

SOFTWARE INDUSTRY



PRESIDIO PAY ADVISORS, INC.

PRESIDIO PAY ADVISORS EXECUTIVE COMPENSATION SURVEY

2007 SUMMARY HIGHLIGHTS



SOFTWARE INDUSTRY SURVEY

Presidio Pay Advisors, Inc. is pleased to announce a new survey covering compensation practices in 104 companies in the Software industry. The survey presents compensation levels for Fiscal Year 2006.

We have conducted a thorough examination of compensation practices and pay levels, extracting data from SEC filings as of July 31, 2007. Survey companies cover the Software industry with data organized into industry sector and revenue categories. The table below shows the various data cuts provided in the survey, along with median characteristics for the companies in each cut. Custom data cuts are also available for purchase.

Dollars In Millions

	Data Cut Category	Number of Companies	Median Full-Time Employees	Median Annual Revenue	Percent of Total
Industry Sector	Application Software	52	730	\$157.6	50.0%
	Home Entertainment Software	8	1,530	\$622.8	7.7%
	Internet Software & Services	24	484	\$96.4	23.1%
	Systems Software	20	835	\$199.5	19.2%

Annual Revenue	Less than \$50MM	18	183	\$28.4	17.3%
	\$50MM to \$100MM	21	343	\$76.1	20.2%
	\$100MM to \$250MM	28	685	\$169.4	26.9%
	\$250MM to \$500MM	22	1,554	\$310.7	21.2%
	Greater than \$500MM	15	4,067	\$1,026.9	14.4%
All Companies		104	670	\$163.3	100.0%

To purchase this and other industry compensation surveys, please visit: <http://www.presidiopay.com>.



COMPENSATION TRENDS

Executive Compensation

Approximately 74% of CEO compensation was in the form of at-risk pay, or compensation subject to individual and/or company performance.

- CEOs of companies with annual revenue in excess of \$250 million had the most pay at risk, with over 82% of their total direct compensation at risk.
- The Chief Operating Officer was the second highest paid executive in the survey, earning total direct compensation approximately 6% lower than the CEO, a much smaller spread than we have seen in the broader technology sectors.
- The Internet Software & Services industry sector led CEO Compensation, paying over \$2.6 million in total direct compensation, with the Application Software industry sector having the next highest pay at \$1.3 million in CEO total direct compensation.
- Surprisingly, annual cash incentives contributed the least amount to overall CEO total direct compensation, suggesting the majority of CEO total direct compensation was tied to equity in the form of long-term incentives.

Equity Compensation

Consistent with an overall trend in executive compensation in the broader technology industry, larger software companies have started to rely more heavily on alternatives to stock options in order to provide a long-term incentive.

- Over 35% of companies with revenues greater than \$500 million granted restricted stock to the Chief Executive Officer.
- On average, Compensation Committees approved an aggregate annual stock option grant equal to 1.65% of the company's market capitalization, or approximately \$9.3 million in grant value to all disclosed executives.
- The Chief Executive Officers of companies with less than \$100 million in revenue had two times the beneficial ownership of their counterparts in larger companies, suggesting, in part, a compensation philosophy that is cash conservative and equity rich.



EXECUTIVE COMPENSATION

The Software industry Executive Compensation Survey presents a thorough analysis of compensation and ownership levels for twenty-one (21) executive positions and includes:

- Annual Base Salary and Cash Incentives
- Total Cash Compensation
- Stock Options and Long-Term Equity Incentives
- Individual Executive Beneficial Ownership
- Total Direct Compensation
- Pay Mix Percentages

The table below presents the position data available in the survey by revenue and industry cut.

Title	All Companies	Revenue Data Cuts				
		Less than \$50MM	\$50MM to \$100MM	\$100MM to \$250MM	\$250MM to \$500MM	\$500MM
Chairman of the Board	•			•		
Chief Executive Officer	•	•	•		•	•
Chief Financial Officer	•	•	•	•	•	•
Chief Operating Officer	•	•	•			•
Chief Legal Officer	•			•	•	•
Chief Technology Officer	•	•	•			
Vice President, Business Unit	•	•		•	•	•
Vice President, Sales	•	•	•	•	•	•
Vice President, Marketing	•		•	•	•	
Vice President, General Manager	•		•	•	•	
Vice President, Operations	•				•	
Vice President, Business Development	•			•		
Vice President, Product Development	•			•	•	
Vice President, Human Resources	•				•	
Vice President, Finance	•			•	•	
Vice President, Technology	•					
Vice President, Publishing	•					•
Vice President, Engineering	•					
Vice President, Studios	•					•
Vice President, Research & Development	•					
Vice President, General	•		•	•	•	

Title	All Companies	Industry Data Cuts			
		Application Software	Home Entertainment Software	Internet Software & Services	Systems Software
Chairman of the Board	•	•			
Chief Executive Officer	•		•	•	•
Chief Financial Officer	•	•	•	•	•
Chief Operating Officer	•	•	•		•
Chief Legal Officer	•			•	•
Chief Technology Officer	•	•		•	•
Vice President, Sales	•	•		•	•
Vice President, Business Unit	•	•		•	•
Vice President, Marketing	•	•		•	
Vice President, General Manager	•	•		•	•
Vice President, Operations	•	•			•
Vice President, Business Development	•	•		•	
Vice President, Product Development	•	•		•	
Vice President, Human Resources	•				
Vice President, Finance	•	•			
Vice President, Technology	•	•			
Vice President, Publishing	•		•		
Vice President, Engineering	•				•
Vice President, Studios	•		•		
Vice President, Research & Development	•	•			
Vice President, General	•	•			



EXECUTIVE COMPENSATION

Included in the Software Survey are over 524 competitive market data points that have been categorized by position, industry and company revenue.

Investors, Boards of Directors and company management can use this information to help determine competitive compensation and ownership levels, including typical:

- Equity Holdings by Position and Industry
- Base Salary Compensation
- Incentive Compensation

The table below presents an example of the data presentation in the survey for a Chief Operating Officer in the Software industry.

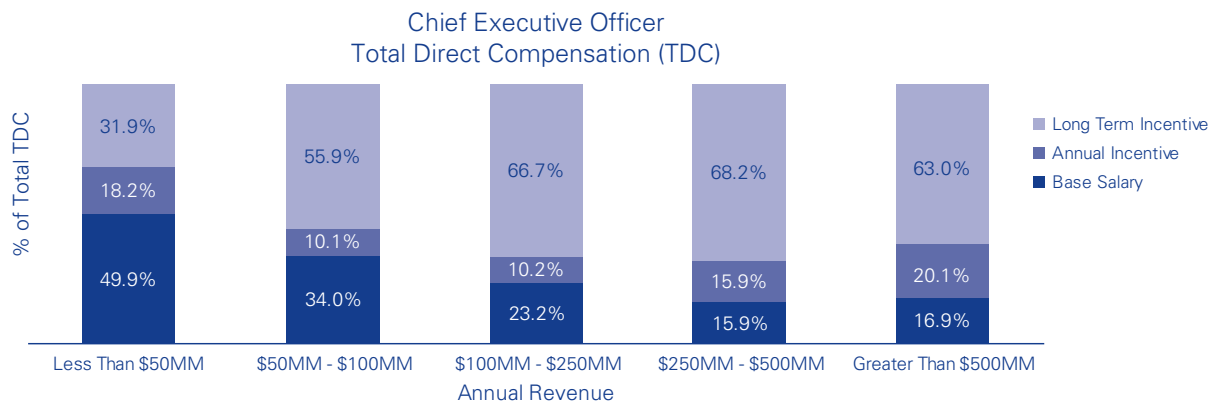
SURVEY JOB TITLE: Chief Operating Officer							
INDUSTRY: Application Software							
DATA CUT: Revenue Greater Than \$500MM							
JOB DESCRIPTION							
The executive responsible for directing and administering the activities of the company in accordance with the objectives and strategy set by the Chief Executive Officer and Board of Directors. This executive also directs the organization to ensure the attainment of revenue and profit goals, and will also participate with the Chief Executive Officer in formulating current and long-range plans, objectives and policies. Oversees all the organization's functional areas except finance and certain administration functions.							
Data Category	Total Companies Reporting	n	25th Percentile	50th Percentile	60th Percentile	75th Percentile	Average
COMPANY DATA							
Reporting Company Data							
Fiscal Year End Revenue (\$Millions)	35	–	\$2,642.7	\$4,215.8	\$5,193.6	\$5,366.3	\$4,388.2
Employees at Fiscal Year End	35	–	5,623	12,500	17,900	23,750	18,033
CASH COMPENSATION							
Base Salary							
Annual Base Salary (\$000s)	35	35	\$462.3	\$558.9	\$595.3	\$649.3	\$572.1
Annual Cash Incentives							
Annual Cash Incentive - Receiving (\$000s)	35	35	\$506.0	\$633.9	\$806.1	\$1,536.3	\$1,118.5
Annual Cash Incentive (% of Annual Salary)	–	–	109.4%	113.4%	135.4%	236.6%	195.5%
Total Cash Compensation							
Total Cash Compensation - Receiving Annual Incentive (\$000s)	35	35	\$986.1	\$1,184.6	\$1,467.5	\$2,296.8	\$1,690.6
Total Cash Compensation - All (\$000s)	35	35	\$986.1	\$1,184.6	\$1,467.5	\$2,296.8	\$1,690.6
EQUITY COMPENSATION							
Annual Long-Term Incentive Grants							
Stock Option Grant Present Value - Receiving (\$000s)	33	33	\$706.0	\$1,323.7	\$1,662.0	\$2,079.4	\$1,418.4
Other Long-Term Incentives - Receiving (\$000s)	31	31	\$1,352.5	\$1,740.0	\$1,882.8	\$2,586.8	\$2,199.4
Total LTI Grant - Receiving (\$000s)	34	34	\$1,511.1	\$1,978.1	\$2,060.1	\$2,166.7	\$2,472.6
Beneficial Ownership							
Shares Owned (% of Total Common Shares Outstanding)	35	35	0.02%	0.03%	0.04%	0.08%	0.06%
Options Exercisable in 60 Days (% of Total Common Shares Outstanding)	35	35	0.17%	0.24%	0.29%	0.36%	0.30%
Total Beneficial Ownership (% of Total Common Shares Outstanding)	35	35	0.25%	0.29%	0.31%	0.43%	0.36%
TOTAL CASH AND EQUITY COMPENSATION							
Total Direct Compensation							
Total Direct Compensation - Receiving any LTI (\$000s)	35	35	\$2,675.5	\$3,408.8	\$3,575.9	\$4,033.9	\$3,892.4
Company Total Direct Compensation - All (\$000s)	35	35	\$2,701.8	\$3,497.5	\$3,606.4	\$3,860.6	\$3,854.1
PAY MIX							
Total Direct Compensation							
Annual Base Salary (% of Total Direct Compensation)	–	–	16.2%	17.3%	18.0%	18.7%	16.6%
Annual Cash Incentive (% of Total Direct Compensation)	–	–	17.5%	19.8%	22.2%	37.2%	30.9%
Total LTI Grant (% of Total Direct Compensation)	–	–	54.2%	62.0%	62.8%	67.9%	60.0%



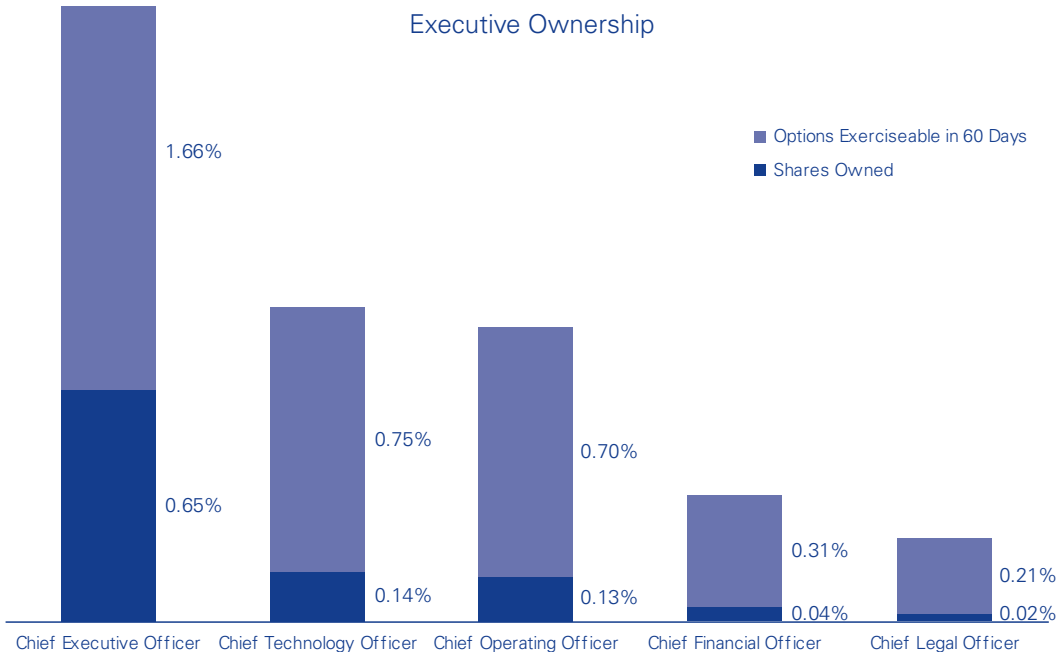
EXECUTIVE COMPENSATION

Pay mix defines what proportion of an executive’s total compensation package the company delivers in a guaranteed, fixed base salary and what proportion is “at risk” incentive compensation, with pay-out contingent on company and/or individual performance.

The pay mix table below presents each pay element as a percent of total direct compensation for: Base Salary, Annual Incentive and Long-Term Incentives granted to Chief Executive Officers. In addition, the Total Pay At Risk (Annual Incentive + Long-Term Incentive) is presented.



The graph below presents median shares owned and options exercisable within 60 days for five executives in the Software industry.





SURVEY COMPANIES

Activision, Inc.
Actuate Corporation
Advent Software Inc.
Agile Software Corporation
American Software Inc.
Ansoft Corporation
ANSYS, Inc.
Applix Inc.
Ariba Inc.
Art Technology Group, Inc.
Aspen Technology, Inc.
Astea International Inc.
Atari Inc.
AXS-One Inc.
Blackbaud, Inc.
Blackboard Inc.
BMC Software, Inc.
Borland Software Corp.
Bottomline Technologies Inc.
Cadence Design Systems
Callidus Software Inc.
CAM Commerce Solutions, Inc.
Captaris Inc.
Catapult Communications Corporation
Chordiant Software, Inc.
Compuware Corporation
Concur Technologies, Inc.
Convera Corporation
CyberSource Corporation
Datawatch Corp.
DealerTrack Holdings, Inc.
Digital River, Inc.
Dynamics Research Corporation
Ebix, Inc.
eCollege.com
Electronic Arts Inc.
Entrust, Inc.
Epicor Software Corp.
EPIQ Systems, Inc.
Evolving Systems Inc.
FalconStor Software, Inc.
Forgent Networks Inc.
Goldleaf Financial Solutions, Inc.
GSE Systems, Inc.
i2 Technologies, Inc.
I-Many Inc.
Informatica Corporation
Interactive Intelligence Inc.
iPass Inc.
Jack Henry & Associates, Inc.
JDA Software Group, Inc.
Kintera, Inc.
Lawson Software, Inc.
LivePerson, Inc.
Macrovision Corporation
MakeMusic Inc.
Manhattan Associates, Inc.
Mentor Graphics Corporation
MICROS Systems, Inc.
MicroStrategy Incorporated
Midway Games Inc.
Moldflow Corporation
NAVTEQ Corporation
NetManage Inc.
Nuance Communications Inc.
Omniture, Inc.
Onstream Media Corporation
OpenTV Corp.
Openwave Systems Inc.
Opsware, Inc.
Parametric Technology
Pegasystems Inc.
Perficient, Inc.
Progress Software Corporation
QAD Inc.
Quality Systems, Inc.
Radiant Systems, Inc.
RealNetworks, Inc.
Red Hat, Inc.
Renaissance Learning Inc.
salesforce.com, inc.
Secure Computing Corporation
SkillSoft plc
Smith Micro Software, Inc.
SourceForge Inc.
SPSS Inc.
SumTotal Systems, Inc.
SupportSoft, Inc.
Sybase, Inc.
Synchronoss Technologies, Inc.
Synopsys, Inc.
Take-Two Interactive Software, Inc.
TeleCommunication Systems, Inc.
The Ultimate Software Group, Inc.
THQ Inc.
Tibco Software Inc.
Transaction Systems Arch.
Tumbleweed Communications Corp.
Unica Corporation
VASCO Data Security International, Inc.
Vignette Corporation
Visual Sciences, Inc.
Websense Inc.
Wind River Systems, Inc.



ABOUT PRESIDIO PAY ADVISORS

Presidio Pay Advisors provides companies with thoughtful, independent, strategic advice and support on a wide range of compensation issues. Our collective expertise is comprehensive, encompassing the diverse array of human resources, finance, accounting, regulatory, and shareholder perspectives.

We assist with the competitive assessment, design, implementation and communication of:

- Total Compensation Strategy
- Annual Cash Incentives
- Long-Term Equity and Cash Incentives
- Employee Agreements
- Severance and Change-In-Control Arrangements

If you have questions regarding our surveys or would like to speak with a consultant, please call us at (415) 438-3400.

Please visit our website at www.presidiopay.com where our industry compensation surveys and our annual IPO survey are available for purchase.

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