

# FARIENT ADVISORS

AN RAFCAPITAL COMPANY



Partnering  
for  
Performance

***INDEPENDENT CONSULTANTS FOR  
PERFORMANCE-SENSITIVE AND  
DEFENSIBLE EXECUTIVE PAY***

## About Farient Advisors

### The Five Ps

In today's world, Compensation Committees need to effectively address the three Ps: Performance, Pay, and Processes. **Farient Advisors** is an independent advisory firm that provides superior advice, information, and service in all three areas. This value proposition is supported by our own two Ps: People, who are recruited, organized, trained, and compensated to deliver on this commitment, and Platforms, which are designed and configured for complete integrity, transparency, and consistency to help manage ongoing and highly scrutinized processes.

Our value proposition, illustrated below, is compelling and unique.

### Value Proposition

#### Corporate and Executive Performance

- *Insights on client's business, talent, and industry, and implications for compensation design*
- *Analysis and insights on client's shareholder value drivers, measures, and goal-setting*
- *Appropriate design of pay for performance outcomes*

**CLIENTS**

#### Executive Pay

- *Sound methodologies, applied with integrity, transparency, and consistency*
- *Fact-based analysis; opinion-based advice*
- *Clarity on appropriate executive pay/performance leverage and outcomes*

#### Compensation Committee Processes

- *Complete independence, working for the Compensation Committee and with management*
- *Processes geared to multi-year needs*
- *Stability and availability of seasoned and trusted resources*
- *Sensitivity to external developments*

#### Our People

- *Experienced, trusted resources*
- *Driven toward optimal results for our Clients and their shareholders*
- *Long-term, relationship-oriented service*

#### Our Platforms

- *Consistent methodologies and templates used for "baseline" work*
- *Standardized, thorough data collection platforms for clients that serve as reliable data repositories*
- *Web-based resources for clients*

## About Farient Advisors *(continued)*

### More About Our Value Proposition

- We work directly for Boards of Directors (and their Compensation Committees, in particular) to assist them in making performance-enhancing, defensible and timely executive compensation decisions that are aligned with the company's strategy and are in the best interests of shareholders
- At the same time, we work with and have highly constructive relationships with management (including CEOs, CHROs, CLOs, CFOs, and others) to ensure the integrity of and support for our work
- Unlike other consultants who are generally project-based, **Farient Advisors** establishes long-term relationships with clients and gears to on-going compensation planning processes that occur year after year. This includes:
  - Preparation of annual compensation planning calendars, with a multi-year planning mindset
  - Development and articulation of a compensation strategy that grounds compensation discussions and deliberations
  - Preparation and review of the Compensation Committee charter
  - Timely and appropriate Compensation Committee materials (including a one-page, Executive Top Sheet (XTS), which is a summary of all executive compensation strategies, peer group criteria and companies, and plan design elements)
  - Participation in all Compensation Committee meetings, as desired

### **Client Quotes**

***"My blood pressure went down by 80 points when I hired Farient"***

*...Compensation Committee  
Chair of publicly-traded  
client*

***"No other consultant could have done this work"***

*...entire Compensation  
Committee of publicly-  
traded client*

***"Thanks for your assistance with our proxy. I personally thought your work added a lot of value"***

*...inside General Counsel of  
publicly-traded client*

***"You guys are incredibly smart"***

*...VP, Human Resources of  
publicly-traded client*

## About Farient Advisors *(continued)*

- **Farient Advisors** adheres to rigorous analytic standards that will pass scrutiny with the toughest critics. These standards include:
  - Identification of robust peer sets that reflect current and forward-looking client business and talent profiles
  - Review of all components of pay, including salary, bonus, long-term incentives, and major benefits and perquisites
  - Review of pay relative to performance, not pay in isolation of performance
    - » Identification of measures that drive value
    - » Explicit consideration of target as well as actual payout structures
    - » Comparisons of potential payouts under a variety of possible performance outcomes
  - Consideration of contractual obligations
  - Program design standards that ensure appropriate linkage of performance measures and outcomes to shareholder value
  
- Our consultants:
  - Serve as true trusted advisors, offering counterintuitive views as appropriate
  - Combine strong business acumen with technical compensation skills, demonstrated through business, financial, and technical certification testing
  - Adhere to the highest analytic standards prescribed by **Farient Advisors** that are consistently applied from one year to the next
  - Engage in creative processes that result in targeted solutions for each client
  - Have passed rigorous certification tests
  - Limit their number of client engagements to avoid superficial involvement and/or conflicts with Compensation Committee schedules

### **Client Quotes**

***"Farient is helping us run the best Compensation Committee meetings we've ever had"***

*...entire Compensation Committee of publicly-traded client*

***"Farient's recommendations on the goal-setting methodology followed my instincts, but really took us to a new level"***

*...CEO of publicly-traded client*

***"Your insights about the industry really helped us think about strategy, not just compensation"***

*...CEO of privately-held client*

***"Farient's subscription model is exactly what we need"***

*...Compensation Committee Chair of publicly-traded client*

## About Farient Advisors *(continued)*

### **Our Expectations of our Clients**

Compensation Committees and internal staff alike each play a vital role in ensuring the integrity and quality of our work. We have found it helpful to articulate our expectations for clients and the role that they play in delivering this important work.

In this regard, we expect our clients to:

- Provide accurate data in a timely fashion
- Assign capable internal staff to participate in the work process
- Allow adequate budget for a consistent level of “baseline” work each year
- Anticipate additional budget for special needs that will occur from time to time, including such items as short- and long-term incentive design, re-tooling compensation strategy, assessing Board compensation, preparation of proxy materials, responding to external regulatory and/or market changes, and merger and acquisition activity
- Follow best practice processes, such as regularly conducting executive sessions that include the appropriate people
- Be open to new ideas

### **Client Quotes**

***"This is the best consulting report I've ever seen"***

*...Compensation Committee member of publicly-traded client*

***"I think there has been a step function improvement in our compensation processes and programs"***

*...Compensation Committee member of publicly-traded client*

***"Farient is far and away the best consulting firm around"***

*... Compensation Committee Chair of publicly-traded client*



## Client References

**Farient Advisors'** principals have worked over the years with hundreds of companies in a wide variety of industries, geographies, growth stages, and ownership formats. Client references are available upon request.

## About RAF Capital LLC



**RAF Capital** was formed in April 2007. **RAF Capital** invests in differentiated, HR-related businesses. In addition, **RAF Capital** oversees and works with its portfolio companies to develop business, market, financial, and organizational strategies to help them become leading enterprises.

Examples of **RAF Capital's** investments to date include:



an independent executive compensation and performance advisory firm.  
[www.Farient.com](http://www.Farient.com)



an HR data and “software as a service” (SaaS) company that assists line and HR managers in strategically managing total pay around the world.  
[www.worldwidecompensation.com](http://www.worldwidecompensation.com)

## Biography for Robin A. Ferracone



### **ROBIN A. FERRACONE**

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Executive Chair, Farient Advisors LLC

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Ms. Ferracone is founder and CEO of RAF Capital LLC, and founder and Executive Chair of Farient Advisors. RAF Capital makes strategic investments in HR-related businesses, one of which is Farient Advisors. Farient Advisors helps clients make performance-enhancing, defensible, and timely decisions that are in the best interests of their shareholders. Ms. Ferracone provides executive advisory services to public and private companies, including private equity firms.

From March 2005 to March 2007, Ms. Ferracone was President of the Human Capital business of Mercer, a business which includes human capital consulting, software, and data services globally. Prior to that, Ms. Ferracone was Chairman of the U.S. West Region for Mercer's parent company, Marsh & McLennan Companies, market leader and Worldwide Partner at Mercer, and President and Chairman of SCA Consulting, a firm she co-founded in 1985 and sold to Mercer in 2001.

With over 25 years of consulting experience, Ms. Ferracone has advised clients in the areas of business and talent strategies, executive compensation, value management, and performance measurement. Her work has focused on providing high-impact decision-making support and organizational solutions based on strategic and market insights.

Ms. Ferracone has authored numerous articles and has been quoted frequently in national publications. She has been a frequent presenter for prominent organizations and testified before a Congressional subcommittee in Washington, D.C. regarding the salary of the President of the United States. In 2003, Ms. Ferracone received the 2003 WorldatWork Distinguished Service Award.

Ms. Ferracone is a member of Duke University Board of Trustees, The Committee of 200 and the World Presidents' Organization. In 2007, Ms. Ferracone led a special Task Force on Governance for Duke University. She is former chair of the Compensation Committee for Harvey Mudd College. In addition, she served on the Board and chaired the Compensation Committee of Candle Corporation from 1999 until 2004, when Candle was sold to IBM.

Ms. Ferracone received an M.B.A. from the Harvard Business School, where she was a Baker Scholar and a B.A. *summa cum laude* in Management Science and Economics from Duke University, where she was elected to Phi Beta Kappa.

## Biography for Todd M. Gershkowitz



### **TODD M. GERSHKOWITZ**

Senior Vice President, Farient Advisors LLC

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Mr. Todd Gershkowitz is a seasoned leader, manager and strategist with over 20 years of corporate and consulting experience. Prior to joining Farient Advisors, he was managing director and co-founder of Three Lens Advisors, a firm that provides independent analysis to help companies align compensation with business strategy, corporate culture and shareholder interests. He has held senior corporate positions at Citibank, GE, IBM and UBS and also worked at Sibson Consulting, advising companies in the financial services, professional services, technology, and life sciences sectors.

Mr. Gershkowitz's areas of expertise include:

- Executive and employee compensation strategy and design
- The globalization of total rewards systems
- Building linkages between total rewards systems and performance measurement, organization effectiveness and talent management systems
- Organizational strategy, including mergers and acquisition execution and post-transaction integration
- Corporate governance and disclosure

In addition, Mr. Gershkowitz sits on the boards of two private companies: Oxford & Hill, a manufacturer of environmentally safe home products based in Miami, FL; and Vigix, an automated retail technology development firm based in Cambridge, MA. He is also a member of the Board of Governors of the Society of Sloan Fellows, an alumni advisory board at MIT Sloan.

Mr. Gershkowitz received his Bachelor of Science degree from Cornell University in Ithaca, NY, and his Master of Science degree from the MIT Sloan School of Management in Cambridge, MA. He has spent half of his professional career living and working internationally in Hong Kong, Singapore, the United Kingdom and Switzerland.

## Biography for John P. Borneman



### **JOHN P. BORNEMAN**

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Mr. Borneman is the Senior Vice President, Client Delivery for Farient Advisors. In this role, he is responsible for managing the delivery processes for all of the firm's work for clients, including defining all tools, analytic, and consulting methodologies and establishing and monitoring all firm quality control standards.

Mr. Borneman is a senior executive compensation consultant with 10 years of experience advising Compensation Committees and senior management teams regarding executive compensation and rewards issues. He has advised clients across a broad range of issues and industries, including technology companies (hardware, software, and internet-based), consumer services, manufacturing, and mining. Mr. Borneman's areas of expertise include:

- Developing pay strategies, identifying performance metrics, and calibrating performance goals to align pay with business needs and shareholder interests
- Evaluating the competitive market for executive compensation and setting reasonable and defensible pay levels for senior executives of public and private enterprises
- Reviewing and developing non-compensatory employment arrangements, including severance, change-in-control, and deferred compensation arrangements for executives
- Evaluating the pay for performance relationship in executive compensation
- Developing equity compensation strategies, including review of key plan terms for shareholder approval
- Providing feedback and guidance to Compensation Committees on best practices for good governance, including developing annual Committee calendars and reviewing Directors compensation

He is a thought leader in the area pay for performance, and he is a regular speaker on the topic of selecting the right measures for rewards programs and aligning rewards with performance.

Mr. Borneman's previous experience includes Mercer Human Resource Consulting, where he was a Principal in the Executive Compensation practice area and developed many of the firm's standards for performance measurement. Prior to Mercer, he was with SCA Consulting, a boutique firm that specialized in improving the links between human resources, business strategy, and finance that was acquired by Mercer in 2001.

Mr. Borneman holds an M.B.A. in Finance and Business Strategy from the University of Chicago's Graduate School of Business and undergraduate degrees in Political Science and German Language and Literature from the University of Michigan.

## Biography for Ronald R. Bottano



### **RONALD R. BOTTANO**

Vice President, Farient Advisors LLC

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As a Vice President for Farient Advisors, Mr. Bottano is responsible for advising the firm's clients on performance measurement and compensation strategy, with the ultimate goal of aligning reward programs with the creation of shareholder value. He also oversees the firm's leading edge research into proprietary analytical methodologies that ensure client's executive pay decisions are defensible, timely, and transparent to all stakeholders.

Mr. Bottano has two decades of experience as a trusted advisor to boards and senior management. He is a recognized expert on the strategy, governance, and financial structure of executive incentive plans, possessing in-depth knowledge on governance, regulatory compliance, SEC disclosure, and tax considerations.

From February 2006 to February 2009, Mr. Bottano was Managing Director of Executive Compensation Advisors (a Korn/Ferry Company), a subsidiary he co-founded with direct responsibility for client advisory services, business development, whitepaper research, and firm recruiting and training.

Previously, Mr. Bottano was a principal at Mercer Human Resource Consulting, and a former partner of SCA Consulting, acquired by Mercer in 2001. His clients have included Fortune 500 companies, privately held firms, and pre-IPO start-ups across a varied array of industries.

Mr. Bottano has developed diverse consulting experience throughout his career, including the leadership of executive compensation engagements with Hewitt Associates and strategy consulting with Deloitte & Touche, where he specialized in mergers and acquisitions.

Mr. Bottano has been a guest speaker for the Conference Board, WorldatWork, the IBF Venture Forum, and Financial Executives International. He has authored multiple articles and often quoted in the Wall Street Journal, Chief Executive, BusinessWeek, New York Newsday, and the Los Angeles Times.

Mr. Bottano holds an M.B.A. from the Harvard Business School and a bachelor's degree in finance and accounting from the University of California Haas School of Business, where he was elected to Phi Beta Kappa.