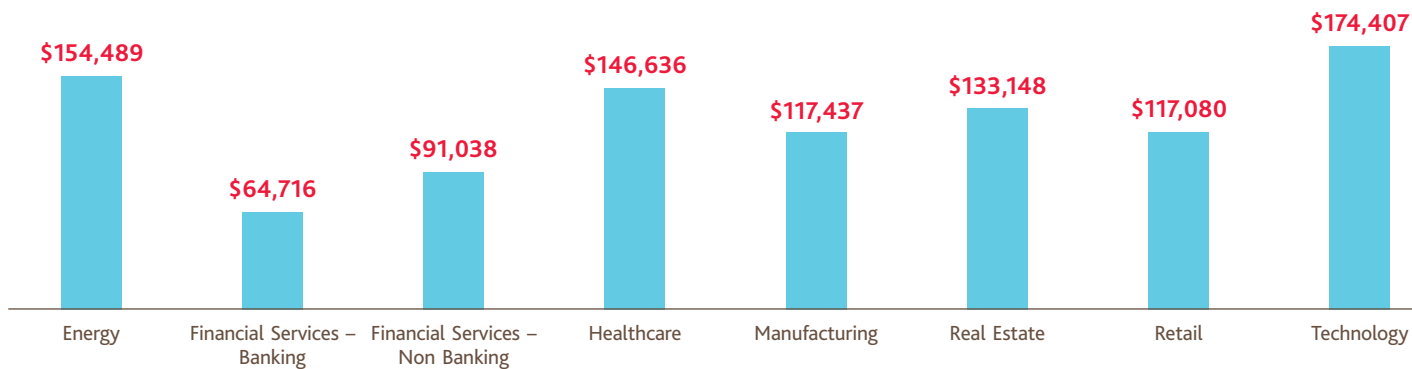
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Board Director Compensation by Industry 2011 – 2012



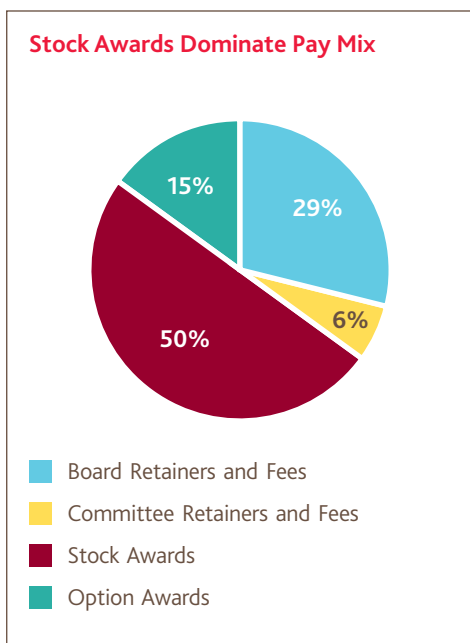
“Despite the continued gains in equity markets last year, technology company boards saw an unusual halt in their compensation levels compared to previous years,” says **Randy Ramirez, senior director in the Global Employer Services practice at BDO**. “While one may think that there’s a leveling off effect going on here, technology companies are still continuing to place even higher premiums on board members who can balance investor and consumer demands in a very competitive technology market.”

▶ TECHNOLOGY INDUSTRY LEADS IN COMPENSATION RATES

Overall board member compensation in the technology industry (\$174,407) far exceeded that of the other tracked industries. Over the past few years, the technology industry has continued to grow. The integration of hardware and software, especially in personal devices, and the advanced development of cloud computing and data storage are just a few of the growth areas that technology companies are capitalizing on. As consumer appetite shifts from affordable and replaceable products to high-quality and durable products, this creates pressure for investors, as they also must manage public demand and the company’s balance sheet. Until directors figure out how to successfully adjust to these evolving consumer demands, their compensation will likely remain steady.

▶ STOCK AWARDS DOMINATE COMPENSATION OPTIONS

Stock awards continue to dominate pay mix, accounting for approximately \$86,795, or 50 percent, of the total compensation package. In fiscal year 2011, stock awards also comprised the largest percentage of the total compensation package but, in fiscal year 2012, they saw a significant increase of more than \$15,000. Committee retainers and fees decreased slightly to \$10,874, and option awards saw a considerable decline, with a 42 percent decrease.



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