Executive Compensation Policies and Practices

We strive to implement sound executive compensation policies and practices, including compensation-related corporate governance standards, consistent with our executive compensation philosophy. During fiscal 2015, we maintained the following executive compensation policies and practices, which we believe drive performance and prohibit or minimize behaviors that we do not believe serve our stockholders' long-term interests:

Policy/Practice	Summary
Recoupment (or Claw-Back) Policy	Under our Worldwide Standards of Business Conduct, we expressly reserve the right to claw back incentive-based or other compensation (including equity-based compensation) paid to an employee (including any Named Executive Officer) if we are required to prepare an accounting restatement as a result of our material noncompliance with any financial reporting laws. In addition, all equity awards granted to our Named Executive Officers after October 2015 include a forfeiture-for-competition provision which provides for potential claw-back of the equity award if the Named Executive Officer violates the non-competition or non-solicitation covenants in the equity award agreement.
One-year minimum vesting period for equity awards	Our 2004 Plan requires a minimum one-year vesting period for all awards granted after April 29, 2015, subject to limited exceptions.
Cap on Change in Control Payments and Benefits	We will not enter into any change in control agreement or arrangement with a Named Executive Officer that provides for cash severance payments (in the case of a change in control of the Company and a subsequent termination of employment) in excess of (i) two times the sum of base salary and target annual cash performance bonus, plus (ii) the prorated target annual cash performance bonus for the year in which the termination of employment occurs.
No Excise Tax Payments	We will not enter into any change in control agreement or arrangement with a Named Executive Officer that provides for an excise tax gross-up payment.
Limited Perquisites	We provide limited perquisites or other personal benefits to our Named Executive Officers and provide air and other travel for our Named Executive Officers for business purposes only.
Anti-Hedging Policy and Pledging Policy	Our employees, including our Named Executive Officers, and Directors, are not permitted to hedge their economic exposure to our equity securities.
Incentive Compensation Amounts are Subject to Payment Thresholds and Maximums	Our annual cash performance bonuses and PRSUs have threshold performance requirements that must be achieved to receive payment and are subject to maximum payment "caps."
Stock Ownership Requirements	Our stock ownership requirements provide that our President and/or Chief Executive Officer should attain an investment position in our common stock having a value that is at least equal to three times his or her base salary, and that our other Named Executive Officers should attain an investment position having a value that is at least equal to one-and-one-half times their base salaries.
Independent Compensation Consultant	Compensia is retained directly by the Compensation Committee, advises the Compensation Committee on pay decisions regarding our Named Executive Officers and keeps the Compensation Committee apprised of compensation trends and best practices. Compensia performs no other services for us.
Compensation Risk Assessment	The Compensation Committee conducts an annual risk assessment of our compensation policies and practices to ensure that our programs are not reasonably likely to have a material adverse effect on us.

Response to 2015 "Say On Pay" Vote and Stockholder Engagement Process

The Compensation Committee seeks to align the objectives of our executive compensation program with the interests of our stockholders. In that respect, the Compensation Committee carefully considered the approval by 70.73% of the votes cast for our "say on pay" vote at our 2015 annual meeting of stockholders when making decisions about our executive compensation program moving forward.

During 2015, we continued our practice of proactive stockholder engagement regarding executive compensation and other governance matters. After filing and disseminating our definitive proxy statement for our 2015 annual meeting of stockholders, our Senior Vice President, Human Resources, Corporate Communications and Investor Relations conducted conference calls, in-person meetings or other discussions with many of our top 50 stockholders (which collectively represent approximately 56% of the shares entitled to vote at our Annual Meeting) to solicit their views on our executive compensation structure and pay practices. The Chairman of our Board, the Chair of our Compensation Committee, and other members of our senior management took part in our stockholder engagement efforts. A variety of topics, including compensation, governance, financial performance and corporate strategy were discussed during these engagements.

Based on these discussions we learned that, generally, these stockholders believed our executive compensation program was aligned with their interests, although they expressed a desire to see us adopt a longer performance period for our long-term incentive awards. The Compensation Committee responded to this feedback by extending the performance period for PRSUs awarded in 2015 to three years (as compared to the two year performance period for the 2014 PRSUs). The Compensation Committee continues to encourage an active dialogue with our stockholders regarding compensation and governance practices.

Compensation Philosophy and Objectives

Our executive compensation program is guided by the following overarching principles:

Principle	Description
Business Driven	Compensation is aligned to Company performance, by linking rewards directly to the achievement of specific financial objectives which result in increased stockholder value and structured to avoid excessive risk-taking.
Performance Differentiated	Compensation structured to create an effective link between pay and performance at both the Company and individual level.
Market Competitive	Compensation that is competitive to attract, retain and motivate high caliber senior leadership in management, engineering and other key disciplines.
Ownership Oriented	Compensation that is fully aligned with stockholder interests by delivering meaningful equity awards tied to shareholder value creation and maintaining robust stock ownership requirements.

We continually assess and adjust our executive compensation program, policies and practices in light of these overarching principles and feedback obtained through our stockholder engagement efforts.

Pay for Performance

The tenets of our compensation philosophy strongly center on pay for performance. We align to the following primary principles:

- Our compensation practices are designed to align with the interests of our stockholders;
- Sustained, improved financial performance should result in increasing stockholder value; and
- With improved company performance and increases in stockholder returns, our compensation programs should deliver higher rewards to employees.

We have been transitioning our business model by diversifying revenue and pursuing higher growth, higher margin businesses in which we have a competitive advantage. This change is based in part upon the recognition that the personal computer industry continues to undergo a fast-paced structural change characterized by greater commoditization, lower pricing and margin deterioration. A greater shift towards incentive, performance-based compensation is aligned with this transition.