

Compensation Philosophy Exercise

EXHIBIT 2 One Family Firm's Compensation Philosophy

- ◆ We will compare pay and performance levels with those of businesses with whom we compete for employees.
- ◆ Our goal is to provide total compensation between the median and 75th percentile of comparable groups.
- ◆ Base salary will be at or below the median level for the comparable groups. Individual salaries will be held within 20 percent of the midpoint for our comparison groups' salary range.
- ◆ We will emphasize performance-based incentives at the expense of base salary.
- ◆ Annual incentives will exceed those of comparably sized competitors.
- ◆ Long-term incentives will be based on results that add shareholder value.

- Does this family business conduct salary surveys?
- Does this family business have a lead, lag or meet policy regarding total compensation?
- Does this family business have a lead, lag or meet policy regarding base salary?
- Does this family business believe that compensation motivates performance?
- Does this family business take a short term or long term point of view?