

## 2011 LONG-TERM INCENTIVE SURVEY

---

Please return this page with your data:

Company Name \_\_\_\_\_  
Street Address \_\_\_\_\_  
City, State, Zip \_\_\_\_\_

Who should be contacted to answer questions about your survey submission?

Name \_\_\_\_\_  
Title \_\_\_\_\_  
Phone \_\_\_\_\_  
E-Mail \_\_\_\_\_

To whom should the survey results be sent (If different than above)?

Name \_\_\_\_\_  
Title \_\_\_\_\_

**For questions, contact:**

Jim McMahon  
(602) 772-3431  
[jmmcmahon@fminet.com](mailto:jmmcmahon@fminet.com)

**Please return by August 26, 2011 to:**

Denise McMahon  
Analytical/FMI  
5080 North 40th Street, Suite 313  
Scottsdale, AZ 85260  
Fax: (602) 381-8228  
e-mail: [dnmcmahon@fminet.com](mailto:dnmcmahon@fminet.com)

## 2011 LONG-TERM INCENTIVE SURVEY

Job Title	Job Description
Chief Executive Officer	Highest position in the company. At corporate, is usually referred to as Chief Executive Officer and often serves as Chairman of the Board.
Chief Operating Officer	Second in command. At corporate, is usually referred to as Chief Operating Officer, sometimes President.
Top Human Resource Executive	This is the top human resource executive in the corporation and manages compensation, benefits, staffing, compliance with legislation, management development and training. Incumbent may have additional areas of responsibility such as public relations, payroll, office services, safety and security.
Top Financial Officer	This is the senior financial executive and must manage the controller and the treasury functions if those positions are staffed.
Controller	This is the top accounting and budgeting executive in the organization being reported.
Treasurer	The top executive over the treasury functions. These functions include interface with investment bankers, analysts, banks and cash management.
Top Legal Head	This is the senior Legal executive and has no unrelated staff activities reporting to it.
Risk Manager	This is the top insurance executive and is responsible for insuring the assets of the company against damage depletion or destruction from unintended losses arising from product/equipment malfunction, criminal activity or natural disaster. Negotiates services, premiums and cost allocations.
General Manager/President	Highest position at the business unit, has profit and loss responsibility and oversees business development, project management and other operating activities. Often referred to as General Manager or President.
Second Executive	Second in command. At the unit level, may be called VP, Operations and manages engineering, construction and project manager functions. DO NOT REPORT the Project Management Head.
Executive Vice President	Position reports to the Chief Operating Officer and manages multiple Business Unit General Managers.
National Sales Manager	Plans, controls and directs activities of the sales force to attain maximum revenue for the company's products/services.
Director of Finance	This is the second level finance executive reporting to the CFO.
Chief Information Officer	This executive is part of senior executive team and typically reports to the CFO but sometimes to the CEO. Is responsible for the Information Systems function throughout the organization. This position is more strategic and business goal-oriented than the Top Information Systems Executive.

## 2011 LONG-TERM INCENTIVE SURVEY

<b>Long-Term Incentive Plans</b>
<p><b>Incentive Stock Option (ISOs).</b> A stock option that gives an executive the right to buy a certain number of shares in the company at a fixed price for a certain number of years. An incentive stock option meets the criteria in the Internal Revenue Code for preferential tax treatment.</p>
<p><b>Non-Qualified Stock Option (NSOs).</b> A stock option that gives an executive the right to buy a certain number of shares in the company at a fixed price for a certain number of years. A non-qualified option doesn't meet the criteria in the Internal Revenue Code for preferential tax treatment.</p>
<p><b>Restricted Stock.</b> Shares of employer stock awarded to the executive at no cost that are not vested until certain conditions are met. For example, the shares may vest at 20% per year.</p>
<p><b>Stock Appreciation Right (SARs).</b> This is the right to receive, at no cost to the executive, the appreciation on a number of shares of employer stock over a specified period. SARs are often granted in tandem with stock options (either ISOs or NSOs) to help finance the purchase of the options and/or pay tax if any is due upon exercise of the options; these SARs sometimes are called "tandem SARs." In private companies, SARs are very similar to Phantom Stock.</p>
<p><b>Phantom Stock.</b> This is the unit corresponding to employer stock given to the executive that is simply a promise to pay a bonus in the form of the equivalent of either the value of company shares or the increase in that value over a period of time. May be referred to as SARs.</p>

<b>AUTONOMY</b>	
	<p>This measure indicates the General Manager's freedom to make important decisions using a judgmental scale of 1 to 5 for ten decision areas under the heading of Business Strategies, Human Resources and Financial Responsibilities. These scores will be combined with revenue and levels from parent CEO in a multiple regression to "predict" the incumbent's base salary, total cash and total compensation.</p>
<b>Amount of Influence:</b>	
1	No influence.
2	Some influence; executive's role primarily one of analysis.
3	Moderate influence; executive's recommendation accorded some insight.
4	Strong influence; executive can deny further action; recommendation carries considerable weight.
5	Final decision maker.
<p><b>Apply the above numbers (1-5) to the ten areas below for the General Manager position. Highest score possible is 50. Typical score for a General Manager is between 35 and 45.</b></p>	
<b>Business Strategies:</b>	
Pursue new markets	
Enter into joint venture	
Determine organization structure	
<b>Human Resources:</b>	
Determine succession plan	
Design and implement incentive compensation plan	
Grant salary adjustments in excess of established guidelines	
<b>Financial Responsibilities:</b>	
Negotiate project finance terms	
Agree to contract terms outside of established guidelines	
Assume equity position in project	
Determine capital needs and sources	

## 2011 LONG-TERM INCENTIVE SURVEY

---

1. Is your company  Publicly Traded  Privately Held

2. Do you use non-qualified stock options?  Yes  No

If yes, what percentage of salaried (non-craft) workforce receives awards? \_\_\_\_\_%

What is the lowest eligible participant salary? \$\_\_\_\_\_.0

What is the usual frequency? \_\_\_\_\_ Years

3. Do you use incentive stock options?  Yes  No

If yes, what percentage of salaried (non-craft) workforce receives awards? \_\_\_\_\_%

What is the lowest eligible participant salary? \$\_\_\_\_\_.0

What is the usual frequency? \_\_\_\_\_ Years

4. Do you use restricted stock?  Yes  No

If yes, what percentage of salaried (non-craft) workforce receives awards? \_\_\_\_\_%

What is the lowest eligible participant salary? \$\_\_\_\_\_.0

What is the usual frequency? \_\_\_\_\_ Years

After the award, how many years before restrictions lapse? \_\_\_\_\_ Years

Do participants accrue dividends?  Yes  No

5. Do you use phantom shares or stock appreciation rights?  Yes  No

If yes, what percentage of salaried (non-craft) workforce receives awards? \_\_\_\_\_%

What is the lowest eligible participant salary? \$\_\_\_\_\_.0

What is the usual frequency? \_\_\_\_\_ Years

## 2011 LONG-TERM INCENTIVE SURVEY

---

For privately held companies:

How is your stock valued? (Check all that apply.)

- Book Value
- Internal Formula
- External Appraisal

What has your company's stock appreciation been in recent years? \_\_\_\_\_%  
(We will apply this to the grant information you provide us in the next section in determining an annual value.)

For public companies:

Please provide inputs for the Black-Scholes Formula:

Volatility\* \_\_\_\_\_%

Risk-Free Interest Rate \_\_\_\_\_%

Dividend Yield\* \_\_\_\_\_%

Stock price as of 5/1/2010 \_\_\_\_\_ Stock price as of 5/1/2011 \_\_\_\_\_

How many years typically lapse from award to exercise? \_\_\_\_\_ Years

\* The usual preferred period for volatility and dividend yield is 36 months. If you believe a different period should be used or if you report these data in your proxy, report those same numbers.



