



**Customized  
Level 2/3 Analysis**

**Headcount Breakouts**

- Under 50 employees
- 50-149 employees
- 150-499 employees
- 500-1,000 employees
- Over 1,000 employees

**Revenue Breakouts**

- Under \$5.0M
- \$5.0M - \$24.9M
- \$25.0M - \$49.9M
- \$50.0M - \$199.9M
- \$200.0M - \$1.0B
- Over \$1.0B

**Reporting by  
Organizational Level**

- Company-wide CEO
- Other Named Executive Officers (NEOs)
- All other employees

**Equity Vehicles**

- Stock options
- Performance options
- Restricted stock
- Performance shares

**Burn Rate Reporting**

- Gross and net annual burn rates
- Three comprehensive overhang metrics

**Equity Value**

**Delivery Metrics**

- Annual value delivery
- Total outstanding award value delivery

**FAS 123(R)**

**Valuation Methods**

- Volatility and holding term inputs
- Calculated stock option fair values

Fair value model revalence

# RADFORD ANALYTIC SERVICES

## Equity Trends Report - Global Life Sciences Edition

### Introduction to Radford Equity Trends

Designed as part of the Radford Analytic Services line of analysis and services, the Equity Trends Analysis provides market insight on equity compensation usage and practices for 250 life sciences companies.

Essential for accurately designing your equity programs to meet shareholder and equity pool constraints, this analysis provides detailed information on burn rates and overhang, mix of equity vehicles (including stock options, restricted stock and performance shares), and equity allocation strategies.

Three levels of analysis are available to Radford clients:

- > **Level 1:** Provides overall report results for basic burn rate and overhang, with industry breakouts (no additional fee\*\*)
- > **Level 2:** Provides innovative metrics critical to equity compensation planning, offering industry/company revenue breakouts and leveraging the SEC's new compensation disclosure requirements to guide equity plan development (fee-based service)
- > **Level 3:** Presents equity data for selected companies for peer group analysis/comparison; delivered by a Radford Adviser for a discussion of results and implications (fee-based service)

The Level 3 analysis is particularly valuable in facilitating the preparation of new equity plans and plan funding proposals for Compensation Committee review to gain shareholder approval.

## Data Sample

The data provided below is for illustrative purposes only.

**Employee Headcount Breakouts - Level 2 Analysis**

PREVALENCE OF VEHICLES	All Cos.	Under 50	50-149	150-499	500-1,000	Over 1,000
Use of any options	99%	97%	100%	97%	100%	100%
Use of time-vested options	99%	96%	100%	97%	100%	100%
Use of any performance options	6%	8%	5%	7%	4%	6%
Use of any full value stock	56%	44%	43%	56%	60%	78%
Use of any restricted stock	54%	44%	41%	55%	56%	74%
Use of any performance shares	17%	4%	9%	12%	12%	41%
Predominant option users (>2/3 of mix)	75%	80%	93%	68%	76%	57%
Predominant full value users (>2/3 of mix)	7%	4%	1%	8%	4%	17%
Balanced option and full value users	17%	16%	5%	23%	20%	26%
n	252	25	75	73	25	54

## What Clients Say About Radford

*"The Radford team's compensation data, consulting services, and industry know-how are consistently on the leading edge. Their services are essential for achieving competitive and best-in-class compensation program design. On top of all that, working with them is always an enjoyable and rewarding experience."*

**Eric Chaisson**  
Sr. Comp. Manager  
Genentech, Inc.

*"As a small HR department, we found Radford Analytic Services a cost-effective partner for our growing company. Their expertise in designing our salary structure and equity grant guidelines, as well as competitive market analysis, has been instrumental in building the foundation of our compensation philosophy and our competitive position for high-tech talent."*

**Lisa Breaux**  
HR Director  
Enfora, Inc.

## Contact Information

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## Data Sample continued

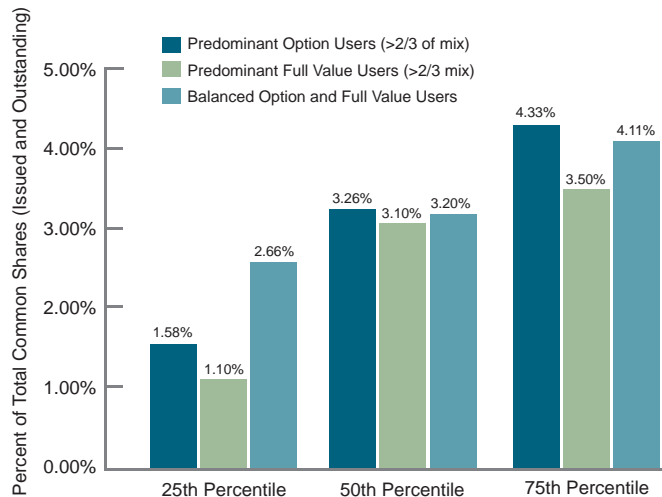
### Revenue Breakouts - Level 2 Analysis

BURN RATES	Under \$5.0M	\$5.0M-\$24.9M	\$25.0M-\$49.9M	\$50.0M-\$199.9M	\$200.0M-\$1.0B	Over \$1.0B
Gross Annual Burn Rate						
75th percentile	4.6%	4.4%	3.3%	2.8%	2.6%	2.8%
50th percentile	3.3%	3.6%	3.2%	2.8%	2.5%	2.5%
25th percentile	1.6%	2.8%	2.9%	2.6%	2.1%	2.0%
n	56	48	41	38	31	38
Net Annual Burn Rates						
75th percentile	2.7%	3.5%	2.7%	1.9%	2.1%	2.0%
50th percentile	2.3%	2.9%	1.9%	1.7%	1.5%	1.8%
25th percentile	1.3%	1.7%	1.8%	1.8%	1.7%	1.6%
n	56	48	41	38	31	38

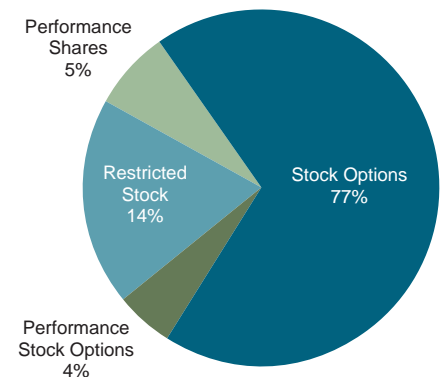
\*Gross burn rate: total option shares granted during the fiscal year divided by total issued and outstanding common shares

\*Net burn rate: total option shares granted during the fiscal year (minus cancellations) divided by total issued and outstanding common shares

### Last Fiscal Year Gross Burn Rate by Mix Philosophy Level 2 and 3 Reports



### Vehicle Mix - All Companies CEO Position Level 2 and 3 Reports



## Key Features

### Breadth of Data Reporting

Includes in-depth award distribution analysis; vehicle mix by level; new Radford Value Burn/Value Transfer calculations; graphical presentation of key data to guide decision making

### Award Distribution by Level

Presents distribution of awards by organizational level for the CEO and other named executive officers (NEOs), as well as all other employees

### FAS 123(R) Expense Insight

Reports expense allocations and valuation methodologies by industry/size breakouts to compare your plans' financial impact

### Analytic Services Consultant Assistance

Leverage the expertise of a Radford Adviser in applying and interpreting analysis and improve your programs' effectiveness