

**CHIEF FINANCIAL OFFICER
C O M P E N S A T I O N**
in San Diego Public Companies

An RCG|Executive Compensation Group / Remedy Compensation Consulting Survey Report
January 2010

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Remedy Compensation Consulting is pleased to provide you with the refreshed annual report on Chief Financial Officer Compensation in San Diego's Public Companies. This report presents a summary of compensation levels at 72 public companies in San Diego, California. The information was collected in between May and December of 2009 and is comprised of data gathered from several sources, including Equilar, proxy statements and 10-k statements filed with the SEC. In general, this information represents pay levels in 2008.

As a firm based in San Diego, we believe that the information in this report is important. This report aims to provide insights into how local publicly traded companies reward their top executives. We hope you find this study useful.

Contact us

For more information on this report, please feel free to contact us:

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COMPANY LIST

This report includes information from 72 publicly held companies headquartered in San Diego County:

- ACADIA Pharmaceuticals, Inc.
- Aldila, Inc.
- Alphatec Holdings, Inc.
- American Technology Corp.
- AMN Healthcare Services, Inc.
- Amylin Pharmaceuticals, Inc.
- Anadys Pharmaceuticals, Inc.
- Ardea Biosciences, Inc.
- Arena Pharmaceuticals, Inc.
- Axesstel, Inc.
- Biomed Realty Trust, Inc.
- Bofi Holding, Inc.
- Cadence Pharmaceuticals, Inc.
- Callaway Golf Co.
- Cardium Therapeutics, Inc.
- Cohu, Inc.
- Cubic Corp.
- Cymer, Inc.
- Cypress Bioscience, Inc.
- Cytori Therapeutics, Inc.
- DexCom, Inc.
- Digirad Corp.
- DivX, Inc.
- Dot Hill Systems Corp.
- Encore Capital Group, Inc.
- Entropic Communications, Inc.
- First Advantage Corp.
- First Pctrust Bancorp, Inc.
- Gen-Probe, Inc.
- Genoptix, Inc.
- Halozyme Therapeutics, Inc.
- Hollis-Eden Pharmaceuticals, Inc.
- Illumina, Inc.
- Infosonics Corp.
- Inovio Biomedical Corp
- Isis Pharmaceuticals, Inc.
- Jack In The Box, Inc.
- Kratos Defense & Security Solutions, Inc.
- La Jolla Pharmaceutical Co
- Leap Wireless International, Inc.
- Life Technologies Corp.
- Ligand Pharmaceuticals, Inc.
- Maxwell Technologies, Inc.
- MediciNova
- Metabasis Therapeutics Inc
- Natural Alternatives International, Inc.
- Neurocrine Biosciences, Inc.
- Nextwave Wireless, Inc.
- Novatel Wireless, Inc.
- NuVasive, Inc.
- Optimer Pharmaceuticals, Inc.
- Overland Storage, Inc.
- PacWest Bancorp
- Phoenix Footwear Group, Inc.
- PICO Holdings, Inc.
- PriceSmart, Inc.
- Pure Bioscience
- Qualcomm, Inc.
- Quidel Corp.
- Realty Income Corp.
- ResMed, Inc.
- RF Industries
- Rubio's Restaurants, Inc.
- SAIC, Inc.
- Santarus, Inc.
- Sempra Energy
- Senomyx, Inc.
- Sequenom, Inc.
- Somaxon Pharmaceuticals, Inc.
- Vical, Inc.
- WD-40 Co.
- Websense, Inc.

COMPANY DEMOGRAPHICS

Company category	# of companies	Median company statistics		
		LFY revenue	LFY net income	LFY # EEs
Over 1,000 employees	20	\$860.6	\$35.7	2700
100 to 1,000 employees	30	\$97.6	-\$22.3	301
Under 100 employees	22	\$5.6	-\$18.9	54
All companies	72	\$111.7	-\$10.4	295

Industry category	# of companies
Biotechnology	26
High Technology	16
Medical Technology	10
Other	20

Biotechnology	High Technology	Medical Technology
ACADIA Pharmaceuticals, Inc.	American Technology Corp.	Alphatec Holdings, Inc.
Amylin Pharmaceuticals, Inc.	Axesstel, Inc.	Cytori Therapeutics, Inc.
Anadys Pharmaceuticals, Inc.	Cohu, Inc.	DexCom, Inc.
Ardea Biosciences, Inc.	Cymer, Inc.	Digirad Corp.
Arena Pharmaceuticals, Inc.	DivX, Inc.	Gen-Probe, Inc.
Cadence Pharmaceuticals, Inc.	Dot Hill Systems Corp.	Illumina, Inc.
Cardium Therapeutics, Inc.	Entropic Communications, Inc.	NuVasive, Inc.
Cypress Bioscience, Inc.	Infasonics Corp.	Quidel Corp.
Genoptix, Inc.	Leap Wireless International, Inc.	ResMed, Inc.
Halozyne Therapeutics, Inc.	Maxwell Technologies, Inc.	Sequenom, Inc.
Hollis-Eden Pharmaceuticals, Inc.	Nextwave Wireless, Inc.	
Inovio Biomedical Corp	Novatel Wireless, Inc.	
Isis Pharmaceuticals, Inc.	Overland Storage, Inc.	
La Jolla Pharmaceutical Co	Qualcomm, Inc.	
Life Technologies	RF Industries	
Ligand Pharmaceuticals, Inc.	Websense, Inc.	
MediciNova, Inc.		
Metabasis Therapeutics Inc		
Natural Alternatives International, Inc.		
Neurocrine Biosciences, Inc.		
Optimer Pharmaceuticals, Inc.		
Pure Bioscience		
Santarus, Inc.		
Senomyx, Inc.		
Somaxon Pharmaceuticals, Inc.		
Vical, Inc.		

Industry	% change in stock price			
	25th	50th	75th	Avg.
Biotechnology	-55%	-31%	-2%	-22%
High Technology	-46%	-27%	5%	-22%
Medical Technology	-26%	-17%	3%	-17%
All companies	-49%	-25%	1%	-19%

Eighty-six publicly traded companies were evaluated for this study. To be included, the firms had to be currently headquartered in San Diego County. Of those 86, some were excluded due to several factors: if the executive under analysis was an “interim” or “former” officer that terminated in 2008, or if data was not available for the officer. This resulted in 72 companies being included in the final analysis represented in this study.

Of these 72, we separated the data into two separate data cuts: one based on employee size, and one based on industry. Most companies fell into biotechnology, high technology, or medical technology categories. The rest were an assortment of retail, financial services, consumer products, defense, and other services.

The data represented in the study is a statistical summary of those providing a particular element of pay. This report excludes zeroes or those companies not providing a particular element.

We also want to note that equity information shown is as of the date of grant (mostly in early- to mid-2008). Due to the current extreme volatility of the stock market, we are showing changes in stock price from the strike price at date of grant to the current stock price as of the time of this report. The percent change table shows how dramatically the market has declined and, in turn, affected grant values this past year.

Base salary levels

Company category	Base salary (000s)			
	25th	50th	75th	Avg.
Over 1,000 employees	\$327.2	\$401.1	\$515.0	\$416.8
100 to 1,000 employees	\$265.0	\$299.5	\$318.8	\$300.9
Under 100 employees	\$190.0	\$250.0	\$288.8	\$238.0
All companies	\$249.9	\$299.0	\$343.5	\$312.3

Figure 1

Base salary levels – by employee size

In San Diego's public companies, the median base salary for CFOs was \$297k. At all data points, companies with more employees paid higher base salaries to CFOs. [Figure 1]

Change in base salary

Company category	% change in base salary			
	25th	50th	75th	Avg.
Over 1,000 employees	0.2%	5.5%	11.2%	6.7%
100 to 1,000 employees	1.3%	5.0%	11.5%	6.6%
Under 100 employees	4.0%	5.5%	18.9%	11.1%
All companies	0.7%	5.1%	10.8%	7.0%

Figure 2

Change in base salary – by employee size

In all three employee size groups, base salaries were increased by at least 5% from 2007 to 2008, at median. There was not a significant variance in base salary increases among the different company size groups. [Figure 2]

Base salary levels

Industry category	Base salary (000s)			
	25th	50th	75th	Avg.
Biotechnology	\$255.0	\$286.9	\$300.8	\$295.4
High technology	\$228.3	\$258.4	\$363.2	\$309.7
Medical technology	\$288.3	\$315.0	\$343.1	\$302.9

Figure 3

Base salary levels – by industry

Interestingly, high technology companies had the lowest median base salary level. Medical technology companies paid their CFOs the highest base salary at median. [Figure 3]

Change in base salary

Industry category	% change in base salary			
	25th	50th	75th	Avg.
Biotechnology	5.2%	7.8%	12.1%	9.8%
High technology	0.0%	3.2%	8.2%	4.6%
Medical technology	0.3%	2.8%	6.7%	4.6%

Figure 4

Change in base salary – by industry

The group with the biggest increases in base salary last year was the biotechnology group, with a 7.8% increase at median. The other two groups were below 3.5% at median. [Figure 4]

Actual bonus

Company category	Actual bonus (000s)				
	Prevalence	25th	50th	75th	Avg.
Over 1,000 employees	89%	\$144.3	\$239.9	\$346.8	\$320.0
100 to 1,000 employees	57%	\$79.9	\$124.8	\$218.4	\$157.6
Under 100 employees	67%	\$39.1	\$69.5	\$117.8	\$86.7
All companies	69%	\$64.4	\$120.5	\$265.7	\$192.5

Figure 5

Actual bonus as % of base

Company category	Actual bonus as % of base				
	Prevalence	25th	50th	75th	Avg.
Over 1,000 employees	89%	30%	68%	94%	71%
100 to 1,000 employees	57%	28%	39%	62%	46%
Under 100 employees	67%	16%	29%	40%	32%
All companies	69%	24%	40%	65%	50%

Figure 6

Actual bonus

Industry category	Actual bonus (000s)				
	Prevalence	25th	50th	75th	Avg.
Biotechnology	75%	\$74.6	\$98.5	\$133.3	\$124.7
High technology	50%	\$48.9	\$145.2	\$251.8	\$263.4
Medical technology	56%	\$129.0	\$160.5	\$200.0	\$176.6

Figure 7

Actual bonus as % of base

Industry category	Actual bonus as % of base				
	Prevalence	25th	50th	75th	Avg.
Biotechnology	75%	25%	33%	44%	37%
High technology	50%	21%	40%	74%	57%
Medical technology	56%	38%	49%	63%	54%

Figure 8

Actual bonus – by employee size (for those paying a bonus)

Overall, 69% of companies paid a bonus last year. Of those, the median actual bonus paid was \$120k. There was a clear trend of bigger companies paying higher bonuses to CFOs. [Figure 5]

Actual bonus as percent of base – by employee size (for those paying a bonus)

Overall, companies paid bonuses equal to 40% of base, at median. Not only did larger companies pay larger actual bonuses in terms of dollars, they also paid a greater percent of base salary. [Figure 6]

Actual bonus – by industry (for those paying a bonus)

The group with the highest prevalence of bonus payouts last year was the biotechnology industry. However, the group with the highest bonuses was medical technology, \$161k at median. The variance in actual bonuses seems to depend more on the size of company than on the type of industry. [Figure 7]

Actual bonus as percent of base – by industry (for those paying a bonus)

Actual bonuses as a percent of base were highest for CFOs at medical technology companies. Biotechnology companies paid a lower percent of base, 33% at median. [Figure 8]

ACTUAL TOTAL CASH COMPENSATION

Actual total cash compensation

Company category	Total cash compensation (000s)			
	25th	50th	75th	Avg.
Over 1,000 employees	\$485.8	\$595.5	\$756.7	\$711.3
100 to 1,000 employees	\$267.5	\$374.3	\$436.8	\$398.3
Under 100 employees	\$200.4	\$295.2	\$375.8	\$296.3
All companies	\$270.0	\$388.0	\$537.8	\$450.4

Figure 9

Change in actual total cash

Company category	% change in actual total cash			
	25th	50th	75th	Avg.
Over 1,000 employees	-5.6%	0.0%	13.3%	5.1%
100 to 1,000 employees	-8.9%	0.0%	4.1%	4.2%
Under 100 employees	-1.7%	1.4%	10.6%	3.4%
All companies	-7.7%	0.0%	9.6%	4.3%

Figure 10

Actual total cash compensation

Industry category	Total cash compensation (000s)			
	25th	50th	75th	Avg.
Biotechnology	\$295.2	\$391.9	\$421.5	\$393.5
High technology	\$225.6	\$270.0	\$461.7	\$435.5
Medical technology	\$334.6	\$430.5	\$493.1	\$418.7

Figure 11

Change in actual total cash

Industry category	% change in actual total cash			
	25th	50th	75th	Avg.
Biotechnology	-7.2%	1.0%	9.6%	4.1%
High technology	0.0%	1.0%	7.9%	5.7%
Medical technology	-1.9%	0.0%	4.8%	9.4%

Figure 12

Actual total cash compensation – by employee size

Total cash compensation is defined as base salary plus actual bonuses. The median total cash compensation overall last year was \$388k. [Figure 9]

Change in actual total cash – by employee size

The only group that showed an increase to actual total cash compensation from 2007 to 2008 was the under 100 employee size category. [Figure 10]

Actual total cash compensation - by industry

CFOs at medical technology companies were paid the highest total cash compensation, \$431k at median. [Figure 11]

Change in actual total cash – by industry

Only medical technologies did not show an increase to actual total cash compensation from 2007 to 2008. [Figure 12]

Equity grant value

Company category	Equity grant value (000s)				
	Prevalence	25th	50th	75th	Avg.
Over 1,000 employees	78%	\$455.4	\$802.0	\$1,379.4	\$1,396.6
100 to 1,000 employees	79%	\$230.9	\$484.4	\$736.3	\$623.1
Under 100 employees	71%	\$82.1	\$126.0	\$301.4	\$217.2
All companies	76%	\$166.2	\$340.4	\$780.9	\$716.1

Figure 13

Average equity value mix

Company category	Average equity value mix	
	Stock options	Restricted shares
Over 1,000 employees	65%	35%
100 to 1,000 employees	72%	28%
Under 100 employees	83%	17%
All companies	73%	27%

Figure 14

Equity grant value

Industry category	Equity grant value (000s)				
	Prevalence	25th	50th	75th	Avg.
Biotechnology	83%	\$150.2	\$318.3	\$702.8	\$550.8
High technology	63%	\$62.1	\$198.3	\$461.2	\$831.1
Medical technology	89%	\$536.2	\$708.3	\$1,357.3	\$1,019.4

Figure 15

Average equity value mix

Industry category	Average equity value mix	
	Stock options	Restricted shares
Biotechnology	88%	12%
High technology	78%	22%
Medical technology	91%	9%

Figure 16

Equity grant value – by employee size

Last year, 76% of CFOs received an equity grant. The median equity grant value was \$340k. The equity grant values shown include the Black-Scholes value of options at the time of grant plus the face value of restricted shares at time of grant. As noted under Company Demographics, stock value has decreased since the time of grant, by 25% at median. [Figure 13]

Average equity value mix – by employee size

On average, companies provided 73% of equity value in the form of stock options, and 27% of value in restricted shares. Larger companies, while still providing the majority of equity value in stock options, tend to provide more equity in the form of restricted shares than smaller companies. [Figure 14]

Equity grant value – by industry

Medical technology companies provided the highest equity value. This group's equity grant value at median was more than twice the value for CFOs at biotechnology companies and more than three times the value for CFOs at high technology companies. [Figure 15]

Average equity value mix – by industry

Most companies still provide the majority of equity value in stock options. However, high technology companies provided almost a third of equity grant value in the form of restricted shares. [Figure 16]

TOTAL DIRECT COMPENSATION

Total direct compensation

Company category	Total direct compensation (000s)			
	25th	50th	75th	Avg.
Over 1,000 employees	\$796.9	\$1,213.1	\$2,149.3	\$1,861.5
100 to 1,000 employees	\$405.0	\$704.6	\$1,186.1	\$925.6
Under 100 employees	\$228.8	\$419.5	\$573.0	\$459.2
All companies	\$356.6	\$683.3	\$1,219.1	\$1,030.1

Figure 17

Average pay mix

Company category	Average pay mix		
	Base	Bonus	Equity
Over 1,000 employees	35%	20%	61%
100 to 1,000 employees	48%	8%	43%
Under 100 employees	52%	18%	42%
All companies	50%	12%	38%

Figure 18

Total direct compensation

Industry category	Total direct compensation (000s)			
	25th	50th	75th	Avg.
Biotechnology	\$479.4	\$626.4	\$1,055.2	\$872.4
High technology	\$276.5	\$374.6	\$638.3	\$989.5
Medical technology	\$824.0	\$1,057.8	\$1,850.4	\$1,438.0

Figure 19

Average pay mix

Industry category	Average pay mix		
	Base	Bonus	Equity
Biotechnology	49%	10%	41%
High technology	65%	10%	25%
Medical technology	29%	6%	65%

Figure 20

Total direct compensation – by employee size

Total direct compensation is defined as actual total cash compensation plus total equity grant value. The median total direct compensation for CFOs was \$683k. However, the median total direct compensation for CFOs in the smallest company group was \$420k, and the median for CFOs in the largest company group was almost three times as much, at \$1.2M. [Figure 17]

Average pay mix – by employee size

On average, base salaries represented the largest percentage of compensation. Only 12% of compensation for CFOs came from bonuses. [Figure 18]

Total direct compensation – by industry

CFOs in the medical technology industry were paid the highest, \$1.05M at median. [Figure 19]

Average pay mix – by industry

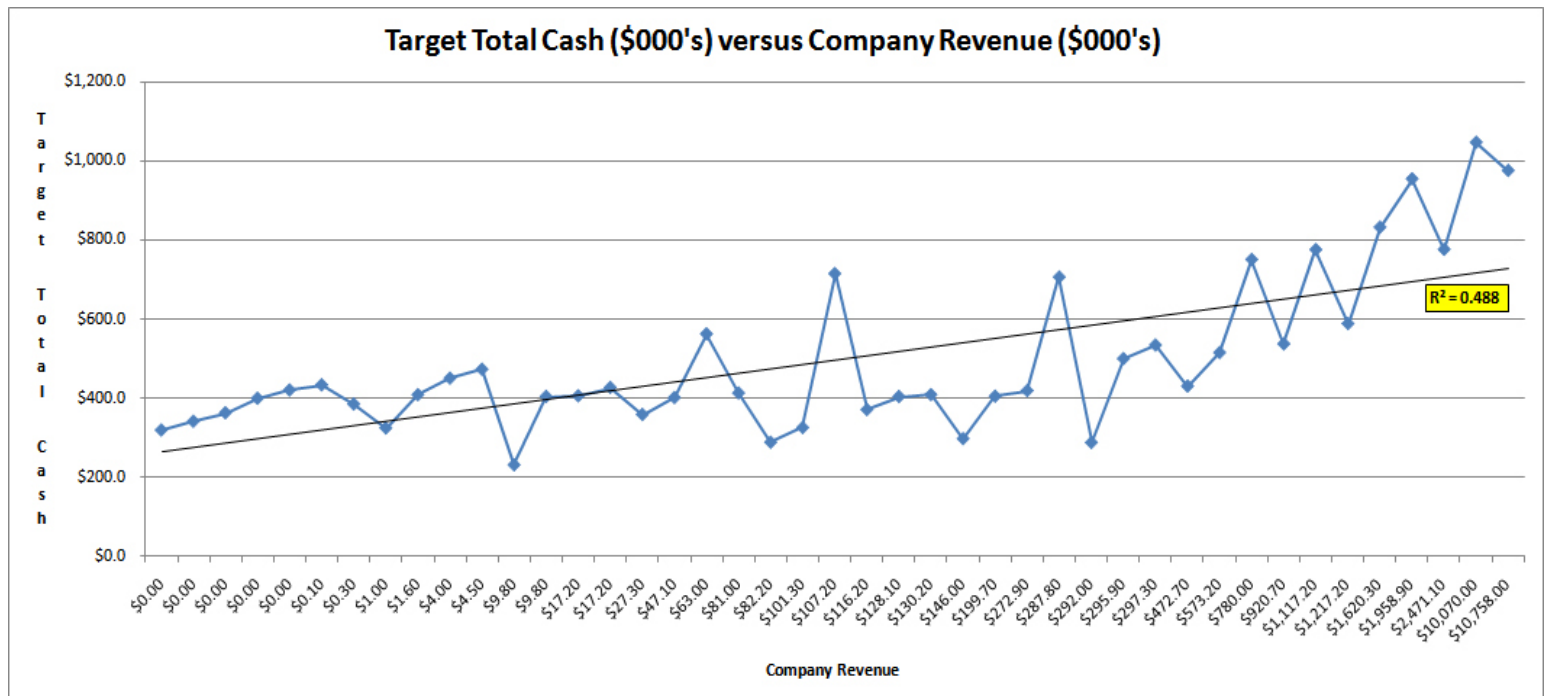
High technology companies provided the majority of compensation in the form of base salary. Medical technology companies provided the majority of compensation in the form of equity. [Figure 20]

REGRESSION ANALYSIS

Does the CFO's target total cash compensation (TTC) correlate to a company's revenue, net income or market capitalization? If so, is there a better relationship between one versus of these variables. The answer is TBD>>>>. For more information about how your firms CFO package links versus these measures, please contact us.

Target Total Cash versus Company Revenue (\$000s)

There is a 49% correlation between the CEO's TTC and the company's annual revenues. This correlation was the strongest amongst the three variables analyzed.

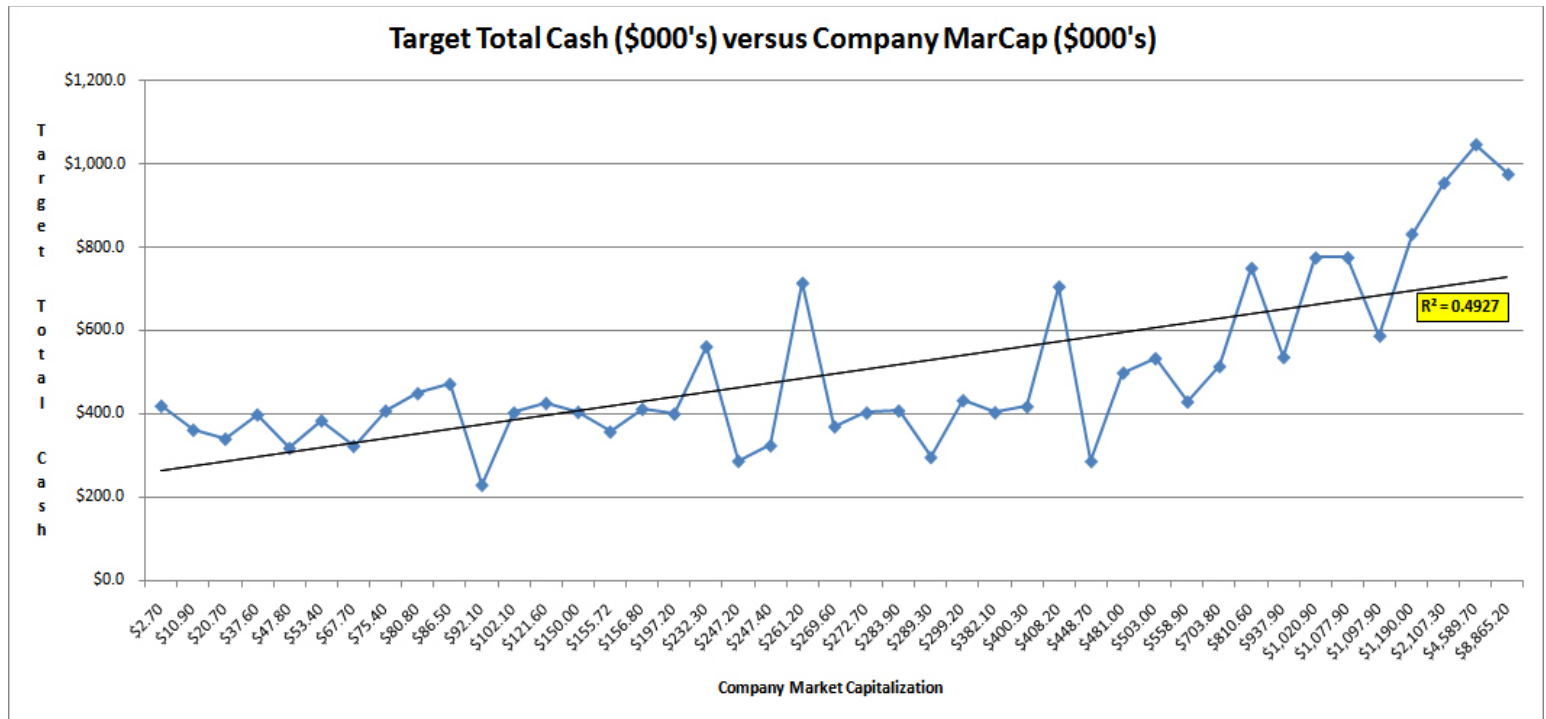


* Two companies were removed as significant outliers; Pricemart Inc and Qualcomm. With these companies included the R squared value is 0.433.

REGRESSION ANALYSIS

Target Total Cash versus Market Capitalization (\$000s)

There is a 49% correlation between the CFO's TTC and the company's market capitalization. Similarly to the CEO, this was a surprisingly strong correlation since so many factors influence a company's share price and market capitalization.

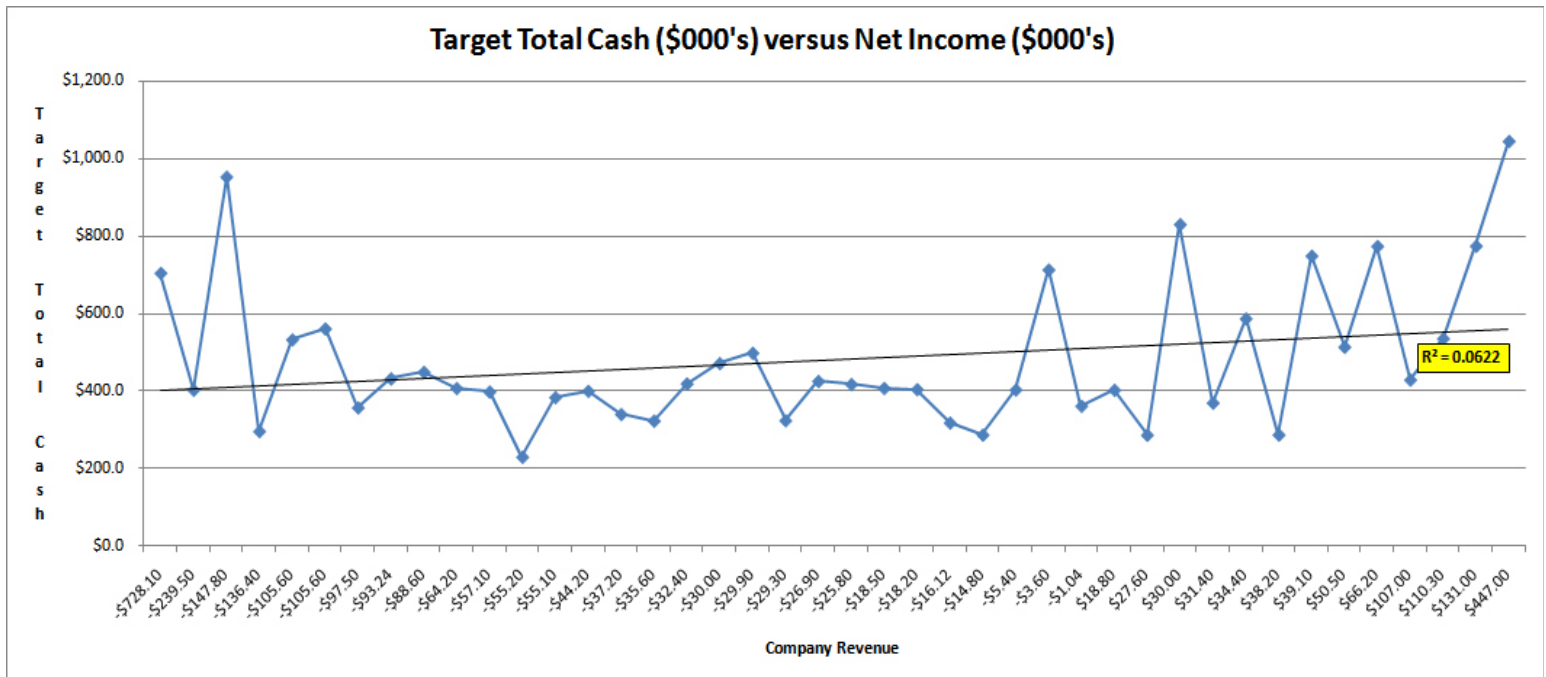


* Two companies were removed as significant outliers; Pricemart Inc and Qualcomm. With these companies included the R squared value is 0.44.

REGRESSION ANALYSIS

Target Total Cash versus Net Income (\$000s)

There is essentially no correlation between the CFO's TTC and the company's net income, confirming there is no relationship between TTC and Net Income. This is not surprising since variation in Net Income is traditionally greater as compared against Revenue.





CEO and BOD Compensation Surveys Also Available – San Diego and Orange County

We've also compiled CEO and Board of Directors compensation surveys for both markets. These reports cover all aspects of compensation. Included within the CEO report are regression analyses contrasting company revenues, net income and market cap to the CEO executive pay packages, enabling you to scale compensation based upon the metrics.

About RCG|Executive Compensation Group and Remedy Compensation Consulting

RCG|Executive Compensation Group (RCG) is an executive benefits and retirement planning firm committed to offering organizations efficient solutions to attract, retain and reward highly compensated and talented executives. William L. MacDonald, a 20 year expert in the executive benefits industry, founded RCG in 2002. Since then, he has assembled an experienced team of compensation, benefits and retirement experts that deliver industry-leading consultative services and solutions.

We specialize in the following areas of compensation:

- Assistance to the Board of Directors
- Executive Compensation
- Deferred Compensation
- Equity Strategies
- Sales Compensation
- Workforce Compensation

Our services can include the following:

- Establishing pay strategies
- Conducting competitive assessments
- Designing or refining plans

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