



Our Approach to Rewards for 2009

PEBA

Month Date Year

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SVP Compensation and Benefits

We Know The Numbers.



Do Our Job Well.

- Get your transactional house in order.
- Don't burn money in administration and overhead expense
- Send resources to programmatic benefit

We Ask The Questions

- If you focus on what is different, that is likely not as helpful as focusing on what is the same
- The difference between 2.75% and 4.00% merit sounds like a lot. The difference between \$102,750 and \$104,000 – not so much

We Ask The Questions

- Can't say, "you are lucky to have a job".
- Can say, "you have a valuable asset here in your career and its rewards"

Manage Risk

- Bad things take resources
- Avoid bad things

We Play The Market

- We are a player in multiple markets
- Markets allocate scarce resources to the highest and best use
- Supply and demand
- Know your ROI

Variable Pay

- Variable Pay Should Above All - Vary
- Stop saying “Pay For Performance”
- Think about “Pay For Getting Stuff Done”
- Work harder to be sure that variable pay is based upon individual outcomes

EFCA Roars

- There is another market competitor out there – selling representation
- Our product offering needs to be better than theirs
- We are in the employment business

What We Are Doing - Benefits

- Planting a seed because we will one day need the shade
- Looking at the data
- Checking eligibility
- Adding deductibles
- Tightening up plan design
- Put upgrades on hold

What We Are Doing - Compensation

- Cut back to 3.0% merit pool
- Tying compensation to activity not subjective assessment
- Paying bonuses
- Making normal annual grants of equity-based compensation

Have a Clear Philosophy

- We strive to pay competitively, offer responsible benefits and encourage career development in order to attract the best talent to meet the needs of our business, its customers and shareholders.
- We target pay and benefits at the 50th %ile of the market with the opportunity to do better with outstanding performance
- We are full of crap

Philosophy in the Real World

- We are recovering paternalist
- We play to the kitchen table
- We offer solid benefits – with competitive pay – year in year out
- We are building middle class families