



Examples of Performance-based Equity Compensation Programs

SIMPLE: Grant of Performance Accelerated Options

Single Trigger, Single Measurement Period, Single Payout Level

- Four-year performance measurement period
- Options vest at end of four-year period if goal is not met prior
- Exercise price is equal to FMV on grant date
- All options vest early if stock price remains above goal price for 60 market days
- Unvested options are cancelled upon termination date, regardless of current performance status
- No partial vest for meeting lesser goal price or for meeting goal price over a lesser period of time

MEDIUM: Award of Performance Awarded Shares

Single Trigger, Single Measurement Period, Multiple Payout Level

- One-year performance measurement period
- Performance Metric is EPS
 - Threshold = \$.88, Target = \$1.00, Maximum = \$1.25
- Awarded shares are calculated on a base of 10,000 option shares
 - Threshold = 75%, Target = 100%, Maximum = 150%
- Options vest at end of four-year period if goal is not met prior
- Award = \$0.00
- Earned shares vest over three years, annually
- Dividends in cash with no restrictions relative to vesting

COMPLEX: Award of Performance Earned Units

Multi Trigger, Multi Measurement Period, Multiple Payout Levels

- Three-year performance measurement period
- Performance Metrics are Relative TSR (Goal 1) and Revenue Growth (Goal 2)
 - Goal 1, Relative TSR (each year): Threshold - 50th Percentile, Target - 75th Percentile, Maximum - 90th Percentile
 - Goal 2, Revenue Growth
 - Year 1: Threshold 3%, Target 5%, Maximum 7%
 - Year 2: Threshold 3.5%, Target 6%, Maximum 8%
 - Year 3: Threshold 5%, Target 8%, Maximum 9%
- Goal 1 threshold must be met each year before Goal 2 performance is allowed to payout
- Payout is based on:
 - Threshold = 50%, Target = 100%, Maximum = 200%
- 50% of awarded units are subject to Goal 1, 50% of awarded units are subject to Goal 2
- If Goal 2 performance is met in a year when Goal 1 threshold is not: Earned Goal 2 units will be carried forward into future measurement periods and paid out if Goal 1 is met in the future
- Dividend Equivalents are calculated when regular dividends are paid and converted into child units which are paid out relative to earned units, if and when they vest
- Retired Employees are paid out when:
 - Most recent measured performance as of retirement date
 - Actual term of service during the life of the award as a percentage of the total term of the award
- All unvested units are forfeited upon earlier of termination or end of performance measurement period
- Earned shares vest over three years, annually
- Dividends in cash with no restrictions relative to vesting

Performensation Consulting, the end-to-end source for equity compensation programs, is proud to announce Performensation Solutions. Since our inception more than two years ago, Performensation has been focused on consulting services. Performensation Solutions is focused on providing technological solutions to support increasingly complex plans and specific company needs. This important evolutionary step supports our mission "Bridging the Gaps in Equity Compensation Programs".

GEMS manages performance-based equity plans from award date through vesting. It interacts with your stock administration system, allowing the flexibility and support required without changing platforms. GEMS is the first and only tool specifically designed to track and report performance criteria for multiple sources, participants, plan types and performance criteria. And, it fits seamlessly between your compensation department and your stock administration software or outsourcing provider. With GEMS you can finally use your performance-based equity programs to DRIVE performance rather than just reward it®. Your performance plans are designed to take your company where it needs to go. Let GEMS help drive you there