



**Customized  
Level 2/3 Analysis**

**Industry Breakouts**

- All High-Tech
- Semiconductor
- Software/Internet
- Hardware
- Other High-Tech

**Revenue Breakouts**

- Under \$50M
- \$50M - \$199.9M
- \$200.0M - \$499.9M
- \$500.0M - \$999.9M
- \$1.0B - \$3.0B
- Over \$3.0B

**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 - Technology 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 475 technology 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.

### Industry Breakouts - Level 2 Analysis

PREVALENCE OF VEHICLES	All Cos.	Semiconductor	Software/Internet	Hardware	Other High-Tech
Use of any options	96%	97%	94%	97%	100%
Use of any performance options	9%	6%	15%	8%	0%
Use of any restricted stock	61%	56%	58%	67%	75%
Use of any performance shares	17%	28%	15%	14%	0%
Predominant option users (>2/3 of mix)	64%	66%	73%	64%	25%
Predominant full value users (>2/3 of mix)	13%	16%	12%	8%	25%
Balanced option and full value users	23%	19%	15%	28%	50%
n	480	143	148	162	27

## What Clients Say About Radford

*“Radford Analytic Services’ You vs. Market and Equity Trends Level 3 Analysis have quickly become cornerstones in Qualcomm’s analyses of competitive practices in the dynamic world of equity compensation. The opportunity to discuss the data at a strategic level with the RAS staff is very valuable.”*

**David A. Reichel, Ph.D.**  
Sr. Director Total Rewards  
Qualcomm

### Contact Information

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### Locations

Austin, Atlanta,  
Boston, Chicago,  
Denver, London,  
New York,  
Philadelphia,  
San Diego,  
San Francisco,  
San Jose, Singapore,  
Washington, DC.

## Data Sample continued

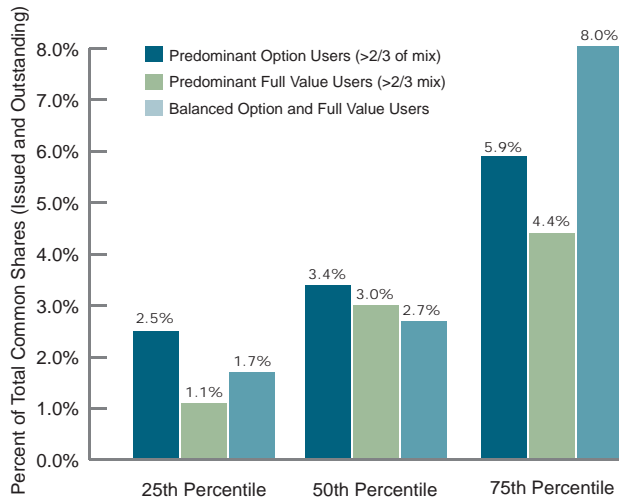
### Revenue Breakouts - Level 2 Analysis

BURN RATES*	Under \$50.0M	\$50.0M-\$199.9M	\$200.0M-\$499.9M	\$500.0M-\$999.9M	\$1.0B-\$3.0B	Over \$3.0B
Gross Annual Burn Rate						
75th percentile	8.00%	7.94%	4.65%	6.19%	3.51%	2.78%
50th percentile	5.74%	4.77%	3.74%	4.06%	2.55%	1.84%
25th percentile	3.28%	2.67%	2.36%	3.31%	1.93%	1.19%
n	115	82	53	34	91	105
Net Annual Burn Rates						
75th percentile	4.47%	4.91%	3.23%	4.82%	2.45%	2.52%
50th percentile	2.70%	1.69%	1.60%	3.47%	1.68%	1.53%
25th percentile	0.96%	0.02%	0.91%	2.72%	0.30%	0.73%
n	115	82	53	34	91	105

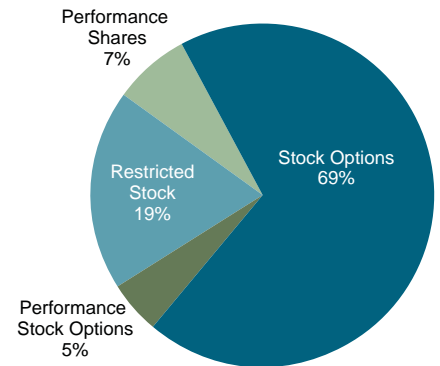
\*Gross burn rate: total option shares granted during the fiscal year divided by total issued and outstanding common shares

\*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 1-3 Analysis



### Vehicle Mix - All Companies CEO Position Level 1-3 Analysis



## 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