



LONGNECKER
& ASSOCIATES
ALL IN.

2016 ENERGY PAY PULSE SURVEY

DATA EFFECTIVE: DECEMBER 1, 2015

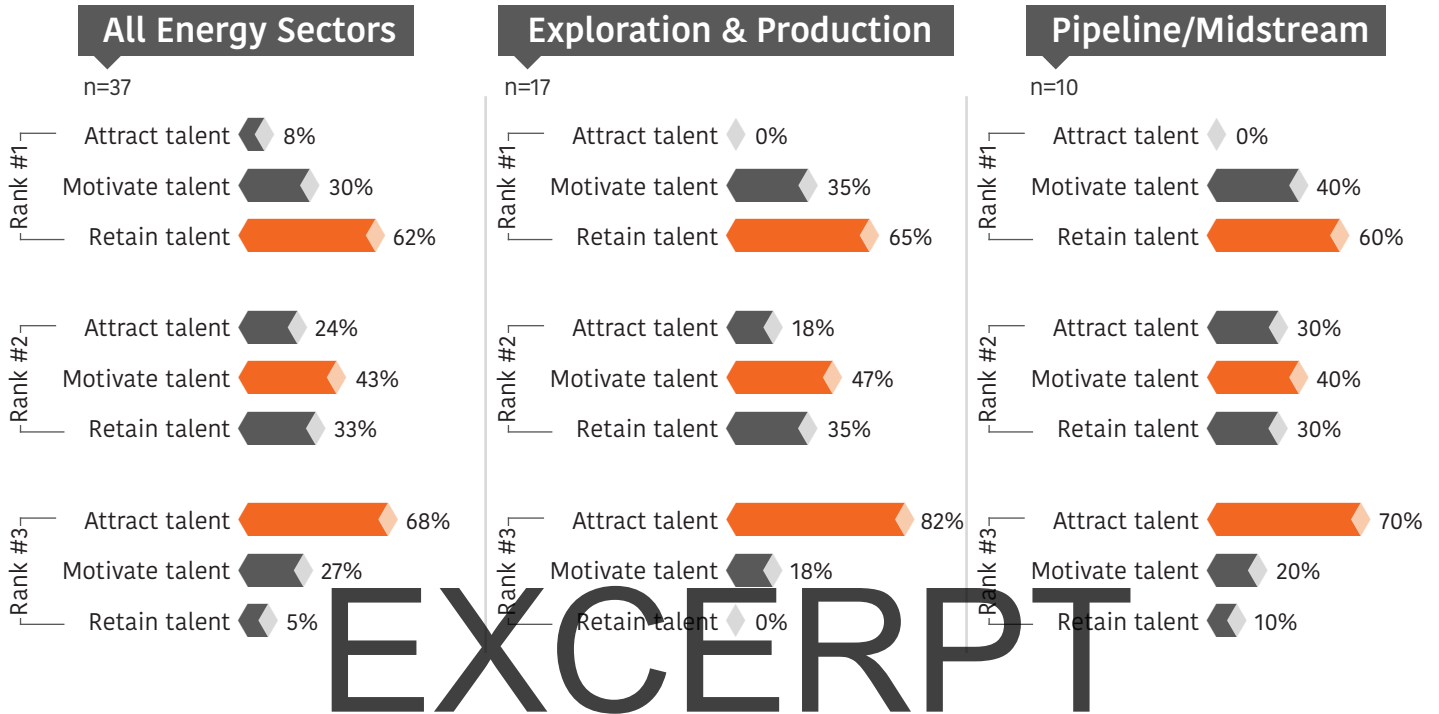
EXCERPT

Annual Incentive Strategy

By order of importance, rank how your company is strategically utilizing annual incentive awards.

The prevailing trend for strategically utilizing annual incentives is primarily for retaining talent, secondarily for motivating talent, and thirdly for attracting talent. These results were surprising given retention usually ranks lowest as a strategic basis for annual incentive plans, with motivation typically ranking in first.

[How to read the chart]: The top graphic (labeled “Rank #1”) shows the most important strategy for annual incentives, which is to retain talent (62%). The bottom graphic (labeled “Rank #3”) shows the least important strategy for annual incentives, which is to attract talent (68%).

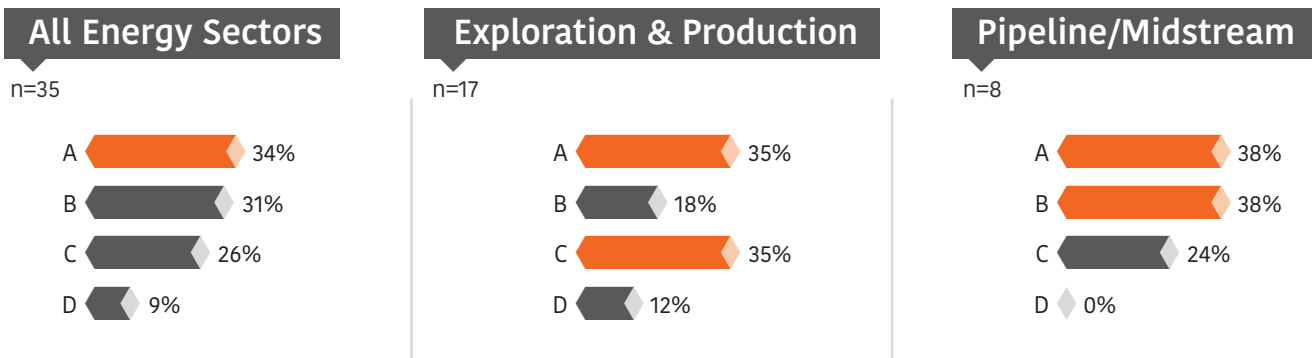


EXCERPT

Annual Incentive Payout Methodology

How are performance measures used in determining annual incentive payouts?

Although options A, B, and C (see legend below) are prominent methods for determining annual incentive payouts, discretion is the most prevalent answer. Option D is strongly considered the least prevalent.

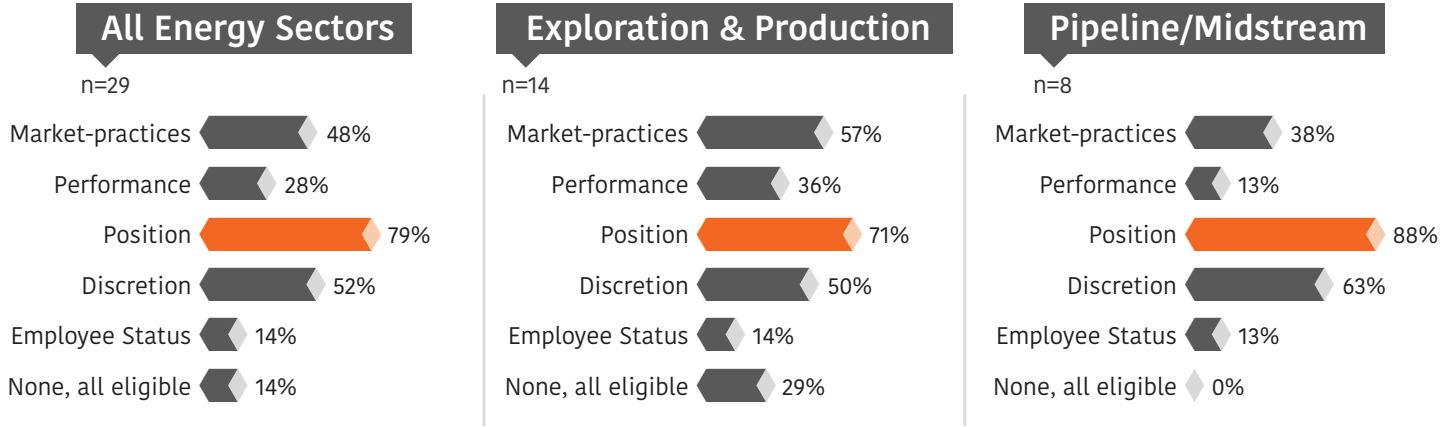


- A:** Awards determined using primarily discretionary judgment of performance.
- B:** Performance measures are part of an overall scorecard that is used to determine the payout amount (if a minimum overall score is not achieved, no award is paid even if some goals were achieved).
- C:** Performance measures are evaluated and paid separately (if one goal is achieved, an award is paid regardless of whether any other performance goals are achieved).
- D:** Employees must achieve a minimum number (or weighting) of the performance measures/goals to receive a payout.

Long-Term Incentive Eligibility Factors

What factor(s) determine long-term incentive award eligibility?

Overall, only 14% of respondents reported that all of their company’s employees are eligible to receive long-term incentive awards. For the remaining 86%, the primary eligibility factor is position, but market-practices and discretion are two other factors that respondents reported they commonly use.



Performance: (i.e. individual performance, group performance, company performance, etc.)

Position: (i.e. title, salary grade level, etc.)

Discretion: (i.e. management’s discretion, board’s discretion, etc.)

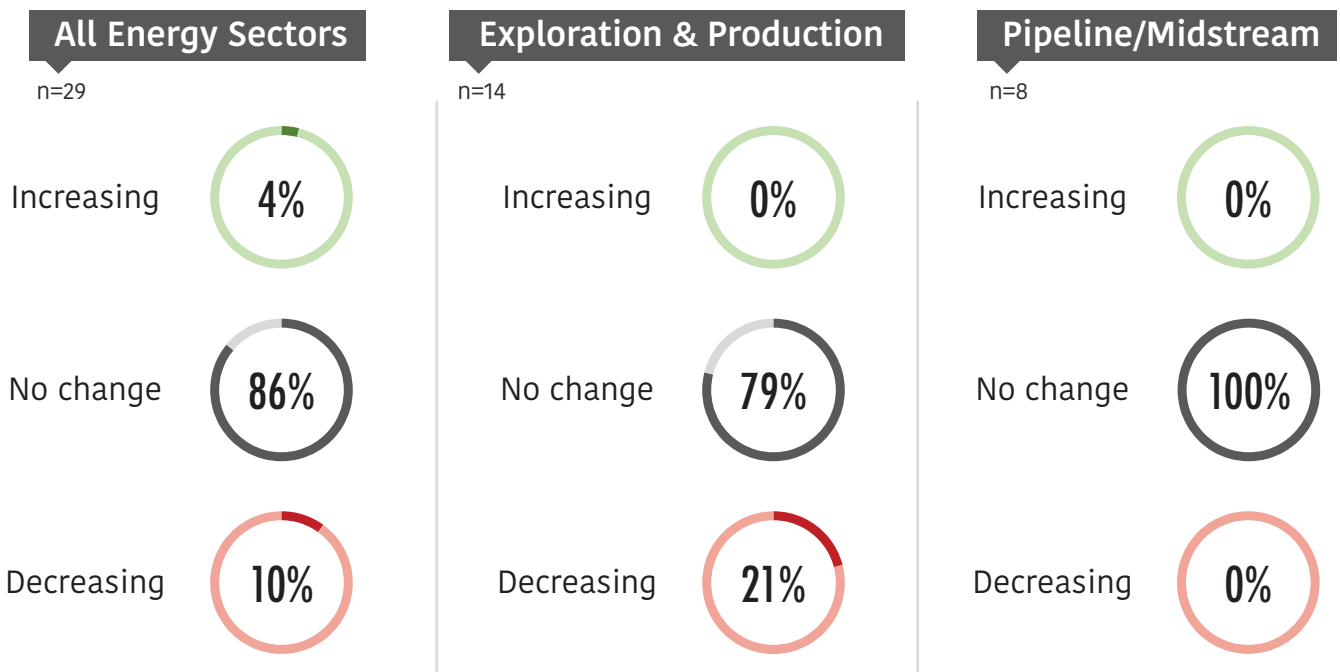
Employee Status: (i.e. exempt, non-exempt, etc.)

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Long-Term Incentive Eligibility Changes

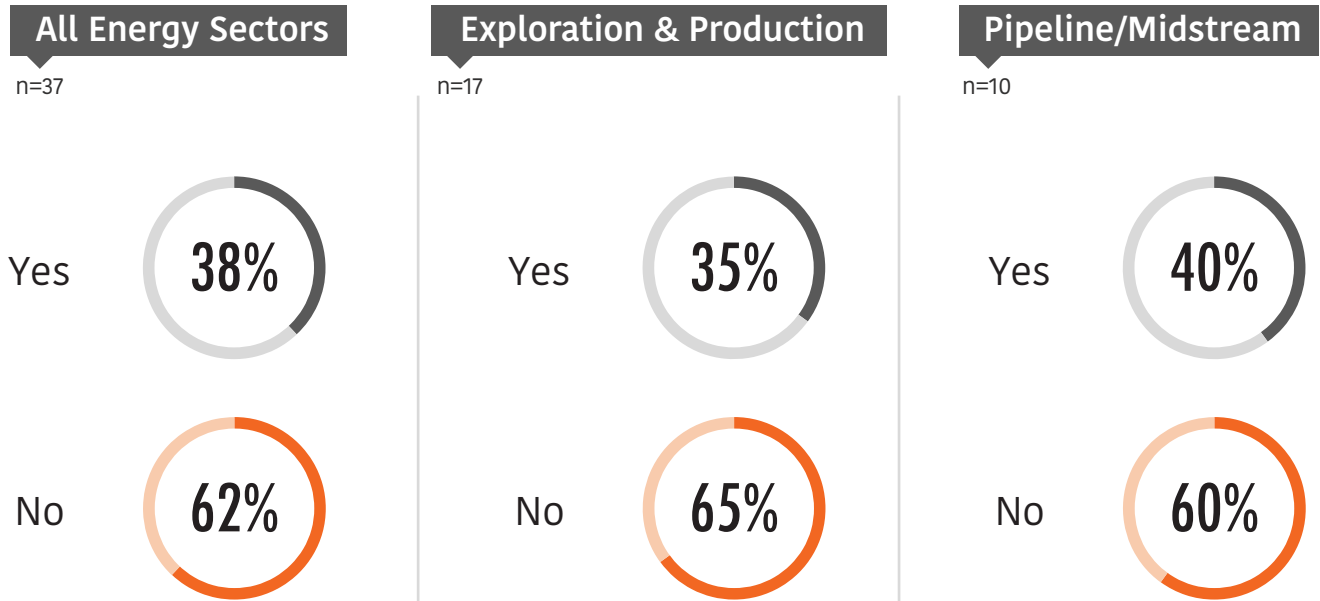
How is eligibility changing for long-term incentive awards in 2016 compared to 2015?

Overall, 86% of respondents reported no change in eligibility. For the respondents that did report a change, the majority declared a decrease in eligibility.



Aggregate 2015 Granted Retention Awards (Cash and Equity)

The following graphics represent the aggregate prevalence of respondents that reported granting either a retention bonus award and/or a retention grant award. Overall, the results show 62% of respondents did not grant any retention award in 2015.



EXCERPT

Aggregate 2016 Considering Retention Awards (Cash and Equity)

The following graphics represent the aggregate prevalence of respondents that are considering granting either a retention bonus award and/or a retention grant award. Overall, the results show 65% of respondents are not considering granting any retention award in 2016. However, the Pipeline/Midstream sector results show that 60% of respondents are considering granting retention awards in 2016.

