

WHAT'S YOUR DEAL?

NEGOTIATING AN EXECUTIVE
EMPLOYMENT PACKAGE THAT'S
RIGHT FOR YOU

Presented by:

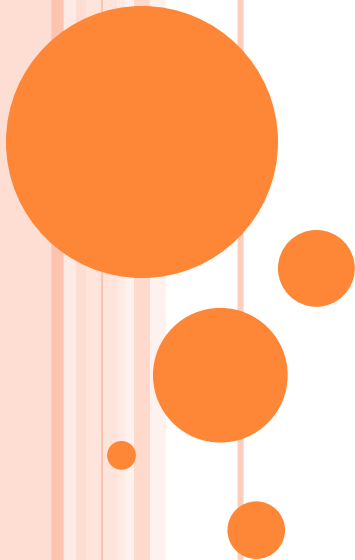
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GENDER DIFFERENCES

- 2012 report by American Association of University Women (AAUW)
 - At one year after college graduation, women earned 82% of wages paid to men (2009 data)
- 2007 report on laboratory study
 - Men 9x more likely to ask for more compensation
- 2006 report on labor survey data
 - Men 8x more likely to negotiate salary
- 2003 Report of survey data
 - Men 4x more likely to negotiate first salary



GENDER DIFFERENCES

- 2012 study by National Bureau of Economic Research (quoted by WSJ online April 1, 2013)
 - Two advertisements placed for same position:
 - First was ambiguous as to salary negotiations
 - Second explicitly invited salary negotiations
 - Approx. 2500 job seekers responded to ads
 - Findings:
 - Men more likely to negotiate when it was ambiguous
 - Women more likely to negotiate when invited to do so
 - Gender played less role if negotiation was impersonal, as opposed to face to face
 - Women disproportionately applied for position for which salary negotiation was invited



WHAT IS YOUR DEAL?

- “They should pay me X&Y because I am worth it.”

vs.

- “I will prove my value.”



DEAL DRIVERS

- Company's Perspective
 - Replace Key Position
 - Add Missing Talent
 - Reach Revenue Goals for Sale or IPO
- Executive's Perspective
 - Long-Term vs. Short-Term
 - Equity vs. Cash Compensation
- Leverage Dictates the Deal



COMPENSATION ISSUES

- Salary
- Bonuses
 - Sign On
 - 1st and/or 2nd Year Guarantees
- Equity Grants
 - Restricted Stock
 - “Vesting” Triggers
 - Acceleration and “Change of Control” Provisions
 - Options
 - Cashless or Cash?
 - Vesting Period
 - Exercise Price
 - Acceleration and “Change of Control” Provisions
 - Taxes



BENEFITS ISSUES

- Vacation
- Medical/Dental Benefits
 - Fully Paid or Employee Subsidized
- Life Insurance
- AD&D and LTD
- International Travel Insurance
- Car Allowance
- Relocation and/or Housing Assistance
- Reimbursement of Legal Fees/Tax Advice



LEGAL ISSUES

- Director's & Officer's Liability Coverage
- Defense and Indemnity
- Outside Directorships
 - For-Profit and Non-Profit
- Post-Termination Restrictions
 - Confidentiality and Non-Disclosure
 - No-Solicitation
 - Non-Competition



TERM AND TERMINATION

- Term of Employment vs. Term of Agreement
 - Fixed Term vs. Terminable
- Evergreen Provision
 - Notice Required for Renewal, or Automatic?
- Termination
 - “Cause”
 - “Good Reason”
 - “Any Reason”
 - Notice



POST-TERMINATION ISSUES

- Consequences of Termination
 - Payout Through Term of Agreement?
 - Severance
 - Cash Compensation
 - Salary
 - Bonuses
 - Vesting and Forfeiture of Equity
 - Time to Exercise or Immediate?
 - Are Contract and Equity Agreement Consistent?
 - Does reason for termination have impact?



TAX ISSUES

- Certain Payments and Benefits Trigger Taxes
 - Golden Parachute / CIC \$\$
- Deferred Compensation and Section 409A
 - Possible Tax Penalty
 - Possible Payment Delay
 - Types of Covered Arrangements
 - Severance Benefits
 - Certain Bonus Plans
 - Other Deferred Comp Arrangements



Larry Stuart is Board Certified in labor & employment law by the Texas Board of Legal Specialization and is licensed to practice in California and Texas.

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