

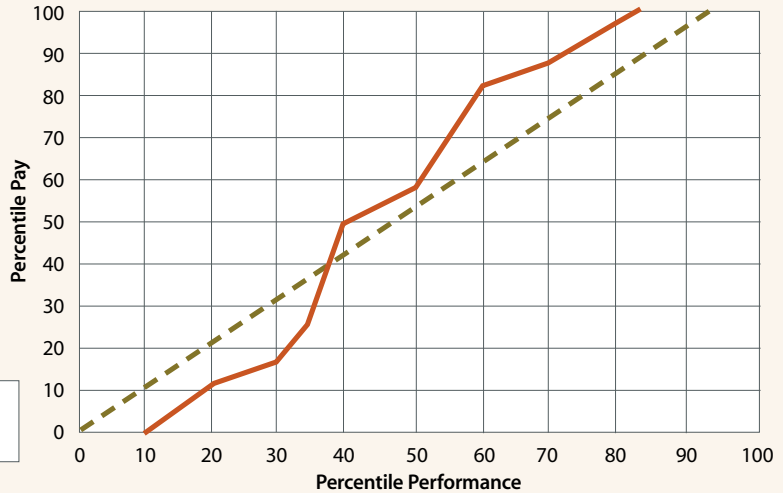
What's Next for the Compensation Committee?

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FIGURE 4 Sibson's Pay Paradigm Model

We assess the alignment of pay and performance using the Sibson Pay Paradigm, which:

1. Demonstrates the degree to which past executive pay levels have been aligned with performance (equity with long-term performance, annual incentives with annual performance), and thus are defensible with varied constituencies.
2. Helps to determine whether elements of compensation are appropriately structured to ensure future pay alignment and consistency with compensation philosophy and strategy (target pay levels, mix of pay components, leverage of variable pay programs).



— Alignment of program under alternative performance scenarios - - - Perfect pay performance alignment

FIGURE 5 Pay Paradigm Analysis — CEO, Company Q

