

**CEO COMPENSATION OF MAJOR US ENGINEERING PROCUREMENT  
& CONSTRUCTION CONTRACTORS [EPC FIRMS]  
VARIED SUBSTANTIALLY WITH MARKETS SERVED IN 2006**

American Executive Management recently conducted its 2006 annual review of executive compensation among the major US international Engineering Procurement & Construction [EPC] Contractors.

CEO compensation was substantially different when based on the type of EPC market served.

A Key Observation is that CEO's of EPC firms focused on certain markets – as shown in the accompanying chart entitled *CEO Compensation...* – had total annual compensation packages that, in many cases, were double those in EPC firms with similar annual revenues serving less profitable markets.

Thirty-six of the largest US Public & Private EPC firms were included in this review *and* 600 management data points were reviewed in this compensation study.

A key element, in higher levels of total annual compensation, is the use of: restricted stock, stock options, grants, LTI stock, LTI grants, flexible perquisites and executive care plans ~ all of which could total up to 12 times annual cash compensation. Major changes driving CEO compensation during 2005/2006 were caused by the impact of Sarbanes Oxley rulings as well as a shortage of leadership in the EPC industry.