




LONGNECKER
& ASSOCIATES
ALL IN.®

STRATEGY
GOVERNANCE
COMPENSATION



“COMING TOGETHER IS A BEGINNING.
KEEPING TOGETHER IS PROGRESS.
WORKING TOGETHER IS SUCCESS.”
– HENRY FORD

WHO WE ARE & WHAT WE BELIEVE



Established in 2003 by founder Brent Longnecker, Longnecker & Associates (L&A) is a nationally recognized strategic compensation and governance consulting firm that services public, private and not-for-profit entities. As a leader in compensation advisory, planning, and design, our firm specializes in assisting companies with the design and implementation of compensation packages for executives, board members, and employees.

With the cornerstones of strategy, governance and compensation in mind, we provide an independent assessment and customized recommendations to help your organization combat the intense scrutiny in today's corporate environment. After all, our goal is to help your organization succeed. That's why our experienced, diligent team goes **all in** for you.



STRATEGY

We are business junkies. With every client, we interview key players to fully understand each organization's objectives, strategy, and culture so we can provide tailored solutions with strategic alignment to each unique circumstance.



GOVERNANCE

As we establish strategic alignment and customization, L&A consultants employ consistent and defensible methodologies, along with a sound governance process that ensures independence and integrity.



COMPENSATION

Guided by our first two principles of strategy and governance, we work to develop compensation programs that effectively position our clients to attract, retain and motivate top talent by considering all compensation currency available.

AT OUR CORE

VISION

We strive to be the most well respected, strategically oriented and forward-thinking compensation and corporate governance consultancy in the U.S.

MISSION

We aim to create the best strategic consulting solutions for every client we are honored to serve, thereby helping them effectively attract, motivate and retain the best talent available.

STRATEGY

We work to build a team based on the four Cs: Character, Competence, Communication and Chemistry. Our main focus is to create value and consultative solutions for each project we execute. We strive for our engagements to be relationship-based, rather than transaction-based, to help our deliverables and services reach their optimal value.

CONSULTING THESIS

Each day, our team strives to become the best. Our collective skills, wisdom and camaraderie allow us to maximize our value and each client's return on investment. Our approach of relational customization® and the application of strategy and governance to the compensation process is the cornerstone to successful engagements.



ESSENCE



OUR CONSULTING SERVICES

Longnecker & Associates provides corporate and business management consulting services for organizations across a wide variety of industries, including not-for-profit organizations, corporations, and businesses of all sizes. Planning and negotiating executive compensation and incentive plans has never been more important for companies and their governing boards. Executive compensation packages are kept under intense scrutiny, so it’s crucial to offer competitive and defensible compensation packages to attract, retain, and motivate skilled leaders.

Using successful proprietary evaluation models and research tools, Longnecker & Associates works to accurately predict trends and use those predictions to provide our customized consulting services. See our service areas to explore more about our analysis and consulting services.

Our corporate office is in Houston, Texas. Our Dallas office serves North Texas, and our Denver office serves the greater Colorado area and Mountain States region.

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OUR CONSULTING SERVICES

TOTAL DIRECT COMPENSATION ANALYSIS

Longnecker & Associates conducts independent, third-party assessments of the reasonableness and market competitiveness of total rewards (base salary, annual incentives, long-term incentives, perks and retirement compensation) for executives and employees in public, private and not-for-profit organizations.

Other specific services related to the total compensation of executives include:

- Severance benefits analysis in the event of termination, mergers and acquisitions or other change-in-control
- Stock ownership guideline assessment and design
- Retirement/succession compensation design
- R&D tax credit compensation assessment

ANNUAL INCENTIVE PLAN DESIGN

The goal of an effective annual compensation program is to align executive pay with concrete measures of company performance. To achieve this goal, the incentive plan must be designed using a rigorous process which includes the selection and weighting of relevant performance metrics. Our annual incentive plan process includes:

- Design or restructure the annual incentive programs to maximize the pay-for-performance relationship and drive corporate performance
- Plan recommendations often include formula versus discretion, targets, thresholds, maximums, payout timing, vehicles, plan metrics and more
- Work with legal counsel on plan documents
- Draft communication documents



EXPERTISE

OUR CONSULTING SERVICES

LONG-TERM INCENTIVE PLAN DESIGN

Long-term incentives are market competitive tools intended to attract, motivate and retain current and future key employees while aligning with the long-term growth of the company. Our approach includes the following:

- Design or recommend restructuring of long-term incentive programs for public, private or not-for-profit organizations with the goals of:
 1. Aligning long-term corporate goals with employee performance,
 2. Retaining key talent, and
 3. Ensuring executive/shareholder alignment
- Plan design features and recommendations often include appropriate vehicles, target amounts, vesting schedules, timing of awards, overhang analysis, run-rate analysis, financial modeling, etc.
- Work with legal counsel on plan documents
- Draft communication documents

BOARD OF DIRECTOR COMPENSATION ANALYSIS

Longnecker & Associates provides expert guidance in structuring a fair and balanced compensation program for the rapidly changing role of board members while taking emerging governance concerns and litigation risks into consideration. It's vital for directors to diligently review and maintain competitive and defensible compensation levels to mitigate potential director pay lawsuits. As part of our board compensation services, we:

- Review, revise or design independent board of director compensation for public, private or not-for-profit organizations
- Implement market best practices and education on "hot button" topics
- Recommend market-competitive amounts and elements of compensation and ensure pay-for-governance is aligned with shareholder interests

OUR CONSULTING SERVICES

EMPLOYMENT AGREEMENT ADVISORY SERVICES

Developing a solid employment agreement that respects the employee's abilities and talent while protecting the organization's proprietary assets and interests is key in today's volatile business environment. We design and create templates and customized agreements for unique situations following a process that includes:

- Market-competitive analyses as it relates to employment agreements (inclusive of terms of agreements, automatic renewals, period of notice, and non-compete/non-solicitation)
- Review, revise or draft employment agreements for key employees
- Recommendations for specific provisions — such as termination, change-in-control, death, disability, retirement and renewal — that are market-competitive and optically reasonable

PAY-FOR-PERFORMANCE ANALYSIS

No place is the usage of the pay-for-performance language more prevalent than public company boardrooms, as directors seek to ensure a strong executive performance/shareholder return correlation. However, as with most public company initiatives, private companies, and even many not-for-profits, are taking the same tact and developing programs that utilize corporate and individual performance in determination of incentive compensation. Our pay-for-performance analysis includes:

- Independent review of a company's performance across a variety of financial and/or operational measures compared to incentive awards for its executives
- Assessment of market-prevalent goals and company objectives to recommend appropriate performance metrics



INNOVATION

OUR CONSULTING SERVICES

COMPENSATION CONSULTING IN REORGANIZATIONS

We pride ourselves on being the foremost compensation experts in corporate restructurings, reorganizations, workouts, bankruptcies, insolvencies and other matters involving financially distressed transactions. Our advisory services in these areas include:

- Review and recommend compensation programs during turnarounds, Chapter 11, IPO, mergers, acquisitions and more
- Recommend 503-compliant variable pay practices through bankruptcy to ensure the utmost motivation and retention amidst these difficult environments
- Analysis and recommendations for post-emergence equity programs
- Calculate non-compete valuations
- Develop pre- and post-IPO compensation structures to maximize motivation and retention of employees prior to, during, and following the IPO process
- Consult with public relations, investor relations and human resources to ensure all stakeholders are educated on the necessity of these key programs

COMPENSATION DISCUSSION & ANALYSIS (CD&A)

Our compensation disclosure consultants assist clients across a variety of industries in the development of CD&A disclosures that provide an effective message to your investor audience.

- Develop proxy statements, including design and drafting
- Review and draft CD&As to ensure SEC compliance and optimal readability for shareholders
- Incorporate best practices to provide optimal clarity and messaging to shareholders
- CEO pay ratio calculation, independent third-party observations, guidance, and recommendations that ensure compliance

OUR CONSULTING SERVICES

CORPORATE GOVERNANCE ADVISORY SERVICES

Longnecker & Associates provides corporate governance strategies that are aligned with shareholder/stakeholder interests and your organization's goals and objectives. As part of our corporate governance advisory services, we:

- Create board of director governance checklists
- Develop and incorporate board of director governance strategies
- Develop committee charters and calendars
- Administer board of director performance evaluations
- Create compensation philosophy
- Calculate non-compete valuations
- Conduct a comprehensive risk assessment to ensure compensation structures do not promote undue risk-taking

SHAREHOLDER OUTREACH & SAY-ON-PAY

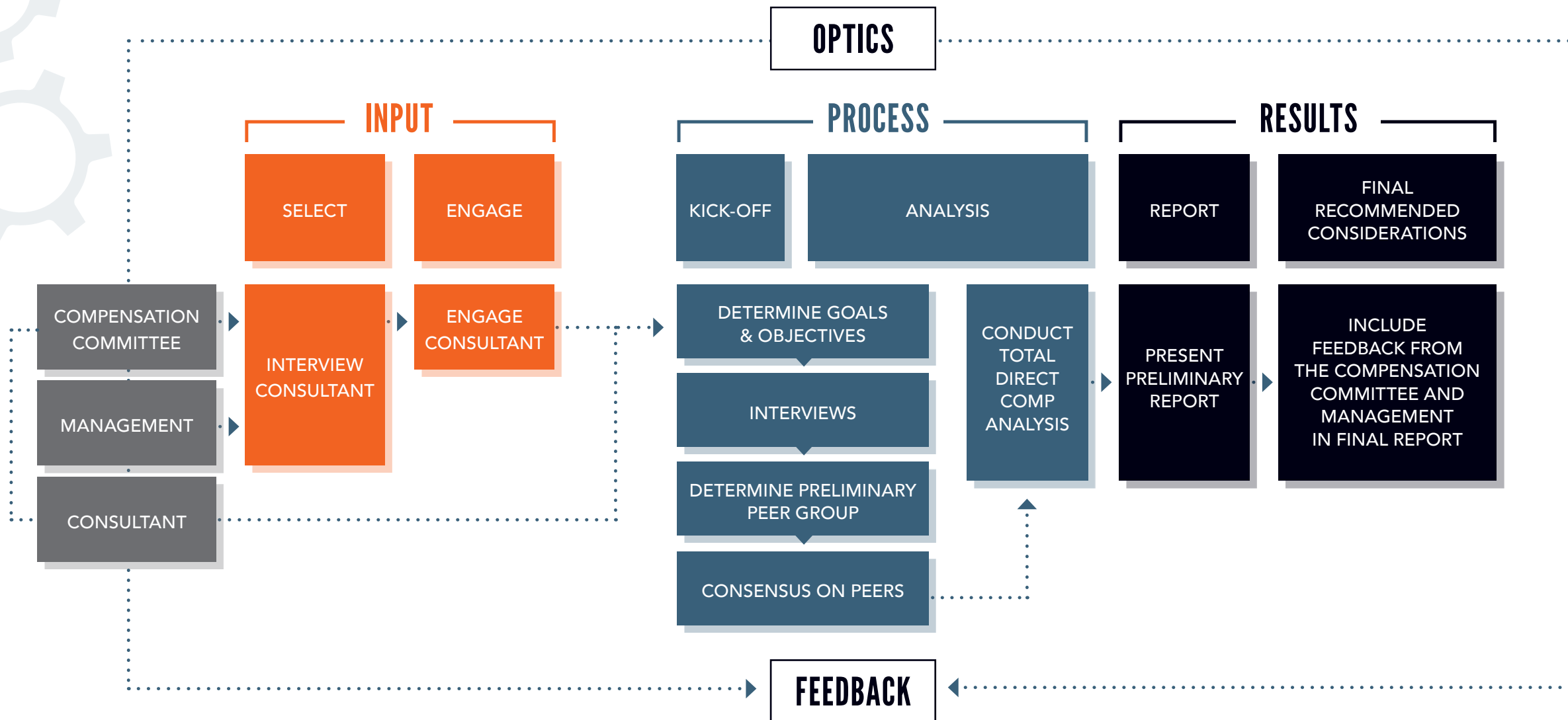
A properly structured outreach strategy that includes shareholder education can help change incorrect perceptions that will not only yield positive Say-on-Pay results but also strengthen sound governance practices overall. Our shareholder outreach process consists of:

- Identifying key shareholder issues and voting tendencies
- Assessing advisory firm analyses and vote recommendations
- Developing strategic shareholder outreach plans and participating in discussions with shareholders
- Fully developing investor relation processes to ensure appropriate messaging for different compensation issues



INDEPENDENCE

OUR PROCESS



RELATIONAL CUSTOMIZATION®

At Longnecker & Associates, we recognize each client and each industry faces unique challenges. We don't take short-cuts with one-size-fits-all approaches and instead pride ourselves in providing customized service for each and every one of our clients. We take the time to listen and assess each situation in order to design compensation plans tailored to your organization's specific objectives.

FEEDBACK

FEEDBACK QUESTIONS



- 1 Have you thought about the defensibility of the process and results of the analysis with respect to your stakeholders, employees, and media?
- 2 Does the compensation philosophy support the organizational strategy?
- 3 Is the compensation to executives market competitive?
- 4 Is the performance of the organization directly correlated to the compensation of executives?
- 5 Do your compensation programs maximize the best bang for the buck?

OUR CONSULTING SERVICES

LITIGATION SUPPORT

Our litigation support practice thoroughly guides companies and individuals through the litigation process and has provided expert reports and expert witness testimony on compensation issues in over 120 separate occasions. Further, we provide early case assessment to position you and your client for an effective and successful case through final resolution.

Proven Compensation Expertise & Testimony for:

- Reasonable Compensation
- Under-compensation for Prior Years' Service
- Wrongful Death
- Qualifying R&D Tax Credit Compensation
- Shareholder Oppression
- Employment Contracts
- Intermediate Sanctions
- Bankruptcy
- Divorce
- Non-compete Agreements
- Wrongful Termination
- Golden Parachutes and Severance / 280(g) Compliance
- Section 409(a) Deferred Compensation: 401(k), 457(b), 403(b)



GACP™ – L&A's Proprietary Methodology For Proven Results

L&A utilizes its proprietary method – GACP™ (Generally Accepted Compensation Principles) – to determine reasonable compensation levels that are accurate and defensible in the courtroom. This method also serves to establish a maximum value for application toward the R&D tax credit, providing our clients an opportunity to maximize tax deductions while mitigating litigation and audit risk.

COMPENSATION TAX ADVISORY SERVICES

Our team of compensation experts will assist in tax credit calculations to help your organization get the most out of compensation deductions while mitigating audit and litigation risks. Through the application of proven methodologies L&A's experts have aided in saving our clients millions in tax liabilities. We provide expert compensation assistance for:

- R&D Tax Credit Calculation
- 280(g) & Golden Parachute Payments
- 409(a) Deferred Compensation Guidance
- 162(m) Reasonable Compensation

EXECUTIVE BENEFITS

Longnecker & Associates advises public, private and not-for-profit companies on the most effective executive benefit and deferred compensation plans. Once the architecture is in place, L&A works with the best advisors in the U.S. to help administer, fund and communicate the final plan design.



WHY WORK WITH A COMPENSATION CONSULTANT?

SUPPORT

INDEPENDENT ADVICE

Longnecker & Associates provides third-party advice without bias.

GOOD GOVERNANCE

Whether you are with a public, private or not-for-profit organization, utilizing an independent compensation consultant is good governance in the views of the IRS, SEC, DOL, ISS and other shareholder advisory firms or banking agency regulators.

BEST PRACTICES

Our knowledge of what works best to attract, retain and motivate key talent has established L&A as an industry leader.

SOLIDIFY YOUR BOARD SEAT

Executive compensation is the main reason directors lose seats. We develop programs and identify key governance issues aimed at reducing shareholder activism.

NAVIGATION THROUGH MUDDY WATERS

We can provide an independent voice of reason to the board and management to help them navigate difficult strategic, governance, and compensation discussions and decisions.

WHY WORK WITH A COMPENSATION CONSULTANT?

EXPERTISE

Most organizations lack the expertise to develop best-practice executive compensation programs aligned with the strategic vision of your company. Executive compensation is what we do.

TIME

Many organizations do not have time to spend on executive compensation planning and design. At Longnecker & Associates, we maintain a manageable client/consultant ratio aimed at ensuring each client receives the necessary time.

COST

When we design compensation plans, we use the most efficient currency possible, so our annual cost is recovered many times over. Additionally, the majority of our work is on a fixed-fee basis, positioning you to accurately budget the entire process.

AVOID BAD PRESS

Controversial pay practices often make the headlines, and studies have linked those practices to the absence of independent consultants and independent board directors.

EXPERT WITNESSES

As experts in the courtroom, we understand the legal land mines of compensation, whether they are potentially related to Say-on-Pay in public companies, intermediate sanctions of not-for-profit organizations, or IRS audits of private companies.

INTEGRITY

INDUSTRY EXPERTISE



AGRICULTURE

ARCHITECTURE & ENGINEERING

BANKING

BIOTECH

CHEMICAL

CONSTRUCTION

CONSUMER SERVICES

EDUCATION SERVICES

ENERGY SERVICES

ENTERTAINMENT

EXPLORATION & PRODUCTION

FINANCIAL SERVICES

FOOD & BEVERAGE

HEALTHCARE

INSURANCE

MANUFACTURING

MEDIA

MIDSTREAM

NOT-FOR-PROFITS

PHARMACEUTICALS

PRIVATE EQUITY

PROFESSIONAL SERVICES

REAL ESTATE

RENEWABLE ENERGY

RESTAURANT

RETAIL

TECHNOLOGY

TRANSPORTATION



WHY CHOOSE LONGNECKER & ASSOCIATES?

EXPERIENCE

With over 70 years of combined experience, our leadership team offers significant consulting and corporate expertise. CEO Brent Longnecker currently serves in the following capacities: board director, executive, consultant, executive coach, expert witness, teacher, author and keynote speaker.

Our team of consultants are long-tenured with L&A and have extensive experience advising clients across many industries.

QUALITY

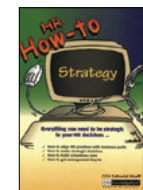
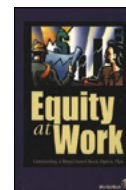
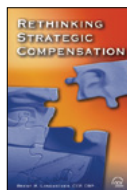
With our multi-layered, "Big 4" quality control process including partner-level reviews, our L&A team ensures a level of accuracy unparalleled in the executive compensation consulting field.

RELATIONAL CUSTOMIZATION®

Longnecker & Associates is a team-oriented, relationship-focused consultancy that removes the transactional nature of the typical client/consultant relationship. Rather than solely relying on market data to determine our tailored conclusions and recommendations, we focus on clients' needs by conducting personal interviews to understand corporate culture as well as individual goals and objectives.

SUBJECT MATTER EXPERTS

L&A representatives have authored 15 books and more than 500 articles in the compensation, human resources and ethics fields.



WHY CHOOSE LONGNECKER & ASSOCIATES?

LITIGATION EXPERIENCE

We understand the growing litigation land mines in executive compensation. We provide expert witness analysis and testimony to many of the most high-profile compensation lawsuits in the U.S. and have testified in more than 120 cases.

AWARDS & CERTIFICATIONS

Our team holds numerous awards and compensation certifications:

- Named one of America's Best Management Consulting Firms by Forbes
- Brent Longnecker named one of the Top 25 Consultants in the U.S. by Consulting® magazine
- Named one of the Fastest Growing Firms by Consulting® magazine
- Named one of the Fast 100 by the Houston Business Journal
- Named one of the Best Places to Work by the Houston Business Journal
- Named one of the Best Small Companies to Work for in Texas by Texas Monthly magazine for several consecutive years (ranked #1 2011 and 2013)
- Certified Executive Compensation Professional (CECP)
- Certified Compensation Professional (CCP)
- Certified Benefits Professional (CBP)
- Certified Compensation Analyst (CCA)
- Compensation Committee Certification (CCC)
- Global Remuneration Professional (GRP)
- Professional in Human Resources (PHR)



SIZE

Longnecker & Associates is one of the largest executive compensation consultancies in the U.S. in terms of consultants and number of clients, and is the largest in the Southwest.

INNOVATION

L&A has registered more than 15 trademarks on innovating compensation, benefit and corporate governance strategies such as:

- Generally Accepted Compensation Principles™
- Longnecker Percentile Identification Matrix™
- Job Evaluation Matrix™
- Reasonable and Optics Quadrant Test™
- LTI Decision Tree™
- Valuation Data Analysis™
- L&A Compensation Score Card™
- L&A Independence Process™

EDUCATORS

Brent Longnecker, Chairman & CEO, serves as faculty member for WorldatWork®, the world's leading professional certification association dedicated to knowledge leadership in total rewards, compensation, benefits and work-life balance. He is also responsible for building the compensation curriculum used to teach human resources and other professionals.

QUALITY





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