

**2015 ENERGY INDUSTRY  
LONG-TERM INCENTIVE  
COMPENSATION SURVEY**

DATA EFFECTIVE: MAY 1, 2015

**EXCERPT**



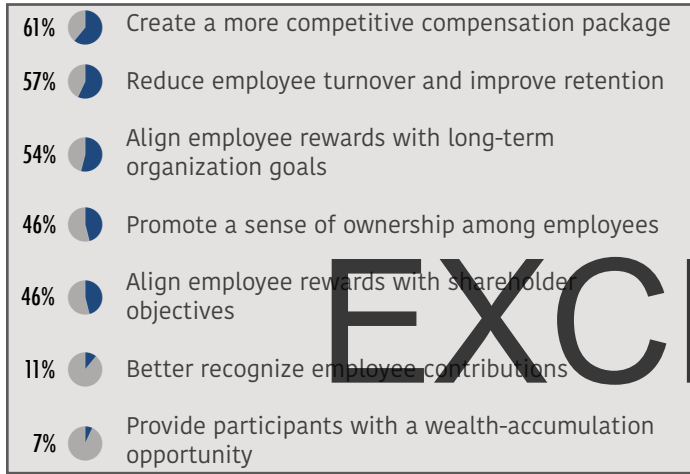
**LONGNECKER**  
**& ASSOCIATES**  
**ALL IN.**

# Pay Philosophy

## Primary Objectives

What are the primary objectives of your organization's long-term incentive plan?

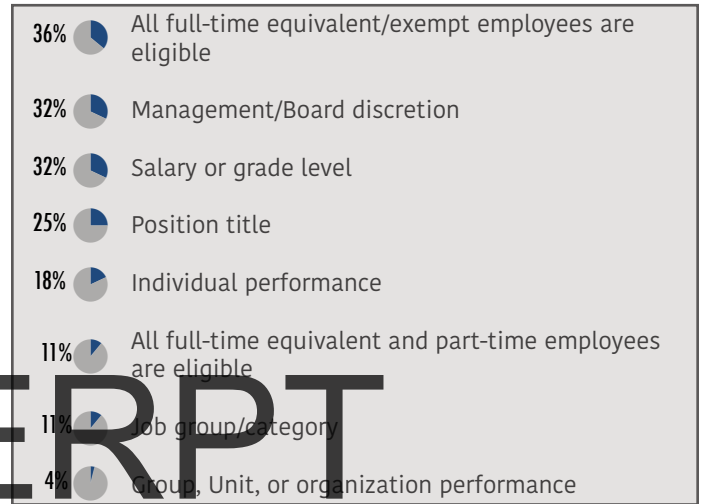
The competitive nature of the energy industry is seen most plainly when considering the primary objectives of organizations' long-term incentive awards. As with 61% of the survey sample, creating a more competitive compensation package is the most prevalent primary objective for having a long-term incentive plan. Additionally, there is a clear distinction between organizations that are using their awards to attract, retain, and drive behavior rather than simply rewarding employment.



## Eligibility Factors

What factors determine long-term incentive award eligibility?

With the exception of management/board discretion, the results are trending towards more quantitative factors than qualitative factors. In the 2013 survey, the results showed individual performance as the most prevalent response at 42%.



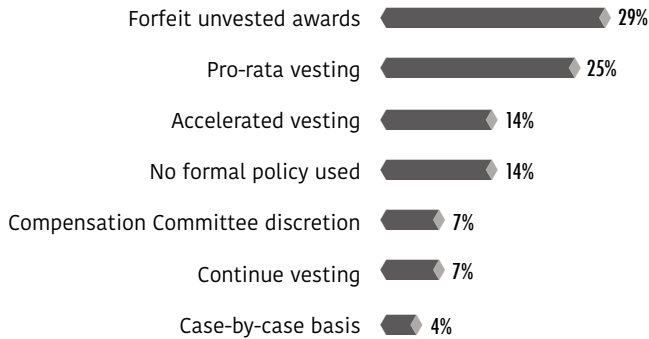
EXCERPT

OVERVIEW: PAY PHILOSOPHY

**Retirement Vesting**

How does your organization vest long-term incentive awards upon retirement?

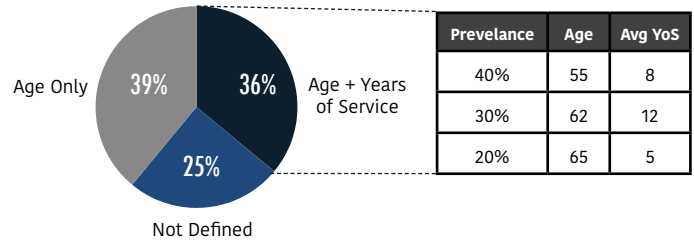
The results in this sample reveal a vast difference in methodology among respondents for long-term incentive retirement vesting. In comparison to the 2013 survey, forfeiting unvested awards has remained the most prevalent while pro-rata vesting has received a much stronger response, up from 10%.



**Qualified Retirement Age**

How is “qualified retirement age” (formally or informally) defined if it exists within your organization?

In this sample, 75% of respondents reported having either a formally or informally defined qualified retirement age. Of those respondents defining retirement as “Age Only”, 86% reported retirement eligibility begins at age 65.



# EXCERPT

**Accelerate Equity Vesting**

In the event of a change in control, when would accelerated equity vesting occur?

Single trigger is more prevalent than double triggers for both the CEO and for all other employees.

