



Communications Systems, Inc.


JCS NASDAQ

Communications Equipment

Market Capitalization USD:

\$109.62 mm

CONCERN LEVEL: LOW

- 1 The CEO's total remuneration is within the typical market range for the relevant industry and market cap.
- 2 The ratio between the CEO's pay and the median pay of the other named executive officers is 3X or less.
- 3 The CEO's annual cash incentives rose or fell in line with annual performance.
- 4 The CEO received no more than one annual cash bonus this fiscal year.
- 5 The CEO's equity remuneration reflected the company's share price movement over the last five years.
- 6 The company only pays long-term incentives to the CEO for above median performance against a peer group.
- 7 The company's dilution from equity incentives is 10 percent or less. 
- 8 Unvested equity lapses when the CEO's employment is terminated. 
- 9 The CEO's potential cash severance payment is capped at two times annual cash remuneration.
- 10 The accrued benefits of the CEO's post-retirement income are within the typical market range for the relevant market cap bracket.

CEO: William Schultz

Age: 43

CEO Since: 2011

	2009	2010	2011
Base Salary	\$371,423	\$385,000	\$263,269
Discretionary Bonus	\$0	\$0	\$0
Annual Cash Incentive	\$475,521	\$590,474	\$274,879
Benefits and Perquisites	\$14,656	\$11,412	\$16,461
TOTAL ANNUAL COMPENSATION	\$861,600	\$986,886	\$554,609
Increase in Post-Retirement Benefits	\$0	\$0	\$0
Stock Option Awards	\$0	\$0	\$34,623
Stock Awards	\$0	\$78,096	\$9,071
TOTAL COMPENSATION	\$861,600	\$1,064,982	\$598,303
Median of Other Named Executive Officers Total Compensation	\$393,276	\$484,607	\$444,960
Value Realized on Exercise of Stock Option	\$0	\$0	\$0
Value Realized on Vesting of Stock	\$0	\$0	\$4,218
TOTAL REALIZED EQUITY COMPENSATION	\$0	\$0	\$4,218

Proxy Date: 9 Apr 2012

Annual Meeting Date: 22 May 2012

Equity Reserves: 16.28%

Stock Option Run Rate: 1.25%

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Performance Comparison

■ S&P500 ■ Industry ■ JCS



Peer Comparisons (TRBC) =Communications Equipment

Total Summary CEO Compensation

Ticker	Company Name	2009	2010	2011	Market Cap
JCS	Communications Systems, Inc.	\$861,600	\$1,064,982	\$598,303	\$109,624,553
GCOM	Globecomm Systems Inc	\$709,161	\$968,671		\$308,433,083
OPLK	Oplink Communications, Inc.	\$1,909,377	\$1,776,052		\$293,711,730
PWAV	Powerwave Technologies, Inc.	\$840,923	\$3,958,075		\$272,438,603
SEAC	SeaChange International, Inc.	\$1,327,866	\$971,321		\$247,959,419
EXTR	Extreme Networks, Inc.	\$502,322	\$1,226,016	\$3,161,349	\$246,098,628
SHOR	ShoreTel, Inc.	\$940,725	\$2,112,139		\$237,087,461

To insure consistency, peer comparisons are based on a combination of TRBC Industry and Sector classifications and company market caps.

Missing peer pay figures for 2011 are due to differences in company filing schedules.

Pay Peer Group

Digi International Inc., Network Engines, Inc., ShoreTel, Inc., BigBand Networks, Inc., Oplink Communications, Inc, LoJack Corporation, Spectrum Control, Inc., LeCROY Corporation, Zhone Technologies, Inc., CalAmp Corp., Keithley Instruments, Inc., Comverge, Inc., EF Johnson Technologies Inc., KVH Industries Inc., RAE systems Inc., DRI Corporation, DTS Inc., Network Equipment Technologies Inc., Meru Networks Inc., Optical Cable Corp.

Performance Peer Group

NA

COMPENSATION COMMITTEE MEMBERS

Director	Membership	Age	Gender	Tenure	Independence
Gerald D. Pint	Chairman	76	Male	15	Outside Related
Edwin C. Freeman	Member	56	Male	24	Outside Related
Randall D. Sampson	Member	53	Male	13	Outside Related
Roger H.D. Lacey	Member	61	Male	4	Outside

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