



PRESIDIO PAY ADVISORS, INC.

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Founder CEO Ownership Levels in IPO Companies Up 51% from Last Year

SAN FRANCISCO, CA – July 20, 2005 – In companies that went public in 2004, ownership levels for founder CEO's were up 51% from the prior year to 11.8% of total shares outstanding, while non-founder CEO's held just 2.9% of the company. Senior management as a group held a median 9.7% of total company shares, up from 8.2% in 2003. The increase suggests that start-up companies are relinquishing less ownership throughout the venture financing rounds that precede an IPO.

The recently released *Presidio Pay Advisors – IPO Company Executive Compensation Survey* presents findings on executive pay and ownership levels in 100 newly public companies, almost half of which were in the Biotech or Medical Devices industries. The annual survey also found that:

- Although executive ownership levels have increased, average annual stock option run-rates (annual option grants minus options cancelled or forfeited divided by total company shares outstanding) have declined, a trend that likely reflects anticipation of stock option expensing.
- While many public companies have begun to use restricted stock in lieu of stock options as a way to reduce equity expense, less than 5% of executives in IPO companies received restricted stock in the year before IPO.
- The majority of companies in the survey were not profitable at the time of IPO, a notable difference from last year, in which 55% of companies showed a profit by the time they went public.

About Presidio Pay Advisors, Inc.

Presidio Pay Advisors provides companies with thoughtful, independent, strategic advice and support on a wide range of compensation issues. The firm's collective expertise is comprehensive, encompassing the diverse array of human resources, finance, accounting, regulatory, and shareholder perspectives. You can download the IPO survey from their website at <http://www.presidiopay.com>.

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