

BIOWORLD[®]
EXECUTIVE
COMPENSATION
REPORT 2013



TRENDS IN C-LEVEL SALARIES AND BENEFITS IN THE BIOPHARMA MARKET

2013

BIO WORLD®

**EXECUTIVE
COMPENSATION
REPORT
2013:**

**Trends in C-Level Salaries and Benefits
in the Biopharma Market**

Based on data provided by Culpepper and Associates

THE BioWORLD® EXECUTIVE COMPENSATION REPORT 2013: Trends in C-Level Salaries and Benefits in the Biopharma Market

Copyright © 2012
BioWorld®
AHC Media
3525 Piedmont Road
Building Six, Suite 400
Atlanta, GA 30305 U.S.A.
E-mail: customerservice@bioworld.com
Website: www.bioworld.com

All rights reserved. Printed in the United States of America. Except as permitted under the United States Copyright Act of 1976, no part of this publication may be reproduced or distributed in any form or by any means, or stored in a database or retrieval system, without the prior written permission of the publisher.

S13400
ISBN: 978-1-934863-90-9 Print

D13400EX
ISBN: 978-1-934863-97-8 ePub

THE BioWORLD® EXECUTIVE COMPENSATION REPORT 2013: Trends in C-Level Salaries and Benefits in the Biopharma Market is published by AHC Media, a division of Thompson Media Group LLC, 3525 Piedmont Road, Building Six, Suite 400, Atlanta GA 30305 U.S.A. Opinions expressed are not necessarily those of the publication. Mention of products or services does not constitute endorsement. BioWorld is a trademark of AHC Media. (GST Registration Number R128870672)

Executive Editor: **Lynn Yoffee.**

Senior Editor: **Michael Harris.**

Senior Production Editor: **Robert Kimball.**

Director of Product Management: **Beth Schilling.**

Product Marketing Manager: **Sarah Cross.**

Account Representatives: **Matt Hartzog, Greg Rouse, Chris Wiley.**

Senior Vice President/Group Publisher: **Donald R. Johnston.**

Customer Service: **(800) 477-6307 or (404) 262-5476**

Please visit our website: **www.bioworld.com**

Follow us on Twitter: **www.twitter.com/bioworld**

Table of Contents

Vital Statistics	11
Good Market News and Bad Economic Signs Make Executives in Demand – and Expendable	13
Executive Compensation Report Methodology & Definitions.....	15
Chief Executive Officers	
Median Cash Compensation Package Fiscal Year 2003-2011.....	20
CEOs Median Cash Compensation Package By Market Capitalization of Companies for Fiscal Year 2011.....	21
CEOs Ranked by Annual Compensation	22
Top 25 CEOs Based on Salary Only	28
Top 25 CEOs Based on Bonus Only	29
The Millionaires Club	
CEOs Whose Total Realized Direct Compensation Exceeded \$1 Million	30
CEOs Median Annual Direct Compensation Package.....	33
CEOs Compensation Packages Sorted by Company	34
CEOs Equity Mix	42
CEOs Median Total Direct Compensation by Market Capitalization	43
CEOs Total Compensation for All Companies by Type (measured by percentiles).....	44
Chief Financial Officers	
Ranked by Annual Compensation	47
CFOs Median Annual Direct Compensation Package.....	51
CFOs Compensation Packages Sorted by Company	52
CFOs Equity Mix	56
CFOs Median Total Direct Compensation by Market Capitalization	57
CFOs Total Compensation for All Companies by Type (measured by percentiles).....	58
Chief Operating Officers	
Ranked by Annual Compensation.....	61
COOs Median Annual Direct Compensation Package	63
COOs Compensation Packages Sorted by Company	64
COOs Equity Mix	65
COOs Median Total Direct Compensation by Market Capitalization.....	66
COOs Total Compensation for All Companies by Type (measured by percentiles)	67
Research & Development Officers	
Ranked by Annual Compensation.....	71
Research & Development Officers	
Median Annual Direct Compensation Package	76

Table of Contents

Research & Development Officer Compensation Packages Sorted by Company	77
Research & Development Officers Equity Mix	82
Research and Development Officers Median Total Direct Compensation by Market Capitalization.	83
Research and Development Officers Total Compensation for All Companies by Type (measured by percentiles)	84
Business & Corporate Development Officers	
Ranked by Annual Compensation.	87
Business & Corporate Development Officers Median Annual Direct Compensation Package	89
Business & Corporate Development Officers Compensation Packages Sorted by Company	90
Business & Corporate Development Officers Equity Mix	92
Business & Corporate Development Officers Median Total Direct Compensation by Market Capitalization.	93
Business & Corporate Development Officers Total Compensation for All Companies by Type (measured by percentiles)	94
Legal Officers	
Ranked by Annual Compensation.	97
Legal Officers Median Annual Direct Compensation Package	99
Legal Officers Compensation Packages Sorted by Company	100
Legal Officers Equity Mix	102
Legal Officers Median Total Direct Compensation by Market Capitalization	103
Legal Officers Total Compensation for All Companies by Type (measured by percentiles).	104
Non-U.S. Company Executives	
Canadian Executives Compensation Packages Sorted by Company	107
UK Executives Compensation Packages Sorted by Company	109
Other Non-U.S. Company Executives Compensation Packages Sorted by Company	110

Good Market News and Bad Economic Signs Make Executives in Demand – and Expendable

By Michael Harris, Senior Editor

Uncertain times call for wise decision-making and increase the importance of valued leadership in a highly competitive, risk-inclined biotech market.

Evidently, leadership is a valued commodity in the biotechnology market, as executive compensation packages continue to increase in value in the sector, corresponding to the realities of that market's innovation, growth and investor appeal – if not quite paralleling the blunt realities of a convalescing global economy.

BioWorld Executive Compensation Report 2013: Trends in C-Level Salaries and Benefits in the Biotech Market presents trend data on 798 C-level executives representing 258 companies. This year, ECR's scope has gone international for the first time, having been expanded to include 87 executives representing 55 non-U.S. companies.

Providing a generous salary and large compensation package to an executive officer is no guarantee of success, but the lack of success is not a cut-and-dried ticket to termination in this market either.

No one expects an executive to make a drug overnight, so although the expectations, pressure and risks are high, companies are willing to pay large salaries and concede extended time to collect those salaries, given the lengthy concept-to-market model that defines the biotechnology drug development schedule.

Paying the Cost to get the Boss in Biotech

In biotech, success has a price, but no guarantees. And executive salaries don't usually bankrupt a biotech drugmaker – failed R&D programs do.

As each brand drug or clinical trial is unique, there is no assembly line formula for executives to use to reach the approval line. Therefore, they are subject to unique criteria for success and approval that executives in few other industries are required to undergo.

Some biotechnology companies are paying their C-level executives based on a history of observable results, while other companies take bigger risks in paying for mavens of change to shake things and stimulate progress, while others find it practical to pay up-and-comers in hopes of capitalizing on the emergence of their appreciable aptitude. And that's why this year's lists have a range of newcomers, perennial leaders and changes at the top,

When Biogen Idec Inc. hired George Scangos as CEO in July 2010, its stock was selling around \$46 per share, but under Scangos' helm, it increased to \$144 in July 2012. Scangos, who was CEO at Exelixis Inc., a genomics company, for 12 years prior to joining Biogen, makes his debut at number three on the *BioWorld Executive Compensation Report 2013: Trends in C-Level Salaries and Benefits in the Biotech Market* salary list, despite never having advanced a pipeline candidate past Phase II while at Exelixis.

Genomics is an area of innovation that is still striving to get products approved; however, Biogen's hiring gamble, based at least partially on Scangos' record of progression in an imprecise field of research at Exelixis, is likely considered a hit with stockholders.

No matter how high the annual salaries listed here are – led by Amgen Inc. CEO Kevin Sharer’s total of \$1.7 million – they usually defer in comparison to the billions that a drug like Amgen’s Enbrel can generate in one year or the \$140 billion in revenue Amgen made during Sharer’s 12-year C-suite tenure.

Some of the executives on the list have business experience and credentials, while others come from a scientific background. Many of them have overseen the approval of drug candidates into products. None of them are likely to bring the average drug R&D schedule to less than six years from concept to approval; however, all of them are expected to perform the phenomenon of turning large molecules into big bucks.

One certain aspect is that they have generally helped to guide the biotech market to respectability, profitability and to a drug market-setting growth rate.

Key biopharma market dynamics such as pharma’s patent cliff, consolidations and bankrupt companies have resulted in changes in C-level positions and changing compensation offers. So, these changes, as well as others, have had an effect on the make-up of this edition’s lists.

It’s far from breaking news that biotech’s C-suites are predominately inhabited by male residents, but an evaluation of these lists certifies that datum. There are no women to be found in the top 50 CEO ranks, and Adelene Q. Perkins, Infinity Pharmaceuticals, interrupts the male streak at number 53 on the list of the top 167 CEOs, ranked by total annual compensation. Perkins, at \$820,000, heads a list of only five female CEOs making the roll – and one of only two in the top 100.

Similar data comprises the 120-member Millionaires Club, in which there are only four women, led by Kimberly Popovits, Genomic Health Inc., at number 52 ,drawing \$2.3 million in total realized direct compensation.

Women had better representation in the CFO position, with two women in the top five spots. Jacquelyn Fouse, Celgene Corp. (\$1.3M) at number two, and Robin Washington, Gilead Sciences, Inc. (\$1.2M), at number four led the list of 15 women comprising 10 percent of the CFO list.

In recent years, the biotechnology market has attained overall profitability, achieved its highest-ever market value and increased the number of annual product approvals, even as the industry navigated through a fierce recession and its grinding repercussions.

These are the executive decision-makers guiding the biotechnology industry through the most profitable and productive period in its history, but also in what is, arguably, its most tenuous economic period.

In most M&A transactions in biopharma, the biotech is the sell-side entity and the principal leadership that guided the company to its M&A value is often retained and brought into a big pharma fold with the latitude to operate relatively autonomously in order to sustain the innovative atmosphere that characterized its appeal as an acquisition target. The removal of those executives from the lists, or their shifts to new employers, are another source of the significant changes that differentiate this year’s report.

More so than in most markets, biotechnology guarantees risk and promises no results – in fact, it assures failure more than success. These are the executives that have signed on for the challenge, and these are the data that arrange them, so we’ll let the information speak for itself.

Executive Compensation Report Methodology & Definitions

Data Source

When available, the individual data points for U.S. companies were extracted from a company's most recent DEF 14A (Proxy) statement, filed with the U.S. Securities and Exchange Commission (SEC) between 9/1/2011 and 6/30/2012. In some cases, a company's 10K (annual statement) was also used. Data is for a company's most recent fiscal year, which was typically the 2011 Fiscal Year as defined by the individual companies. Data for Canadian companies were extracted from a company's most recent Management Information Circular (Proxy Circular) filed with the Canadian securities regulatory authorities (CSA) and made available on the System for Electronic Document Analysis and Retrieval (SEDAR) website (www.sedar.com). Data for London Stock Exchange companies was found in the individual company 2011 annual report downloaded from the official company website. Financial metrics were sourced from companies' financial statements and when necessary websites such as Google Finance (www.google.com/finance), Yahoo Finance (finance.yahoo.com), and The Telegraph (<http://shares.telegraph.co.uk>)

Executives Included

The *Executive Compensation Report 2013: Trends in C-Level Salaries and Benefits in the Biopharma Market* includes only those executives that held their position with the company for the entirety of the most recent fiscal year. Executives who were hired, resigned, fired, promoted or experienced a title change during the most recent fiscal year were excluded from this report. When the proxy was ambiguous as to the exact start or end date of an executive's tenure, executives who began their tenure during the first month of the fiscal year or ended their tenure in the last month of the fiscal year were included in this report. Executives who left the company after the end of the fiscal year but served for the entire most recent fiscal year were included in this report. These restrictions ensure that the compensation reported is for service only related to an executive's specific position with the company and not a result of partial-year service or a raise accompanying a mid-year promotion.

Definitions

All Other Compensation

See Other Compensation.

Annual Incentives

Sum of bonus and short-term Non-Equity Incentive Plan Compensation.

Average (Avg)

The arithmetic mean of all data points within a dataset. All compensation components in Culpepper reports are incumbent-based and therefore are considered weighted averages. Also known as mean.

Beneficial Ownership

Number of shares of stock owned by an executive or under control of the executive via family members or trusts. Excludes stock options and shares under restrictions.

Cash Incentives

For cash incentives earned within a one-year period, see Short-Term Incentives (STIs). Cash incentives earned for periods longer than one year are included in Long-Term Incentives (LTIs).

Change in Pension Value & Nonqualified Deferred Compensation Earnings

Sum of increase in value of accumulate pension benefits and earnings on nonqualified deferred compensation and defined contribution plans.

Equity Compensation

Includes all types of Stock Option Awards and Stock Awards. Excludes cash compensation. Equity compensation is included in Long-Term Incentives (LTIs).

Long-Term Incentives (LTIs)

All forms of long-term incentives, including but not limited to stock option awards, restricted stock shares/units, performance stock shares/units, phantom stock shares, stock appreciation rights (SARs), and long-term cash awards. Long-term incentives are typically earned for periods longer than one year and may vary by individual and/or corporate objectives.

Market Capitalization (Market Cap)

Measure of company size equal to the share price multiplied by the total number of common shares issued and outstanding.

Mean

See Average.

Median

The middle value in a set of ranked data points. The point at which 50 percent of the data falls above and 50 percent falls below.

N/A

Not available, not applicable, unable to calculate.

Non-Equity Incentive Plan Compensation

Represents cash amounts earned in connection with non-equity incentive plans.

Number of Restricted & Unearned Shares/Units Awards Held

Number of restricted and/or performance shares/units held by an employee that are still under restrictions and are not yet controlled by the employee.

Number of Unvested and/or Unearned Stock Options Held

Number of stock options held by an incumbent that are unvested, unearned, and unexercisable.

Number of Vested/Exercisable Stock Options Held

Number of stock options held by an incumbent that are vested and exercisable

Operating Margin

Ratio of operating income to net sales for trailing 12 months as of 6/29/2012.

Other Compensation

All amounts not reportable in any other column. Can include value of perquisites, tax gross-ups, company contributions to qualified and nonqualified defined contribution plans, insurance premiums and other values.

Percentiles (%tiles)

Shows the distribution of the dataset at various points. Percentiles may be calculated in a number of ways. The percentiles presented in here use an interpolated methodology identical to the manner in which percentiles are calculated within Microsoft Excel. Examples of common percentile points:

- 10th percentile – The point at or below which 10 percent of data falls within the dataset.
- 25th percentile – The point at or below which 25 percent of data falls within the dataset.
- 50th percentile – The point at which 50 percent of data falls above and 50 percent below.
- 75th percentile – The point at or below which 75 percent of data falls within the dataset.
- 90th percentile – The point at or below which 90 percent of data falls within the dataset.

Recent Stock Price

Stock price at close on 6/29/2012 if available. For companies with recent IPOs, the earliest stock price available is used.

Short-Term Incentives (STIs)

Includes all forms of variable short-term cash compensation, including bonuses, commissions, cash profit-sharing, and other forms of variable cash payments. Short-term cash incentives are typically earned within a one-year period and may vary by employee and/or corporate objectives. Excludes equity compensation, long-term compensation paid out over a period of longer than one year, profit-sharing paid into a qualified retirement plan, deferred profit-sharing plans, and contributions to a 401(k) or other qualified savings plan.

Salary

Consists of short-term and non-variable cash compensation typically paid out within a one-year period. Excludes short-term cash incentives, deferred cash payments (e.g., retirement contributions), and any cash payments that are not guaranteed base salary. Also known as base pay.

Stock Awards

Stock shares or units awarded to an employee. Includes time-based restricted stock shares/units, performance-based shares, and unrestricted stock shares. Does not include stock options.

Stock Options

A stock option is the right to purchase company stock at a fixed price during a specific period of time. Includes all forms of stock options such as non-qualified and qualified options (incentive stock options – ISOs). Also includes stock-settled stock appreciation rights (SARs).

Stock Price @FYE

Closing stock price on or about the last day of the most recent fiscal year.

Total Cash Compensation

Sum total of all forms of short-term cash compensation including base salary, bonuses, commissions, cash profit-sharing, and other forms of variable cash payments paid to an employee in the prior year. For outside, non-employee directors, cash compensation includes cash retainers and cash meeting fees paid in the prior year. Excludes equity compensation, long-term incentives, profit sharing paid into a qualified retirement plan, deferred profit-sharing plans, and contributions to a 401(k) or other qualified savings plan.

Total Direct Compensation

Sum of total cash compensation and total fair value of all long-term incentives.

Total Equity Awards

Total fair value of all stock awards and option awards.

Total LTI Value Realized

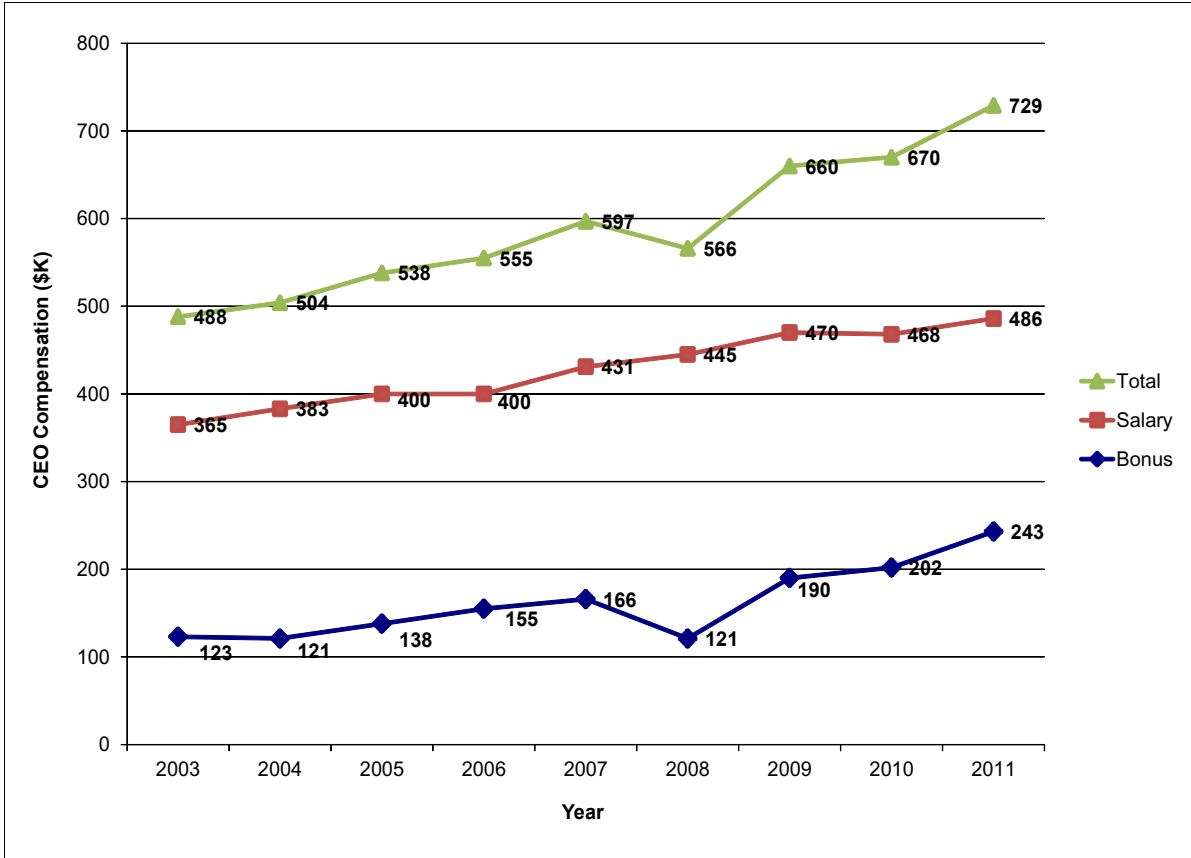
Sum of value realized on exercise of stock awards and value realized on exercise of option awards for the most recent fiscal year.

Total Realized Direct Compensation

Sum of total direct compensation and total LTI value realized.

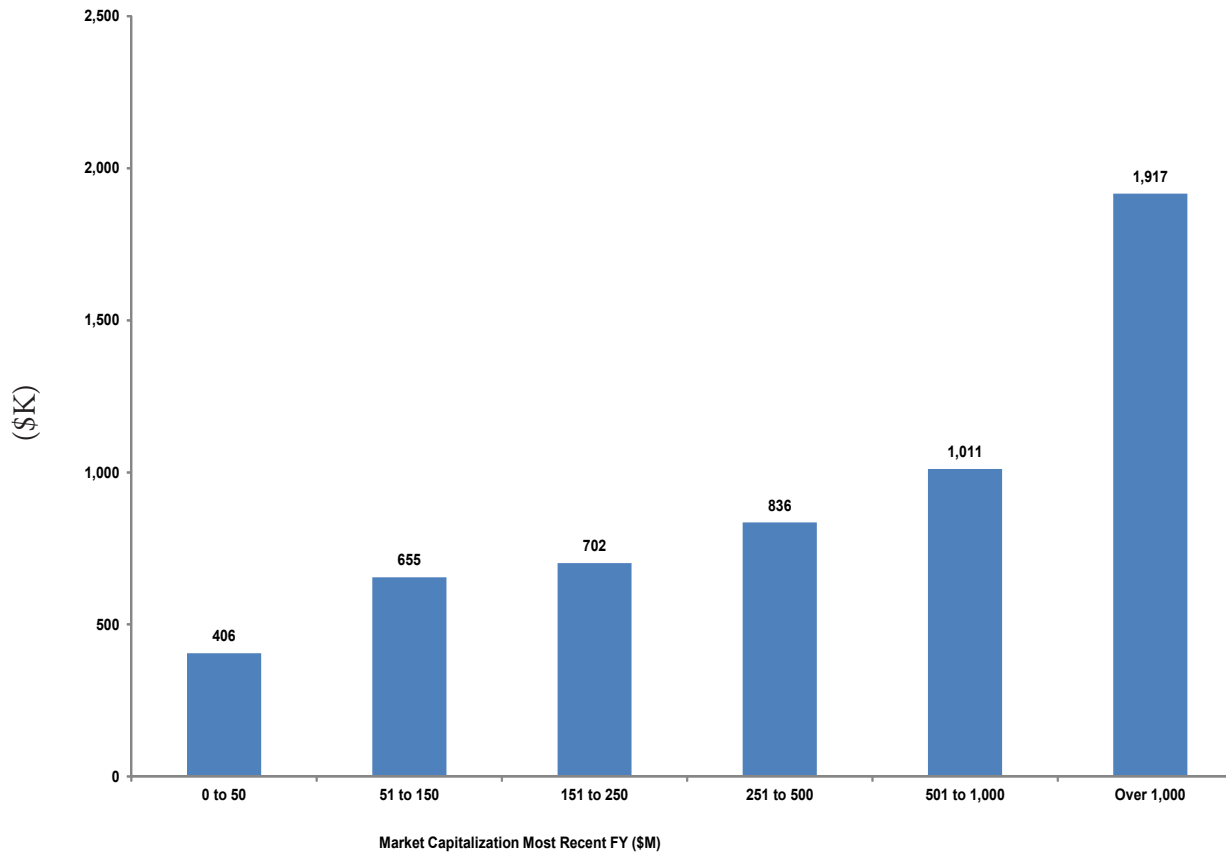
Chief Executive Officers Median Cash Compensation Package

Fiscal Year 2003-2011



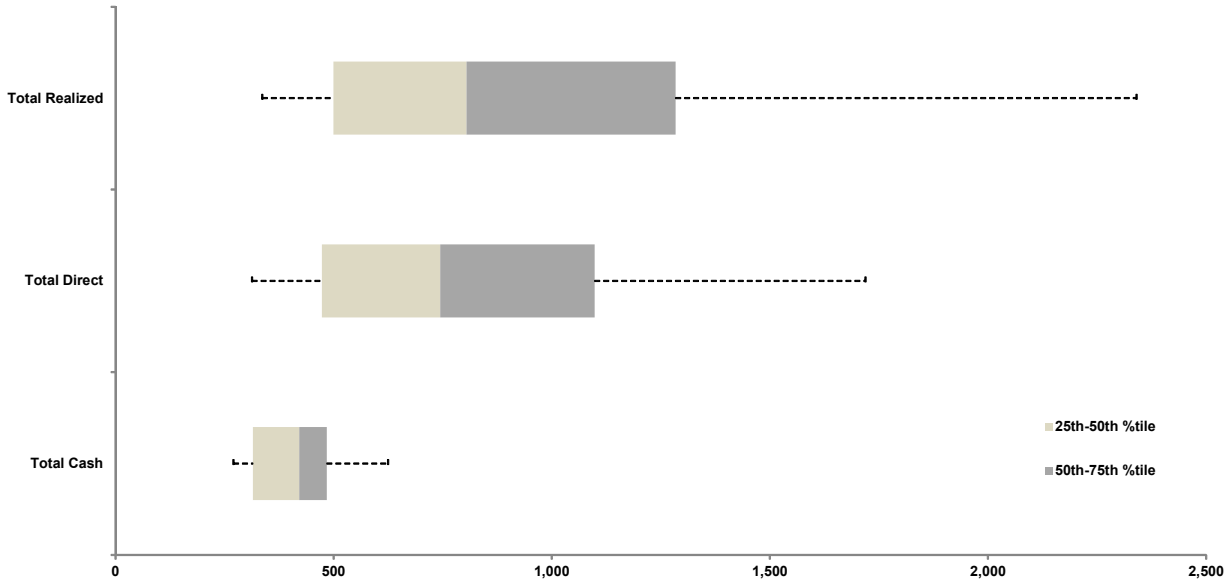
Research and Development Officers

Median Total Direct Compensation by Market Capitalization



Legal Officers

Total Compensation for All Companies by Type (measured by percentiles)





3525 Piedmont Rd., Bldg. 6, Suite 400 • Atlanta, GA 30305 U.S.A.

CUSTOMER SERVICE: 1-800-888-3912

www.bioworld.com

Print: S13400 ISBN: 978-1-934863-90-9

eBook: D13400EX ISBN: 978-1-934863-97-8