BOTTOMLINE TECHNOLOGIES INC /DE/
Form DEF 14A
October 07, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.   )

Filed by the Registrant x   Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

Bottomline Technologies (de), Inc.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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¨ Fee paid previously with preliminary materials:

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

BOTTOMLINE TECHNOLOGIES (de), INC.

325 Corporate Drive

Portsmouth, New Hampshire 03801

Notice of Annual Meeting of Stockholders

To be held on November 17, 2011

To the stockholders of Bottomline Technologies (de), Inc.:

The annual meeting of stockholders of Bottomline Technologies (de), Inc., a Delaware corporation, will be held on Thursday, November 17, 2011 at 3:00 p.m., local time, at the International Office Suites at One New Hampshire Avenue, New Hampshire Room, Portsmouth, New Hampshire 03801, for the purpose of considering and voting upon the following matters:

1. To elect three Class I directors for the ensuing three years;

2. To approve an amendment of our 2009 Stock Incentive Plan to increase the number of shares of common stock authorized for issuance under the Plan from 2,750,000 to 5,550,000, as further set forth in the accompanying proxy statement;

3. To hold a non-binding advisory vote on executive compensation;

4. To hold a non-binding advisory vote on the frequency of future non-binding advisory votes on executive compensation;

5. To ratify the selection of Ernst & Young LLP as our registered public accounting firm for the current fiscal year; and

6. To transact such other business as may properly come before the annual meeting, including any postponements or adjournments thereof.

Our Board of Directors has no knowledge of any other business to be transacted at the annual meeting.

We are enclosing a copy of our annual report to stockholders for the fiscal year ended June 30, 2011 with the proxy statement that accompanies this notice of meeting. The annual report contains consolidated financial statements and other information of interest to you.

Holders of record of our common stock at the close of business on September 28, 2011 are entitled to receive this notice and to vote at the annual meeting.

We encourage you to attend the annual meeting in person. Directions to the annual meeting are available at www.bottomline.com under the FAQ section of the Investor Relations caption. However, in order to make sure that you are represented at the annual meeting, we urge you to complete, sign and return the enclosed proxy card in the enclosed postage-prepaid envelope, or vote by phone or internet according to the instructions on the proxy card, as promptly as possible. If the shares you own are held in street name by a bank or broker, you should follow the voting instructions provided to you by your bank or broker.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be Held on November 17, 2011.

The Proxy Statement and Annual Report to Stockholders are available at www.envisionreports.com/epay for registered stockholders and www.edocumentview.com/epay for beneficial owners.

By order of the Board of Directors,

/s/ Joseph L. Mullen
Joseph L. Mullen

Chairman of the Board of Directors

October 7, 2011

Portsmouth, New Hampshire

BOTTOMLINE TECHNOLOGIES (de), INC.

325 Corporate Drive

Portsmouth, New Hampshire 03801

Proxy Statement

For the Annual Meeting of Stockholders

To be held on November 17, 2011

This proxy statement is furnished to you in connection with the solicitation of proxies by our Board of Directors for the annual meeting of stockholders to be held on Thursday, November 17, 2011 at 3:00 p.m., local time, at the International Office Suites at One New Hampshire Avenue, New Hampshire Room, Portsmouth, New Hampshire 03801, including any postponements or adjournments thereof.

The notice of the annual meeting, this proxy statement, our annual report to stockholders for the fiscal year ended June 30, 2011, which we sometimes refer to as fiscal 2011, and the enclosed proxy card are first being mailed to stockholders on or about October 7, 2011.

Voting of Proxies

All shares held by stockholders who are entitled to vote and who are represented at the annual meeting by properly executed proxies received prior to or at the annual meeting will be voted in accordance with the instructions indicated on the proxy card, unless it is revoked prior to the vote. If you return a proxy card but do not specify how the proxy is to be voted with respect to a particular proposal, your shares will be voted as follows: FOR the election of all director nominees in the case of Proposal 1; FOR Proposals 2, 3 and 5; and for ONE YEAR in the case of Proposal 4.

You may revoke your proxy before it is used to cast a vote. If you are a stockholder of record, to revoke a proxy you must:

- file with the corporate secretary of the company, at or before the taking of the vote, a written notice of revocation bearing a later date than the proxy;
- execute a later dated proxy relating to the same shares and deliver it to the corporate secretary of the company before the taking of the vote;
- vote again by telephone or internet; or
- attend the annual meeting and vote in person. Your attendance at the annual meeting, if you do not vote, will not be sufficient to revoke a proxy.

You should send us any written notice of revocation or subsequent proxy to us at the following address: Bottomline Technologies (de), Inc., 325 Corporate Drive, Portsmouth, New Hampshire 03801, Attention: Corporate Secretary.

If the shares you own are held in street name by a bank or brokerage firm, you should follow the instructions provided by your bank or brokerage firm if you wish to revoke your proxy.

Stockholders Entitled to Vote

Our Board of Directors has fixed September 28, 2011 as the record date for the determination of stockholders entitled to vote at the annual meeting. Only holders of record of our common stock at the close of business on the record date are entitled to notice of, and to vote at, the annual meeting. On September 28, 2011, there were 35,946,256 shares of our common stock outstanding and entitled to vote. Each share of common stock will have one vote for each matter to be voted upon at the annual meeting.

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Votes Required

The holders of at least a majority of the shares of our common stock issued and outstanding and entitled to vote at the annual meeting will constitute a quorum for the transaction of business at the annual meeting. Shares of common stock present in person or represented by proxy, including shares which abstain or are treated as broker non-votes as discussed below, will be counted for purposes of determining whether a quorum is present at the annual meeting.

If the shares you own are held in street name by a bank or brokerage firm, then your bank or brokerage firm, as the record holder of your shares, is required to vote your shares according to your instructions. If you do not give instructions to your bank or brokerage firm, it will still be able to vote your shares with respect to certain discretionary items, but will not be allowed to vote your shares with respect to non-discretionary items. Of the five proposals to be voted on at our 2011 annual meeting, only Proposal 5, the ratification of the selection of our registered public accounting firm, is considered to be a discretionary item on which banks and brokerage firms may vote without instructions from you. Proposals 1, 2, 3 and 4 are considered non-discretionary items on which banks and brokerage firms may not vote without instructions. Therefore, if you do not instruct your broker or bank representative regarding how you would like your shares to be voted, your bank or brokerage firm will not be able to vote on your behalf with respect to Proposals 1, 2, 3 and 4, and your shares will be treated with respect to these items as broker non-votes.

The affirmative vote of the holders of shares representing at least a plurality of the votes cast by the holders of our common stock entitled to vote at the annual meeting is required for Proposal 1, the election of the Class I directors. The affirmative vote of the holders of shares representing at least a majority of the stock present or represented and voting on the matter is required for the approval of each of Proposal 2, the amendment of our 2009 Stock Incentive Plan; Proposal 3, the non-binding advisory vote on executive compensation; Proposal 4, the approval of one of the three frequency options under the non-binding advisory vote on the frequency of future advisory votes on executive compensation; and Proposal 5, the ratification of the selection of our registered public accounting firm. Broker non-votes and abstentions are not counted as votes on these matters, and therefore will have no effect on the outcome of these proposals.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information, as of August 31, 2011, regarding the beneficial ownership of shares of our common stock by (a) each person or entity known by us to own beneficially more than 5% of the outstanding shares of our common stock, (b) each of the named executive officers, as described in the Summary Compensation Table below, (c) each director of the company, and (d) the directors and executive officers of the company as a group. The address of each of our directors and named executive officers is c/o Bottomline Technologies (de), Inc., 325 Corporate Drive, Portsmouth, New Hampshire 03801. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission, which we sometimes refer to as the SEC, and generally includes voting power and/or investment power with respect to securities. As of August 31, 2011, there were 35,918,711 shares of our common stock outstanding. Shares of common stock subject to options currently exercisable or exercisable within 60 days of August 31, 2011 are deemed outstanding for purposes of computing the percentage beneficially owned by the person or entity holding the options, but are not deemed outstanding for purposes of computing the percentage beneficially owned by any other person or entity. Except as indicated by footnote, we believe that the persons and entities named in this table, based on information provided by them, have sole voting and investment power with respect to the shares of common stock indicated.

Name and Address of Beneficial Owner	Shares Beneficially Owned Number	Shares Beneficially Owned Percent	Options Included in Shares Beneficially Owned Number
5% Stockholders			
Franklin Resources, Inc. One Franklin Parkway San Mateo, CA 94403-1906	3,590,908(1)	10.0	
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	3,271,477(2)	9.1	
TimesSquare Capital Management, LLC. 1177 Avenue of the Americas, 39th Floor New York, NY 10036	2,497,741(3)	7.0	
T. Rowe Price Associates, Inc. 100 E. Pratt Street Baltimore, MD 21202	2,266,020(4)	6.3	
Executive Officers and Directors			
Robert A. Eberle	372,028(5)	1.0	50,098
Kevin M. Donovan	127,719(6)	*	27,000
Nigel K. Savory	89,549(7)	*	
Joseph L. Barry, Jr.	143,145(8)	*	22,500
Michael J. Curran	20,000(9)	*	
Jeffrey C. Leathe	18,000(10)	*	15,000
James L. Loomis	276,250(11)	*	22,500
Daniel M. McGurl	68,000(12)	*	
Joseph L. Mullen	234,405(13)	*	160,000
Garen K. Staglin	17,000(14)	*	
James W. Zilinski	35,078(15)	*	
All executive officers and directors as a group (11 persons)	1,401,174	3.9	297,098

* Represents less than 1% of the outstanding shares of common stock.

(1) These shares are beneficially owned by one or more open or closed-end investment companies or other managed accounts that are investment management clients of investment managers that are direct and indirect subsidiaries (collectively, the Investment Management Subsidiaries) of Franklin Resources, Inc.

(FRI), including Franklin Advisers, Inc., Franklin Templeton Portfolio Advisors, Inc., Franklin Templeton Institutional, LLC and Fiduciary Trust Company International. Investment management contracts grant to the Investment Management Subsidiaries investment and/or voting power over the securities owned by such investment management clients. Franklin Advisers, Inc. has sole voting and dispositive power as to 2,589,411 of the shares. Franklin Templeton Portfolio Advisors, Inc. has sole voting and dispositive power as to 696,481 of the shares and shared dispositive power over 516 of the shares. Fiduciary Trust Company International has sole voting and dispositive power as to 65,000 of the shares and Franklin Templeton Institutional, LLC has sole dispositive power over 239,500 of the shares. Charles B. Johnson and Rupert H. Johnson, Jr. (the Principal Shareholders) each own in excess of 10% of the outstanding common stock of FRI and are the principal shareholders of FRI. FRI, the Principal Shareholders and each of the Investment Management Subsidiaries disclaim any pecuniary interest or beneficial ownership in any of these shares. This information is based on an Amendment no. 5 to Schedule 13G filed by Franklin Resources, Inc. on February 10, 2011.

(2) These shares are held by the investment advisory subsidiaries of BlackRock, Inc. BlackRock, Inc. shares voting and dispositive power over the shares. This information is based on Amendment No. 1 to Schedule 13G filed by BlackRock, Inc. on January 10, 2011.

(3) These shares are held by TimesSquare Capital Management, LLC in its capacity as an investment advisor. TimesSquare Capital Management, LLC has sole dispositive power over all 2,497,741 of these shares, and sole voting power as to 2,276,841 of the shares. This information is based on Form 13G filed by TimesSquare Capital Management, LLC with the SEC on February 9, 2011.

(4) T. Rowe Price Associates, Inc. (Price Associates) holds sole voting power over 210,620 of the shares and sole dispositive power over all 2,266,020 shares. These shares are owned by various individual and institutional investors, for which Price Associates serves as investment advisor with power to direct investments and/or power to vote the shares. Price Associates disclaims beneficial ownership of such shares. This information is based on Amendment No. 5 to Schedule 13G filed by Price Associates with the SEC on February 10, 2011.

(5) Includes prior awards of restricted stock, of which 249,062 are unvested as of August 31, 2011.

(6) Includes prior awards of restricted stock, of which 58,874 are unvested as of August 31, 2011

(7) Includes prior awards of restricted stock, of which 84,250 are unvested as of August 31, 2011.

(8) Includes prior awards of restricted stock, of which 3,000 are unvested as of August 31, 2011.

(9) Includes prior awards of restricted stock, of which 3,000 are unvested as of August 31, 2011.

(10) Includes prior awards of restricted stock, of which 3,000 are unvested as of August 31, 2011.

(11) Includes prior awards of restricted stock, of which 3,000 are unvested as of August 31, 2011.

(12) Includes prior awards of restricted stock, of which 3,000 are unvested as of August 31, 2011.

(13) Includes prior awards of restricted stock, of which 3,000 are unvested as of August 31, 2011.

(14) Includes prior awards of restricted stock, of which 3,000 are unvested as of August 31, 2011.

(15) Includes prior awards of restricted stock, of which 3,000 are unvested as of August 31, 2011.

PROPOSAL I ELECTION OF CLASS I DIRECTORS

We have three classes of directors, currently consisting of three Class I directors, three Class II directors and three Class III directors. At each annual meeting, directors are elected for a full term of three years to succeed those whose terms are expiring. The terms of the three classes are staggered in a manner so that only one class is elected by stockholders annually. Mr. Joseph L. Barry, Jr., Mr. Robert A. Eberle, and Mr. Jeffrey C. Leathe are currently serving as Class I directors. The Class I directors elected this year will serve as members of our Board of Directors until the 2014 annual meeting of stockholders, or until their respective successors are elected and qualified. Proxies cannot be voted cumulatively.

The Nominations and Corporate Governance Committee has recommended to the Board, and the Board proposes, that Mr. Barry, Mr. Eberle, and Mr. Leathe be re-elected as directors. The persons named in the enclosed proxy will vote to re-elect Mr. Barry, Mr. Eberle, and Mr. Leathe as Class I directors unless the proxy is marked otherwise. Mr. Barry, Mr. Eberle, and Mr. Leathe have indicated their willingness to serve on our Board of Directors, if elected; however, if any nominee should be unable to serve, the person acting under the proxy may vote the proxy for a substitute nominee designated by our Board of Directors. Our Board of Directors has no reason to believe that Mr. Barry, Mr. Eberle, or Mr. Leathe would be unable to serve if elected.

The Board recommends a vote FOR each of the persons nominated by the Board.

Set forth below is information about our directors, including the Class I director nominees. The information presented includes their years of service as a director as well as information each director has given us about his age, all positions he holds, principal occupation and business experience for the last five years and names of other publicly-held companies of which he currently serves as a director. In addition to the information presented below in respect of each director s specific experience, qualifications and skills that lead the Board to the conclusion that he should serve as a director, we also believe that each director has a reputation for integrity, honesty and high ethical standards.

Name	**Age**	**Principal Occupation, Other Business Experience During the Past Five Years and Other Directorships**
Class I directors (terms expiring in 2011)		
Joseph L. Barry, Jr.	78	Mr. Barry has been a director since 1990. Mr. Barry has served as President of Hallmark Mechanical Corp., a machinery service company, since 1990, and as Chairman of Hallamore Corp., a transportation and rigging company, since 1956. Since 1975, Mr. Barry has served as Chairman of Northeast Concrete Products, and since 1978, as co-Chairman of the New England Teamsters Pension Fund. We believe Mr. Barry s qualifications to serve on our Board include his executive and operational business experience of over 50 years, including knowledge of investment markets and strategies and his general business acumen. #
Robert A. Eberle	50	Mr. Eberle has been a director since 2000 and has served as our Chief Executive Officer since November 2006 and our President since August 2004. Mr. Eberle served as our Chief Operating Officer from April 2001 to November 2006 and as our Chief Financial Officer from September 1998 to August 2004. Prior to his tenure at Bottomline, Mr. Eberle served as Executive Vice President of Telxon Corporation, a mobile computing and wireless data company. In addition, Mr. Eberle has served on the boards of a number of venture backed technology companies. We believe Mr. Eberle s qualifications to serve on our Board include his nearly two decades of experience in the technology industry, including his current role as our Chief Executive Officer.

Name	Age	Principal Occupation, Other Business Experience During the Past Five Years and Other Directorships
Jeffrey C. Leathe	55	Mr. Leathe has served as a director since 2005. Since June 2011, Mr. Leathe has served as Chairman and Chief Executive Officer of Lantos Technologies, Inc., a medical imaging company. From December 2009 through February 2011, Mr. Leathe served as Chairman and Chief Executive Officer of Biocius Life Sciences, Inc. and from October 2007 to December 2009 served as Senior Vice President and Chief Financial Officer of Biotrove, Inc, companies involved in drug discovery research and clinical diagnostic testing. Since November 2004, Mr. Leathe has served as Principal of Leathe & Associates, LLC, a private investment advisory firm. From November 2005 to September 2007, Mr. Leathe served as President of Pelican Group Holdings, a biotechnology company. From 1990 to 2003, Mr. Leathe served as Executive Vice President, Chief Financial Officer and Treasurer of Apogent Technologies, a publicly-held manufacturer of healthcare and life sciences research products with over $1.0 billion in revenues. Mr. Leathe is also a certified public accountant (CPA). We believe Mr. Leathe s qualifications to serve on our Board include his business experience as a senior executive officer and 13 years as an executive officer of a public company, including his experience as a principal financial officer of a public company and as a CPA. *
Class II directors (terms expiring in 2012)		
Michael J. Curran	56	Mr. Curran has served as a director since 2006. Mr. Curran has served as Executive Vice President and Managing Director, Corporate Banking Services at Banco Santander since January 2009. Mr. Curran served as Executive Vice President, Global Solutions Group of Sovereign Bank, from June 2007 to January 2009. From March 1995 to April 2006, Mr. Curran served as Executive Vice President, Global Treasury Services of Bank of America, overseeing an operating unit that generated approximately $2.0 billion in revenue. Mr. Curran was also a member of Bank of America s Management Operations Committee. Prior to his tenure at Bank of America, Mr. Curran was Executive Vice President at FleetBoston Financial Corporation where he managed the bank s Cash Management, Corporate Trust, Government Banking and Financial Institutions lines of business and was a member of the bank s Leadership Advisory Group, Payments Council, Corporate Diversity Council, and a trustee of the FleetBoston Financial Foundation. Prior to joining FleetBoston, Mr. Curran was a business unit manager for structured finance at Chemical Bank and held several management positions at Manufacturers Hanover Trust Co. in both New York and London. Mr. Curran has approximately 30 years of experience in the financial services industry, much of which was specifically oriented around corporate payments, cash management and technology, which we believe qualifies Mr. Curran to serve on our Board.

Name	Age	Principal Occupation, Other Business Experience During the Past Five Years and Other Directorships
Joseph L. Mullen	59	Mr. Mullen has served as a director since 1996. Mr. Mullen has served as our Chairman since May 2007, and served as our Vice Chairman from November 2006 to May 2007. Mr. Mullen served as our Chief Executive Officer from August 2002 to November 2006. From September 2000 to August 2004, Mr. Mullen served as President of Bottomline, and he served as Chief Operating Officer from September 2000 to April 2001. From 1977 to 1989, Mr. Mullen held a variety of positions at IBM Corporation. We believe Mr. Mullen s qualifications to serve on our Board include his experience in the technology industry, particularly his expertise around payments and payment methodologies. Further, given Mr. Mullen s prior executive experience within Bottomline, he has a deep understanding of our company and our operations.
James W. Zilinski	67	Mr. Zilinski has served as a director since 1994. From July 1995 until his retirement in December 2004, Mr. Zilinski served as President and Chief Executive Officer of Berkshire Life Insurance Company of America and as a director of its subsidiary, Berkshire Securities Corp. We believe Mr. Zilinski s prior executive positions, including at financial institutions, general business knowledge and his knowledge of our company qualify him to serve on our Board. *#
Class III directors (terms expiring in 2013)		
James L. Loomis	61	Mr. Loomis has been a director since May 1989, when he co-founded Bottomline. From 1989 to 1996, Mr. Loomis served as our Executive Vice President and Treasurer. From 1996 until his retirement in September 2000, Mr. Loomis served as Senior Executive Advisor of Bottomline. Prior to his involvement with Bottomline, Mr. Loomis spent approximately 15 years in a variety of executive finance positions with Nashua Corporation, including Treasurer and Director of International Finance. We believe Mr. Loomis s qualifications to serve on our Board include his experience in the software and technology industry including as our co-founder and his experience in corporate finance. *
Daniel M. McGurl	75	Mr. McGurl has been a director since May 1989, when he co-founded Bottomline. Mr. McGurl served as Chairman of the Board of Directors from May 1989 to May 2007. From May 1989 until his retirement in August 2002, Mr. McGurl served as our Chief Executive Officer, and from May 1989 to September 2000, Mr. McGurl also served as President of Bottomline. Prior to co-founding Bottomline, Mr. McGurl spent 26 years at IBM Corporation in a variety of senior positions including Director of Marketing Planning and Director of Far East Operations. We believe Mr. McGurl s qualifications to serve on our Board include his over 40 years of experience in the software and technology industry including as our co-founder, Chairman for 18 years and Chief Executive Officer for 13 years.

Name	Age	Principal Occupation, Other Business Experience During the Past Five Years and Other Directorships
Garen K. Staglin	66	Mr. Staglin has been a director since 2007. From 1992 to 2003, Mr. Staglin was a director of First Data Corporation, serving as Chairman of the Compensation Committee and a member of the Audit Committee during his tenure. Mr. Staglin was the Chief Executive Officer of eONE Global LP, an emerging payments company, from November 2000 to April 2004. Mr. Staglin serves as a director of ExlService Holdings, Inc., a provider of offshore business process outsourcing solutions and as a director of SVB Financial Group, a financial services company. Mr. Staglin is also a senior advisor for FTV Capital. Mr. Staglin s qualifications to serve on our Board include his over 35 years of experience as an investor, director, and senior executive of public and private entities in transaction processing and computer services industries serving primarily the financial services, network services and automobile dealer vertical markets. #

Member of compensation committee.
Member of nominations and corporate governance committee.
* Member of audit committee.

Director Compensation

Compensation for our directors is reviewed from time to time by our chief executive officer and compensation committee, and any determinations with respect to Board compensation are made by our Board of Directors.

Each of our non-employee directors receives a restricted stock award of 3,000 shares of our common stock on the date of each annual meeting of stockholders (other than a director who is initially elected to the Board of Directors at the annual meeting or at any time after the prior year s annual meeting). These awards vest in full on the earlier of the first anniversary of the grant date or the next annual meeting of stockholders. In fiscal 2011, Messrs. Barry, Curran, Leathe, Loomis, McGurl, Mullen, Staglin and Zilinski each received a restricted stock award for 3,000 shares of our common stock.

Upon his or her initial election to the Board of Directors, a non-employee director receives a restricted stock award for 8,000 shares of our common stock. This award vests over a period of four years from the date of grant, with 25% of the shares vesting on the first anniversary of the date of grant and an additional 6.25% of the shares vesting each quarter thereafter. No such grants were made during fiscal 2011, as there were no new directors elected to the Board.

Equity awards to our directors vest in full upon a change in control. For purposes of this provision, a change in control occurs if:

- we are acquired through a merger or consolidation which results in the company s voting shares before the transaction retaining less than 50% of the voting power of the company or the acquiring entity after the transaction;
- we are liquidated; or
- all or substantially all of our assets are sold.

We reimburse our non-employee directors for expenses incurred to attend Board of Directors and committee meetings and other business related travel. In addition, directors who actively hold a position on the Board and are founders or former chief executive officers of the company are eligible for company-provided medical and dental insurance should they so elect. We provided this benefit to Mr. Mullen and Mr. Loomis in fiscal 2011.

Our non-employee directors also receive annual fees, per-meeting fees and fees for serving as Board committee members and chairpersons. In fiscal 2011, each non-employee director other than Mr. Mullen received an annual fee of $17,500, payable quarterly in arrears, and a fee of $1,250 for each meeting of the Board of Directors that the non-employee director attended. Each non-employee director who served as a member of the audit committee, other than the chairperson of such committee, received an annual fee of $3,500. Each non-employee director who served as a member of the compensation committee or nominations and corporate governance committee, other than the respective chairpersons of those committees, received an annual fee of $1,000 for each committee in which they participated. The chairman of the audit committee received an annual fee of $15,000 and the chairman of the compensation committee and the nominations and corporate governance committee each received an annual fee of $2,000.

Joseph Mullen Letter Agreement

On November 18, 2010, we entered into a letter agreement (the 2010 Letter Agreement) with Mr. Mullen to retain his services for (a) $100,000 per year during the period beginning on November 17, 2010 and ending on November 16, 2011 and (b) $115,000 per year for each year during the period beginning on November 17, 2011 and ending on November 17, 2014, at which time his role and services will be re-evaluated. Under the 2010 Letter Agreement, Mr. Mullen will serve as chairman of the Board of Directors during any periods he is appointed to such position by the Board, and as part of his role as Chairman, will be available as required or requested by management for services including strategy analysis, merger and acquisition evaluation and analysis, strategic partnerships and executive coaching. Under the terms of the 2010 Letter Agreement, Mr. Mullen is eligible to receive 3,000 shares of restricted stock (or such other equity award as shall be made to our other non-employee directors) on each date of our annual meeting of stockholders (provided that he is serving as a director of Bottomline during such periods), and these shares will vest at the earlier of the one year anniversary of the grant date or the next annual meeting of stockholders.

If the 2010 Letter Agreement is terminated by us without cause, Mr. Mullen will be entitled to be paid a lump sum equal to the full amount due to him with respect to the remaining term of the agreement. Should Mr. Mullen s engagement with us be terminated as a result of death or disability, as a result of involuntary termination or without cause, Mr. Mullen s then unvested options and restricted stock will fully vest, and he or his estate generally will have a period of two years (or the remainder of the applicable option term if less than two years) after the date of such termination to exercise his stock options. In addition, in the event that, prior to November 17, 2014, a change in control of Bottomline occurs, Mr. Mullen s then unvested options and restricted stock will fully vest. Mr. Mullen s entitlement to a tax gross-up under certain circumstances in connection with a change of control of Bottomline will terminate on November 17, 2011. Under the 2010 Letter Agreement, Mr. Mullen is also eligible to be reimbursed by us for reasonable business expenses and, until he reaches age 65, to participate in our standard U.S. health insurance plan.

Director Stock Ownership Program

In February 2008, we approved a modification to certain of our stock option plans to permit any director to elect to exercise stock options that were in-the-money, and fully vested, on a net share settlement basis. Under such an exercise, the director would receive shares of our common stock with a value equal to the closing market price of our common stock on the date of exercise less the exercise price of the options. Any director making such an election agrees not to sell or transfer any of the shares received upon exercise for a period of two years from the exercise date. We implemented this modification to encourage and promote long-term share ownership by our directors.

The following table sets forth information concerning the compensation of our directors for fiscal 2011. The compensation information for Mr. Eberle is included in the Summary Compensation Table.

Fiscal 2011 Director Compensation

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($) (1)	Option Awards ($) (2)	All Other Compensation ($)	Total ($)
Joseph L. Barry	25,500	$ 57,210			82,710
Michael J. Curran	22,250	$ 57,210			79,460
Jeffrey C. Leathe	37,500	$ 57,210			94,710
James L. Loomis	26,000	$ 57,210		15,840(3)	99,050
Daniel M. McGurl	22,500	$ 57,210			79,710
Joseph L. Mullen		$ 57,210		117,280(4)	174,490
Garen K. Staglin	23,500	$ 57,210			80,710
James W. Zilinski	29,000	$ 57,210			86,210

(1) As of June 30, 2011, Messrs. Barry, Curran, Leathe, Loomis, McGurl, Mullen, Staglin and Zilinski each had 3,000 unvested restricted stock awards outstanding. Messrs. Barry, Curran, Leathe, Loomis, McGurl, Mullen, Staglin and Zilinski were each awarded 3,000 shares of restricted stock on November 18, 2010. The amounts reported in this column are computed based on the closing price of our common stock on the date the awards were granted.

(2) As of June 30, 2011, our directors had the following aggregate number of stock option awards outstanding: Joseph L. Barry, 22,500; Jeffrey C. Leathe, 15,000; James L. Loomis, 22,500; Daniel M. McGurl, 7,500; Joseph L. Mullen, 160,000.

(3) Amounts represent medical and dental insurance premiums paid by the company on behalf of Mr. Loomis.

(4) Consists of $100,000 paid to Mr. Mullen pursuant to the 2010 Letter Agreement and $17,280 in medical and dental insurance premiums paid by the company on behalf of Mr. Mullen.

Executive Compensation

Compensation Discussion and Analysis

The compensation committee of our Board of Directors oversees, reviews and approves all compensation decisions relating to our named executive officers. In the discussion that follows, executives refers to our fiscal year 2011 executive officers, Messrs. Eberle, Donovan and Savory.

Objectives and Philosophy of Our Executive Compensation Program

The primary objectives of the compensation committee with respect to executive compensation are to:

- enable us to attract, retain and motivate the best possible executive talent by ensuring that our compensation packages are competitive with those offered by similarly situated companies;

- align our executive compensation with our corporate strategies and business objectives;

- promote the achievement of key strategic and financial performance measures by using a mix of short- and long-term compensation components; and

- align executives incentives with the creation of stockholder value.

To achieve these objectives, the compensation committee evaluates our executive compensation program with the goal of setting compensation at levels the committee believes are competitive with those of other companies of a comparable size within our industry. In addition, a significant portion of each executive s compensation is tied to corporate performance, including financial performance and the achievement of strategic and operational goals such as the establishment and maintenance of key strategic and customer relationships, product development initiatives and employee retention. Executives are also evaluated on their professional growth and individual contributions to the company s success. We provide a significant portion of our executive compensation in the form of restricted stock awards that vest over time, typically four years, which we believe promotes the retention of our executives and aligns their interests with those of our stockholders since this form of compensation allows our executives to participate in the long-term success of our company as reflected in stock price appreciation.

In making compensation decisions, the compensation committee compares our executive compensation against that of a peer group of publicly traded companies. This peer group, which is periodically reviewed and updated, consists of companies that we believe are generally comparable to our company. The companies included in this peer group for fiscal 2011 were: ACI Worldwide, Ariba, Inc., Art Technology Group, athenahealth, Inc., Blackbaud, Inc., Cogent Communications, Concur Technologies, EPIQ Systems, Kenexa Corporation, Online Resources Corporation, Pegasystems, Inc., RightNow Technologies, Inc., S1 Corporation, Taleo Corporation, Tier Technologies, Inc., and The Ultimate Software Group, Inc. Our analysis for the past several fiscal years has shown that the overall compensation packages of our executives have been competitive with those of the peer group we analyzed.

In addition, for purposes of assessing our CEO s compensation, the compensation committee periodically reviews the compensation packages of recently hired CEOs at companies that we believe are generally comparable to ours. For fiscal year 2011, the companies the committee considered for this analysis were Ceco Environmental Corp., Comverge, Inc., Datalink Corp., GLU Mobile Inc., Immersion Corporation, MIPS Technologies, Inc. and Syntel, Inc. The compensation committee believes this is a helpful analysis because it provides a view into current market conditions with respect to CEO compensation. Our analysis has generally shown our CEO s compensation package to be competitive with those of the companies we analyzed.

Components of our Executive Compensation Program

The primary elements of our executive compensation program are:

- base salary;
- cash bonuses;
- restricted stock awards;
- insurance, retirement and other employee benefits; and
- severance and change in control benefits.

None of our executive officers receive payment for supplemental retirement plans, retirement benefits or deferred compensation arrangements (other than those available to substantially all our employees, such as under our 401(k) plan or equivalent plans), country club dues, estate or tax planning or split dollar life insurance policies.

We do not have any formal or informal policy or target for allocating compensation between long-term and short-term compensation, between cash and non-cash compensation or among the different forms of non-cash compensation. Instead, the compensation committee determines what it believes to be the appropriate level and mix of the various compensation components based on recommendations from our chief executive officer, company performance against stated objectives, individual performance and overall comparisons to the comparable company analyses described above.

Base Salary

Base salary is used to recognize the experience, skills, knowledge and responsibilities required of all our employees, including our executives. When establishing base salaries, the compensation committee considers the survey data of compensation levels in the peer group, as well as a variety of other factors such as the executive s

scope of responsibility, individual performance, prior employment experience and salary history, relative pay adjustments within the company and our overall financial performance.

Base salaries are reviewed at least annually by our compensation committee and may be adjusted from time to time based upon market conditions, individual responsibilities and company and individual performance. The compensation committee approved increases in executive officer base salaries of approximately 3% for calendar year 2011, which was the same as the percentage increase applied to the salaries of our employee base generally. For Mr. Eberle and Mr. Donovan, this was the first base salary increase since July 2008, as both Mr. Eberle and Mr. Donovan had previously declined base salary increases during periods where the company, due to overall economic conditions, was not providing salary increases to the employee base generally. For Mr. Savory, it was the first base salary increase since July 2009, when he became an executive officer. These salary increases took effect in January 2011 concurrent with the timing of salary increases for our overall employee base. Accordingly, the salary amounts shown for our executives in the fiscal 2011 Summary Compensation Table that follows below are slightly lower than the base salary amounts approved by the compensation committee for fiscal 2011.

Name	**2010 Base Salary**	**2011 Base Salary**
Robert A. Eberle	$ 320,000	$ 330,000
Kevin M. Donovan	$ 184,000	$ 190,000
Nigel K. Savory (1)	$ 237,300	$ 246,000

(1) Mr. Savory was paid in British Pounds Sterling, which for purposes of this presentation were converted to US Dollars at the average exchange rate for the twelve months ended June 30, 2010 and 2011 of 1.582 and 1.592, respectively, US Dollars per British Pound Sterling.

Cash Bonuses

Cash bonuses are used to incentivize our executives to achieve our financial, strategic and operational goals. The compensation committee approves payment of quarterly cash bonuses as part of the overall compensation packages of our executive officers. Mr. Eberle s cash bonus opportunity is based on a percentage of his base compensation, which for fiscal year 2011 was 120%. Mr. Donovan and Mr. Savory s cash bonus opportunities are based on a fixed dollar amount, which for fiscal year 2011 were $120,000 and $159,200, respectively. Cash bonuses are intended to be paid quarterly, with an opportunity for review of the overall bonus at year-end. The compensation committee may, from time to time, conclude that it is appropriate to pay our executives a discretionary cash bonus, including as part of the year-end overall bonus review.

In November 2009, the compensation committee approved a cash bonus framework for Mr. Eberle that will remain in effect until modified by the committee. Under this framework, Mr. Eberle s quarterly cash bonus is determined based upon a combination of revenue and non-GAAP operating income targets, which represent 67% of his total bonus opportunity, and designated key management objectives, which represent 33% of his bonus opportunity. Non-GAAP operating income is measured on a pre-tax basis and excludes amortization of intangible assets, stock compensation expense, acquisition related expenses, restructuring charges and impairment losses on equity investments. The revenue and non-GAAP operating income targets are approved by the Board at or prior to the beginning of each fiscal year as part of the presentation of our annual operating plan. These targets may be revised during the year to account for acquisitions, industry developments and economic conditions. In addition, the compensation committee may determine that a bonus above or below the amount determined under the framework is appropriate in any given period, in the context of the company s overall performance. For fiscal year 2011, the revenue and non-GAAP operating income targets in effect at the end of the fiscal year were $182,537,000 and $36,547,000, respectively. Key management objectives are typically reviewed by the compensation committee quarterly and generally consist of establishment and maintenance of strategic and key customer relationships, execution against major customer deliverables, improvements to the design and usability of our products, product development initiatives and growth through acquisitions.

At the end of each quarter, Mr. Eberle prepares a summary of our corporate performance for the quarter, including performance against the revenue targets, operating income targets and designated key management objectives, and submits his recommendation to the compensation committee in respect of executive bonuses, if any, that he believes should be paid for that quarter. The compensation committee uses the framework discussed above for evaluating Mr. Eberle s quarterly cash bonus. Mr. Eberle must achieve at least 80% of both the revenue and operating income targets before any bonus tied to financial targets is due under the framework. Mr. Eberle must achieve 100% of the pre-determined revenue and operating income targets and 75% of the designated key management objectives for 75% of his total bonus opportunity to be due under the framework.

For fiscal year 2011, Bottomline achieved the revenue and operating income targets at a level of 104% and 101%, respectively, and achieved all of the key management objectives. During fiscal 2011, as has occurred in certain instances in the past, Mr. Eberle recommended, and the committee approved, quarterly bonus amounts that, in the aggregate, were less than the amounts that would have otherwise been paid under the framework, in order to allocate funds to other corporate initiatives. Mr. Eberle s total bonus payment under the framework for fiscal 2011 was $243,000. After performing its review of Mr. Eberle s overall bonus at the end of the fiscal year, the compensation committee approved the payment of a discretionary cash bonus of $100,000 to Mr. Eberle based upon his contributions to the company s performance during the year, resulting in a total bonus of $343,000, or 87% of his total bonus opportunity, for fiscal 2011.

Mr. Donovan and Mr. Savory s bonus is recommended by Mr. Eberle to the compensation committee based on both corporate performance and Mr. Eberle s assessment of their individual performance. Although the bonus framework discussed above does not apply to Mr. Donovan or Mr. Savory specifically, the company s performance against the revenue and operating income targets and the designated key management objectives for the fiscal year are typically key factors in Mr. Eberle s recommendation to the compensation committee concerning their bonuses. Final determinations regarding the bonus amounts for Messrs. Donovan and Savory are made by the compensation committee. For fiscal 2011, cash bonuses in the amount of $94,500 and $114,624 were paid to Messrs. Donovan and Savory, respectively, which represented payouts of 79% and 72% of their total bonus opportunity for the fiscal year.

Restricted Stock

Our restricted stock program is the primary vehicle for offering long-term incentives to our executives. We believe that restricted stock awards provide a strong link to Bottomline s long-term performance, create an ownership culture and help to align the interests of our executives and our stockholders. In addition, we believe the vesting features of our restricted stock awards are consistent with our goal of executive retention because these features provide an incentive for the executive to remain in our employ during the vesting period. In determining the size of the restricted stock awards to our executives, our compensation committee considers the following factors:

- an evaluation of the executive s past performance;
- the total compensation being paid to the executive;
- the executive s anticipated contributions to Bottomline s future performance;
- the executive s scope of responsibility;
- the executive s current position with Bottomline;
- the number and size of equity awards to the executive during previous fiscal years;
- the number and size of equity awards granted to comparable executive officers by peer group companies; and
- the company s performance.

We typically make an initial award of restricted stock when a new executive is hired, after which annual awards are granted as part of the overall executive compensation program. All restricted stock awards to our

executives are approved by the compensation committee. Since awards of restricted stock are issued at no cost to the executive, they have a built-in value at the time the awards are made. Accordingly, we generally grant fewer shares of restricted stock than the number of stock options or other types of equity awards that might have been issued for a similar purpose, which helps to reduce dilution to our stockholders. To maximize the long-term incentives for our executives and to minimize the dilutive effect on existing stockholders, we consider it likely that future equity awards to our executives will continue to be in the form of restricted stock rather than stock options.

Typically, the restricted stock we grant to our executives vests at a rate of 25% after the first year and 6.25% at the end of each quarter thereafter. Except in the case of death or disability and certain severance and change in control situations, vesting typically ceases on the date of termination of employment and exercise rights (in the case of stock options, which was the form of compensation issued to our executives prior to the restricted stock program) cease shortly thereafter. Prior to the exercise of a stock option, the holder has no rights as a stockholder with respect to the shares underlying the option, including voting rights and the right to receive dividends or dividend equivalents. However, restricted stock awards generally entitle the recipient to full rights as a stockholder (other than dividend rights) at the time of the award, regardless of any vesting provisions.

We do not have any equity ownership guidelines for our executives.

Stock awards to our executives are typically evaluated annually in conjunction with the review of their individual performance and the financial and operational performance of the company. This review typically occurs during our fourth fiscal quarter each year for purposes of establishing the award level for the immediately following fiscal year.

For fiscal 2011, the compensation committee approved restricted stock awards of 100,000, 24,000 and 33,000 shares to Messrs. Eberle, Donovan and Savory, respectively. These awards represent increases of 5,000, 4,000 and 3,000 shares for Messrs. Eberle, Donovan and Savory, respectively, as compared to fiscal 2010 awards. The compensation committee approved these increases in recognition of the company s overall financial performance, as well as Mr. Donovan s increased level of involvement with certain of the company s key customers and Mr. Savory s performance, professional growth and growing responsibilities. In total, grants to our named executive officers represented approximately 21% of all equity awards granted by the company during fiscal 2011.

In order to provide greater certainty regarding the level of equity awards over time, the compensation committee has approved a formal equity compensation policy providing that the annual equity pool be adjusted upwards or downwards depending upon Bottomline s stock price (based on a 30-day trailing average as of July 1 of each year) and non-GAAP net income and revenues for the preceding fiscal year. The percentage change in each metric is multiplied by one-third (thus weighting each equally), and the sum of the resulting net percentage divided by two. The equity pool for the prior fiscal year is then adjusted upwards or downwards by a percentage equal to that amount, to determine the equity pool for the current year. The compensation committee has approved this policy through fiscal 2014.

Benefits and Other Compensation

We maintain broad-based benefits that are provided to all of our employees, including health and dental insurance, life and disability insurance, an employee stock purchase plan and a 401(k) plan. Executives are eligible to participate in all of our employee benefit plans, in each case on the same terms as our other employees.

During fiscal 2011, we provided supplemental executive long-term disability insurance to Mr. Eberle and Mr. Savory. In addition, we paid a portion of premiums for private medical insurance and provided an automobile allowance to Mr. Savory. We anticipate that we will continue to provide these benefits in fiscal 2012.

Severance and Change in Control Benefits

Pursuant to employment and retention agreements we have entered into with our executives, the terms of our 2009 Stock Incentive Plan and certain resolutions of our Board of Directors in connection with our equity programs, our executives are entitled to certain benefits in the event of a change in control of our company or the termination of their employment under specified circumstances, including termination following a change in control. We have provided more detailed information about these benefits, along with estimates of their value under certain circumstances, under the caption Employment and Other Agreements and Potential Payments Upon Termination or Change in Control below.

We believe these benefits help us compete for and retain executive talent and are generally in line with severance packages offered to executives by the companies in our peer group. We also believe that these benefits would serve to minimize the distraction caused by any change in control scenario and reduce the risk that key talent would leave the company before any such transaction closes, which could reduce the value of the company if such transaction failed to close.

Tax Considerations

Section 162(m) of the Internal Revenue Code of 1986, as amended, generally disallows a tax deduction for compensation in excess of $1.0 million paid to our chief executive officer and to each other officer (other than the chief executive officer and chief financial officer) whose compensation is required to be reported to our stockholders pursuant to the Exchange Act by reason of being among our three most highly paid executive officers. Qualifying performance-based compensation is not subject to the deduction limitation if certain requirements are met. The compensation committee reserves the right to use its judgment to authorize compensation payments that may be subject to the Section 162(m) limitation when it believes that such payments are appropriate and in the best interests of Bottomline and its stockholders, after taking into account changing business conditions or the officer s performance. Although the compensation committee considers the impact of Section 162(m) when administering Bottomline s long-term compensation plans, it does not make decisions regarding executive compensation based solely on the expected tax treatment of such compensation. As a result, the compensation committee may deem it appropriate at times to forego treatment of certain elements of compensation as qualified performance based compensation under Section 162(m) in favor of awards that may not be fully tax-deductible.

Summary Compensation

The following table sets forth certain information concerning the compensation for the individuals who served as our principal executive officer and our principal financial officer during fiscal 2011 and our only other executive officer, who we collectively refer to as our named executive officers.

Fiscal 2011 Summary Compensation Table

Name and Principal Position	Fiscal Year	Salary ($)	Bonus ($) (1)	Stock Awards ($) (2)	Non-Equity Incentive Plan Compensation ($) (3)	All Other Compensation ($) (4)	Total ($)
Robert A. Eberle,	2011	$ 325,000	$ 100,000	$ 1,310,000	$ 243,000	$ 12,318	$ 1,990,318
President and	2010	$ 320,000		$ 1,141,900	$ 157,500	$ 10,818	$ 1,630,218
Chief Executive Officer	2009	$ 320,000		$ 1,001,300	$ 264,000	$ 12,005	$ 1,597,305
Kevin M. Donovan,	2011	$ 187,000		$ 314,400	$ 94,500	$ 6,450	$ 602,350
Chief Financial Officer and Treasurer	2010	$ 184,000		$ 240,400	$ 52,500	$ 5,763	$ 482,663
	2009	$ 184,000		$ 176,700	$ 95,500	$ 5,875	$ 462,075
Nigel K. Savory,	2011	$ 242,382		$ 432,300	$ 114,624	$ 33,600	$ 822,906
Managing Director, Europe (5)	2010	$ 237,300		$ 360,600	$ 97,293	$ 32,087	$ 727,280

(1) Represents a discretionary cash bonus awarded to Mr. Eberle in recognition of his contributions to the operating performance and strategic advancement of the company in fiscal 2011.

(2) The amounts reported in this column are computed based on the closing price of our common stock on the date the awards were granted (the grant date fair value).

(3) The amounts in this column reflect cash bonus awards paid to our named executive officers for performance in fiscal years 2011, 2010 and 2009 under our executive incentive compensation programs. See Compensation Discussion and Analysis Components of our Executive Compensation Program Cash Bonuses above for a description of this program.

(4) These amounts consist of the following:

Name	Fiscal Year	Retirement Plan Contributions (a)	Life and Long-Term Disability Insurance Premiums (b)	Other (c)	Total
Robert A. Eberle	2011	$ 6,438	$ 5,880		$ 12,318
	2010	$ 4,938	$ 5,880		$ 10,818
	2009	$ 6,125	$ 5,880		$ 12,005
Kevin M. Donovan	2011	$ 6,450			$ 6,450
	2010	$ 5,763			$ 5,763
	2009	$ 5,875			$ 5,875
Nigel K. Savory (5)	2011	$ 10,850	$ 3,152	$ 19,598	$ 33,600
	2010	$ 10,172	$ 2,986	$ 18,929	$ 32,087

(a) These amounts represent our matching contributions to the named executive officer s retirement savings plan account.

(b) These amounts consist of the portions of premiums paid by us for supplemental executive long-term disability insurance for Mr. Eberle and Mr. Savory.

(c) These amounts consist of automobile allowances and private medical insurance premiums paid on Mr. Savory s behalf of $17,194 and $2,404, respectively, for fiscal year 2011 and of $17,086 and $1,843, respectively, for fiscal year 2010.

(5) Mr. Savory became an executive officer on July 1, 2009. Mr. Savory was paid in British Pounds Sterling, which for purposes of this presentation were converted to US Dollars at the average exchange rate for the twelve months ended June 30, 2011 and 2010 of 1.592 and 1.582, respectively, US Dollars per British Pound Sterling.

Grants of Plan-Based Awards

The following table sets forth information concerning each grant of an award made to a named executive officer during fiscal 2011 under any plan, contract, authorization or arrangement pursuant to which cash, securities, similar instruments or other property may be received. Non-equity incentive plan awards were made pursuant to our executive incentive compensation program described in our Compensation Discussion and Analysis under the caption Cash Bonuses .

Fiscal 2011 Grants of Plan-Based Awards

			Estimated Possible Payouts Under Non-Equity Incentive Plan Awards (1)				
Name	**Grant Date**	**Date of Compensation Committee Action (2)**	**Threshold ($) (3)**	**Target ($) (4)**	**Maximum ($) (5)**	**All Other Stock Awards: Number of Shares of Stock or Units (#) (6)**	**Grant Date Fair Value of Stock Awards (7)**
Robert A. Eberle	07/01/2010	05/20/2010				100,000	$ 1,310,000
			79,200	297,000	396,000		
Kevin M. Donovan	07/01/2010	05/20/2010				24,000	$ 314,400
			24,000	90,000	120,000		
Nigel K. Savory	07/01/2010	05/20/2010				33,000	$ 432,300
			31,840	119,400	159,200		

(1) Amounts in these columns show estimates of possible threshold, target and maximum cash award amounts under our executive incentive compensation program for fiscal 2011. Actual amounts paid are disclosed and reported in the Summary Compensation Table under the caption Non-Equity Incentive Plan Compensation. Actual amounts paid may vary substantially from the figures shown in this table due to the factors discussed in Compensation Discussion and Analysis under the caption Cash Bonuses .

(2) Annual restricted stock awards are typically approved by the compensation committee in May, with an effective date of July 1, the first date of our fiscal year. If an executive is not employed by us in July 1, he will not receive the award.

(3) Reflects an estimate of the minimum amount that would have been earned if the minimum targets for all of the quarterly and annual metrics were achieved and a portion of the designated key management objectives were met.

(4) Reflects an estimate of the amount that would have been earned if the targeted quarterly and annual metrics were achieved and a majority of the designated key management objectives were met.

(5) Reflects an estimate of the maximum amount that would have been earned if the maximum targets for all of the quarterly and annual metrics were achieved and the designated key management objectives were met in full.

(6) Reflects awards of restricted stock. These shares vest as to 25% of the shares on the first anniversary of the date of grant and 6.25% of the shares each quarter thereafter. In addition, as described below under Employment and Other Agreements and Potential Payments Upon Termination or Change in Control , the vesting of these shares may be accelerated following employment termination or a change in control under certain circumstances.

(7) The amounts reported in this column are computed based on the closing price of our common stock on the date the awards were granted.

Equity Awards and Holdings

The following table sets forth information concerning unexercised options and unvested restricted stock awards for each of the named executive officers as of June 30, 2011.

Fiscal 2011 Outstanding Equity Awards at Fiscal Year-End

	Option Awards				Stock Awards		
Name	**Option Grant Date**	**Number of Securities Underlying Unexercised Options (#) Exercisable (1)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Stock Award Grant Date**	**Number of Shares or Units of Stock That Have Not Vested(#) (1)**	**Market Value of Shares or Units of Stock That Have Not Vested($) (2)**
Robert A. Eberle	02/24/2005	50,000	$ 11.93	02/24/2015	07/01/2010	100,000	$ 2,471,000
	03/29/2004	98	$ 9.54	03/29/2014	08/25/2009	53,437	$ 1,320,428
					09/18/2008	26,562	$ 656,347
					08/23/2007	5,312	$ 131,260
Kevin M. Donovan	02/24/2005	17,000	$ 11.93	02/24/2015	07/01/2010	24,000	$ 593,040
	01/13/2005	10,000	$ 14.00	01/13/2015	08/25/2009	11,250	$ 277,988
					09/18/2008	4,687	$ 115,816
					08/23/2007	937	$ 23,153
Nigel K. Savory							