COMPVISION

Motivating Performance Through Rewards

FALL 2014

Southern California Median Middle-Market CEO Pay Approaches $2 Million Mark

	SALARY	ANNUAL INCENTIVE	SHORT-TERM CASH	LONG-TERM INCENTIVE	TOTAL DIRECT COMP
75TH %ILE	$733,626	$692,750	$1,405,273	$1,849,696	$3,111,022
MEDIAN	$592,000	$332,813	$909,838	$849,919	$1,914,493
25TH %ILE	$451,910	$67,604	$634,096	$89,543	$972,948
MEDIAN CHANGE FROM 2012	2.9%		1.9%		5.1%

2013 Total Direct Compensation in Public Southern California Middle Market Companies

Vivient Consulting, a Los Angeles based compensation consulting firm, recently conducted a study of chief executive officer (CEO) compensation in publicly traded Southern California middle-market companies (120 companies with revenue size $50 million to $1 billion). The study analyzed trends in total direct compensation which consists of base salary, annual bonuses, and long-term incentives (such as stock options and restricted stock awards). The median total direct compensation for CEOs was $1.9 million in 2013. Total direct compensation increased by a median of 5% from 2012, reflecting the growth and improving profitability in the Southern California middle market. The CEO pay mix remained focused on performance-based compensation, with an average of 61% of total direct compensation delivered based on annual and long-term results.

	2013 MEDIAN	MEDIAN CHANGE FROM 2012
REVENUE	$358.2	5.3%
NET INCOME	$8.4	2.8%

Southern California Middle-Market Growth and Profit

STUDY METHODOLOGY

The study examined CEO compensation at 120 publicly traded Southern California middle-market companies (revenue ranging from $50 million to $1 billion) across diverse industries. For 2013, median revenue was $358 million, while medium net income was $8.4 million. Compensation data was compiled from proxy statements filed with the Securities and Exchange Commission.

VIVIENT CONSULTING

Trusted, independent compensation consulting, expertise and planning

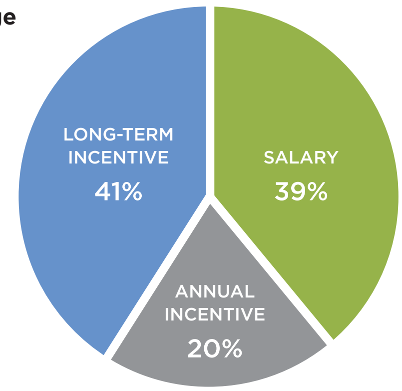
400 Continental Blvd.
6th Floor
El Segundo, CA 90245
310-426-2340
info@vivient.com

www.vivient.com

PAY MIX

The average CEO base salary was 39% of total direct compensation in 2013, up slightly from 37% in 2012. Annual incentives averaged 20% of total direct compensation in 2013 and 2012. Of the companies in the study, 93 (78%) awarded annual incentives to the CEO. Interestingly, almost half of the companies that awarded annual incentives provided the CEO with a discretionary bonus outside of an established annual incentive plan. This indicates that boards feel the need to recognize performance and contributions not captured through their annual incentive plans.

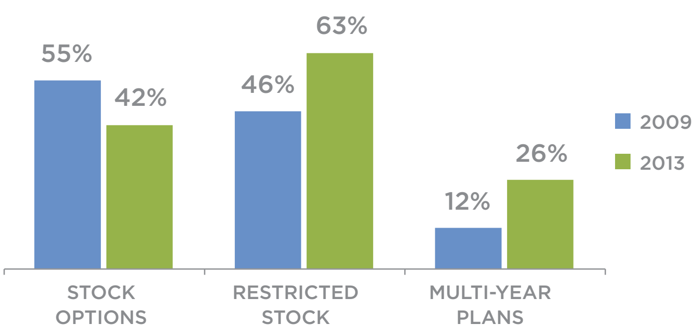
CEO Average Pay Mix



LONG-TERM INCENTIVES

The value of long-term incentives – such as restricted stock, stock options and multi-year performance plans – averaged 41% of total direct compensation in 2013, down slightly from 43% in 2012. As is the trend at U.S. public companies, the long-term incentive vehicles used by public Southern California middle-market companies have shifted away from the historic prevalence of stock options. Stock options were granted to 50 CEOs (42%) in 2013, down from 66 (55%) in 2009. Restricted stock is the most prevalent vehicle, with 76 companies (63%) awarding full-value shares to the CEO in 2013, up from 55 companies (46%) in 2009. Multi-year performance incentives have grown in popularity, with 31 (26%) companies granting them to CEOs in 2013 vs. 14 companies (12%) in 2009.

Long-Term Incentive Vehicles



INDUSTRY ANALYSIS

The study examined industry variations in CEO pay practices at public Southern California middle-market companies where sufficient sample sizes were available:

Companies in the Consumer Goods and Services industry greatly emphasize salary and annual incentives over long-term incentives because of the industry's heavy emphasis on annual performance.

Financial Services & Insurance, and Health Care companies provided significant compensation through long-term incentives in 2013, due to strong stock-market performance in these sectors.

Real Estate firms place greater emphasis on both annual and long-term incentives, reflecting the cyclical nature of the industry and the desire to keep fixed costs low.

Technology companies favor long-term incentives over short-term incentives in the pay mix, as this industry is growth-oriented and wishes to conserve cash.

For more information about our study or to request a custom analysis, please contact Bertha Masuda at **bmasuda@vivient.com** or **310-426-2340**.

VIVIENT CONSULTING

400 Continental Blvd, 6th Floor
El Segundo, CA 90245
310-426-2340
www.vivient.com