Appendix 1: General Practices

	Common Model	Growth/Innovation Companies
Ownership	• CEOs generally hold 5-10x salary. • Other NEOs 2-5x. • Accumulated over five years.	• CEO founders at all but Apple, where large ten-year front-loaded equity grant ($378M in 2011) was made at promotion to create founder-like carried interest; remainder have significant ownership, and two have control from super voting shares (Alphabet and Facebook). • Other NEOs vary depending on when they joined, but generally would have multiples of salary 20-50x salary range or more with exception of Apple.
Total Direct Compensation Levels & Mix	• Market-based against 15-25 comparable peers. • Narrow 50th-75th percentile range for experienced, competent performers. • 70-75% of annual total in annual LTI grant value; remainder split between salary and percent of salary target annual bonuses that can be earned from 0-2x target under goal-driven plans described on next page.	• Founder CEOs at Alphabet and Facebook have no ongoing compensation; Amazon CEO takes nominal salary only; Tesla CEO receives periodic equity grant rather than market-pricing; Apple has a more traditional package with market-based salary and percent-of-salary target bonus combined with LTI annualized over front-loaded period. • Other NEOs all have salaries, no annual bonuses except traditional goal-driven plan at Apple and relatively modest discretionary plan at Facebook; all receive LTI either annually or periodically with amounts based on W-2 income targets and unvested values rather than market pricing, except Apple that recently adopted a more traditional annual LTI plan.
Other	• Perks generally limited to personal air travel up to limit (~$200K) and home security for CEOs, other minor amounts mostly financial planning. • ERISA-excess benefits in 401(k) plans, and some still grandfathered in old-frozen pension plans. • Most have formal severance, and few employment contracts except new hires.	• Unlimited personal air travel for CEOs and COOs plus personal security at often high cost; not much else; no severance. • Below CEO/COO level, 401(k) plans are common, but no ERISA-excess benefits. • Few employment contracts but hiring agreements often have contract-like provisions. • Significant annual spending on broad-based equity, largely spent on new-hire grants to technical recruits.

Appendix 2: Short-Term Incentive Design

	Common Model	Growth/Innovation Companies
Type of Plan	• Goal-driven target awards. • Same model at all peers.	• Apple recently implemented a goal-driven target award plan like traditional model. • Facebook has a modest discretionary plan below the CEO. • Alphabet, Amazon, and Tesla have no plans in place.
Award Funding	• 0-2x of target awards is typical funding range. • 70-80% is typically based on financial performance, and remainder on non-financial and/or discretionary performance. • Non-financial/discretionary piece is sometimes carved-out from financial and sometimes a modifier to funding determined from financial.	• Apple plan is similar to traditional model. • Facebook plan is measured and paid every six months with low target awards (about half of what is typical in common model), but leverage from 0-6x target.
Performance Measures	• Combination of top-line (revenues) and bottom-line (earnings), and sometimes cash flow. • Definitions vary, as do allowable non-GAAP adjustments. • Trend has been simple profit for annual plans (OI, EBITDA, net income) to differentiate from more-strategic goals in LTI plans. • Goals are typically set against business plans with +/- 5-10% ranges for revenues and +/-10-15% ranges for profits, but this is trending toward more customization.	• Apple weights OI and revenues 50%-50% in traditional formulaic design. • Facebook evaluates performance against a series of objectives with no formulas or weightings.

Appendix 3: Long-Term Incentive Design

	Common Model	Growth/Innovation Companies
Grant Types	• Generally, at least half of grant value in performance shares. • Other all or in some combination of time-vested stock options and/or time-vested restricted stock units (RSUs) that varies strategically by company.	• Apple converted from all RSUs to mix of performance shares and RSUs three years ago; CEO receives grants. • Alphabet, Amazon, and Facebook grant all RSUs; CEOs do not participate. • Tesla grants a combination of performance-vested options and RSUs; CEO is included.
Grant Frequency & Vesting	• Regular annual grants. • Performance shares earned/vested after three years. • Options and RSUs vested in annual installments over three years.	• Apple CEO and Tesla CEOs received front-loaded grants with no additional grants for specified subsequent periods (Apple ten years and Tesla five+ years); other NEOs receive annual grants. • Alphabet and Amazon make biennial awards and Facebook grants every year. • Vesting ranges from four-to-eight years with annual or quarterly installments, except Apple performance shares that are earned and vested after three years.
Grant Amounts	• Market-based values. • Generally designed to bring target TDC to 50^{th}-75^{th} percentile combined with cash.	• The most senior level grants are based on wealth accumulation targets (e.g., Apple and Tesla CEO front-loads have current intrinsic value of ~$550M and $1.2B respectively). • Others are based on maintaining target values for annual vesting amount (i.e. W-2 pay) and unvested retention hook; market data is generally only a secondary consideration.
Performance Measures & Goals	• Performance shares are generally earned for a combination of financial goals and relative TSR. • Financial goals are generally EPS, ROIC, and/or free cash flow with goals based on internal business plans and projections.	• Apple's performance share plan is like at most S&P 500 companies. • Alphabet, Amazon, and Facebook have no performance-based long-term incentives, only RSUs. • Tesla's performance stock options vest based on development-related measures, and the CEO also has a market cap hurdle.
Aggregate Equity	• Normally 0.3-0.5% of market cap per year, limited to senior management level.	• 1-2% of market cap per year, with broad participation and substantial portion for technical hires.