MERCER SURVEY PANEL

2013 PAY FOR PERFORMANCE SURVEY

INTRODUCTION
Organizations continue to struggle with their pay for performance approaches. New economic realities, reduced pay increase budgets and incentive pools, shareholder activism, and emerging government regulations make well-managed pay for performance increasingly critical, but ever-more difficult to achieve.

Frequently, HR and Rewards leaders ask us for best practices in the design and implementation of pay for performance. If we or anyone chose to answer that query by relying on prevalence alone, a person would be left to believe there is one basic model of pay for performance that constitutes best practice – namely an approach that relies on increasingly differentiated financial incentives where year-to-year base pay increases and annual incentive payouts are strictly aligned to individual performance.

The information and data contained in this report are for information purposes only and are not intended nor implied to be a substitute for professional advice. In no event will Mercer be liable to you or to any third party for any decision made or action taken in reliance of the results obtained through the use of the information and/or data contained or provided herein.

©2013 Mercer LLC. All rights reserved. Survey materials and the data contained therein are copyrighted works owned exclusively by Mercer and may not be copied, modified, sold, transformed into any other media, or otherwise transferred in whole or in any part to any party other than the named subscriber, without prior written consent from Mercer.
MERCER SURVEY PANEL

That most organizations are not satisfied with their pay for performance programs suggests that the incentive compensation or variable pay model of pay for performance might be overused, reflecting an unnecessarily narrow view of what constitutes pay for performance. There are, in fact, multiple models of pay for performance, long established in the literature of labor economics that vary the mechanism through which higher financial rewards are delivered for better performers. The different pay for performance models, which should be fit to the circumstance, were highlighted in Mercer’s research (Levine and Nalbantian, Back to Base-ics: A Next Generation Approach to Pay for Performance, WorldatWork Compensation Focus, October 2011) and can be summarized as follows:

- An “incentive compensation or variable pay model,” where highly differentiated combinations of base and/or incentive pay are based on individual and/or team performance.

- A promotion-focused or so-called “tournament model,” where pay varies significantly from one career level to the next, with less emphasis on differentiation based on performance between employees in the same level. In this model, the best performers get ahead and earn more via promotions based on relative performance evaluation.

- A membership or so-called “efficiency wage model,” where overall pay levels are targeted above the market median and employees must perform to high standards to stay on with the organization. In this model, the desire to keep a relatively high-value position is what delivers incentives to perform well.

- A service or “bonding model,” where a trajectory of planned increases shifts pay from early to later in the career, once performance characteristics are credibly demonstrated. This model also locks in employees over the long haul, preserving firm-specific knowledge that is key to productivity while, again, enforcing performance minimums to stay on with the organization.
In the above table, we have defined four pay-for-performance models, which are well established in the research literature (we simply developed their practical equivalents), to make the case that HR and Rewards leaders would benefit from expanding their view of how pay for performance can be implemented and working to determine which of the alternative models are right for their organizations.

In June 2013, Mercer surveyed Canadian and US organizations regarding their pay for performance practices, in the context of their larger circumstances including talent and rewards strategies. This survey examines the broad tenets of pay for performance, including its overall structure, the specific models used, perceived effectiveness, and contextual factors driving success. Of the 570 participants, 78% are from the US and 22% are from Canada.

<table>
<thead>
<tr>
<th>Model</th>
<th>Variable Pay Model</th>
<th>Promotion or Tournament Model</th>
<th>Efficiency Wage or Membership Model</th>
<th>Service or Bonding Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rewards Strategy</td>
<td>Highly differentiated combinations of merit increases and/or incentive payouts</td>
<td>-Best performers earn more via promotions</td>
<td>-Pay levels are targeted above the market median</td>
<td>-A trajectory of planned increases shifts pay from early to later in the career</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-Pay varies significantly from one career level to the next, with less emphasis on differentiation based on performance between employees in same level</td>
<td>-Continued employment depends on performance above standard</td>
<td>-Continued employment depends on performance above standard</td>
</tr>
<tr>
<td>Considerations</td>
<td>Useful if performance measures are robust</td>
<td>-Useful if performance measures are noisy and/or need to build firm-specific talent</td>
<td>Desirable if performance measures are noisy and/or collaboration required</td>
<td>Useful if desire is to lock in employees over time (e.g., long time horizon to realize or assess performance)</td>
</tr>
<tr>
<td>Performance Measures</td>
<td>Individual and/or team performance, measured frequently and (hopefully) accurately</td>
<td>“Relative rank” performance evaluation</td>
<td>Employees must perform to high standards, assessed occasionally</td>
<td>Employees must perform to high standards, assessed occasionally</td>
</tr>
</tbody>
</table>

The following table outlines the differentiating points of view for each pay for performance model.
MERCER SURVEY PANEL

SURVEY FINDINGS

EMPHASIS ON PAY FOR PERFORMANCE

The degree of emphasis on pay for performance reported in the survey is high, with more than 55% of organizations focused “to a great extent” on pay for performance for executive, managerial, and sales employees. All but about 5% of participating organizations focus on pay for performance “to some extent” for these populations.

It is also interesting to note that, while 63% are working to increase differentiation of pay based on performance, only 2% are working to reduce that differentiation. It is surprising, in an environment where companies are constantly under pressure to optimize rewards programs, that there is near universal resistance to the possibility that current pay for performance programs might have overshot the mark in terms of effectiveness; especially when nearly half of organizations believe that pay for performance programs “need work.” Our 2011 survey on the same topic found a similar result: few companies are willing to consider reducing pay for performance differentiation despite lackluster program performance.

PRIORITY OUTCOMES OF PAY FOR PERFORMANCE

Interestingly, “attracting and retaining the right employees” tops the list of priority outcomes expected of pay for performance programs, followed closely by “motivating employees to focus on the right things and perform at higher levels.” This ordering of priorities reflects Mercer’s own point of view that there are two areas companies can focus on to drive performance—workforce capability (attracting, developing and retaining the right talent) and motivation (driving the workforce in place to excel).
SURVEY FINDINGS
PAY FOR PERFORMANCE VEHICLES AND TYPE OF PERFORMANCE REWARDED

Base salary increases, annual or short term incentives, and, to a lesser extent, advancement/promotions remain the specific rewards programs most often linked to performance, as compared to our 2011 survey. Different types of performance are often linked to different types of rewards, with base salary increases, recognition, promotions, and development opportunities almost always based on individual performance, while team performance sometimes plays a role in annual incentives or spot bonuses, and corporate performance often plays a role in annual (or long term) incentives.

PAY FOR PERFORMANCE MODELS

Most employers focus on financial incentives, although they acknowledge that the performance measures to which such incentives are linked are “noisy”. In fact, base pay and short-term incentives for top performers track roughly two times the increase and two times the payout, respectively, for average performers, and 63% of organizations indicate they are working to further increase such differentiation. Companies are using a variety of tools and processes to differentiate performance and rewards, primarily guidelines for ratings distribution and next-level manager review.

However, many employers report using multiple pay for performance models – in combination or for distinctly different employee segments– and some report using only alternative models.

- About 14% report using “tournament models,” as they focus on rewarding performance through promotion.
- Another partially overlapping 14% rely on premium pay –target pay above market– to attract and retain high performing talent and motivate high performance.
- Only 7% of respondents use a bonding or service-based model.
SURVEY FINDINGS
PAY FOR PERFORMANCE PROGRAM EFFECTIVENESS

Almost half of organizations indicate their pay for performance programs need work, and a third are anticipating/planning revisions to their programs. Some of this might stem from misalignment. Those relying on traditional incentive compensation cite that performance measures are more likely to be “noisy.” They may want to consider alternatives that are less dependent on the precision of absolute measures of performance and require less frequent monitoring; for example, a “tournament model” that relies solely on rankings or a “membership model” that simply stipulates a performance threshold.

There is evidence from this survey to suggest that the use of the right model in the right context can enhance effectiveness. To investigate this issue, we classified respondents as utilizing a particular model when they “strongly agreed” that the approach was a primary mechanism for managing pay for performance. We found that those respondents focused on the “membership model” (high pay relative to market) report the highest effectiveness. The model is used most often with employers trying to balance “build” and “buy” talent strategies given that it supports both the attraction and retention of high performing talent. We also found that users of the tournament or promotion-based model evaluate that model as more effective than those relying on incentive compensation models; these models are naturally associated with build-talent cultures, but, given their reliance on relative ranking and, therefore, competition, are less likely to be used by employers reporting a high need for collaboration in their organizations.

PAY FOR PERFORMANCE ALIGNMENT AND OPTIMIZATION

Users of the financial incentive models have been working on improving their use over the last ten years and continue to do so. The finding that 63% of employers continue to work on increasing differentiation is instructive. Enhanced differentiation and development of processes like rating calibration to improve differentiation has also been a focus of attention over the last several years.
But for organizations using the alternative models, there has been relatively little ongoing discussion about how best to deploy and optimize their use. The survey results provide insights on a variety of misalignments and corresponding opportunities for optimization:

- With regard to alignment with talent strategy:
  - The tournament or promotion-based model is best aligned with build-talent strategies and cultures. In this survey, tournaments are found to be used more in build cultures than in buy cultures, but not to a great extent. There may be an opportunity for greater usage in organizations oriented to build from within. On a related point, though we do not see this pattern in the responses, this model is theorized to work best when the employer does most of their hiring at lower, entry levels; in such environments, new lower-level entrants participating in the tournament have unique access to a prospective trajectory of earnings associated with movement up the hierarchy and increasingly higher paying jobs.

- With regard to alignment with operating context:
  - Monitoring and measurement. Incentive compensation model(s) rely on good monitoring and observation of performance as well as good measurement. Survey respondents experiencing difficulties in measurement do report less effectiveness of individual and team financial incentives. The tournament and membership models are likely to be a better choice where there is greater difficulty in observation, monitoring, and measurement.

  - Longer-term performance focus. Some organizations or job families have a particularly long performance period (e.g., research and development with a 3- to 5- or 10-year performance horizon). Performance in these types of jobs may not be well aligned with typical, annual performance cycles, but may be a better fit for membership and bonding models. Employers in the survey with a longer-term focus are somewhat more likely to take such an approach.
SURVEY FINDINGS
PAY FOR PERFORMANCE MODEL SEGMENTATION

Over one-third (36%) of survey participants report using multiple pay for performance models; 26% of survey participants report using two pay for performance models, 10% report using three or more models. It is not clear to what extent this reflects participants using a combination of models versus participants using different models for different employee segments (e.g., business units, countries, or job families). Note that a limitation of this survey is that it does not examine how different models may be used optimally for different workforce segments. But some segmentation in pay for performance strategies makes sense, and such pressure must be balanced against requirements for consistency in complex, global organizations, particularly in those with high rates of mobility.

MEASURING THE IMPACT OF PAY FOR PERFORMANCE

Respondents report that their pay for performance programs achieve key objectives (attraction/retention and motivation/focus) more often than not – but a surprising number of organizations (nearly 40%) do not know the impact and few (19%) use sophisticated analyses (e.g., statistical assessment) to investigate the impact. Most rely on qualitative methods (exit interviews, manager input, and employee focus groups) for program evaluation.
MERCER SURVEY PANEL

GENERAL RESULTS ABOUT THE PAY FOR PERFORMANCE APPROACH

PREVALENCE OF PAY FOR PERFORMANCE GREATER THAN EXPECTED (N=569)
More participants than expected indicated a high degree of focus on pay for performance programs. Participants were asked to what extent their company intends to emphasize pay for performance for selected employee groups. Most respondents (60% or more) indicate they focus to a great extent on creating a pay for performance culture for their Executive and Professional/Sales groups, with just over half saying they focus to a great extent on pay for performance for Management.

Note that the percentage of employers indicating they focus on pay for performance did not vary significantly by form of ownership, or by size of employer. There are, however, a few industries that report focusing on pay for performance to a greater extent than other industries such as: Finance/Banking, Durable and Non-Durable Manufacturing.
Organizations were asked to describe their pay programs and strategy. Three-fourths of organizations target pay and benefits at market median. Only 11% of participants target pay and benefits at a premium above market median.
MERCER SURVEY PANEL

GENERAL RESULTS ABOUT THE PAY FOR PERFORMANCE APPROACH

REWARD STRATEGIES TRACK AS EXPECTED WITH 75% TARGETING MEDIAN (N= 563)
FOR THE ORGANIZATIONS THAT REPLIED “OTHER”, DESCRIPTIONS OF THOSE RESPONSES INCLUDE:

• Target Pay at Market Median with Greater Focus on Benefits
• Target pay at market median and benefits at a premium above market median
• Target base pay at market median, and incentives below market; offset with a richer benefit package
• Target base pay and incentives at market median, and provide a richer benefit package.

GREATER FOCUS ON PAY (BASE PAY AND/OR INCENTIVES)

• Target base pay at a premium compared to market, and benefits package at market median
• Target base pay and benefits at market median, and incentives at a premium compared to market

GREATER FOCUS ON A COMBINATION OF INCENTIVES, BENEFITS, AND THE EMPLOYMENT EXPERIENCE

• Base pay is low compared to market; offset with richer incentive and benefit packages
• Target base pay at market median, and incentives and benefits at a premium compared to market
• Target base at market median, offset by the value of the organization’s mission and job engagement
• Base pay and incentives are low compared to market, offset with a benefits package at market median, the value of the organization’s mission, job security and/or work-life balance
ATTRACTING AND RETAINING THE RIGHT TALENT IS TOP PRIORITY (N=288)
Organizations were asked to identify and rank the top three priority outcomes of their pay for performance process. To “attract and retain the right employees” was most often identified as a priority outcome (86%), followed closely by the intention to “motivate employees to focus on the right things and perform at higher levels” (80%).

Note: Organizations were allowed to select multiple responses.
BASE PAY INCREASES, ANNUAL INCENTIVES, AND PROMOTIONS REMAIN THE REWARDS MOST OFTEN LINKED TO PERFORMANCE (N=567)

Organizations were asked to identify the rewards that link to individual or group performance for one or more employee groups. Of all rewards reported, base salary increases and annual or short-term incentive awards were most frequently identified as linked to performance, selected by 90% and 85% of organizations, respectively. Almost two-thirds of responding organizations (63%) indicated advancement/promotions as a potential reward linked to individual or group performance.

Note: Organizations were allowed to select multiple responses.
DIFFERENT TYPES OF PERFORMANCE DRIVES DIFFERENT REWARDS (N=558)

Organizations were asked to indicate which type of performance is linked to their performance based rewards – individual, team/division/business unit, or corporate.

- More than 90% of respondents indicated individual performance influences or drives rewards such as: recognition (93%), base salary increases (94%), development opportunities (98%), and advancement/opportunities (99%).
- Team contributions are most often reflected in annual incentives, but may also be reflected in spot or project bonuses.
- Corporate performance is more closely linked to incentives such as annual or short-term incentive awards (41%).
ORGANIZATIONS USE MULTIPLE PAY FOR PERFORMANCE MODELS, BUT FINANCIAL INCENTIVES REMAIN THE MOST PREVALENT (N=567)

Organizations were asked to what extent they agree or disagree with a variety of statements about their incentive and performance strategy:

- Nearly two-thirds of companies (65%) agree or strongly agree that financial incentives are a primary mechanism by which individual performance is rewarded.

  - Only 14% of participants agree or strongly agree that:
    - Financial incentives reward group or team performance over individual performance.
    - Performance is rewarded through a series of competitive promotions with significant pay increases associated with promotions.
    - They pay above market to attract and retain premium talent, and exit out those employees who don't deliver premium work.

- Only 7% say they systematically underpay employees early in their service with the organization and pay higher as years of service grow, with the intent of encouraging long-term commitment to the organization.
MERCER SURVEY PANEL

GENERAL RESULTS ABOUT THE PAY FOR PERFORMANCE APPROACH

FINANCIAL INCENTIVES FOR TOP PERFORMERS TRACK 1.5-2 TIMES AVERAGE

Organizations were asked how their actual pay decisions, related to base salary and incentives, vary or expect to vary by individual performance rating in 2013. Of organizations whose actual pay varies by individual performance rating, almost two-thirds reported documentation --such as analysis-- is the basis for their decision. Ten percent (10%) reported their decision is based on description of their guidelines; and 43% based on a best estimate of their practices (N=366).

Base Salary - The table below displays the employee distribution and base salary increase for a five-tier individual performance rating model. Note that only organizations reporting values for both distribution and base salary increase percentages are included in the sample (N=327).

<table>
<thead>
<tr>
<th>Individual Performance Rating</th>
<th>Highest</th>
<th>Middle</th>
<th>Low</th>
<th>Lowest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Distribution %</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean</td>
<td>9.8</td>
<td>57.2</td>
<td>7.6</td>
<td>3.3</td>
</tr>
<tr>
<td>Median</td>
<td>7.0</td>
<td>60.0</td>
<td>5.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Base Salary Increase %</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean</td>
<td>4.9</td>
<td>2.7</td>
<td>1.5</td>
<td>1.3</td>
</tr>
<tr>
<td>Median</td>
<td>4.6</td>
<td>2.6</td>
<td>1.5</td>
<td>1.0</td>
</tr>
</tbody>
</table>

For the 70 organizations that indicated their actual pay decisions did not vary by performance rating, the mean and median base salary increase percentage reported is 3.0%.

Short-term Incentive - The table below displays the employee distribution and short-term incentive as a percent of base salary for a five-tier individual performance rating model. Note that only organizations reporting values for both distribution and short-term incentive are included in the sample (N=129).

<table>
<thead>
<tr>
<th>Individual Performance Rating</th>
<th>Highest</th>
<th>Middle</th>
<th>Low</th>
<th>Lowest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Distribution %</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean</td>
<td>11.2</td>
<td>53.9</td>
<td>9.5</td>
<td>8.1</td>
</tr>
<tr>
<td>Median</td>
<td>8.0</td>
<td>59.0</td>
<td>6.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Short-term Incentive as % of Base Salary</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean</td>
<td>19.6</td>
<td>10.8</td>
<td>6.8</td>
<td>5.7</td>
</tr>
<tr>
<td>Median</td>
<td>19.0</td>
<td>10.0</td>
<td>5.2</td>
<td>5.5</td>
</tr>
</tbody>
</table>

For the 70 organizations that indicated their actual pay decisions did not vary by performance rating, the mean base salary increase percentage reported is 11.4%, and the median is 10.0%.
MERCER SURVEY PANEL

GENERAL RESULTS ABOUT THE PAY FOR PERFORMANCE APPROACH

MOST ORGANIZATIONS CONTINUE TO INCREASE DIFFERENTIATION (N=522)
Organizations were asked to describe any progress being made regarding differentiating pay based on performance. The majority are working to increase differentiation of pay based on performance compared to only 2% working to decrease differentiation of pay for performance.

![Pie chart showing the distribution of organizations working to increase, decrease, or maintain pay differentiation based on performance.](chart.png)

- Working to increase differentiation of pay based on performance: 63%
- Working to decrease differentiation of pay based on performance: 2%
- No change: 35%
Companies use a variety of tools to differentiate performance/rewards (N=561)

Organizations were asked to identify the tools and processes used in order to ensure differentiation between performance levels and the resulting rewards. More than half of the responding organizations indicated that they differentiate between performance levels and the resulting rewards by using guidelines regarding expected ratings distribution (59%) and next-level manager review (51%).

Note: Organizations were allowed to select multiple responses.
MANAGERS’ DECISIONS ARE REVISED TO A LIMITED EXTENT IN CALIBRATION (N= 493)

Organizations were asked to indicate what percent of their managers’ recommended decisions (e.g., performance ratings, compensation decisions, etc.) are typically revised through the calibration process. As shown in the chart below, 16% of respondents indicated managers’ recommended decisions are not revised through the calibration process, while almost two-thirds (63%) indicated decisions are revised between 1-5%.
SLIGHTLY MORE THAN 50% OF COMPANIES USE “DIRECT DRIVE” LINKAGE PERFORMANCE TO PAY (N=509)

Organizations were asked how they link performance to base salary and incentive decisions. The rating or assessment influences pay decisions as reported by nearly half of the responding organizations (48%), while 52% reported the rating directly drives or determines pay decisions.

- 48% of responding organizations indicated that the rating or assessment influences the pay decisions.
- 28% indicated that the rating determines the pay decisions (direct drive).
- 12% indicated that the rating directly determines base salary decisions, but influences incentives.
- 12% indicated that the rating influences base salary, but directly determines incentives.
GENERAL RESULTS ABOUT THE PAY FOR PERFORMANCE APPROACH

INCENTIVE PROGRAM ELIGIBILITY TYPICALLY NOT CHANGING (N=523)
Organizations were asked to what extent is eligibility changing in their incentive programs (i.e., short- and long-term incentives, spot or project bonuses, etc.). More than half of responding organizations indicated participation eligibility is not changing in annual or short-term incentives (74%), spot or project bonuses (63%), and long-term and equity incentives (58%).
ALMOST HALF OF ORGANIZATIONS INDICATE PAY FOR PERFORMANCE NEEDS WORK (N=505)

The chart below reflects how organizations evaluated the effectiveness of their pay for performance approach.
GENERAL RESULTS ON PAY FOR PERFORMANCE EFFECTIVENESS

ORGANIZATIONS USING TOURNAMENT OR PAY ABOVE MARKET MODELS REPORT THE HIGHEST LEVELS OF EFFECTIVENESS (N=283)

Of the organizations that focus on one pay for performance model, those with a tournament or pay above market model are more likely to report their plan works well or delivers exceptional value. The chart below reflects how organizations, using solely one pay for performance model, evaluated the effectiveness of their pay for performance approach.

![Chart showing pay for performance effectiveness by model type](chart.png)
ALMOST SIX IN TEN USE FORMAL ANALYSES TO ASSESS THE RELATIONSHIP BETWEEN EMPLOYEE ATTRACTION AND RETENTION AND PAY FOR PERFORMANCE (N=443)

Organizations were asked to identify the approach used to assess the relationship between employee attraction and retention and pay for performance. Exit interviews are widely used as reported by 82% of responding organizations. More than half of organizations (56%) use at least one formal approach (i.e., employee or supervisor focus groups and/or survey data, correlation between rewards and turnover analysis).

Note: Organizations were allowed to select multiple responses.
ONLY FOUR IN TEN ORGANIZATIONS SEE POSITIVE RELATIONSHIP BETWEEN PAY FOR PERFORMANCE AND EMPLOYEE ATTRACTION AND RETENTION (N=503)

Organizations were asked to describe the relationship between employee attraction and retention and pay for performance in their organization. Of the responding organizations, 40% reported a positive relationship in that their pay for performance practices attract and retain strong performers and/or encourage weak performers to depart, but 36% don't know whether there is a relationship.

Note: Organizations were allowed to select multiple responses.
MERCER SURVEY PANEL

GENERAL RESULTS ON PAY FOR PERFORMANCE EFFECTIVENESS

HALF OF PARTICIPANTS REPORT A POSITIVE RELATIONSHIP BETWEEN PAY FOR PERFORMANCE AND EMPLOYEES’ CONTRIBUTION AND DEVELOPMENT (N=494)

Organizations were asked to describe the relationship between pay for performance and an employee’s contribution and development in their organization. Of the responding organizations, 38% reported a positive relationship in that their pay for performance practices focus attention on desired results measures and enhance or reinforce employee performance results.

<table>
<thead>
<tr>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive, our pay for performance practices focus attention on desired results measures, and enhance or reinforce employee performance results</td>
<td>38%</td>
</tr>
<tr>
<td>Positive, our pay for performance practices focus attention on desired capabilities and skills, and reinforce improvements in capabilities</td>
<td>29%</td>
</tr>
<tr>
<td>Negative, our pay for performance practices do not drive improvement in employee capabilities</td>
<td>5%</td>
</tr>
<tr>
<td>Negative, our pay for performance practices do not drive results</td>
<td>4%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>39%</td>
</tr>
</tbody>
</table>

Note: Organizations were allowed to select multiple responses.
**MERCER SURVEY PANEL**

**GENERAL RESULTS ON PAY FOR PERFORMANCE EFFECTIVENESS**

**ONE IN FIVE ORGANIZATIONS BELIEVE EMPLOYEE SATISFACTION WITH PAY IS UP (N=469)**

Organizations were asked to describe their employees’ satisfaction with pay per results of any employee survey that has been conducted in the last two years. Of the 62% of responding organizations that have conducted an employee survey in the last two years, almost one-fourth report that employees’ satisfaction with pay is better (20%) or much better (2%) than the prior survey results.

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have not conducted a survey in the last two years</td>
<td>38%</td>
</tr>
<tr>
<td>Much better than previous survey</td>
<td>35%</td>
</tr>
<tr>
<td>Better than previous survey</td>
<td>20%</td>
</tr>
<tr>
<td>Same as previous survey</td>
<td>4%</td>
</tr>
<tr>
<td>Worse than previous survey</td>
<td>2%</td>
</tr>
<tr>
<td>Much worse than previous survey</td>
<td>0%</td>
</tr>
</tbody>
</table>

© 2013 Mercer LLC
ParticipanTS Deploy a Mix of Build and Buy Talent Strategies (N=493)

Organizations were asked to what extent they agree or disagree with these statements about talent strategy.

- 39% agree or strongly agree that they primarily build talent from within.
- 43% indicate they tend to build key talent from within and recruit other employees from the outside.
- 35% of organizations indicate that they tend to recruit critical talent from the outside and build other categories of talent internally.
- 63% of organizations agree or strongly agree that they tend to hire people in at all levels, including mid-career and late-career hires.

Note that organizations with a tournament model are more likely to report a build talent strategy rather than buy talent strategy; although the difference is less than expected, and some are reporting on recruiting strategies.
Organizations were asked to what extent the factors below are challenges to the effective design and implementation of their pay for performance program.

- Three-fourths or more of organizations cited effective design and implementation challenges of their pay for performance program to some or to a greater extent due to:
  - Achieving business objectives requires long-term over short-term focus (70%).
  - Difficulty monitoring employee or team work effort (72%).
  - Complexity of business/job (73%).
  - Difficulty reliably measuring an employee’s or team’s contribution (79%).
  - Frequently shifting priorities/goals (80%).
  - Perceptions of fairness in rewards decisions (85%).

- Approximately half of responding organizations reported challenges to some or to a greater extent due to the high volatility of performance measures used (49%) or tension between individual performance and required teamwork (57%).
MERCER SURVEY PANEL

GENERAL RESULTS ABOUT THE CONTEXT FOR PAY FOR PERFORMANCE

ONE-THIRD OF PARTICIPANTS PLAN TO REVISE THEIR PAY FOR PERFORMANCE PROGRAM: A LOOK INTO HOW AND WHERE (N=489)

Organizations were asked if they anticipate revising their pay for performance program. Thirty-three percent plan to do so; the following are descriptions of changes they are considering.

PAY FOR PERFORMANCE PROGRAM PARTICIPATION

• Expand program to include other employee groups.

PERFORMANCE GOALS AND EVALUATION (I.E., FEEDBACK, RATING)

• More focus on SMART goals and team goals.

• Introduce a business unit factor using a balance scorecard approach.

• Use a common focal review date.

• Create broader performance rating categories.

• Introduce a 5 point performance scale to differentiate the performance amongst “highly” successful and successful contributors.

• Change ratings to descriptions, to steer focus from “numbers” and more on the performance appraisal.

• Add weighting assessments for leadership roles based on leadership competencies.

• Create a stronger link between pay for performance and managing the performance distribution --rewarding the desired behaviours.

REWARDS – BASE SALARY

• Change the forced rating distributions and the financial rewards that go along with it.

• Cap the percentage increase given to middle and “next to highest” performance rating groups until a minimum level of differentiation for Top Performers is achieved (e.g., 1.75x or 2x).

• Revise merit and bonus matrices based on actual distribution of performance.
GENERAL RESULTS ABOUT THE CONTEXT FOR PAY FOR PERFORMANCE

ONE-THIRD OF PARTICIPANTS PLAN TO REVISE THEIR PAY FOR PERFORMANCE PROGRAM: A LOOK INTO HOW AND WHERE (N=489)

Organizations were asked if they anticipate revising their pay for performance program. Thirty-three percent plan to do so; the following are descriptions of changes they are considering.

REWARDS – SHORT- AND LONG-TERM INCENTIVES

• Make the target bonus less discretionary and apply a formula to determine payout.

• Factor individual incentive payouts according to performance appraisal rating.

• Move from one size fits all bonus plans to combination of performance and business results.

• Add a short-term incentive component that is linked to individual and company performance.

• Create new calculations or change in ranges for short- and long-term incentives.

• Increase individual metrics over group metrics in our sales incentive plan.

• Add long-term incentive to the plan.

• Create closer alignment to the shareholder experience (i.e., introduce a metric like Earnings per Share, which may be applicable for only Executives).

• Be more transparent in communications about the compensation components of short- and long-term incentive targets.

TOOLS & PROCESSES

• Train managers on how to evaluate and award performance.

• Develop tools and guidelines to improve pay differentiation.

• Add more required calibration sessions.

• Identify and implement methods to measure effectiveness of pay practices and decisions.

• Implement an automated review system that reports rating and increase information rolled up to the second level manager for additional review, whereas right now everything is handled by only first-line manager and only highest ratings submitted to Administrator level for approval.
### PARTICIPANT DEMOGRAPHICS

#### Industry (N=570)

<table>
<thead>
<tr>
<th>Industry</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Durable - Manufacturing</td>
<td>13%</td>
</tr>
<tr>
<td>Healthcare</td>
<td>12%</td>
</tr>
<tr>
<td>Services - For Profit</td>
<td>12%</td>
</tr>
<tr>
<td>Energy/Mining/Utilities</td>
<td>11%</td>
</tr>
<tr>
<td>Services - Not for Profit</td>
<td>8%</td>
</tr>
<tr>
<td>Durable - Manufacturing</td>
<td>8%</td>
</tr>
<tr>
<td>High-Tech/Telecommunication</td>
<td>7%</td>
</tr>
<tr>
<td>Insurance</td>
<td>7%</td>
</tr>
<tr>
<td>Retail/Wholesale</td>
<td>6%</td>
</tr>
<tr>
<td>Finance/Banking</td>
<td>6%</td>
</tr>
<tr>
<td>Transportation</td>
<td>3%</td>
</tr>
<tr>
<td>Hospitality/Entertainment</td>
<td>3%</td>
</tr>
<tr>
<td>Other</td>
<td>0%</td>
</tr>
</tbody>
</table>
PARTICIPANT DEMOGRAPHICS

Revenue Size

- Canada (N=126)
  - Under 50 million: 32%
  - 50 million < 100 million: 15%
  - 100 million < 500 million: 19%
  - 500 million < 1 billion: 18%
  - 1 billion < 5 billion: 8%
  - Over 5 billion: 6%

- US (N=426)
  - Less than 500 million: 23%
  - 500 million < 1 billion: 16%
  - 1 billion < 2.5 billion: 18%
  - 2.5 billion < 5 billion: 17%
  - 5 billion < 10 billion: 9%
  - 10 billion < 25 billion: 8%
  - Over 25 billion: 4%

Number of Employees

- Canada (N=128)
  - Less than 500: 34%
  - 500 to 1,000: 19%
  - 1,001 to 5,000: 13%
  - 5,001 to 20,000: 19%
  - Over 20,000: 16%

- US (N=436)
  - Less than 500: 29%
  - 500 to 1,000: 35%
  - 1,001 to 5,000: 12%
  - 5,001 to 20,000: 9%
  - Over 20,000: 15%
### CANADA PARTICIPANT LIST

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Company Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aditya Birla Minacs</td>
<td>City of Mississauga</td>
</tr>
<tr>
<td>Adjeleian Allen Rubeli Limited</td>
<td>City of Ottawa</td>
</tr>
<tr>
<td>Agriculture Financial Services Corporation</td>
<td>CML HealthCare Inc.</td>
</tr>
<tr>
<td>Air Canada</td>
<td>College of Physicians &amp; Surgeons of Alberta</td>
</tr>
<tr>
<td>Alberta Electric System Operator</td>
<td>Conexus Credit Union</td>
</tr>
<tr>
<td>Alberta Health Services</td>
<td>Credit Union Central of Manitoba</td>
</tr>
<tr>
<td>Alberta Innovates - Health Solutions</td>
<td>CSA Group</td>
</tr>
<tr>
<td>Alliance Pipeline</td>
<td>Finning Canada</td>
</tr>
<tr>
<td>Amway</td>
<td>First Calgary Financial Credit Union Ltd.</td>
</tr>
<tr>
<td>Arbor Memorial Inc.</td>
<td>FortisBC Energy Inc.</td>
</tr>
<tr>
<td>ARC Resources Ltd.</td>
<td>Gamma-Dynacare Medical Laboratories</td>
</tr>
<tr>
<td>ArcelorMittal Dofasco</td>
<td>Gibson Energy Inc.</td>
</tr>
<tr>
<td>Association of Universities and Colleges of Canada</td>
<td>Groupe Geloso</td>
</tr>
<tr>
<td>ATCO Electric</td>
<td>Henry Schein Canada Inc.</td>
</tr>
<tr>
<td>Bank of Montreal</td>
<td>HSBC Bank Canada</td>
</tr>
<tr>
<td>Banque Nationale du Canada</td>
<td>Husky Energy Inc.</td>
</tr>
<tr>
<td>BC Cancer Foundation</td>
<td>Husky Injection Molding Systems Ltd.</td>
</tr>
<tr>
<td>BC Children's Hospital Foundation</td>
<td>IKEA Canada Limited Partnership</td>
</tr>
<tr>
<td>Bell Canada</td>
<td>Imperial Tobacco Canada Limited</td>
</tr>
<tr>
<td>Bouthillette Parizeau</td>
<td>Industries Lassonde Inc.</td>
</tr>
<tr>
<td>CAA South Central Ontario</td>
<td>Ingram Micro, Inc.</td>
</tr>
<tr>
<td>Caisse de dépôt et placement du Québec</td>
<td>International Financial Data Services Ltd.</td>
</tr>
<tr>
<td>Calfrac Well Services Ltd.</td>
<td>Kinder Morgan</td>
</tr>
<tr>
<td>Calgary Co-operative Association Limited</td>
<td>L-3 Communications Electron Technologies, Inc.</td>
</tr>
<tr>
<td>Canada-Newfoundland and Labrador Offshore Petroleum Board</td>
<td>Law Society of Upper Canada, The</td>
</tr>
<tr>
<td>Canadian Blood Services</td>
<td>Loblaw Companies Limited</td>
</tr>
<tr>
<td>Canadian Institute for Health Information</td>
<td>Longo Brothers Fruit Markets Inc.</td>
</tr>
<tr>
<td>Canadian Nurses Association</td>
<td>Mackenzie Investments</td>
</tr>
<tr>
<td>Canexus Corporation</td>
<td>Manulife Financial</td>
</tr>
<tr>
<td>Cape Breton University</td>
<td>Mattamy Homes</td>
</tr>
<tr>
<td>Capital Power Corporation</td>
<td>McGill University</td>
</tr>
<tr>
<td>Catalyst Paper Corporation</td>
<td>MEGlobal Canada Inc.</td>
</tr>
<tr>
<td>CB Richard Ellis Limited</td>
<td>Meridian Credit Union</td>
</tr>
<tr>
<td>Celero</td>
<td>MNP LLP</td>
</tr>
<tr>
<td>Central 1 Credit Union</td>
<td>Mosaic US Holdings Inc</td>
</tr>
<tr>
<td>Ceridian Canada, Ltd.</td>
<td>MTS Allstream</td>
</tr>
<tr>
<td>City of Calgary</td>
<td>Nalcor Energy</td>
</tr>
<tr>
<td>City of Medicine Hat</td>
<td>Nexen Energy ULC</td>
</tr>
<tr>
<td>Norcan Petroleum Group Inc</td>
<td></td>
</tr>
</tbody>
</table>
CANADA PARTICIPANT LIST

North West Redwater Partnership
Northwestel Inc.
Ontario Hospital Association
Ontario Pension Board
Ontario Power Generation
Ontario Securities Commission
Otéra Capital
Panasonic Canada Inc
Parex Resources Inc.
Pembina Pipeline Corporation
Pengrowth Energy Corporation
Pharmascience Inc.
Progesys Inc
PTTEP Canada Limited
Reebok-CCM Hockey, Inc.
Regional Municipality of Peel
Reitmans Canada Ltd.
Rogers Communications Inc.
Rothmans, Benson & Hedges Inc.
Rotork Controls (Canada) Ltd.
Royal College of Physicians and Surgeons of Canada, The
Samsung Electronics Canada Inc.
SaskTel
Secrétariat du Conseil du trésor
Seven Generations Energy Ltd.
Sherritt International Corporation
Sleep Country Canada
SMART Technologies
Société des Alcools du Québec
Source (Bell) Electronics Inc., The
Southwire Canada Company
Spectra Energy
Stantec Inc.
State Street
Sun Life Financial
Sunshine Oilsands Ltd.
Symcor Inc.
Talisman Energy Inc.
TAQA North Ltd.
Teknion Corporation

Toronto International Film Festival, Inc.
Town of Oakville
Transat A.T. Inc.
Union of British Columbia Municipalities
United Parcel Service of America, Inc.
University of Saskatchewan
WestJet Airlines Ltd.
Workers’ Compensation Board - Alberta
Yellow Pages Group
YMCA of Greater Vancouver
US PARTICIPANT LIST

99¢ Only Stores
A&E Television Networks, LLC.
ADVA AG Optical Networking
Advocate Health Care
Aetna, Inc.
AgFirst Farm Credit Bank
AGL Resources
AIPSO
Air Liquide America
Alcoa, Inc.
Alliance Data Systems, Inc.
Alliant Energy Corporation
Alliant Techsystems Inc.
Allstate Insurance Company
Ameren Corporation
American Eurocopter Corporation
American Family Insurance
American International Group, Inc.
American Mathematical Society
American Modern Insurance Group
American Red Cross, The
American Traffic Solutions, Inc
AmeriGas Propane, Inc.
AmeriPride Services, Inc.
Amgen Inc.
Amica Mutual Insurance Company
Ansell Healthcare
Apache Corporation
Arby’s Restaurant Group, Inc.
Arete Associates
ARIAD Pharmaceuticals, Inc.
ARINC Incorporated
Arlington County Government
Armstrong World Industries
Asante Health System
Associated Banc-Corp
Astron Solutions, LLC.
Asurion, LLC
AT&T, Inc.
AtlantiCare Regional Medical Center
Aurora Health Care
Avista Corporation
Aviva Life and Annuity Company
Bain & Company
Bank of Hawaii
Bank of Montreal
Banner Health
Baptist Health South Florida
Barnes Group Inc.
Barquin International
BASF Corporation
Bayer Corporation
Baylor College of Medicine
BIC Corporation
BioMarin Pharmaceutical Inc.
BISSELL Homecare, Inc.
Black & Veatch
Black Hills Corporation
Blue Cross Blue Shield of Kansas City
Blue Cross Blue Shield of Michigan
BlueCross BlueShield of Tennessee
BlueScope Steel
BMW of North America, LLC
BNSF Railway Company
Boart Longyear
Boise Inc.
Booz Allen Hamilton
Boston Medical Center HealthNet Plan
Branch Banking and Trust Company
Brookhaven National Laboratory
Broward Health
Brown University
Buckeye Partners, L.P.
Cablevision Systems Corporation
Cabot Microelectronics Corporation
Cambia Health Solutions
Canon Solutions America
Canon U.S.A., Inc.
Capital Group Companies, Inc., The
Capital One
Carlson
Cascade Engineering
US PARTICIPANT LIST

Caterpillar Financial Services Corporation
Catholic Charities USA
Centene Corporation
Central Mutual Insurance Company
CGG
Charles River Laboratories
Chelan County Public Utility District
Chief Oil & Gas LLC
Children’s Hospital of Wisconsin
Chipotle Mexican Grill
Chiquita Brands International, Inc
Choctaw Nation of Oklahoma
Christopher & Banks
Cincinnati Children’s Hospital Medical Center
City and County of Denver
Clearwater Paper Corporation
Cleveland Indians Baseball Company, Inc.
Cochlear Americas
Colorado Springs Utilities
Comerica Bank
Community Healthcare System
Consolidated Health Services, Inc.
Convergys Corporation
Con-way Inc.
CooperVision, Inc.
Corden Pharma Coloraod, Inc.
CoreLogic
COSCO Container Lines Americas
Crestline Hotels & Resorts
Cricket Communications
Crowley Maritime Corporation
CSL Behring Canada
Cummins-Allison Corp.
Daiichi Sankyo, Inc.
DAK Americas LLC
Danfoss
DBC Real Estate Management
Delhaize America
Dell
Denihan Hospitality Group
Denver Public Schools
DFS Group Limited
DineEquity, Inc.
DISH Network L.L.C.
DPT Laboratories, Ltd.
DST Systems, Inc.
E.W. Scripps Company, The
Early Warning Services, LLC
Eaton Corporation
ECONET, Inc.
Eli Lilly and Company
Energy Future Holdings
EnergySolutions
EnerVest, Ltd.
EPI-USE
Epler Company, The
Equity Residential
Erie Insurance Group
ESCO Technologies Inc.
Evergreen Shipping Agency (America) Corp.
Express Scripts
Exterran Holdings, Inc
Fairfield Medical Center
Federal Reserve Bank of Atlanta
Federal Reserve Bank of Chicago
Federal Reserve Bank of Dallas
FedEx Express
FEI Company
Festo Corporation
Fidelity National Information Services
First American Financial Corporation
First Citizens Bank
First PREMIER Bank
FirstEnergy Corp.
Fiserv, Inc.
Fiskars Corporation
Forest City Enterprises, Inc.
<table>
<thead>
<tr>
<th>Freeman</th>
<th>Hill-Rom, Inc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>GameStop Corp.</td>
<td>Hines</td>
</tr>
<tr>
<td>Gardner Denver, Inc.</td>
<td>Hot Topic, Inc.</td>
</tr>
<tr>
<td>Garmin International, Inc.</td>
<td>HRL Laboratories, LLC</td>
</tr>
<tr>
<td>GBBN Architects, Inc.</td>
<td>Humana Inc.</td>
</tr>
<tr>
<td>Geisinger Health System</td>
<td>Hunter Douglas</td>
</tr>
<tr>
<td>General Atomics</td>
<td>ICBC</td>
</tr>
<tr>
<td>General Motors Company</td>
<td>ICF International</td>
</tr>
<tr>
<td>Glatfelter</td>
<td>ICW Group</td>
</tr>
<tr>
<td>GlaxoSmithKline Inc.</td>
<td>Illinois Municipal Retirement Fund</td>
</tr>
<tr>
<td>GOJO Industries, Inc.</td>
<td>INC Research, LLC</td>
</tr>
<tr>
<td>Good Shepherd Medical Center</td>
<td>Indiana State University</td>
</tr>
<tr>
<td>Gordon Brothers Group</td>
<td>Ingram Micro, Inc.</td>
</tr>
<tr>
<td>Greater Orlando Aviation Authority</td>
<td>Institute of Nuclear Power Operations</td>
</tr>
<tr>
<td>Greater Twin Cities United Way</td>
<td>InterContinental Hotels Group</td>
</tr>
<tr>
<td>Great-West Life Assurance</td>
<td>International Imaging Materials, Inc.</td>
</tr>
<tr>
<td>Company, The</td>
<td>Invesco Ltd.</td>
</tr>
<tr>
<td>Group Health Cooperative</td>
<td>Ipsos</td>
</tr>
<tr>
<td>GROWMARK, Inc.</td>
<td>Itron, Inc.</td>
</tr>
<tr>
<td>Gruma Corp.</td>
<td>JetBlue Airways</td>
</tr>
<tr>
<td>Gulfstream Aerospace Corporation</td>
<td>John S. and James L. Knight Foundation</td>
</tr>
<tr>
<td>Gunderson Health System</td>
<td>Johns Hopkins Applied Physics Laboratory</td>
</tr>
<tr>
<td>H.B. Fuller Company</td>
<td>Johns Hopkins Health System, The</td>
</tr>
<tr>
<td>H.J. Heinz Company</td>
<td>Johnson Memorial Hospital</td>
</tr>
<tr>
<td>Hackensack University Medical Center</td>
<td>Kamehameha Schools</td>
</tr>
<tr>
<td>Halliburton Group Canada</td>
<td>Kao Specialties Americas LLC</td>
</tr>
<tr>
<td>Hancock Holding Company</td>
<td>Kelsey-Seybold Clinic</td>
</tr>
<tr>
<td>Harbor Group Management</td>
<td>Knoxville Utilities Board</td>
</tr>
<tr>
<td>Hartford Financial Services Group,</td>
<td>Kohler Co.</td>
</tr>
<tr>
<td>Inc., The</td>
<td>Kohl's Illinois, Inc.</td>
</tr>
<tr>
<td>Hartford Hospital</td>
<td>KPMG LLP</td>
</tr>
<tr>
<td>Health New England</td>
<td>Kraft Foods Group</td>
</tr>
<tr>
<td>Healthcare Management</td>
<td>L Brands Inc.</td>
</tr>
<tr>
<td>Administrators, Inc.</td>
<td>Lancaster General Health</td>
</tr>
<tr>
<td>HealthPartners</td>
<td>Land O'Lakes, Inc.</td>
</tr>
<tr>
<td>Helzberg's Diamond Shops, Inc.</td>
<td>Lantronix, Inc.</td>
</tr>
<tr>
<td>Herbalife International</td>
<td>Laureate Education, Inc.</td>
</tr>
<tr>
<td>Hersha Hospitality Management</td>
<td>Legacy Health</td>
</tr>
<tr>
<td>Hershey Canada Inc.</td>
<td>LEO Pharma Inc.</td>
</tr>
<tr>
<td>Highgate Hotels LP</td>
<td>LF USA Inc.</td>
</tr>
<tr>
<td></td>
<td>LG&amp;E and KU</td>
</tr>
</tbody>
</table>
### US PARTICIPANT LIST

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Company Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lifetouch, Inc.</td>
<td>MSC Software</td>
</tr>
<tr>
<td>Loparex LLC</td>
<td>Nash Finch Company</td>
</tr>
<tr>
<td>Lubrizol Corporation, The</td>
<td>National Academies, The</td>
</tr>
<tr>
<td>Lucile Packard’s Children’s Hospital</td>
<td>National Academies, The</td>
</tr>
<tr>
<td>Luck Companies Foundation, The</td>
<td>National Rural Utilities Cooperative Finance Corporation</td>
</tr>
<tr>
<td>Luxottica Retail North America</td>
<td>National Security Technologies, LLC</td>
</tr>
<tr>
<td>Manheim</td>
<td>Nautilus, Inc.</td>
</tr>
<tr>
<td>Market America</td>
<td>Navistar, Inc.</td>
</tr>
<tr>
<td>Marshfield Clinic</td>
<td>NBTY, Inc.</td>
</tr>
<tr>
<td>Martin’s Point Health Care</td>
<td>Nelnet, Inc.</td>
</tr>
<tr>
<td>MasterCard</td>
<td>NewMarket Corporation</td>
</tr>
<tr>
<td>Matson</td>
<td>Noblis</td>
</tr>
<tr>
<td>Mayo Clinic Health Solutions</td>
<td>Northern Trust Corporation</td>
</tr>
<tr>
<td>Meda Pharmaceuticals Inc.</td>
<td>NorthShore University HealthSystem</td>
</tr>
<tr>
<td>MedCentral Health System</td>
<td>Northwest Evaluation Association</td>
</tr>
<tr>
<td>Medical University of South Carolina, The</td>
<td>Northwestern Medical Center</td>
</tr>
<tr>
<td>Medtronic, Inc.</td>
<td>Northwestern University</td>
</tr>
<tr>
<td>Memorial Healthcare System</td>
<td>NOVA Chemicals Corporation</td>
</tr>
<tr>
<td>Memorial Healthcare System</td>
<td>Novartis Health</td>
</tr>
<tr>
<td>Memorial Sloan-Kettering Cancer Center</td>
<td>NRG Energy, Inc.</td>
</tr>
<tr>
<td>MemorialCare Health System</td>
<td>NW Natural</td>
</tr>
<tr>
<td>Mercury Insurance Group</td>
<td>NXP Semiconductors</td>
</tr>
<tr>
<td>Mercy Medical Center</td>
<td>Oak Ridge Associated Universities</td>
</tr>
<tr>
<td>Meritor, Inc.</td>
<td>Oncor Electric Delivery Company LLC</td>
</tr>
<tr>
<td>Metalsa</td>
<td>OneBeacon Insurance Group</td>
</tr>
<tr>
<td>MetLife</td>
<td>ONEOK, Inc.</td>
</tr>
<tr>
<td>Michael Baker Corporation</td>
<td>Ono Pharma USA, Inc.</td>
</tr>
<tr>
<td>Michaels Stores, Inc.</td>
<td>Orange County Government, Florida</td>
</tr>
<tr>
<td>MidMichigan Health</td>
<td>Oregon Health &amp; Science University</td>
</tr>
<tr>
<td>Millennium: The Takeda Oncology Company</td>
<td>Orrick, Herrington &amp; Sutcliffe LLP</td>
</tr>
<tr>
<td>Millennium Laboratories</td>
<td>Oxford Industries, Inc.</td>
</tr>
<tr>
<td>Mitsubishi International Corporation</td>
<td>PACCAR Inc</td>
</tr>
<tr>
<td>Molex</td>
<td>Pacific Life Insurance Company</td>
</tr>
<tr>
<td>Molson Coors Canada, Inc.</td>
<td>Pampered Chef, Ltd., The</td>
</tr>
<tr>
<td>Mosaic Company, The</td>
<td>PartyLite Worldwide, Inc.</td>
</tr>
<tr>
<td>Motorola Solutions, Inc.</td>
<td>Pearson Education, Inc.</td>
</tr>
<tr>
<td>MRIGlobal</td>
<td>People’s United Bank</td>
</tr>
<tr>
<td>Personnel Board of Jefferson County</td>
<td>PharMerica Corporation</td>
</tr>
</tbody>
</table>
US PARTICIPANT LIST

Philips North America
Pinnacle West Capital Corporation
Polyclinic, The
Portfolio Recovery Associates, Inc.
PPL Corporation
PRA International
PricewaterhouseCoopers LLP
Prime Therapeutics, LLC
Principal Financial Group
PrivateBancorp, Inc.
Public Service Enterprise Group
Puget Sound Energy
PVH Corp.
Qualex, Inc.
Quintiles Inc.
Radian Group Inc.
Radio Systems Corporation
Raymond James & Associates, Inc
Republic Airways Holdings, Inc.
Republic Services, Inc.
Revlon, Inc.
Rexnord Industries, LLC.
Reynolds American, Inc.
Rice University
Rockefeller Group International Inc., The
Rockwell Automation, Inc.
Ryan, LLC
S&C Electric Company
Safelite Group, Inc.
Safety-Kleen Systems, Inc.
Sage North America
SAIC-Frederick, Inc.
Saint Luke’s Health System
Salt River Project
Sandy Spring Bank
Santen Pharmaceutical Co., Ltd.
Sarasota Memorial Health Care System
Savannah River Nuclear Solutions, LLC
Seattle Genetics, Inc.
Sentry Group
ServiceMaster Canada
Seton Healthcare Family
Sierra Nevada Corporation
Simon Property Group
SLAC National Accelerator Laboratory
SMA Solar Technology AG
Snohomish County PUD
Solar Turbines Inc.
Solix, Inc.
Southern States Cooperative
Sparrow Health System
Spartan Stores
Spartanburg Regional Healthcare Systems
Spectrum Brands, Inc.
Spirit AeroSystems Holdings, Inc.
Sprint
Sprouts Farmers Market
SPX Corporation
Stanford University
Stepan Company
Stericycle Inc.
Strayer University
Suburban Hospital
SunGard
Symetra Life Insurance Company
TD Ameritrade
Team Health, Inc.
Technica Corp.
Tennessee Valley Authority
Teva Pharmaceuticals USA
Texas Mutual Insurance Company
Textron Inc.
The Coca-Cola Company
TJX Companies, Inc., The
T-Mobile USA, Inc.
Toray Composites America, Inc.
Toray Plastics (America), Inc.
Travis Credit Union
Turner Broadcasting System, Inc.
US PARTICIPANT LIST

Twentieth Century Fox Filmed Entertainment
U.S. Steel Canada
UL LLC
Umass Memorial Health Care
Unilever
UNITE HERE HEALTH
Universal Technical Institute, Inc.
University Hospitals
University Medical Center of Southern Nevada
University of Dayton
University of Pennsylvania
University of Pittsburgh Medical Center (UPMC)
University of Rochester
University of Rochester
University of Texas Health Science Center at Houston, The
University of Virginia Medical Center
URS Corporation - Energy & Construction
USAA
ValueOptions
Vantiv
Varian Medical Systems, Inc.
Vector Security, Inc.
Vectren Corporation
Ventana Medical Systems
Verisign
Vermeer Corporation
Veyance Technologies
VHQC
Via Christi Health
Volcano Corporation
Waddell & Reed, Inc.
Waggener Edstrom Worldwide
Wal-Mart Stores, Inc.
Walt Disney Company, The
Washington Hospital, The
Washington Trust Bank
Wells Enterprises, Inc.
WellSpan Health
Wendy’s Company, The
West Penn Allegheny Health System
WEX Inc.
Weyerhaeuser Co.
Wheaton Franciscan Healthcare
Wood group
Worthington Industries
Zions Bancorporation