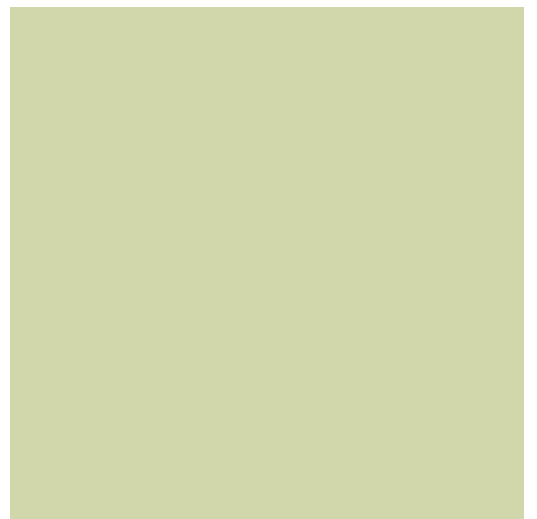




TRENDS AND ISSUES REPORT

Alternative Energy Industry CEO Pay Study



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The alternative energy industry is rapidly expanding as the “green” movement and high oil and natural gas prices drive investor interest in traditional and new technologies, from solar power, geothermal and wind to clean coal, biomass and fuel cells. As the demand for seasoned top talent expands, more executives are being recruited from traditional energy companies and utilities.

The **Alternative Energy Industry CEO Pay Study** takes a look at current practices in this emerging industry. The study analyzes executive pay programs as reported by 31 publicly held alternative energy companies in 2008 filings. The companies, which are listed in the Appendix, have average revenues of \$907 million and an average market cap of \$2.4 billion.

Study Approach

PM&P analyzed the major components of CEO pay programs including:

- Base Salary
- Annual Incentive
- Total Cash Compensation
- Long-Term Incentive
- Total Direct Compensation

Among the findings:

- While emerging industries typically are heavy users of equity-based pay incentives due to cash flow constraints, among alternative energy companies full-value shares and options account for an equal proportion of total direct compensation.
- Alternative energy CEO pay soared nearly 20% in 2007, compared to a 1% increase among general industry leaders.
- This year over half of the organizations used restricted stock either solely or in combination with stock options. Last year only 36% of companies were using restricted stock.
- In contrast to pay practices among traditional utilities, LTIP cash plans are relatively uncommon in the alternative energy sector.

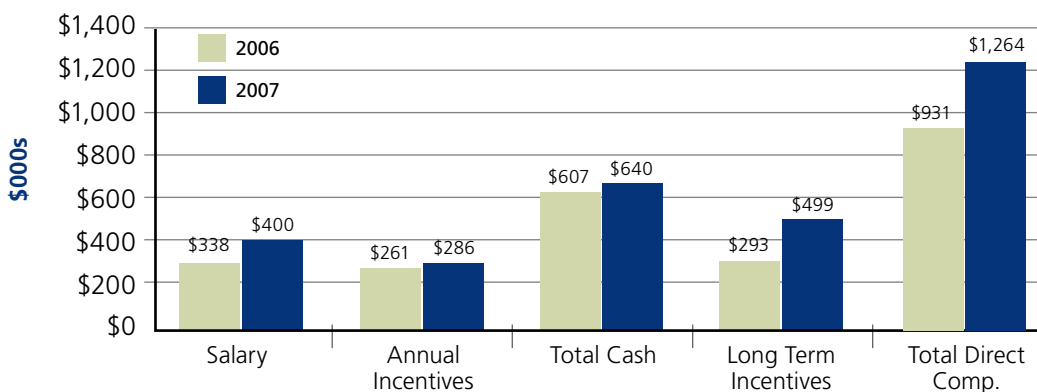
Direct Pay

Total Direct Compensation (TDC)

Total Direct Compensation (TDC) is defined as current base salary, plus the target annual incentive and present value of long-term incentives.

- Median TDC was \$1,264,000, up from \$931,000 a year earlier.
- 75th percentile TDC was \$2,947,000 compared to \$1,668,000 previously.
- Similar to practices in traditional industries, long-term incentives accounted for the biggest differences in CEO pay levels.
- Overall, TDC ranged from \$200,000 to \$5.5 million.
 - Two of 31 companies reported TDC in excess of \$5 million.
 - Five of 31 companies reported TDC of less than \$500,000.

Median: 2006/2007 Year Over Year CEO Pay Component Change



Base Salary

- Median CEO salary was \$400,000 and averaged \$454,000
 - The small difference indicates relatively minimal variations in base salary levels among the companies studied.
- 75th percentile CEO salary was more than one-third higher than at average, \$538,000.

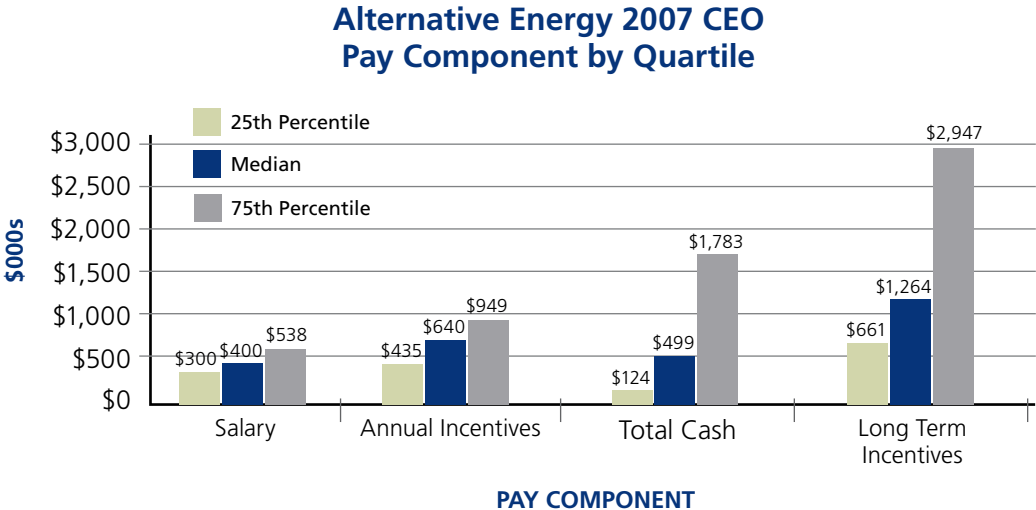
Annual Incentives

Under expanded SEC disclosure requirements, short- and long-term cash incentives paid for specific, pre-defined goals under a formal incentive plan are now reported as “non-equity incentive plans” or NEIPs, while discretionary and subjective cash bonuses are reported separately. This study combines NEIPs and discretionary bonuses into a “total bonus.”

- Among companies disclosing their target annual incentives, the median bonus paid was \$188,000, compared to a median target of \$286,000.
- The top bonus payout was approximately \$2.5 million, compared to a maximum target of \$992,000.

Total Cash Compensation (including target bonus and base salary)

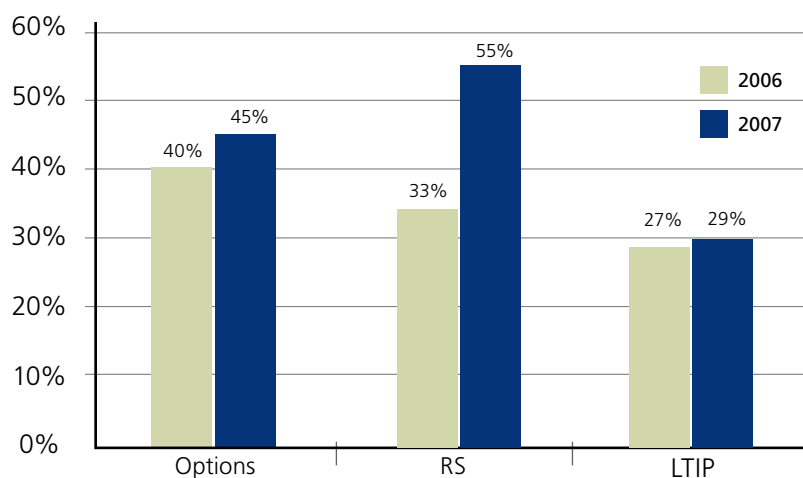
- Total target cash compensation was \$640,000 at median.
- Total target cash at the 75th percentile was \$949,000.



Long-term Incentives

- Stock options and full-value awards dominated long-term incentive programs for alternative energy programs and, as in most industries, generally drive total pay.
- Stock options and full-value shares each accounted for nearly 25% of TDC.
 - In contrast, general industries historically have provided more equity value in stock options.
 - However, more recently mandatory option expensing has prompted a shift toward greater use of full-value shares.
- LTIPs are less commonly used than among traditional utilities, possibly due to the difficulty of setting performance goals in an emerging industry, accounting for 10% of TDC.
- There was a significant gap between median and average long-term incentive grants: \$499,000 versus \$996,000, respectively.
 - Five of 31 companies made grants in excess of \$2.5 million.
 - Seven of 31 companies made no long-term incentive grants, including five at which the CEO owns more than 7% of shares outstanding.

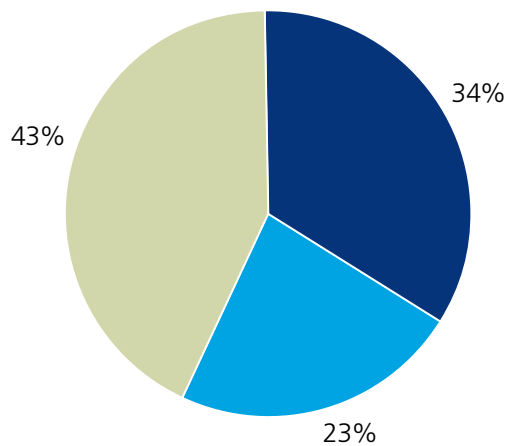
CEO: LTI Vehicles Prevalence



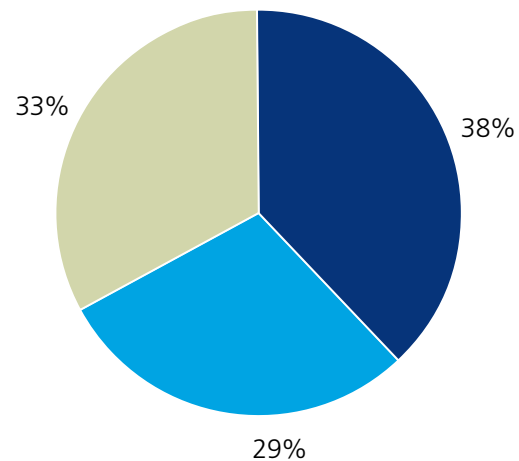
Pay Mix

- As an emerging industry, alternative energy companies differ widely in longevity and size, resulting in vastly different cost constraints and pay structures.
- Although LTIs grew as a percentage of total pay, at median alternative energy companies continued to deliver a larger portion of TDC in cash (57%) than at general industries (40%).
- One reason for providing more cash is that CEOs recruited from traditional energy companies and utilities typically have had less pay at risk.

2007 CEO Pay Mix



2006 CEO Pay Mix

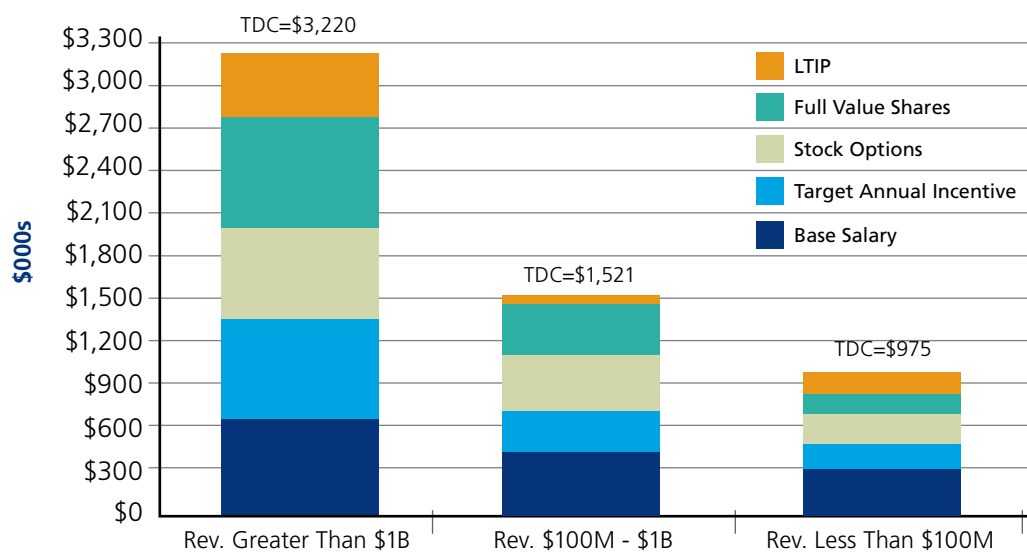


■ Base Salary ■ AI ■ LTI

Pay Mix (cont'd)

- Similar to other industries, pay levels for alternative energy industry CEOs correlate with company size.
- TDC for CEOs of companies with revenues greater than \$1 billion was more than triple that for CEOs of companies under \$100 million.

Average Pay Mix* By Revenue Group



*Total pay mix reflects aggregate of summary statistics.

Appendix

Active Power, Inc.
Andersons, Inc.
The Aventine Renewable Energy Holdings, Inc.
Avista Corporation
C&D Technologies, Inc.
Calgon Carbon Corporation
Ceradyne, Inc.
Covanta Holding Corporation
EMCORE Corporation
Energy Conversion Devices, Inc.
Evergreen Energy Inc.
Evergreen Solar, Inc.
First Solar, Inc.
Foster Wheeler Ltd.
Great Plains Energy Incorporated
Green Plains Renewable Energy Inc.
McDermott International, Inc.
Mechanical Technology Inc.
Natural Gas Services Group
OM Group, Inc.
Ormat Technologies Inc.
Pacific Ethanol, Inc.
Plug Power Inc.
SatCon Technology Corporation
Spire Corporation
SunPower Corporation
Syntroleum Corporation
Transmeridian Exploration Incorporated
Ultralife Corporation
Uranium Resources, Inc.
USEC Inc.

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As leading independent compensation consultants, Pearl Meyer & Partners' mission is twofold: to serve Board Compensation Committees as independent outside counsel in the discharge of their responsibilities and to support management through the development of executive and employee compensation programs tailored to the business needs of each client.

Consulting services include design, development, turnkey implementation and communication of:

- Board compensation programs,
- Salary programs,
- Annual incentives and sales compensation,
- Value creation and performance measurement systems,
- Long term performance incentives,
- Restricted stock, performance shares and other forms of full-value equity grants,
- Stock options, executive stock purchase and stock-for-cash arrangements,
- Business unit incentives and equity participation,
- Special co-investment and carried interest plans,
- Deferred compensation and capital accumulation plans,
- Supplementary retirement income and other executive benefits,
- Special situation incentives for IPOs, spin-offs, LBOs, LLCs, partnerships, M&As, new ventures, turn-arounds and bankruptcies,
- Change-in-control and severance programs,
- Negotiation and drafting of senior executive employment contracts and severance agreements,
- Corporate governance with respect to executive and Board compensation,
- Expert witness, opinions and litigation support,
- Organization development, and
- Marketplace compensation surveys

Clients range from Fortune 1,000 industrial and service corporations in the U.S. and globally, to smaller, not-for-profit and private organizations.

Headquartered in New York, Pearl Meyer & Partners maintains offices in Atlanta, Boston, Charlotte, Chicago, Houston and Los Angeles.

Questions regarding the data in this report may be directed to Peter Lupo in our New York Office. For other information and guidance on compensation, or to learn more about Pearl Meyer & Partners' services, please feel free to contact any of our offices listed on the next page or visit our website at www.pearlmeyer.com.



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