

C H ROBINSON WORLDWIDE INC  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**  
**(Amendment No. \_\_ )**

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-12

**C.H. ROBINSON WORLDWIDE, INC.**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

(1) Title of each class of securities to which the transaction applies:

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(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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8100 Mitchell Road

Eden Prairie, Minnesota 55344

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**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**May 17, 2007**

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TO OUR SHAREHOLDERS:

C.H. Robinson Worldwide, Inc.'s Annual Shareholders Meeting will be held on Thursday, May 17, 2007 at 10:00 a.m., local time, at our branch office located at 14800 Charlson Road, Eden Prairie, Minnesota. The purposes of the meeting are:

1. To elect two directors to serve for three-year terms or until their respective successors are elected and qualified;
2. To ratify the selection of Deloitte & Touche LLP as the company's independent auditors for the fiscal year ending December 31, 2007;
3. To conduct any other business that properly comes before the meeting or any adjournment of the meeting.

Our Board of Directors has fixed the close of business on March 26, 2007 as the record date for determining holders of our Common Stock that are entitled to notice of, and to vote at, our Annual Meeting.

**You are cordially invited to attend the meeting. Your vote is important. Whether or not you plan to attend the meeting, please ensure your representation at the Annual Meeting by completing, signing, and dating the enclosed proxy card, voting by telephone, or voting by using the Internet as soon as possible. Your proxy card includes instructions for each of these voting options. If you decide later to revoke your proxy, you may do so at any time before it is voted.**

By Order of the Board of Directors

Linda U. Feuss  
*Secretary*

April 6, 2007

**C.H. ROBINSON WORLDWIDE, INC.**

**8100 Mitchell Road**

**Eden Prairie, Minnesota 55344**

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**PROXY STATEMENT**

**FOR THE**

**2007 ANNUAL MEETING OF SHAREHOLDERS**

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**May 17, 2007**

We are providing this Proxy Statement in connection with the solicitation of the enclosed proxy. The proxy is for use at the 2007 C.H. Robinson Annual Meeting of Shareholders, to be held at our branch office located at 14800 Charlson Road, Eden Prairie, Minnesota, on Thursday, May 17, 2007, at 10:00 a.m. local time. The proxy can also be used at any adjournment of the Annual Meeting.

This proxy is solicited by the Board of Directors of C.H. Robinson Worldwide, Inc. ( the company, we, us, C.H. Robinson ) for the following purposes:

1. To elect two directors to serve for three-year terms or until their respective successors are elected and qualified;
2. To ratify the selection of Deloitte & Touche LLP as the company's independent auditors for the fiscal year ending December 31, 2007;
3. To conduct any other business that properly comes before the meeting or any adjournment of the meeting.

This Proxy Statement and Proxy Card are being mailed to our shareholders with our Annual Report to Shareholders beginning on or about April 6, 2007.

*Who is entitled to vote?*

Holders of C.H. Robinson Worldwide, Inc. Common Stock, par value \$0.10 per share, at the close of business on March 26, 2007, are entitled to vote at our Annual Meeting. March 26, 2007 is referred to as the record date. As of March 26, 2007, approximately (172,687,000) shares of

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Common Stock were outstanding. Each share is entitled to one vote. There is no cumulative voting.

Shares are counted as present at the Annual Meeting if either the shareholder is present and votes in person at the Annual Meeting, or has properly submitted a proxy by mail, by telephone or by using the Internet. In order to achieve a quorum and to conduct business at the Annual Meeting, shares representing a majority of our issued and outstanding Common Stock as of the record date must be present and entitled to vote. If a quorum is not present or represented at the Annual Meeting, the shareholders and proxies entitled to vote will have the power to adjourn the Annual Meeting, without notice other than an announcement at that time, until a quorum is present or represented.

### *How can I vote?*

If you submit your vote before the Annual Meeting using any of the following methods, your shares of C.H. Robinson's Common Stock will be voted as you have instructed:

By Mail: Simply complete, sign, and date the enclosed Proxy Card and return it in the postage-paid envelope provided.

By Telephone: If you are a registered shareholder (you hold your stock in your own name) and you live in the United States, you may submit your proxy by touch-tone telephone by calling 1-800-690-6903 and following the "Vote by Phone" instructions. See the enclosed Proxy Card for more details.

By Internet: If you are a registered shareholder and have Internet access, you may submit your proxy from any location in the world by going to <http://www.proxyvote.com> and following the "Vote by Internet" instructions. See the enclosed Proxy Card for more details.

Submitting your proxy will not affect your right to vote in person, if you decide to attend the Annual Meeting.

If you are a beneficial shareholder (you hold your shares through a nominee, such as a broker), your nominee can advise you whether you will be able to submit voting instructions by telephone or via the Internet.

*What happens if I return my proxy without voting instructions, or withhold or abstain on a proposal?*

If you do not return voting instructions with your proxy, your proxy will be voted:

FOR the election of the nominees for director named in this Proxy Statement; and

FOR the ratification of Deloitte & Touche LLP, the member firm of Deloitte Touche Tohmatsu, and their respective affiliates (collectively, the Deloitte entities) ( "Deloitte & Touche" ) as our independent registered public accounting firm.

If you return a proxy that withholds authority to vote for a nominee for director, then your shares of Common Stock covered by your proxy:

Will be considered present at the Annual Meeting for purposes of determining a quorum and for purposes of calculating the vote with respect to that nominee; and

Will not be voted for that nominee.

With regard to the other proposals in this Proxy Statement, if you abstain from voting, then your shares:

Will be considered present at the Annual Meeting for purposes of determining a quorum and for purposes of calculating the shares present and entitled to vote for these proposals; and

Will not be voted in favor of them. Abstentions have the effect of counting as votes against a proposal, because they add to the pool of votable shares for a proposal without contributing to the affirmative votes required to approve it.

*How do I revoke my proxy?*



You may revoke your proxy and change your vote at any time before the voting closes at the Annual Meeting. You may do this by submitting a properly executed proxy with a later date, or by delivering a written revocation, to the Secretary's attention at the company's address listed above, or in person at the Annual Meeting.

C.H. Robinson Worldwide, Inc. did not receive written notice of any shareholder proposal and, as of the date of this Proxy Statement, the Board of Directors knows of no business that will be presented for consideration at the Annual Meeting, other than the matters described in this Proxy Statement. If any other matters are properly brought before the Annual Meeting, the persons named in the enclosed Proxy Card will vote according to their best judgment.

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**PROPOSAL ONE: ELECTION OF DIRECTORS**

The C.H. Robinson Board of Directors is divided into three classes. Shareholders elect the members of each class to serve three-year terms with the term of office of each class ending in successive years. ReBecca Koenig Roloff and Michael W. Wickham are directors in the class whose term expires at the Annual Meeting. On the recommendation of our Governance Committee, the Board of Directors has nominated Ms. Roloff and Mr. Wickham for election to the Board of Directors at the Annual Meeting for terms of three years, and each has indicated a willingness to serve.

The other directors will continue in office for their existing terms. Bob Ezrilov, Wayne Fortun and Brian Short serve in the class whose term expires in 2008. Ken Keiser, Jerry Schwalbach and John Wiehoff serve in the class whose term expires in 2009. There are currently no vacancies on the Board of Directors.

John Wiehoff and Linda Feuss will vote the proxies received by them for the election of Ms. Roloff and Mr. Wickham, unless otherwise directed. If any nominee becomes unavailable for election at the Annual Meeting, John Wiehoff and Linda Feuss may vote for a substitute nominee in their discretion as recommended by the Board of Directors.

In connection with its evaluation of director independence, the Board of Directors considered two director relationships. Mr. Short indirectly holds an interest in Admiral Merchants Motor Freight, Inc., which from time-to-time uses the management and information services of our subsidiary, T-Chek Systems, Inc. We receive legal services from Dorsey & Whitney, LLP, of which Marianne D. Short, the sister of Mr. Short, is managing partner. The Board of Directors has determined that all of the directors, except for John Wiehoff, are independent under the current standards for independence established by the Nasdaq Global Market, on which C.H. Robinson's stock is listed. Information concerning the incumbent directors is below.

ReBecca K. Roloff

(Nominee with new term expiring in 2010)

ReBecca Koenig Roloff, 53 years old, has been a director of the company since 2004. She has been the Chief Executive Officer of the Minneapolis YWCA since May, 2005. Prior to that, she was a Senior Vice President at American Express Financial Advisors, where she had been since 1988, serving as an executive in several field management and operations roles. Prior to joining American Express Financial Advisors, Becky worked for The Pillsbury Company in a variety of supply chain management, marketing, and business management positions, including serving as Vice President and Business Manager of Green Giant Fresh Vegetables. She started her career at Cargill, Inc. Becky holds a Master of Business Administration with distinction from Harvard Business School and a Bachelor of Arts from the College of St. Catherine in St. Paul, Minnesota. She has served on several community boards including as Chair of the Board of Trustees of The Blake School in Hopkins, Minnesota, and Chair of the Board of Trustees of the College of St. Catherine.

Michael W. Wickham

(Nominee with new term expiring in 2010)

Michael W. Wickham, 60 years old, joined C.H. Robinson as a director in 2004. He retired as Chairman of the Board of Roadway Corporation in December, 2003, where he was Chairman and CEO from 1996 to 2003. Prior to that, he was the President of Roadway Express, where he held a variety of management positions during his 35-year career with the company. Mike founded and was Chairman of the Board of the Motor Freight Carriers Association. He also founded and chaired American Transportation Research Institute, and is a director of Republic Services. He has served on the Board of Directors of Children's Hospital in Akron, Ohio and on its Foundation Board.

Robert Ezrilov  
(Term expires in 2008)

Robert Ezrilov, 62 years old, has been a director of the company since 1995. Currently, Bob is an employee of Cogel Management Company (an investment management company). From July 1997 to April 2001, he was President of Metacom, Inc., a company that sells prerecorded music on interactive displays. From April 1995 to July 1997, Bob was self-employed as a business consultant. Prior to that, he was a partner with Arthur Andersen LLP, which he joined in 1966 subsequent to his obtaining a BSB degree at the University of Minnesota. He also serves on the Board of Directors of Christopher & Banks, Inc. (an apparel retailer), and as an advisory board member to Holiday Companies (a group of related companies engaged in retailing and petroleum products).

Wayne M. Fortun  
(Term expires in 2008)

Wayne M. Fortun, 58 years old, has been a director of C.H. Robinson since 2001. He is President and Chief Executive Officer of Hutchinson Technology Inc., a world leader in precision manufacturing of suspension assemblies for disk drives. Wayne joined Hutchinson Technology Inc. in 1975 and until 1983 he held various positions in engineering, marketing, and operations. In 1983, he was elected Director, President and Chief Operating Officer of Hutchinson Technology Inc., and in May 1996, he was appointed its Chief Executive Officer. Wayne also serves on the Board of Directors of G&K Services, Inc., Hutchinson Area Health Care, and the Juran Center Executive Advisory Board.

Brian P. Short  
(Term expires in 2008)

Brian P. Short, 57 years old, has been a director of the company since 2002. He is Chief Executive Officer of Leamington Co., a holding company with interests in transportation, community banking, agricultural production and real estate. Leamington operates Admiral Merchants Motor Freight, Inc., St. Paul Flight Center, Inc., First Farmers & Merchants Banks, Municipal Parking, Inc. and Benson Parking Services, Inc. Brian also serves as a legal mediator and previously served as a United States Magistrate. His community service has included service on the Board of Directors of Catholic Charities, St. Joseph Home for Children, Saint Thomas Academy, University of St. Thomas School of Law and William Mitchell College of Law. Brian has an undergraduate degree in economics from the University of Notre Dame and is also a graduate of its law school.

Kenneth E. Keiser  
(Term expires in 2009)

Kenneth E. Keiser, 54 years old, has been a director of the company since August, 2005. He is President and Chief Operating Officer of PepsiAmericas. Prior to his current position, Ken was President and Chief Operating Officer of Delta Beverage Company, which merged with PepsiAmericas in 1998. He also worked for 14 years with the Pepsi-Cola Bottling Group where he held a variety of positions in sales and operations. Ken has served as a Director for Champion Air in Minneapolis and on the Executive Committee of the Minnesota Twins. He holds a Bachelor of Arts from Michigan State University and served in the U.S. Army.

Gerald A. Schwalbach

(Term expires in 2009)

Gerald A. Schwalbach, 62 years old, has been a director of the company since 1997. He has been Chairman of the Board of Spensa Development Group, LLC and related companies since formation in 2003. For more than five years prior to that time, he served as Chairman of the Board of Two S Properties, Inc. and related companies. Spensa Development Group, LLC is a successor to some of the real estate interests of the former Two S Properties, Inc. group of companies. He was a director of BORN Information Services, Inc., a computer consulting firm from 1998 to 2004. In 1999, he became a director of TCF Financial Corporation, a bank holding company. Jerry was a director of TCF National Bank Minnesota in 1998, a subsidiary of TCF Financial Corporation. He graduated from Mankato State University in 1966 with a Bachelor of Arts degree.

John P. Wiehoff

(Term expires in 2009)

John P. Wiehoff, 45 years old, has been Chief Executive Officer of C.H. Robinson since May 2002, President of the company since December 1999, a director since 2001, and became the Chairman in January 2007. Previous positions with the company include Senior Vice President from October 1998, Chief Financial Officer from July 1998 to December 1999, Treasurer from August 1997 to June 1998, and Corporate Controller from 1992 to June 1998. Prior to that, John was employed by Arthur Andersen LLP. John also serves on the Board of Directors of Donaldson Company, Inc., a leading worldwide provider of filtration systems and replacement parts. He holds a Bachelor of Science degree from St. John's University.

#### **BOARD VOTING RECOMMENDATION**

A majority of the shares of Common Stock present in person or by proxy, and entitled to vote at the Annual Meeting, must vote for the election of a nominee to elect the nominee as director, provided that the total number of shares of Common Stock that vote on the proposal represent a majority of the Common Stock outstanding on the record date.

**The Board of Directors recommends a vote FOR the election of Ms. Roloff and Mr. Wickham as directors of C.H. Robinson.**

#### **MEETINGS AND COMMITTEES OF THE BOARD OF DIRECTORS**

The Board of Directors has a policy that all directors nominated for election at the Annual Meeting are expected to attend the Annual Meeting, and all other directors are encouraged to attend. Directors attending the 2006 Annual Meeting of Shareholders were: D.R. Verdoorn, Robert Ezrilov, Wayne Fortun, Ken Keiser, Rebecca Roloff, Jerry Schwalbach, Brian Short, Mike Wickham, and John Wiehoff. During 2006, the Board of Directors held five meetings. Each director holding office during the year attended at least 75 percent of the aggregate of the meetings of the Board of Directors (held during the period for which he or she had been a director) and the meetings of the Committees of the Board on which he or she served (held during the period for which he or she served).

Our Board of Directors has three committees: the Audit Committee, the Governance Committee, and the Compensation Committee. Currently, members and chairs of these committees are:

<b>Independent Directors</b>	<b>Audit Chair</b>	<b>Compensation Chair</b>	<b>Governance Chair</b>
Bob Ezrilov		x	x
Wayne Fortun		<b>Chair</b>	x
Ken Keiser		x	
Becky Roloff	x	x	
Jerry Schwalbach	x	x	
Brian Short	x		<b>Chair</b>
Mike Wickham		x	x

*The Audit Committee*

All Audit Committee members are independent under applicable Nasdaq listing standards and SEC rules and regulations. Our Board of Directors has determined that three members of the Audit Committee, Mr. Ezrilov, Mr. Schwalbach, and Mr. Short meet the definition of an Audit Committee Financial Expert as established by the Securities and Exchange Commission. The Audit Committee provides assistance to the Board of Directors in fulfilling their oversight responsibilities relating to the quality and integrity of the financial reports of the company. The Audit Committee has the sole authority to appoint, review and discharge our independent auditors, and has established procedures for the receipt, retention, response to and treatment of complaints regarding accounting, internal controls or audit matters. In addition, the Audit Committee is responsible for:

- (1) reviewing the scope, results, timing and costs of the audit with the company's independent auditors and reviewing the results of the annual audit examination and any accompanying management letters;
- (2) assessing the independence of the outside auditors on an annual basis, including receipt and review of a written report from the independent auditors regarding their independence consistent with Independence Standards Board Standard;
- (3) reviewing and approving in advance the services provided by the independent auditors;
- (4) overseeing the internal audit function; and
- (5) reviewing the company's significant accounting policies, financial results and earnings releases, and the adequacy of our internal controls and procedures.

The Audit Committee held five meetings during 2006. The Audit Committee has engaged Deloitte & Touche LLP as independent auditors for fiscal year 2007 and is recommending that the company's shareholders ratify this appointment at the Annual Meeting. The report of the Audit Committee is found on page 27 of this Proxy Statement.

*The Governance Committee*

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All members of the Governance Committee are independent under applicable Nasdaq listing standards. The Governance Committee serves in an advisory capacity to the Board of Directors on matters of organization and the conduct of Board activities. The Governance Committee is responsible for:

- (1) identifying and recommending candidates for service on the Board of Directors;
- (2) adopting and revising the company's Corporate Governance Guidelines;
- (3) leading the Board of Directors in its annual review of the performance of the Board and the Board Committees;

- (4) recommending director nominees for Board Committees;
- (5) periodically reviewing and making recommendations to the Board as to the size and composition of the Board, and criteria for director nominees;
- (6) making all determinations as to whether a director is independent under all applicable requirements; and
- (7) periodically reviewing the company's Corporate Compliance Program with the company's general counsel to recommend any appropriate changes to the Board.

The Governance Committee will consider Board of Director nominees recommended by shareholders that are submitted according to our company's Bylaws. The process for receiving and evaluating these nominations from shareholders is described below under the caption Nominations.

The Governance Committee held two meetings during 2006.

#### *The Compensation Committee*

All Compensation Committee members are independent under applicable Nasdaq listing standards, and IRS and SEC rules and regulations. The Compensation Committee assists the Board of Directors in fulfilling its oversight responsibilities relating to executive compensation, employee compensation and benefits programs and plans, and leadership development and succession planning. In addition, the Compensation Committee is responsible for:

- (1) reviewing corporate performance and the performance of the Chief Executive Officer;
- (2) determining the compensation and benefits for the Chief Executive Officer and other executive officers of the company;
- (3) establishing the company's compensation policies and practice;
- (4) administering the company's incentive compensation and stock plans; and
- (5) administering the company's benefits plans.

The Compensation Committee held two meetings during 2006. See 2006 Compensation Discussion and Analysis III. Compensation Process for a discussion of the role played by our chief executive officer in compensation decisions. The Compensation Committee report on executive compensation is found on page 24 of this Proxy Statement.

The charters for each of the Committees of the Board of Directors and a reference guide for our company's code of ethics, which is a part of our Corporate Compliance Program, are posted under the Corporate Governance section of the Investors page of our website at

[www.chrobinson.com](http://www.chrobinson.com).

### **Shareholder Communications with Board**

C.H. Robinson shareholders may send written communications to the Board of Directors or to any individual director by mailing it to the C.H. Robinson Worldwide, Inc. Board of Directors, c/o C.H. Robinson Corporate Secretary, 8100 Mitchell Road, Eden Prairie, MN 55344. These communications will be compiled by the Secretary and periodically submitted to the Board or individual director.

### **Nominations**

The Governance Committee considers director nominee recommendations from a wide variety of sources, including members of the Board, business contacts, community leaders, third-party advisory services, and members of management. The Governance Committee also considers shareholder recommendations for director nominees that are properly received according to the company's Bylaws and applicable rules and regulations of the SEC.



The Governance Committee determines the required selection criteria and qualifications of director nominees based upon the needs of the company at the time nominees are considered. The Board believes that the directors should possess the highest personal and professional ethics, integrity, and values, and be committed to representing the long-term interests of the company's shareholders. Preferred qualifications also include current or recent experience as a chief executive officer, expertise in a particular business discipline, and diversity of talent, experience, accomplishments, and perspective. Directors should be able to provide insights and practical wisdom based on their experience and expertise.

Shareholders wishing to nominate a director candidate must give written notice to the company's Secretary, either by personal delivery or by United States mail, postage prepaid, at the following address: 8100 Mitchell Road, Eden Prairie, MN 55344. The shareholder's notice must be received by the Secretary not later than (a) 90 days prior to the anniversary date of the immediately preceding Annual Meeting of Shareholders, or (b) the close of business on the tenth day following the date on which notice of a special meeting of shareholders for election of directors is first given to shareholders. The shareholder's notice must include all information relating to each person whom the shareholder proposes to nominate that is required to be disclosed under applicable SEC rules and regulations. This must include the written consent of the person proposed to be nominated to being named in the proxy statement as a nominee, and to serving as a director if elected. The shareholder's notice must also include:

- (1) the name and address of the shareholder making the nomination;
- (2) the number of C.H. Robinson shares entitled to vote at the meeting held by the shareholder;
- (3) a representation that the shareholder is a holder of record of C.H. Robinson stock entitled to vote at the meeting and intends to appear in person or by proxy at the meeting to nominate the person named in the notice; and
- (4) a description of all arrangements or understandings between the shareholder and each nominee.

The Governance Committee initially evaluates a prospective nominee based on his or her resume and other background information that has been provided to the Committee. A member of the Committee will contact for further review those candidates whom the Committee believes are qualified, who may fulfill a specific Board need and who would otherwise best make a contribution to the Board. Based on the information the Governance Committee learns during this process, it determines which nominee(s) to recommend to the Board to submit for election. The Governance Committee uses the same process for evaluating all nominees, regardless of the source of the nomination.

No candidates for director nominations were submitted to the Governance Committee by any shareholder in connection with the 2007 Annual Meeting. Any shareholder interested in presenting a nomination for consideration by the Governance Committee prior to the 2008 Annual Meeting must do so before February 16, 2008 to provide adequate time to consider the nominee and comply with our company's Bylaws.

### **Compensation of Directors**

In 2006, each non-employee director of C.H. Robinson was paid an annual retainer of \$60,000 and no additional meeting fees. The chairman of the board received an additional annual retainer of \$45,000, and retired on December 31, 2006. The Audit Committee chair received an additional annual retainer of \$10,000, and the chairs of the Governance and Compensation Committees each received an additional annual retainer of \$5,000. Other members of the Audit Committee received an additional annual retainer of \$5,000, and other members of the Governance and Compensation Committees received additional annual retainers of \$2,500. Retainers are paid in quarterly installments, at the end of each calendar quarter. Before the retainers are earned, the directors may elect to receive all or a portion of their retainers in cash, stock or restricted stock units that are immediately vested and are payable to the directors after their service on the Board of Directors has ended. For 2006 and going forward, the Board of Directors has adopted an amended compensation plan that provides for performance based restricted stock unit awards for directors. This will be an annual grant of restricted stock units, valued at \$30,000, to non-employee directors, subject to the same

performance-based criteria as management restricted stock awards. C.H. Robinson

also reimburses non-employee directors for reasonable expenses incurred in attending Board meetings and for expenses incurred in obtaining continuing education related to service on our Board.

Directors who are also employees of C.H. Robinson are not separately compensated for any services provided as a director.

#### Director Compensation Table

Name	Total	Fees	(1)	Option Awards	Non-Stock	All Other
		Earned or Paid in Cash	Stock Awards		Incentive Plan Compensation	
D.R. Verdoorn	\$ 105,000	\$ 105,000	\$ 0	\$ 0	\$ 0	\$ 0
Robert Ezrilov	102,502	72,500	30,002	0	0	0
Gerald A. Schwalbach	97,556	67,554 (2)	30,002	0	0	0
Wayne M. Fortun	97,502	67,500	30,002	0	0	0
Brian P. Short	99,981	69,979 (3)	30,002	0	0	0
Michael W. Wickham	95,002	65,000 (4)	30,002	0	0	0
Rebecca Koenig Roloff	97,568	67,566 (5)	30,002	0	0	0
Kenneth E. Keiser	92,452	62,450 (6)	30,002	0	0	0

- (1) The dollar value reflected in this column was awarded as restricted stock units of the company which are available to vest over five calendar years beginning in 2006. The actual vesting percentage for each year is determined by the following formula: year over year growth rates in income from operations and diluted net income per share are averaged, and then five percentage points are added to that number. Any shares unvested after five years are forfeited back to the company. Shares equal to the number restricted stock units will be distributed to the director after their board membership terminates.
- (2) Mr. Schwalbach has elected to receive the dollar value of these fees in unrestricted common shares of the company.
- (3) Mr. Short has elected to receive the dollar value of these fees in restricted stock units of the company. Shares equal to the number of restricted stock units will be distributed after he terminates board membership.
- (4) Mr. Wickham has elected to receive one half of the dollar value of these fees in restricted stock units of the company. Shares equal to the number of restricted stock units will be distributed after he terminates board membership.
- (5) Ms. Roloff has elected to receive the dollar value of these fees in restricted stock units of the company. Shares equal to the number of restricted stock units will be distributed after she terminates board membership.
- (6) Mr. Keiser has elected to receive the dollar value of these fees in unrestricted common shares of the company.

#### Compensation Committee Interlocks and Insider Participation

The members of the Compensation Committee are Wayne Fortun, Robert Ezrilov, ReBecca Koenig Roloff, Gerald Schwalbach, and Michael Wickham. The Compensation committee members have no interlocking relationships requiring disclosure under the rules of the Securities and

Exchange Commission.

## 2006 COMPENSATION DISCUSSION AND ANALYSIS

### I. Compensation Philosophy

Performance-based compensation and alignment between individual, company, and shareholder goals are integral components of C.H. Robinson's company culture and management approach. Within our branch network, our sales employees and managers are paid in large part based on the profitability of their branch. Approximately 1,650 employees throughout the company are also rewarded with equity compensation to promote long-term ownership and alignment with company-wide performance goals.

C.H. Robinson, with guidance and oversight from our Compensation Committee, has adopted an executive compensation philosophy that is intended to be consistent with our overall compensation approach and to achieve the following basic goals:

- (1) provide a level of total compensation necessary to attract and retain high quality executives;
- (2) provide incentive compensation aligned with corporate performance objectives and the interests of the shareholders;
- (3) emphasize team and company performance;
- (4) balance incentive compensation to achieve both short-term and long-term profitability and growth; and
- (5) encourage executives to make long-term career commitments to C.H. Robinson and our shareholders.

To support the effectiveness of our executive compensation programs, the Compensation Committee reviews market data and assesses the company's competitive position in each of the three primary components of executive compensation: base salary, non-equity incentive plan compensation (incentive compensation), and equity compensation. Compensation decisions regarding individual executives are based on additional factors such as individual performance, level of responsibility, unique skills of the executive, and demands of the position. The following descriptions of the primary elements of compensation contain additional detail regarding our compensation objectives and philosophy.

### II. Elements of Compensation

#### Base salary

Annual base salary is designed to compensate our executives for sustained performance as part of a total compensation package necessary to attract and retain high quality executives. The base salary is intended to provide a minimum level of fixed compensation. While the company strives to provide a fair base salary and benefits, the compensation philosophy emphasizes the allocation of a relatively high percentage of compensation to incentive or performance-based compensation.

In 2006, annual base salary increases were determined based on:

- (1) an evaluation of the executive's base salary relative to the market;
- (2) responsibilities of the position held;
- (3) tenure in the position;
- (4) the relative experience of the particular individual; and
- (5) salary relative to other elements of the individual executive's compensation.

The salary column of the Summary Compensation Table below contains the annual base salary earned for 2006 for the chairman and chief executive officer and each of the other named executive officers.

**Non-Equity Incentive Plan Compensation ( Incentive Compensation )**

C.H. Robinson incentive compensation awards are designed to reward our executives for maintaining and growing C.H. Robinson's earnings. Our incentive compensation supports our compensation goals of alignment

with corporate performance objectives and the interests of our shareholders, balancing short-term and long-term profitability and growth with an emphasis on company performance. In order to emphasize the importance of overall company performance as a measure of executive performance, executive incentive compensation awards were approximately 63 percent of the executives' overall cash compensation for 2006.

For over 60 percent of our employees, incentive compensation is based on the profits of their branch. Consistent with that performance-based approach, our executives' annual incentive compensation awards are calculated based on predetermined bonus increments for the achievement of ranges of our company's pre-tax income. For some of our executives, a portion of their incentive compensation is based on ranges of the pre-tax income of a group of branches they supervise. The annual incentive compensation plan is created for each executive at the beginning of the calendar year. At the conclusion of the year, incentive compensation cash payments are calculated based on the achievement of the company's pre-tax income before deducting expenses for the executive incentive plan (adjusted pre-tax income) in each of the ranges on the respective executive's incentive plan. If the adjusted pre-tax income falls within a range, the executive is paid a pro-rata portion of their bonus for that range. The plan is designed so that the maximum incentive compensation is earned when adjusted pre-tax income exceeds the company's budget by a predetermined amount.

The incentive compensation awards for our executives, including our named executives, are designed to motivate and reward the executives for growth of the company's profits beyond our long-term annual growth expectation of 15 percent. In 2006, because we significantly exceeded our long-term growth target, we had full payment of our executive incentive compensation awards.

While the basic formula for calculating incentive compensation is the same for all executives, each executive has a unique annual incentive compensation plan. Individual incentive compensation opportunity is determined based on the executive's role, performance, and total compensation as compared to market benchmarks. The various adjusted pre-tax income ranges and percentages awarded within those ranges are adjusted annually based upon individual responsibilities and performance.

In limited circumstances, portions of these incentives may be guaranteed for some periods due to role transition or other subjective factors. There were no incentive guarantees for executives in 2006. The Non-Equity Incentive Plan Compensation column of the Summary Compensation Table below contains the annual incentive compensation earned for 2006 for the chairman and chief executive officer and each of the other named executive officers.

## **Equity**

We use equity awards as our primary tool for aligning our executives with long term shareholder interests, rewarding overall company performance, and retaining key personnel. We believe these awards are an integral component of meeting our compensation goals as outlined in our compensation philosophy above. Our shareholder-approved Omnibus Stock Plan is designed to give us flexibility to achieve these objectives. It allows us to grant options, restricted stock, restricted stock units and other types of equity based compensation. Officers, other employees, trusts for the benefit of employees, consultants and eligible independent contractors of C.H. Robinson may receive equity awards. The amount of awards is determined based on the participant's role, performance, and total cash compensation as compared to market benchmarks.

### *Restricted Stock*

In 2003, we began regularly issuing restricted stock and restricted stock units as our primary equity awards because we believe these awards are an effective tool for creating long term ownership and alignment between employees and our shareholders. Prior to 2003, we used restricted

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stock grants occasionally, including a grant in 2000 of 338,984 shares to Mr. Wiehoff that vests in equal annual installments over fifteen years. Between 1997 and 2003, we used stock options as our primary equity compensation tool. Our practice with respect to stock option grants is also discussed below, in the section on Stock Options.



Except for the 2000 grant to Mr. Wiehoff, for most restricted stock awards, restricted shares and units are available to vest over five calendar years, based on company performance. The vesting is based on our long-term growth goal of 15 percent annual growth for operating income and earnings per share. The vesting percentage for each year is determined by the following formula: year over-year growth rates in income from operations and diluted net income per share are averaged, and then five percentage points are added to that number. Any shares or units that are unvested at the end of the five years are forfeited back to the company.

Some restricted stock awards were awarded in multi-year cycles. Our executives and other management employees received restricted stock awards in 2003 and 2005 (with vesting commencing in 2003 and 2006, respectively). Restricted shares granted to this group in 2003 are in the Deferred Compensation Plan. Due to our strong performance, the 2003 restricted stock awards fully vested in three years. The vesting percentage based on the formula above was 23, 32, and 45 percent, respectively, for the three years of the 2003 restricted stock award. Restricted shares granted in 2005 are in the Deferred Compensation Plan and are available to vest over five calendar years, beginning in 2006. Restricted shares granted in 2005 vested 35 percent in 2006 based on this formula.

The stock award column of the Summary Compensation Table contains the amount of the restricted stock expense that the company recorded in its financial statements for the chairman and chief executive officer and each of the other named officers. Details regarding these awards for the named executive officers can be found in the Grants of Performance Based Awards table.

For our executives, delivery of the vested shares for the 2003 award occurs after termination of employment in five annual installments. For the 2005 award, delivery of the vested shares occurs on the earlier of two years after termination or January 2013. However, the executives were allowed the option to further delay delivery of the vested shares. The specific choice for delivery was made by each named executive officer before the restricted shares began vesting and can be found in the footnotes to the Summary Compensation Table. Dividends are paid on all restricted shares, vested or unvested. These dividends are considered wages by the IRS until the shares are delivered to the participant. Dividends paid on restricted equity awards for the last three years for the named executive officers are in the following table.

#### Dividends Paid on Restricted Shares of Company Stock

Name and Position	Year	Performance Based		Time Based		Total
		Restricted Shares (1)		Restricted Shares (2)		
		Vested Shares	Unvested Shares	Vested Shares	Unvested Shares	
John P. Wiehoff Chairman and Chief Executive Officer	2006	\$ 45,600	\$ 68,400	\$ 76,035	\$ 127,526	\$ 317,561
	2005	16,280	13,320	34,272	91,560	\$ 155,432
	2004	4,784	16,016	18,268	70,509	\$ 109,577
Chad M. Lindbloom Chief Financial Officer	2006	23,694	25,650	0	0	\$ 49,344
	2005	8,720	6,660	0	0	\$ 15,380
	2004	2,674	8,008	0	0	\$ 10,682
James E. Butts Vice President, Transportation	2006	17,100	25,650	0	0	\$ 42,750
	2005	6,105	4,995	0	0	\$ 11,100
	2004	1,794	6,006	0	0	\$ 7,800
Mark A. Walker Vice President, Transportation	2006	17,399	25,650	0	0	\$ 43,049
	2005	6,299	4,995	0	0	\$ 11,294
	2004	1,888	6,006	0	0	\$ 7,894
Scott Satterlee Vice President, Transportation	2006	23,694	25,650	0	0	\$ 49,344
	2005	8,720	6,660	0	0	\$ 15,380
	2004	2,674	8,008	0	0	\$ 10,682

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(1) Dividends paid on these shares were paid directly to the named executive officer through the Company's payroll system.

- (2) Dividends paid on these shares were paid into the Deferred Compensation plan and were used to purchase additional fully vested shares of Company stock. All vested shares under this award are paid after Mr. Wiehoff terminates employment with the Company.

For financial reporting purposes, the fair market value of the restricted stock and units is expensed as they vest. Currently GAAP defines fair market value as the stock's trading price adjusted for other factors including post-vesting holding requirements. An independent firm calculated the amount of discount attributable to the post-vesting delay in delivery to be 12 percent for both the 2003 and 2006 grants. Accordingly, the fair market value used for financial reporting purposes is the closing price on the date of the grant reduced by 12 percent.

#### *Stock Options*

C.H. Robinson awarded stock options from 1997 to 2003. The grant date for those awards was based on the date the names and amounts of awards were finalized by the chief executive officer, after receiving board approval for the grants. The strike price for the options was based on the closing price on the grant date. Our Omnibus Stock Plan allows the grant of both incentive stock options intended to qualify for preferential tax treatment under Section 422 of the Internal Revenue Code of 1986, as amended (the Code), and nonqualified stock options that do not qualify for such treatment. In order to encourage option exercises and share ownership, we also permit all option recipients to exercise options using shares of our common stock to pay the exercise price and withholding taxes, if any. Upon such exercise, we grant the employee a restoration stock option (commonly referred to as a reload option) for the number of shares surrendered. Restoration options are non-qualified options, exercisable at the then-current market price for the remainder of the original option's term. Additional restoration options are not granted upon the exercise of restoration options. The shareholder-approved 2005 Omnibus Plan amendment eliminates the ability to grant restoration stock options upon the exercise of stock options granted after May 19, 2005 (the effective date of the amendment). All options granted, other than restoration options, vest 25% annually, beginning on the second anniversary date of the option grant, and are available to be exercised for up to 10 years from the date of grant. Options can only be exercised while you are an employee or subject to a non-competition agreement.

During 2006, there were no stock option grants issued to the named executive officers, other than the grant of restoration options. The option awards column of the Summary Compensation Table contains the fair value of the restoration options granted to each of the named executive officers as well as the fair value for the options that vested during 2004, 2005 and 2006. The fair value was calculated as of the grant date using the Black-Scholes option pricing model.

#### *Equity Plan Acceleration*

The company does not have a separation plan or post-termination agreements for employees including executives, other than required by COBRA. Similarly, there are no change-in-control provisions for employees, including executives, except for mandatory acceleration of the vesting of stock options. This affects only our last stock options awards, granted in 2003. This award is 75 percent vested and will be fully vested in 2008; all other options granted are fully vested. The Compensation Committee has the discretion to accelerate vesting of restricted share and unit awards in the case of a change-in-control of the company. Vesting of the chief executive officer's 2000 restricted unit award explicitly cannot change for any reason, including a change in control. These plan characteristics are intended to align participant interests with shareholder interests.

#### *Other Policies Regarding Equity Compensation Programs*

Because we designed our restricted stock plan to be a significant portion of our executives' compensation, we do not have a formal ownership requirement. Holding period restrictions beyond vesting are determined to ensure adequate holdings. We do have a company policy that prohibits any employees from trading in options on C.H. Robinson stock.



## **Employment Agreements**

C.H. Robinson uses employment agreements to protect our employee and customer base from solicitation. All employees sign agreements acknowledging their understanding of company policies and committing to confidentiality. Additionally, incentive-eligible sales employees sign an agreement with a more specific non-competition clause, and certain restricted stock grant recipients, including all executives, sign a management employment agreement that includes a more restrictive non-competition and non-solicitation covenant. These agreements do not commit to post-termination compensation. The company does not have a severance plan for any employees or executives.

## **Employee 401(k) Retirement Plan**

We believe that saving for retirement is an important goal for our employees. C.H. Robinson maintains a 401(k) retirement plan that is designed to meet the requirements of a qualified plan within ERISA and the Internal Revenue Code. Our U.S. employees are eligible to contribute up to 50 percent of their compensation to the 401(k) plan, subject to IRS limitations. To support our compensation objectives, the company matches 100 percent of the first 4 percent of compensation that employees contribute to the plan during the year. In addition, the company has historically made a profit sharing contribution to the 401(k) plan for eligible employees, including those who do not contribute to the 401(k) plan. For 2006, the company contributed an additional 7 percent of every eligible employee's compensation into his or her account in the plan, for a total of 11 percent for those employees also contributing at least 4 percent of their compensation to the plan. Employees control their investment decisions for money in their 401(k) plans. Investment in company stock is one of the investment options. There are no requirements to hold any amount of company stock in the 401(k) plan, nor are there any restrictions on changing an investment election from company stock to another investment choice. Employees may not transfer balances from other investments into company stock.

Employees of our U.S. companies who work more than 1,000 hours per year become eligible for the 401(k) match and profit sharing contributions on the first January 1 or July 1 after one year of continuous service. Eligible employees who are employed at the end of each year are awarded a percentage of their compensation. This award is placed into the 401(k) plan as a profit sharing contribution. Although the percentage may be varied by branch, the percentage has been the same for all eligible employees during the last 4 years. The Registrant Contributions to Defined Contributions column of the Supplemental All Other Compensation Table lists the company contributions for the chief executive officer and each of the other named executive officers.

## **Employee Stock Purchase Plan (ESPP)**

Because the company believes in aligning employee interests with our shareholders and our long-term company performance, and in supporting savings for our employees, C.H. Robinson maintains an employee stock purchase plan (ESPP) that is designed to meet the requirements of a qualified plan within ERISA and the Internal Revenue Code. At the end of each quarter, dollars contributed to the plan by employees are used to purchase shares of C.H. Robinson stock from the company. The price that employees pay for the shares is equal to 85 percent of the closing price for our company's stock on the last day of the quarter. The shares are placed into a brokerage account shortly after the end of each quarter and are available for sale by the employees as soon as the shares are in the account.

Eligible employees can set aside up to 10 percent of their compensation but no more than \$10,000 during any calendar year for ESPP purchases. For this purpose, employees who work more than 1,000 hours per year become eligible to contribute money to the employee stock purchase plan on the first January 1 or July 1 after one year of continuous service. Eligible employees can change their contribution election on a quarterly basis. The Discounted Securities Purchases column of the Supplemental All Other Compensation Table lists the company contributions for the chief executive officer and each of the other named executive officers.



## **Employee Health and Welfare Benefits**

To support our goal to provide competitive compensation and benefits, the company sponsors a number of health and welfare benefit plans for our people: employee, spouse and dependent health, dental and vision; employee flexible spending; short term disability and long term disability; life insurance; and holiday and vacation time. Where applicable, plans are designed to meet the qualified plan requirements of ERISA and the Internal Revenue Code.

## **Officer-Only Benefit Plans**

C.H. Robinson places a high value on all roles throughout our company and on consistency of culture and management approach. For that reason, the company provides differentiated perquisites and compensation plans to our executives and key employees only where doing so uniquely supports our goal to attract and retain high quality executives and key employees. The only perquisites provided to executives in 2006 included:

- (1) Annual reimbursement for company approved tax services up to \$2,500.
- (2) Executive Life Insurance Policy. This death benefit of one-times cash compensation plus \$500,000, not to exceed \$800,000, is only a perquisite for executives with annual cash compensation of less than \$800,000 since the standard employee benefit is one-times annual cash compensation.
- (3) Eligibility for Non-Qualified Deferred Compensation Plan. This plan allows officers to defer salary or incentive cash awards into the plan. The deferral and distribution elections are designed to meet the requirements of Internal Revenue Code Section 409A so as to defer taxation to the executive until the assets are transferred from the plan to the officer. In addition, this plan holds restricted stock awards made to officers and other managers of the company. The restricted shares remain in this plan until delivered to the recipient. Dividends on the performance based restricted awards are paid to the participants through our company's payroll system. Dividends on Mr. Wiehoff's time based restricted award are paid into this plan and used to purchase fully vested shares of company stock which are delivered after termination of employment.

The Supplemental All Other Compensation table contains information about each of the officer-only benefits for the chief executive officer and each of the other named executive officers.

## **III. Compensation Process**

### *The Compensation Committee*

Our Compensation Committee consists of five independent directors and is responsible for determining our chairman and chief executive officer's performance and reviewing the compensation and benefits of our executive officers. The Compensation Committee is also responsible for ensuring proper design and administration of the company's incentive compensation and stock plans, including the Omnibus Stock Plan and the Robinson Companies Nonqualified Deferred Compensation Plan (the Deferred Compensation Plan).

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All Compensation Committee members are independent under applicable Nasdaq listing standards, and IRS and SEC rules and regulations. The Compensation Committee is responsible for assisting the Board of Directors in:

- (1) reviewing corporate performance and the performance of the chief executive officer;
- (2) determining the compensation and benefits for the chief executive officer and other executive officers of the company;
- (3) reviewing the company's compensation policies and practice;
- (4) overseeing the administration of the company's incentive compensation and stock plans; and
- (5) overseeing the administration of the company's benefit plans.



The Compensation Committee held two meetings during 2006. The Compensation Committee report on executive compensation is found on page 24 of this Proxy Statement.

### **Cash Compensation**

Prior to the beginning of each calendar year, our chairman and chief executive officer presents cash compensation recommendations to the Compensation Committee for the company's executive officers, including each of the other named executive officers. The Compensation Committee determines the chairman and chief executive officer's compensation. Periodically, as part of the compensation design process, the Compensation Committee will consult independent experts. During 2005, the Compensation Committee engaged a nationally recognized and reputable executive compensation consulting firm to conduct a market benchmark analysis in preparation for the 2006 executive compensation decisions. The study evaluated the compensation elements of salary, incentive compensation, and equity compensation, both separately and combined. The study included general industry surveys done by many compensation consulting firms and customized surveys of transportation and trucking companies and Minnesota-based companies. These studies were used to determine the market benchmark for our chief executive officer, chief financial officer, and other executive officers, for consideration when determining their total cash and total direct compensation for 2006.

### **Equity Compensation**

The equity compensation award process has been consistently followed since C.H. Robinson had its initial public offering in October of 1997. Prior to November 2003, the company awarded stock options. There were option grants made on the day of the initial public offering and during each of the first quarters of 1999 through 2003. The strike price for these options was based on the closing market price of the company's stock for the grant date. The grant date was determined when the list of participants and amount of awards was finalized by the chief executive officer. In addition we made a small number of option grants when hiring experienced people. The strike price for these options was the closing market price of the company's stock on the first date of employment. At the end of 2003 we moved to performance based restricted share and unit awards, for which the executives and certain other key employees have been given awards once every three years. Other employees are considered for awards annually.

Our chairman and chief executive officer presents equity recommendations to the Compensation Committee for our executive officers. A summary schedule of proposed awards for all other employees is also presented to the Compensation Committee. The Compensation Committee determines the chairman and chief executive officer's equity award. The Compensation Committee approves the award levels for each of the executive officers and approves the total amount of equity to be granted to all other recipients. As discussed above, the Compensation Committee engaged a nationally recognized and reputable executive compensation consulting firm to conduct a market benchmark analysis in preparation for the 2006 executive compensation decisions including equity compensation. Within a short period of time following the Compensation Committee meeting, our executive team is responsible for finalizing the non-executive awards, and our chairman and chief executive officer establishes a grant date which cannot be, and has never been, retroactive. The closing market price of the company's stock for the grant date is used as the fair market value of the awards, subject to any adjustments as required under the accounting rules for the company's performance based restricted shares.

## **IV. Named Executive Compensation**

### ***Chairman and Chief Executive Officer Performance Evaluation and Compensation***

*John P. Wiehoff*

The determination of the chairman and chief executive officer's base salary, incentive compensation, and equity compensation for 2006 followed the policies explained above for executive compensation. The Compensation Committee annually conducts a separate performance evaluation in determining the chairman and chief executive officer's compensation.

During 2006, John Wiehoff's base salary was increased 33 percent over 2005, to \$400,000, to make it more consistent with average benchmark salaries. Mr. Wiehoff earned an incentive compensation award for 2006 in the amount of \$1,030,000 which was paid in cash on January 31, 2007. The amount of this incentive was calculated based on his annual incentive compensation plan, as described in Section II above. The executive's incentive compensation in 2006 awarded compensation for achieving adjusted earnings in certain ranges, in conjunction with achievement of individual performance criteria. The 2006 incentive compensation award exceeded the award in 2005 because of the growth of our company's adjusted earnings. Mr. Wiehoff's individual performance metrics included executive talent development and succession planning, alignment of the business with annual and long-range business plans, and business development.

Mr. Wiehoff was granted 120,000 restricted shares during 2005 pursuant to the Omnibus Stock Plan. Mr. Wiehoff was not granted any restricted shares or stock options in 2006 other than restoration options. Restricted shares granted in 2005 are in the Deferred Compensation Plan and are available to vest over five calendar years, beginning in 2006. As described in Section II above, the actual vesting percentage for each year is determined by the following formula: year-over-year growth rates in income from operations and diluted net income per share are averaged, and then five percentage points are added to that number. Any shares that are unvested at the end of the five years are forfeited back to the company. Restricted shares granted in 2005 vested 35 percent in 2006 based on this formula. Mr. Wiehoff was also granted restricted shares in 2003. These shares are in the Deferred Compensation Plan and are fully vested. Based on the same formula, the vesting percentage has been 23, 32, and 45 percent respectively for the three years of the 2003 restricted stock award.

#### **Other Named Executive Officers Performance Evaluation and Compensation**

The determination of the other named executive officers' base salary, incentive compensation award, and equity compensation for fiscal 2006 followed the policies explained above for executive compensation. Each member of this group is evaluated and their compensation is based on a number of different factors including, but not limited to, the following:

- (1) title and role within the company;
- (2) individual performance;
- (3) financial performance of the company as a whole; and
- (4) results of market study performed by outside consulting firm.

Each of the other named executive officers is paid the same types of compensation elements as the chairman and chief executive officer.

#### **Section 162(m) Disclosure**

Section 162(m) of the Internal Revenue Code generally limits the corporate deduction for compensation paid to executive officers to \$1.0 million, unless the compensation qualifies as performance-based compensation under the Code. The Committee reviewed the potential consequences for the company of Section 162(m) and believes that this provision did not affect the deductibility of compensation paid to our executive officers in 2006. The adoption by the shareholders at the 2005 Annual Meeting of the 2005 Management Bonus Plan and the amended and restated Omnibus Stock Plan permitted the company to issue compensation that qualifies as performance-based compensation in 2005 and subsequently.



## Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Plan-Based Awards			Change in Pension  Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total
				(1) Stock Awards (\$)	(2) Option Awards (\$)	(3) Non-Equity Incentive Plan Compensation (\$)			
John P. Wiehoff Chairman and Chief Executive Officer	2006	\$ 400,000	\$ 0	\$ 1,769,314	\$ 798,753	\$ 1,030,000	\$ 3,288	\$ 29,900	\$ 4,031,255
	2005	300,000	0	947,134	294,163	825,000	5,673	28,595	2,400,565
	2004	200,000	0	769,814	482,742	725,000	9,053	21,596	2,208,205
Chad M. Lindbloom Chief Financial Officer	2006	260,000	0	538,493	171,567	210,000	0	26,862	1,206,922
	2005	225,000	0	306,900	127,997	165,000	0	29,412	854,309
	2004	150,000	0	218,240	146,282	155,000	6	21,596	691,124
James E. Butts Vice President, Transportation	2006	175,000	0	538,493	133,778	340,000	1,543	31,033	1,219,847
	2005	150,000	0	230,175	93,884	280,000	10,972	30,825	795,856
	2004	150,000	0	163,680	103,471	170,000	7,959	23,678	618,788
Mark A. Walker Vice President, Transportation	2006	175,000	0	538,493	76,787	340,000	2,502	31,594	1,164,376
	2005	150,000	0	230,175	94,793	280,000	8,739	26,831	790,538
	2004	150,000	0	163,680	121,225	185,000	3,316	15,460	638,681
Scott Satterlee Vice President, Transportation	2006	175,000	0	538,493	144,169	270,000	0	28,717	1,156,379
	2005	150,000	0	306,900	85,680	210,000	0	27,605	780,185
	2004	150,000	0	218,240	89,205	110,000	0	21,535	588,980

(1) The 2005 and 2003 restricted stock grants are available to vest over a 5 year period based on the financial performance of the company. The actual vesting percentage for each year is determined by the following formula: year over-year growth rates in income from operations and diluted net income per share are averaged, and then five percentage points are added to that number. Any shares unvested after five years are forfeited back to the company. The actual vesting percentage for the 2005 award was 35% in 2006. The vesting percentages for the 2003 award were 45% in 2005 and 32% for 2004. The 2003 awards were fully vested at the end of 2005. During 2000, Mr. Wiehoff was granted a restricted unit award that vests ratably over 15 years. Dividends earned on Mr. Wiehoff's 2000 restricted unit award are paid into the Deferred Compensation Plan and are used to purchase additional fully vested shares of company common stock. The resulting expense of these restricted stock grants is detailed below.

(Footnotes continue on following pages.)

Name and Principal Position	Year	Expense related to grant issued in:			Total
		2000	2003	2005	
John P. Wiehoff Chairman and Chief Executive Officer	2006	\$ 333,334		\$ 1,435,980	\$ 1,769,314
	2005	333,334	613,800		947,134
	2004	333,334	436,480		769,814
Chad M. Lindbloom Chief Financial Officer	2006			538,493	538,493
	2005		306,900		306,900
	2004		218,240		218,240
James E. Butts Vice President, Transportation	2006			538,493	538,493
	2005		230,175		230,175
	2004		163,680		163,680
Mark A. Walker Vice President, Transportation	2006			538,493	538,493
	2005		230,175		230,175
	2004		163,680		163,680
Scott Satterlee Vice President, Transportation	2006			538,493	538,493
	2005		306,900		306,900
	2004		218,240		218,240

(2) Includes the expense related to the vesting of options granted prior to 2004 and related to restoration options granted during the year.

Name and Principal Position	Year	Expense related to grant issued in:					Restoration	Total
		1999	2000	2001	2002	2003	Options	
John P. Wiehoff Chairman and Chief Executive Officer	2006			\$ 8,880	\$ 79,080	\$ 93,840	\$ 616,953	\$ 798,753
	2005		\$ 14,683	106,560	79,080	93,840		294,163
	2004	\$ 3,100	176,200	106,560	79,080	93,840	23,962	482,742
Chad M. Lindbloom Chief Financial Officer	2006			3,552	39,540	35,190	93,285	171,567
	2005		2,349	42,624	39,540	35,190	8,294	127,997
	2004	736	28,192	42,624	39,540	35,190		146,282
James E. Butts Vice President, Transportation	2006			888	39,540	35,190	58,160	133,778
	2005		1,468	10,656	39,540	35,190	7,030	93,884
	2004	465	17,620	10,656	39,540	35,190		103,471
Mark A. Walker Vice President, Transportation	2006			3,552	26,360	23,460	23,415	76,787
	2005		2,349	42,624	26,360	23,460		94,793
	2004	589	28,192	42,624	26,360	23,460		121,225
Scott Satterlee Vice President, Transportation	2006			888	39,540	35,190	68,551	144,169
	2005		294	10,656	39,540	35,190		85,680
	2004	295	3,524	10,656	39,540	35,190		89,205

(3) The dollar amount in this column represents the amount the named executive earned during the respective year under their individual non-equity incentive plan. The amount earned is paid out as cash compensation early in the following year after the company calculates the value earned under the award.

## Supplemental All Other Compensation Table

Name	Year	(1)	Earnings on Deferred Compensation	(2)	(3)	Payments/Accruals on Termination Plans	(4)	Increase in Pension Actuarial Value	(5)		Total
		Perks and Other Personal Benefits		Tax Reimbursements	Discounted Securities Purchases		Registrant Contributions to Defined Contributions		Premiums	Other	
John P. Wiehoff Chairman and Chief Executive Officer	2006	\$ 2,500	\$ 0	\$ 2,300	\$ 0	\$ 0	\$ 24,200	\$ 0	\$ 900	\$ 0	\$ 29,900
	2005	1,875	0	920	0	0	25,200	0	600	0	28,595
	2004	2,500	0	46	0	0	18,450	0	600	0	21,596
Chad M. Lindbloom Chief Financial Officer	2006	1,415	0	647	0	0	24,200	0	600	0	26,862
	2005	2,425	0	1,187	0	0	25,200	0	600	0	29,412
	2004	2,500	0	46	0	0	18,450	0	600	0	21,596
James E. Butts Vice President, Transportation	2006	2,035	0	1,659	1,759	0	24,200	0	1,380	0	31,033
	2005	1,857	0	628	1,760	0	25,200	0	1,380	0	30,825
	2004	2,500	0	68	1,760	0	18,450	0	900	0	23,678
Mark A. Walker Vice President, Transportation	2006	2,435	0	2,300	1,759	0	24,200	0	900	0	31,594
	2005	1,250	0	621	1,760	0	22,300	0	900	0	26,831
	2004	2,500	0	50	1,760	0	10,250	0	900	0	15,460
Scott A. Satterlee Vice President, Transportation	2006	2,500	0	1,477	0	0	24,200	0	540	0	28,717
	2005	1,250	0	615	0	0	25,200	0	540	0	27,605
	2004	2,500	0	45	0	0	18,450	0	540	0	21,535

(1) Represents the fair market value of tax services under the executive tax program.

(2) Represents tax reimbursements on the executive tax program and the executive life insurance program.

(3) Represents the discount on shares purchased under the Company's qualified employee stock purchase plan.

(4) Represents matching and profit sharing contributions under the Company's qualified 401(k) plan.

(5) Represents taxable portion of premiums paid for life insurance for the named executive officer under the Company's qualified Group Life Plan.

## Grants of Performance Based Awards

Name	Year	(1) Performance Based Stock and Stock- Based Incentive Plans: Number of Shares, Units or Other Rights	(2) Grant Date Fair Value Under FAS 123R	Performance Based Options: Number of Securities Underlying Options	Non-Stock Incentive Plan Awards: Number of Units or Other Rights	Dollar Amount of Consider- ation Paid for Award, if any	Grant Date for Stock or Option Awards	Performance or Other Period Until Vesting or Payout and Option Expiration Date	Estimated Future Payouts		
									Threshold (#)	Target (#)	Maximum (#)
John P. Wiehoff	2006	0	0	0	0	\$ 0		0	0	0	0
Chairman and Chief Executive Officer	2005	120,000 (3)	4,102,800	0	0	0	12/7/2005	0	0	0	120,000
	2004	0	0	0	0	0		0	0	0	0
Chad M. Lindbloom	2006	0	0	0	0	0		0	0	0	0
Chief Financial Officer	2005	45,000 (4)	1,538,550	0	0	0	12/7/2005	0	0	0	45,000
	2004	0	0	0	0	0		0	0	0	0
James E. Butts	2006	0	0	0	0	0		0	0	0	0
Vice President, Transportation	2005	45,000 (5)	1,538,550	0	0	0	12/7/2005	0	0	0	45,000
	2004	0	0	0	0	0		0	0	0	0
Mark A. Walker	2006	0	0	0	0	0		0	0	0	0
Vice President, Transportation	2005	45,000 (6)	1,538,550	0	0	0	12/7/2005	0	0	0	45,000
	2004	0	0	0	0	0		0	0	0	0
Scott A. Satterlee	2006	0	0	0	0	0		0	0	0	0
Vice President, Transportation	2005	45,000 (7)	1,538,550	0	0	0	12/7/2005	0	0	0	45,000
	2004	0	0	0	0	0		0	0	0	0

- (1) These restricted shares granted in 2005 are available to vest over five calendar years beginning in 2006. The actual vesting percentage for each year is determined by the following: year-over-year growth rates in income from operations and diluted net income per share are averaged, and then five percentage points are added to that number. Any shares unvested after five years are forfeited back to the company. The actual vesting percentage for 2006 was 35%.
- (2) The amounts in this column represent the grant date FAS123R value for the respective awards. Because these awards vest based on the financial performance of the Company, the FAS 123R value will be reflected in the financial statements of the Company based on the actual vesting percentage for each vesting year. These restricted shares, vested and unvested, earn dividends at the same rate as Common Stock. Because these dividends are considered compensation under the Internal Revenue Code, the dividends are paid to each named executive officer through the Company's payroll system.
- (3) All vested shares will be paid out in five equal annual installments to Mr. Wiehoff beginning in January 2013.
- (4) All vested shares will be paid out to Mr. Lindbloom in January 2013.
- (5) All vested shares will be paid out in five equal annual installments to Mr. Butts after termination of employment.
- (6) All vested shares will be paid out in five equal annual installments to Mr. Walker after termination of employment.
- (7) All vested shares will be paid out in five equal annual installments to Mr. Satterlee beginning in January 2013.



## Grants of All Other Equity Awards

## (Restoration Grant Detail)

Name	Year	(1)	Exercise or Base Price (\$ per Share)	Expiration Date	Number of Shares of Stock or Units Granted (#)	Vesting Date	Grant Date
		Number of Securities Underlying Stock Options Granted (#)					
John P. Wiehoff Chairman and Chief Executive Officer	2006	54,863	47.92	1/31/2010		8/18/2006	8/18/2006
	2006	3,596	42.02	2/15/2009		11/6/2006	11/6/2006
	2004	7,372	25.90	10/15/2007		10/22/2004	10/22/2004
Chad M. Lindbloom Chief Financial Officer	2006	12,886	42.68	2/1/2011		2/14/2006	2/14/2006
	2006	2,302	42.68	1/31/2010		2/14/2006	2/14/2006
	2006	1,239	42.68	2/15/2009		2/14/2006	2/14/2006
	2005	240	31.34	2/15/2009		8/1/2005	8/1/2005
	2005	1,380	31.29	10/15/2007		7/29/2005	7/29/2005
	2005	804	31.29	2/15/2009		7/29/2005	7/29/2005
James E. Butts Vice President, Transportation	2006	1,576	47.92	2/15/2009		8/18/2006	8/18/2006
	2006	4,801	42.37	1/31/2010		11/14/2006	11/14/2006
	2005	1,309	41.25	10/15/2007		11/22/2005	11/22/2005
Mark A. Walker Vice President, Transportation	2006	1,331	47.31	10/15/2007		3/22/2006	3/22/2006
	2006	1,594	47.31	1/31/2010		3/22/2006	3/22/2006
Scott A. Satterlee Vice President, Transportation	2006	5,689	42.83	2/15/2012		2/16/2006	2/16/2006
	2006	243	41.81	1/31/2010		11/8/2006	11/8/2006

- (1) The options shown in this table are non-qualified restoration stock options and are granted pursuant to the company's Omnibus Stock Plan. A restoration option (also referred to as a reload option) is granted when an original option is exercised and payment of the exercise price or tax withholding obligation is made by delivery of previously owned shares of company Common Stock. Each restoration option is granted for the number of shares tendered as payment for the exercise price and tax withholding obligation, has a per share exercise price equal to the fair market value of a share of Common Stock on the date of grant, is exercisable in full on the date of grant, and expires on the same date as the original option.

## Outstanding Equity Awards At Fiscal Year-End

Name	Option Awards	Option Awards	Restricted Shares	Restricted Shares	Incentive Plans: Number of Nonvested Shares, Units or Other Rights Held (#)	Incentive Plans: Market or Payout Value of Nonvested Shares, Units or Other Rights Held (\$)
	(Exercisable/Unexercisable)	(1) In-the-Money Amount of Unexercised Options (\$) (Exercisable/Unexercisable)	Number of Shares or Units of Stock Held That Have Not Vested (#)	(2) Market Value of Nonvested Shares or Units of Stock Held That Have Not Vested (\$)		
John P. Wiehoff Chairman and Chief Executive Officer	373,807 / 55,000	\$8,775,873 / \$1,436,775	281,390	\$ 11,506,053	0	0
Chad M. Lindbloom Chief Financial Officer	96,511 / 22,500	2,255,913 / 588,038	29,250	1,196,033	0	0
James E. Butts Vice President, Transportation	51,877 / 22,500	1,197,133 / 588,038	29,250	1,196,033	0	0
Mark A. Walker Vice President, Transportation	104,005 / 15,000	2,928,092 / 392,025	29,250	1,196,033	0	0
Scott A. Satterlee Vice President, Transportation	44,488 / 22,500	1,028,106 / 588,038	29,250	1,196,033	0	0

(1) In-the-Money Amount has been determined based on the difference between the last sale price of our Common Stock as reported by The Nasdaq Global Market on December 29, 2006 (\$40.89) and the per share option exercise price, multiplied by the number of shares subject to the in-the-money options.

(2) Market Value has been determined based on the last sale price of our Common Stock as reported by The Nasdaq Global Market on December 29, 2006 (\$40.89).

## Option Exercises and Stock Vested

Name of Executive Officer		No. of Shares Acquired on Exercise or Vesting (#)	Value Realized Upon Exercise or Vesting (\$)	Grant Date Fair Value Previously Reported in Summary Compensation Table (\$)
John P. Wiehoff Chairman and Chief Executive Officer	Options	124,000	4,632,105	496,300
	Stock	64,599 (1)	2,641,450	1,769,314
Chad M. Lindbloom Chief Financial Officer	Options	37,752	1,139,761	202,644
	Stock	15,750 (2)	644,018	538,493
James E. Butts Vice President, Transportation	Options	33,309	1,146,987	123,029
	Stock	15,750 (2)	644,018	538,493
Mark A. Walker Vice President, Transportation	Options	17,120	715,209	35,094
	Stock	15,750 (2)	644,018	538,493
Scott A. Satterlee Vice President, Transportation	Options	11,032	312,296	70,274
	Stock	15,750 (2)	644,018	538,493

(1) This number reflects 42,000 restricted shares vesting due to the financial performance of the company and 22,599 restricted shares vesting under a time based vesting award.

(2) This number reflects restricted shares vesting based on the financial performance of the company.

## Nonqualified Defined Contribution and Other Deferred Compensation Plans

Name	Executive Contributions in Last FY	Registrant Contributions in Last FY	Aggregate Earnings in Last FY	Aggregate Withdrawals/ Distributions	Aggregate Balance at Last FYE
John P. Wiehoff Chairman and Chief Executive Officer	\$ 0	\$ 0	\$ 3,288	\$ 114,677	\$ 0
Chad M. Lindbloom Chief Financial Officer	0	0	0	0	0
James E. Butts Vice President, Transportation	0	0	1,543	50,831	0
Mark A. Walker Vice President, Transportation	0	0	2,502	77,127	0
Scott A. Satterlee Vice President, Produce	0	0	0	0	0

## Compensation Committee Report on Executive Compensation

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The Compensation Committee has reviewed and approved the management compensation discussion and analysis section and concurs that it accurately represents the compensation philosophy of the company. The Compensation Committee charter is posted on the C.H. Robinson Worldwide website at

<http://phx.corporate-ir.net/phoenix.zhtml?c=97366&p=irol-governance>

Wayne Fortun

Robert Ezrilov

ReBecca Koenig Roloff

Gerald Schwalbach

Michael Wickham

The Members of the Compensation Committee of the Board of Directors

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**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table contains information regarding beneficial ownership of C.H. Robinson's Common Stock as of March 26, 2007 by (i) each person who is known by the company to own beneficially more than five percent of the Common Stock, (ii) each director or nominee, and each executive officer of the company named in the Summary Compensation Table under the heading "Executive Compensation" above, and (iii) all company directors and executive officers as a group. Unless otherwise noted, the shareholders listed in the table have sole voting and investment powers with respect to the shares of Common Stock owned by them.

	<u>Number of Shares Beneficially Owned (1)</u>	<u>Percentage of Outstanding Shares</u>
FMR Corp. (2)	23,252,103	13.46%
82 Devonshire Street		
Boston, MA 02109		
John P. Wiehoff (3)	1,262,746	*
Jim Butts (4)	870,221	*
Mark Walker (5)	318,891	*
Chad Lindbloom (6)	292,149	*
Scott Satterlee (7)	142,232	*
Robert Ezrilov (8)	163,255	*
Gerald A. Schwalbach	171,330	*
Wayne M. Fortun (9)	38,157	*
Brian P. Short (10)	28,181	*
Michael W. Wickham	6,025	*
Rebecca Roloff	5,567	*
Ken Keiser	3,035	*
All executive officers and directors as a group (15 persons)	3,761,747	2.17

\* Less than 1%

- (1) Beneficial ownership is determined in accordance with rules of the Securities and Exchange Commission (the "Commission"), and includes generally voting power and/or investment power with respect to securities. Shares of Common Stock subject to options currently exercisable or exercisable within 60 days of March 26, 2007 ("Currently Exercisable Options") are deemed outstanding for computing the percentage beneficially owned by the person holding such options, but are not deemed outstanding for computing the percentage beneficially owned by any other person.
- (2) Disclosure is made in reliance upon a statement on Schedule 13G/A, dated as of February 14, 2007, filed with the Securities and Exchange Commission. FMR Corp has sole voting power over 1,619,719 shares and sole dispositive power over 23,252,103 shares. FMR Corp. reported that its wholly owned subsidiary Fidelity Management & Research Company serves as an investment advisor to various investment company clients and that no one client accounts for more than five percent of the total outstanding Common Stock.
- (3) Includes 59,508 shares owned by Mr. Wiehoff's spouse and children, and includes 408,807 shares underlying options exercisable within 60 days. Also includes 338,984 restricted shares. These restricted shares vest ratably over a period of fifteen (15) years from the date of grant provided he remains employed by the company, and vesting will not be accelerated for any reason. These restricted shares are subject to other restrictions as defined in the Deferred Compensation Plan. The dividends on these shares were used to purchase 20,118 shares of C.H. Robinson common stock, which are fully vested. Such deferred shares have been placed in a non-qualified grantor trust for Mr. Wiehoff's benefit. Mr. Wiehoff has the right to advise the trustee on how to vote such shares, but does not have dispositive power with respect to such shares. Also includes 80,000 restricted shares issued in 2003 and 120,000 restricted shares issued in 2005 that were placed into the Deferred Compensation Plan and are available to vest over five calendar years. The actual vesting percentage for each year is determined by the following formula: five percentage points are added to



the average of the year-over-year growth rate in income from operations and diluted net income per share. Any shares that are unvested at the end of the five years are forfeited back to the company. The restricted award issued in 2003 is fully vested.

- (4) Includes 50,231 shares issuable upon exercise of outstanding options. Also includes 30,000 restricted shares issued in 2003 and 45,000 restricted shares issued in 2005 that were placed into the Deferred Compensation Plan and are available to vest over five calendar years. The actual vesting percentage for each year is determined by the following formula: five percentage points are added to the average of the year-over-year growth rate in income from operations and diluted net income per share. Any shares that are unvested at the end of the five years are forfeited back to the company. The restricted award issued in 2003 is fully vested.
- (5) Includes 1,800 shares owned by Mr. Walker's children and includes 114,005 shares underlying options exercisable within 60 days. Also includes 30,000 restricted shares issued in 2003 and 45,000 restricted shares issued in 2005 that were placed into the Deferred Compensation Plan and are available to vest over five calendar years. The actual vesting percentage for each year is determined by the following formula: five percentage points are added to the average of the year-over-year growth rate in income from operations and diluted net income per share. Any shares that are unvested at the end of the five years are forfeited back to the company. The restricted award issued in 2003 is fully vested. Also includes 524 restricted shares placed into the Deferred Compensation Plan during 2003 which vested immediately.
- (6) Includes 12,664 shares owned by Mr. Lindbloom's spouse and includes 111,511 shares underlying options exercisable within 60 days. Also includes 40,000 restricted shares issued in 2003 and 45,000 restricted shares issued in 2005 that were placed into the Deferred Compensation Plan and are available to vest over five calendar years. The actual vesting percentage for each year is determined by the following formula: five percentage points are added to the average of the year-over-year growth rate in income from operations and diluted net income per share. Any shares that are unvested at the end of the five years are forfeited back to the company. The restricted award issued in 2003 is fully vested. Also includes 1,568 restricted shares placed into the Deferred Compensation Plan during 2003 which vested immediately.
- (7) Includes 45,146 shares issuable upon exercise of outstanding options. Also includes 40,000 restricted shares issued in 2003 and 45,000 restricted shares issued in 2005 that were placed into the Deferred Compensation Plan and are available to vest over five calendar years. The actual vesting percentage for each year is determined by the following formula: five percentage points are added to the average of the year-over-year growth rate in income from operations and diluted net income per share. Any shares that are unvested at the end of the five years are forfeited back to the company. The restricted award issued in 2003 is fully vested. Also includes 1,568 restricted shares placed into the Deferred Compensation Plan during 2003 which vested immediately.
- (8) Includes 58,000 shares underlying options exercisable within 60 days.
- (9) Includes 22,000 shares underlying options exercisable within 60 days.
- (10) Includes 10,000 shares underlying options exercisable within 60 days.

#### **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the company's executive officers and directors and persons who beneficially own more than ten percent of the company's Common Stock to file initial reports of ownership and reports of changes in ownership with the Commission. Such executive officers, directors and greater than ten percent beneficial owners are required by the regulations of the Commission to furnish the company with copies of all Section 16(a) reports they file.

Based solely on a review of the copies of such reports furnished to the company and written representations from the executive officers and directors, we believe that all Section 16(a) filing requirements applicable to our executive officers and directors and greater than ten percent

beneficial owners were complied with in 2006.



## AUDIT COMMITTEE REPORT

The Audit Committee operates under a written charter adopted by the Board of Directors. A copy of the amended and restated charter can be found on the Investors page of our website at [www.chrobinson.com](http://www.chrobinson.com). The Audit Committee of the company's Board of Directors is composed of the following non-employee directors: Robert Ezrilov, ReBecca Koenig Roloff, Gerald Schwalbach, and Brian Short. The Board of Directors has reviewed the status of each of the members of its Audit Committee and has confirmed that each meets the independence requirements of the current Nasdaq listing standards that apply to Audit Committee members, and that Messrs. Ezrilov, Schwalbach and Short each qualifies as an Audit Committee Financial Expert, as defined by the Securities and Exchange Commission.

Management is responsible for the company's internal controls and the financial reporting process. C.H. Robinson's independent registered public accounting firm is responsible for performing an independent audit of our financial statements in accordance with generally accepted auditing standards and to issue a report thereon. The Audit Committee's responsibility is to hire, monitor and oversee the independent auditors.

In this context, the Audit Committee has met and held discussions with management and Deloitte & Touche LLP, the company's independent accountants for the fiscal year ending December 31, 2006. Management represented to the Audit Committee that the company's consolidated financial statements were prepared in accordance with generally accepted accounting principles, and the Audit Committee has reviewed and discussed the consolidated financial statements with management and the independent accountants. The Audit Committee discussed with the independent accountants matters required to be discussed by *Statement on Auditing Standards No. 61 (Communications with Audit Committees)*.

Our independent accountants also provided to the Audit Committee the written disclosures required by *Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees)*, and the Audit Committee discussed with the independent accountants that firm's independence. The Audit Committee also considered whether the provision of any non-audit services was compatible with maintaining the independence of Deloitte & Touche LLP as the company's independent auditors.

Based upon the Audit Committee's discussions with management and the independent accountants and the Audit Committee's review of the representation of management and the report of the independent accountants to the Audit Committee, the Audit Committee recommended that the Board of Directors include the audited consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2006 filed with the Securities and Exchange Commission.

Robert Ezrilov

ReBecca Koenig Roloff

Gerald Schwalbach

Brian Short

The Members of the Audit Committee

of the Board of Directors



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**PROPOSAL TWO: SELECTION OF INDEPENDENT AUDITORS**

The Audit Committee has selected Deloitte & Touche LLP as independent public accountants for C.H. Robinson for the fiscal year ending December 31, 2007. Representatives of Deloitte & Touche LLP are expected to be present at the Annual Meeting, will have an opportunity to make a statement if they desire to do so, and will be available to answer appropriate questions from shareholders. If the appointment of Deloitte & Touche LLP is not ratified by the shareholders, the Audit Committee is not obligated to appoint other accountants, but the Audit Committee will give consideration to such unfavorable vote.

**Independent Auditors Fees**

The following table summarizes the aggregate fees for audit services rendered by the independent auditor for the audit of the company's annual consolidated financial statements for the year ended December 31, 2006 and December 31, 2005, and fees billed for other services rendered by the independent auditor during the same periods.

Fees	2006	2005
Audit Fees (a)	\$ 973,757	\$ 908,910
Audit-Related Fees (b)	123,008	79,272
Tax Fees (c)	108,006	162,263
Total	\$ 1,204,770	\$ 1,150,445

(a) Fees for audit services billed or expected to be billed relating to 2006 and 2005 consisted of:

Audit of the company's annual financial statements

Reviews of the company's quarterly financial statements

Statutory and regulatory audits, consents, and other services related to SEC matters

(b) Fees for audit-related services billed consisted of:

Employee benefit plan audit in 2006 and 2005

Due diligence associated with potential acquisitions in 2006 and 2005

(c) Fees for tax services billed for tax compliance and tax planning and advice:

Fees for tax compliance services totaled \$52,200 and \$132,195 in 2006 and 2005, respectively. Tax compliance services are services rendered based upon facts already in existence or transactions that have already occurred to document, compute, and obtain

government approval for amounts to be included in tax filings.

Fees for tax planning and advice services totaled \$55,806 and \$30,068 in 2006 and 2005, respectively. Tax planning and advice are services rendered with respect to proposed transactions or that alter a transaction to obtain a particular tax result.

In considering the nature of the services provided by the independent auditor, the Audit Committee determined that such services are compatible with the provision of independent audit services. The Audit Committee discussed these services with the independent auditor and our management to determine that they are permitted under the rules and regulations concerning auditor independence promulgated by the U.S. Securities and Exchange Commission to implement the Sarbanes-Oxley Act of 2002, as well as the American Institute of Certified Public Accountants. All services provided by the independent auditor during 2005 and 2006 were pre-approved following the policies and procedures of the Audit Committee.

### Pre-Approval Policy

This policy describes the permitted audit, audit-related, tax, and other services (collectively, the Disclosure Categories ) that the independent auditor may perform. The policy requires that prior to the beginning of the work being performed, a description of the services (the Service List ) expected to be performed by the independent auditor in each of the Disclosure Categories be presented to the Audit Committee for approval.

Any requests for audit, audit-related, tax, and other services not contemplated on the Service List must be submitted to the Audit Committee for specific pre-approval and cannot commence until such approval has been granted. Normally, pre-approval is provided at regularly scheduled meetings. However, the authority to grant specific pre-approval between meetings, as necessary, has been delegated to the Chairman of the Audit Committee. The Chairman must update the Audit Committee at the next regularly scheduled meeting of any services that were granted specific pre-approval.

In addition, although not required by the rules and regulations of the SEC, the Audit Committee generally requests a range of fees associated with each proposed service on the Service List and any services that were not originally included on the Service List. Providing a range of fees for a service incorporates appropriate oversight and control of the independent auditor relationship, while permitting the company to receive immediate assistance from the independent auditor when time is of the essence.

The Audit Committee reviews the status of services and fees incurred year-to-date against the original Service List and the forecast of remaining services and fees.

The policy contains a *de minimis* provision that operates to provide retroactive approval for permissible non-audit services under certain circumstances. The provision allows for the pre-approval requirement to be waived if all of the following criteria are met:

1. The service is not an audit, review, or other attest service;
2. The aggregate amount of all such services provided under this provision does not exceed the lesser of \$20,000 or five percent of total fees paid to the independent auditor in a given fiscal year;
3. Such services were not recognized at the time of the engagement to be non-audit services;
4. Such services are promptly brought to the attention of the Audit Committee and approved by the Audit Committee or its designee; and
5. The service and fee are specifically disclosed in the Proxy Statement as meeting the *de minimis* requirements of Regulation S-X of the Securities Exchange Act of 1934, as amended.

### BOARD VOTING RECOMMENDATION

**The Board of Directors recommends a vote FOR ratification of the selection of Deloitte & Touche LLP as the company's independent auditors.**

## SOLICITATION OF PROXIES

C.H. Robinson is paying the costs of solicitation, including the cost of preparing and mailing this Proxy Statement. Proxies are being solicited primarily by mail, but the solicitation by mail may be followed by solicitation in person, or by telephone, or by facsimile, by regular employees of C.H. Robinson without additional compensation. C.H. Robinson will reimburse brokers, banks and other custodians, and nominees for their reasonable out-of-pocket expenses incurred in sending proxy materials to the company's shareholders.

## PROPOSALS FOR THE 2008 ANNUAL MEETING

Pursuant to federal securities laws, any proposal by a shareholder to be presented at the 2008 Annual Meeting of Shareholders and to be included in C.H. Robinson's proxy statement must be received at the company's executive offices, 8100 Mitchell Road, Eden Prairie, Minnesota 55344, no later than the close of business on December 14, 2007. Proposals should be sent to the attention of the Secretary. Our company's Bylaws require that in order for business to be properly brought before the 2008 Annual Meeting of Shareholders by a shareholder, the shareholder must give written notice of their intent to bring a matter before the annual meeting no later than February 16, 2008. Each such notice should be sent to the attention of the Secretary, and must include certain information about the shareholder who intends to bring such matter before the meeting and the business they want to be conducted. These requirements are provided in greater detail in the company's Bylaws. C.H. Robinson intends to exercise its discretionary authority with respect to any matter not properly presented by February 16, 2008.

## GENERAL

Our Annual Report for the fiscal year ended December 31, 2006 is being mailed to shareholders together with this Proxy Statement. The Annual Report is not to be considered part of the soliciting materials.

The information set forth in this Proxy Statement under the caption "Compensation Discussion and Analysis," the "Compensation Committee Report," and "Audit Committee Report" shall not be deemed to be (i) incorporated by reference into any filing by the company under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that in any such filing the company expressly so incorporates such information by reference, and (ii) soliciting material or to be filed with the SEC.

By Order of the Board of Directors

Linda U. Feuss

*Secretary*

April 3, 2007

**C.H. ROBINSON WORLDWIDE, INC.**

**8100 Mitchell Road**

**Eden Prairie, MN 55344**

**ANNUAL MEETING OF SHAREHOLDERS**

**Thursday, May 17, 2007**

**10:00 a.m., Central Daylight Savings Time**

**C.H. Robinson Worldwide, Inc.**

**14800 Charlson Road, Eden Prairie, Minnesota**

**Proxy**

**This Proxy is solicited by the C.H. Robinson Board of Directors. Please vote your Proxy as soon as possible.**

The undersigned hereby appoints John P. Wiehoff and Linda U. Feuss, or either of them, with full power of substitution to each, as attorneys and proxies to represent the undersigned at the Annual Meeting of Stockholders of C.H. Robinson Worldwide, Inc. to be held in the branch office of C.H. Robinson Worldwide, Inc., 14800 Charlson Road, Eden Prairie, Minnesota on the 17<sup>th</sup> day of May, 2007, at 10:00 a.m. C.D.T. and at any adjournment(s) thereof, and to vote all shares of Common Stock which the undersigned may be entitled to vote at said meeting as directed below with respect to the proposals as set forth in the Proxy Statement, and in their discretion upon any other matters that may properly come before the meeting:

**This Proxy, when properly executed, will be voted as you directed. If you do not give any direction, this Proxy will be voted FOR the election of each of the director nominees listed under Proposal 1 and FOR Proposal 2. The tabulator cannot vote your shares unless you vote by telephone, Internet, or by mail. If you choose to mail your Proxy, you must sign and return this Proxy.**

*See reverse for voting instructions.*



There are three ways to vote your Proxy

COMPANY #

Your telephone or Internet vote authorizes the Named Proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card.

VOTE BY PHONE TOLL FREE 1-800-560-1965 QUICK EASY IMMEDIATE

1. Use any touch-tone telephone to vote your proxy 24 hours a day, 7 days a week, until 12:00 p.m. (CT) on May 16, 2007.
2. Please have your proxy card and the last four digits of your Social Security Number or Tax Identification Number available. Follow the simple instructions the voice provides you.
3. If you vote by phone, please do not mail your Proxy Card

VOTE BY INTERNET <http://www.eproxy.com/chrw/> QUICK EASY IMMEDIATE

1. Use the Internet to vote your proxy 24 hours a day, 7 days a week, until 12:00 p.m. (CT) on May 16, 2007.
2. Please have your proxy card and the last four digits of your Social Security Number or Tax Identification Number available. Follow the simple instructions to obtain your records and create an electronic ballot.
3. If you vote by Internet, please do not mail your Proxy Card

VOTE BY MAIL

1. Mark, sign and date your proxy card
2. Return it in the postage-paid envelope we've provided or return it to **C.H. Robinson Worldwide, Inc.**, c/o Shareowner Services<sup>SM</sup>, P.O. Box 64945, St. Paul, MN 55164-0945.

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Unless you indicate otherwise, this Proxy will be voted FOR Proposals 1 and 2.

1. Election of directors:	01 ReBecca K. Roloff	FOR all nominees	WITHHOLD AUTHORITY
	02 Michael W. Wickham	(except as marked)	to vote from all nominees

(Instructions: To withhold authority to vote for one or more individual nominees, write the number(s) of the nominee(s) in the space provided to the right.) \_\_\_\_\_

“ For “ Against “ Abstain

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2. Ratification of the selection of Deloitte & Touche LLP as Independent Registered Public Accounting Firm.

3. In their discretion, consider and act upon such other matters as may properly come before the meeting or any adjournments thereof

**IF NO DIRECTION IS GIVEN, THIS PROXY WILL BE VOTED FOR EACH PROPOSAL.**

Address Change? Mark Box " Indicate changes below:

Dated: \_\_\_\_\_, 2007

Signature(s) in Box

When shares are held by joint tenants, both should sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If a corporation please sign in full corporate name by president or other authorized officer. If a partnership, please sign in partnership name by authorized person.

2

award agreements further provide that if a recipient's employment is terminated for any other reason (except termination for cause), he or she has 90 days from the date of termination to exercise all vested stock options.

35

The 2005 Stock Incentive Plan provides for the treatment of outstanding options and shares of restricted stock upon the occurrence of a Corporate Transaction, which is defined as:

the dissolution or liquidation of the Company or a merger, consolidation, or reorganization of the Company with one or more other entities in which the Company is not the surviving entity;

a sale of all or substantially all of the assets of the Company to another person or entity; or

any transaction, including a merger or reorganization, in which the Company is the surviving entity, which results in any person or entity other than persons who are stockholders or affiliates immediately prior to the transaction owning 50% or more of the combined voting power of all classes of stock of the Company.

In the event of a Corporate Transaction, unless the successor entity or a parent or subsidiary thereof has agreed in writing to assume or continue the Company's outstanding stock options and restricted stock awards or to substitute new awards to replace such outstanding awards of the Company, then the outstanding stock options and restricted stock awards will vest in full, and the Board of Directors may elect, in its sole discretion, either to provide that all stock options will be exercisable for a period of 15 days prior to, and contingent upon, the consummation of the Corporate Transaction or to cancel any outstanding options and restricted stock and pay, or cause to be paid, to the holder an amount in cash or securities having a value:

in the case of restricted stock, equal to the formula or fixed price per share paid to holders of shares of the Company's common stock in connection with the Corporate Transaction, or

in the case of options, equal to the product of the number of shares of common stock subject to the option multiplied by the amount, if any, by which the formula or fixed price per share paid to holders pursuant to the Corporate Transaction exceeds the exercise price of the option.

Assuming a December 31, 2011 Corporate Transaction, and assuming acceleration in full of the vesting of all outstanding stock options and restricted stock awards in accordance with the terms of the 2005 Stock Incentive Plan, the value of all stock options and restricted stock awards held by each NEO that would vest in full would be as follows:

Name	September 30, Value of Stock Options (\$)	September 30, Value of Restricted Shares \$(1)(2)	September 30, Total (\$)
Robert Sarver	0	467,138	467,138
Kenneth Vecchione	0	658,131	658,131
Dale Gibbons	0	110,196	110,196
Merrill Wall	0	303,320	303,320
Gary Cady	0	250,814	250,814

(1) For each share subject to an option whose vesting would be accelerated by a December 31, 2011 Corporate Transaction, the value of stock options is determined by the excess of our common stock's closing market price per share of \$6.23 on December 30, 2011 and the option's exercise price per share. The zero values set forth in the table reflect the fact that none of the NEOs unvested stock options were in the money as of December 30, 2011.

(2) The value of each share of restricted stock subject to accelerated vesting is equal to our common stock's closing market price per share of \$6.23 on December 30, 2011.

In addition, pursuant to indemnification agreements entered into by the Company with certain of its directors and executive officers, in the event of a change of control of the Company, an independent party will be appointed to determine the rights and obligations of the indemnitee and the Company with regard to a particular proceeding, and the Company has agreed to pay the reasonable fees for such party. If there is a potential

change in control, the agreement provides that, upon the request of an indemnitee, the Company will establish and fund a trust for payment of reasonably anticipated expenses, and that the trust cannot be revoked upon a change of control without the indemnitee's consent. For more information regarding the indemnification agreements, see Employment, Noncompetition and Indemnification Agreements below.

Under the Restoration Plan, the Company's matching contribution in the executive's account (and all earnings thereon) will become 100% vested immediately (if not already vested): (1) upon a change in control of the Company, or (2) on the date the executive reaches age 65, the date of his disability, or the date he dies, if the executive is employed by the Company on any such date.

Assuming a change in control or other vesting event occurred on December 30, 2011, the vesting benefit pursuant to the Restoration Plan to each NEO would be \$268,882 for Mr. Sarver, \$0 for Mr. Vecchione, \$54,656 for Mr. Gibbons, \$20,684 for Mr. Wall, and \$7,146 for Mr. Cady.

## **Employment, Noncompetition and Indemnification Agreements**

### ***Employment Agreements***

The Company has not entered into employment agreements with any of its NEOs.

### ***Noncompetition Agreements***

On July 31, 2002, the Company entered into Noncompetition Agreements with Messrs. Lundy, Sarver, and Snyder. The agreements are enforceable while each such person is employed by the Company as a senior executive or is a member of its Board of Directors and for two years following the conclusion of such service. Each agreement provides that, other than with the Company, the individual will refrain from (a) engaging in the business of banking, either directly or indirectly, or from having an interest in the business of banking, in any state in which the Company engages in the business of banking; (b) soliciting any person then employed by the Company for employment with another entity engaged in the business of banking; or (c) diverting or attempting to divert from the Company any business of any kind in which the Company is engaged. The agreement does not prohibit passive ownership in a company engaged in banking that is listed or traded on the NYSE, American Stock Exchange or NASDAQ, so long as such ownership does not exceed 5%. In the event of a breach or threatened breach, the Company is entitled to obtain injunctive relief against the breaching party in addition to any other relief (including money damages) available to the Company under applicable law.

### ***Indemnification Agreements***

At the time of its IPO, the Company entered into Indemnification Agreements with Messrs. Boyd, Lundy, Sarver, Snyder, and Froeschle, Drs. Nagy and Nave and Ms. Johnson (indemnitees). These agreements provide contractual assurance of the indemnification authorized and provided for by the Company's articles of incorporation and bylaws and the manner of such indemnification, regardless of whether the Company's articles or bylaws are amended or revoked, or whether the composition of the Board of Directors is changed or the Company is acquired. However, such limitation on liability would not apply to violations of the federal securities laws, nor does it limit the availability of non-monetary relief in any action or proceeding against a director. The Company's bylaws include provisions for indemnification of its directors and officers to the fullest extent permitted by Nevada law. Insofar as indemnification for liabilities arising under the federal securities laws may be permitted to directors, officers and persons controlling the Company pursuant to the foregoing provisions, the Company has been informed that in the opinion of the SEC such indemnification is against public policy as expressed in such laws and is unenforceable.

The agreement provides for the payment, in whole or in part, of expenses, judgments, fines, penalties, or amounts paid in settlement related to a proceeding implicating an indemnitee if that person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the Company's best interests. With respect to criminal proceedings, the person must have had no reason to believe the relevant conduct was unlawful in order to obtain indemnification. Each agreement also provides for instances in which the Company will advance funds to the indemnitee and a related mechanism by which the Company may be reimbursed for such advances if it is ultimately found not obligated to indemnify the indemnitee in whole or in part. Further, the Company has agreed to pay for all expenses incurred by an indemnitee in his or her attempt to enforce the indemnification terms of his or her agreement, any other agreement or law, the Company's bylaws or its articles of incorporation. The Company has also agreed to pay for all expenses incurred by an indemnitee in his or her attempt to seek recovery under any officers' or directors' liability insurance policies, without regard to the indemnitee's ultimate entitlement to any such benefits.

Each agreement to indemnify is subject to a number of qualifications. For example, it does not apply to any proceeding instituted by a bank regulatory agency that results in an order assessing civil monetary penalties or requiring payments to the Company or instituted by an indemnitee against the Company or its directors or officers without the Company's consent. Further, the Company's obligations are relieved should it be determined by a judge or other reviewing party that applicable law would not permit indemnification. The Company is entitled to assert that the indemnitee has not met the standards of conduct that make it permissible under the Nevada General Corporation Law for the Company to indemnify its directors and officers.

In the event of a change of control of the Company, each agreement provides for the appointing of an independent party to determine the rights and obligations of an indemnitee and the Company with regard to a particular proceeding, and the Company has agreed to pay the reasonable fees for such party. If there is a potential change in control, the agreement provides that, upon the request of an indemnitee, the Company will establish and fund a trust for payment of reasonably anticipated expenses, and that the trust cannot be revoked upon a change of control without the indemnitee's consent.

#### **Certain Transactions with Related Persons**

The Company and its banking subsidiaries have engaged in, and in the future expect to engage in, banking transactions in the ordinary course of business with directors, officers, and principal stockholders of the Company and its subsidiaries (and their associates), including corporations, partnerships and other organizations in which such persons have an interest. Other than such banking transactions, there have been no transactions, since the beginning of fiscal 2011, nor is there any currently proposed transaction, in which the Company was or is to be a participant and the amount involved exceeds \$120,000, and in which any related person had or will have a direct or indirect material interest. See Compensation Committee Interlocks and Insider Participation on page 19 for more information on these banking transactions.

#### **Certain Business Relationships**

Robert Sarver, the Company's Chairman and Chief Executive Officer, controls a limited partnership that holds certain commercial real estate in which directors Hilton and Marshall are limited partners. This partnership is not related in any way to the Company's operating or financial performance or the value of the Company's shares. None of the directors, other than Mr. Sarver, is a managing or general partner in the limited partnership, nor do they have any other policy making role. Mr. Sarver also is the managing partner of the entity which owns the Phoenix Suns NBA basketball team. Director Hilton is a limited partner in the Phoenix Suns ownership group.

Mr. Sarver also serves as a director of Meritage Homes Corporation. Mr. Hilton is the chairman of the board and chief executive officer of Meritage.

Mr. Boyd, a director of the Company, was the chief executive officer of Boyd Gaming Corporation until 2008 and currently holds the position of Executive Chairman. Director Johnson, Mr. Boyd's daughter, is also an executive officer and director of Boyd Gaming Corporation. Robert L. Boughner, a director of Bank of Nevada and Boyd Gaming Corporation, is the chief operating officer and president of Borgata, an Atlantic City casino and resort that is jointly owned by Boyd Gaming Corporation and MGM Resorts International. Director Snyder, who also serves as Chairman of the Board of the Company's Bank of Nevada subsidiary, was the president of Boyd Gaming Corporation from January 1997 until March 2005.

Director Mack is currently a Managing Principal for Southwest Value Partners Enterprises, a private real estate investment firm in which Mr. Sarver holds a minority interest. With the exception of maintaining deposit accounts with the Company's subsidiary banks, SVP does not do business or engage in any transactions with the Company. Mr. Sarver was an original founder and managing principal of SVP, but no longer serves in a managing or controlling capacity. Mr. Sarver is a member of SVP's five-person underwriting committee.

#### **Policies and Procedures Regarding Transactions with Related Persons**

In April 2008, the Board approved a Related Party Transactions Policy ( Policy ) that can be found in the Governance Documents section of the Investor Relations page of the Company's website at [www.westernalliancebancorp.com](http://www.westernalliancebancorp.com) or, for print copies, by writing to the Company at One E. Washington Street, Suite 1400, Phoenix, Arizona 85004, Attention: Corporate Secretary.

The Policy applies only to specific transactions or arrangements with so-called related parties, which includes the Company's directors, executive officers, beneficial owners of 5% or more of the Company's voting securities, related entities, and immediate family members of the foregoing. In general, under the Policy, unless the transaction falls within the category of a pre-approved transaction, every transaction involving a related party that involves an amount greater than \$10,000 must be reported to and approved an appropriate party. For transactions involving amounts equal to or lesser than \$120,000, the appropriate party is, with respect to related parties of Western Alliance Bancorporation, the Company's CEO or Chairman of the Audit Committee, and with respect to related parties of the Banks, the Company's CEO or the president of the applicable Bank. For transactions involving amounts greater than \$120,000, the appropriate party is, with respect to related parties of Western Alliance Bancorporation, the Company's Board of Directors or the Audit or Corporate Governance Committee, and with respect to related parties of the Banks, the Board of Directors of the Bank.

In accordance with Federal Reserve Board Regulation O, each of the Company's bank subsidiaries has adopted a formal policy governing any extensions of credit to any officer, director or significant shareholder of the bank or any affiliate. These policies require, among other things, that any such loan (1) be made on substantially the same terms (including interest rates, collateral and repayment terms) as those prevailing at the time for comparable transactions with unrelated persons, (2) not involve more than the normal risk of collectability or present other unfavorable features for the bank, and (3) be approved by a majority of the bank's full board of directors, without the direct or indirect participation of the interested person. Any transactions between the Company and an officer or director of the Company (or any of its affiliates), or an immediate family member of such an officer or director, falling outside the scope of these formal policies must be conducted at arm's length. Any consideration paid or received by the Company in such a transaction must be on terms no less favorable than terms available to an unaffiliated third party under similar circumstances.

#### **INDEPENDENT AUDITORS**

Pursuant to the recommendation of the Audit Committee, the Board of Directors has appointed McGladrey & Pullen, LLP to audit the financial statements of the Company and certain of its subsidiaries for the fiscal year ending December 31, 2011, and to report on the consolidated balance sheets, statements of income and other related statements of the Company and its subsidiaries. McGladrey & Pullen, LLP has served as the independent auditor for the Company since 1994. Representatives of McGladrey & Pullen, LLP will be present at the Annual Meeting, will have an opportunity to make a statement if they so desire and will be available to respond to questions posed by the stockholders.

## Fees and Services

The following table shows the aggregate fees billed to the Company for professional services by McGladrey & Pullen, LLP and RSM McGladrey, Inc. (an affiliate of McGladrey & Pullen, LLP) for fiscal years 2011 and 2010. On December 1, 2011, McGladrey & Pullen, LLP acquired RSM McGladrey, Inc.

	September 30, Fiscal Year 2011 (\$)	September 30, Fiscal Year 2010 (\$)
Audit Fees	616,000	807,000
Audit-Related Fees	29,000	33,000
Tax Fees	57,000	83,000
All Other Fees	116,000	136,000
<b>Total</b>	<b>818,000</b>	<b>1,059,000</b>

*Audit Fees.* Audit fees for 2011 include professional fees and costs associated with reviews of Registration Statement on Form S-3 and related consents. Audit fees for 2010 include professional fees and costs associated with reviews of Registration Statement on Form S-3, related consents, and professional fees and costs associated with review of documents for a public offering. Audit fees for both years also include professional fees and costs associated with audits of Form 10-K and related items, and reviews of Forms 10-Q and related SAS 100 reviews.

*Audit-Related Fees.* Audit-related fees include audits of an employee benefit plan and services relating to various accounting and reporting matters.

*Tax Fees.* Tax fees include review of tax estimates and various tax consulting services.

*All Other Fees.* All other fees include regulatory compliance services.

The Audit Committee considered the compatibility of the non-audit-related services performed by and fees paid to McGladrey & Pullen, LLP and RSM McGladrey, Inc. in 2011 and the proposed non-audit-related services and fees for 2012 and determined that such services and fees are compatible with the independence of McGladrey & Pullen, LLP.

### Audit Committee Pre-Approval Policy

The Audit Committee is required to pre-approve all audit and non-audit services provided by the Company's independent auditors in order to assure that the provision of such services does not impair the auditor's independence. The Audit Committee has established a policy regarding pre-approval of permissible audit, audit-related, tax and other services provided by the independent auditors, which services are periodically reviewed and revised by the Committee. Unless a type of service has received general pre-approval under the policy or involves *de minimis* fees, the service will require specific approval by the Audit Committee. The Audit Committee may delegate to its Chairman the authority to pre-approve services of the independent auditors, provided that the Chairman must report any such approvals to the full Audit Committee at its next scheduled meeting.

### SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS, DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth as of the Record Date, March 2, 2012, the record and beneficial ownership of the Company's common stock by persons known by the Company to be the beneficial owner of more than 5% of the outstanding shares of its common stock. The Company knows of no person who owns, beneficially or of record, either individually or with associates, more than 5% of the Company's common stock, except as set forth below.

Beneficial Owner	September 30, Shares of Common Stock Beneficially Owned	September 30, Percentage of Class (1)
T. Rowe Price Associates (2)	7,766,867	9.34%



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Wellington Management Company, LLP (3)

5,085,974

6.12%

(1) Percentage calculated on the basis of 83,132,092 shares outstanding on March 2, 2012.

(2) Based on a Schedule 13G filed by T. Rowe Price Associates, Inc. ( Price Associates ) on February 9, 2012, these securities are owned by various individual and institutional investors which Price Associates serves as investment adviser with power to direct investments and/or sole power to vote the securities. For purposes of the reporting requirements of the Exchange Act, Price Associates is deemed to be a beneficial owner of such securities; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such securities. Price Associates' address is 100 E. Pratt Street, Baltimore, Maryland 21202.

(3) Based on a Schedule 13G filed by Wellington Management Company, LLP ( Wellington ) on February 14, 2012, Wellington has shared voting power and shared dispositive power of 4,521,031 shares and 5,085,974 shares of the Company's common stock, respectively. Wellington's address is 280 Congress Street, Boston, Massachusetts 02210.

The following table sets forth certain information with respect to the beneficial ownership of common stock, as of the Record Date, March 2, 2012, by (a) each director and executive officer of the Company, and (b) the Company's directors and executive officers as a group. The information contained herein has been obtained from the Company's records and from information furnished to the Company by each individual. The \* represents less than one percent of the class.

Beneficial Owner (1)	September 30, Shares of Common Stock Beneficially Owned	September 30, Percentage of Class (2)
Bruce Beach (3)	50,725	*
William S. Boyd (4)	3,743,820	4.50%
Gary Cady (5)	202,641	*
Duane Froeschle (6)	308,558	*
Dale Gibbons (7)	295,157	*
Bruce Hendricks (8)	165,944	*
Steven J. Hilton (9)	462,667	*
Marianne Boyd Johnson (10)	883,587	1.06%
James Lundy (11)	303,291	*
Cary Mack (12)	183,350	*
Todd Marshall (13)	1,063,941	1.28%
Robert McAuslan (14)	27,938	*
M. Nafees Nagy, M.D. (15)	534,158	*
James Nave, D.V.M. (16)	544,972	*
Dennis Rygwalski (17)	15,000	*
John P. Sande, III (18)	107,348	*
Robert G. Sarver (19)	3,439,172	4.14%
Donald D. Snyder (20)	232,099	*
Sung Won Sohn (21)	10,439	*
Patricia Taylor (22)	26,057	*
Kenneth A. Vecchione (23)	333,158	*
Merrill Wall (24)	248,741	*
<b>All directors and executive officers as a group (22 persons)</b>	<b>13,182,763</b>	<b>15.86%</b>

(1) In accordance with the Exchange Act, a person is deemed to be the beneficial owner of any shares of common stock if such person has or shares voting power and/or investment power with respect to the shares, or has a right to acquire beneficial ownership at any time within 60 days from March 2, 2012. As used herein, voting power includes the power to vote or direct the voting of shares and investment power includes the power to dispose or direct the disposition of shares. Shares subject to outstanding stock options and warrants, which an individual has the right to acquire within 60 days of March 2, 2012 ( exercisable stock options and exercisable warrants, respectively), are deemed to be outstanding for the purpose of computing the percentage of outstanding securities of the class of stock owned by such individual or any group including such individual only. Beneficial ownership may be disclaimed as to certain of the securities. The business address of each of the executive officers and directors is One E. Washington Street, Suite 1400, Phoenix, Arizona 85004, Telephone: (602) 389-3500.



- (2) Percentage calculated on the basis of 83,132,092 shares outstanding on March 2, 2012.
- (3) Mr. Beach's share ownership includes 17,750 shares subject to exercisable stock options.
- (4) Mr. Boyd's share ownership includes 16,750 shares subject to exercisable stock options and 3,720,480 shares held by a trust.
- (5) Mr. Cady's share ownership includes 86,500 shares subject to exercisable stock options, and 4,748 shares held in his Company 401(k) account.
- (6) Mr. Froeschle's share ownership includes 120,000 shares subject to exercisable stock options, and 4,080 shares held in his Company 401(k) account.
- (7) Mr. Gibbons's share ownership includes 145,500 shares subject to exercisable stock options, and 2,507 shares held in his Company 401(k) account.
- (8) Mr. Hendricks's share ownership includes 90,000 shares subject to exercisable stock options, 12,500 held by a trust, and 3,348 shares held in his Company 401(k) account.
- (9) Mr. Hilton's share ownership includes 22,750 shares subject to exercisable stock options, 270,491 shares held by a family trust, 136,548 shares held by a limited liability company, and 15,000 shares held in children's trust accounts.
- (10) Ms. Johnson's share ownership includes 22,750 shares subject to exercisable stock options, 652,799 shares held by three separate trusts, and 184,796 shares held by a limited partnership.
- (11) Mr. Lundy's share ownership includes 135,000 shares subject to exercisable stock options, and 3,646 shares held in his Company 401(k) account.
- (12) Mr. Mack's share ownership includes 22,750 shares subject to exercisable stock options, 137,322 shares held by a family trust, and 10,500 held by a limited liability company.
- (13) Mr. Marshall's share ownership includes 16,750 shares subject to exercisable stock options, and 948,522 shares held by various trusts.
- (14) Mr. McAuslan's share ownership includes 1,438 shares held in his Company 401(k) account.
- (15) Dr. Nagy's share ownership includes 388,458 shares held by two limited liability companies, 110,472 shares held by various trusts, and 16,750 shares subject to exercisable options.
- (16) Dr. Nave's share ownership includes 22,750 shares subject to exercisable stock options, 176,110 shares held by a profit sharing plan, and 125,818 held by his daughter.

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- (17) Mr. Rygwalski's share ownership includes 0 shares subject to exercisable stock options.
- (18) Mr. Sande's share ownership includes 11,625 shares subject to exercisable stock options, and 82,945 shares held by a family trust.
- (19) Mr. Sarver's share ownership includes: (i) 30,000 shares held by Mr. Sarver's spouse over which he disclaims all beneficial ownership, (ii) 5,000 shares held by Mr. Sarver's children over which he disclaims all beneficial ownership, (iii) 285,000 shares subject to exercisable stock options, (iv) 642,758 shares held in a family trust, (v) 166,022 shares held by a limited partnership, (vi) 33,105 shares held by a corporation, and (vii) 5,013 shares held in his Company 401(k) account. Includes 2,533,090 shares pledged or held in a margin account.
- (20) Mr. Snyder's share ownership includes 22,750 shares subject to exercisable stock options, and 196,571 shares held by a trust. Includes 86,082 shares pledged or held in a margin account.
- (21) Dr. Sohn's share ownership includes 0 shares subject to exercisable stock options.

- (22) Ms. Taylor's share ownership includes 1,057 shares held in her Company 401(k) account.
- (23) Mr. Vecchione's share ownership consists of 9,750 shares subject to exercisable stock options, and 1,279 shares held in his Company 401(k) account.
- (24) Mr. Wall's share ownership includes 127,500 shares subject to exercisable stock options, and 5,014 shares held in his Company 401(k) account.

#### **ITEMS OF BUSINESS TO BE ACTED ON AT THE MEETING**

##### **Item 1. Election of Directors**

Under the Company's Articles of Incorporation, the Board is divided into three classes, with approximately one-third of the directors standing for election each year. The terms of five Class I directors will expire at this year's Annual Meeting. The Board nominated five individuals to be elected as Class I directors at the Annual Meeting. The five individuals listed below, all of whom are currently directors of the Company, are the nominees to be elected as Class I directors at the Annual Meeting. Proxies may not be voted for a greater number of persons than the number of nominees named.

The term for directors elected this year will expire at the annual meeting of stockholders held in 2015. Each of the nominees listed below has agreed to serve that term. If any director is unable to stand for election, the Board may, by resolution, provide for a lesser number of directors or designate a substitute. In the latter event, shares represented by proxies may be voted for a substitute director.

**The Board of Directors unanimously recommends that the stockholders vote FOR all of the following nominees:**

**Bruce Beach**

**William S. Boyd**

**Steven J. Hilton**

**Marianne Boyd Johnson**

**Kenneth A. Vecchione**

Biographical information about these nominees may be found beginning at page 9 of this proxy statement.

##### **Item 2. Approval of Amendment to 2005 Stock Incentive Plan**

At the Annual Meeting, the stockholders will be asked to approve an amendment (the Amendment) to the Western Alliance Bancorporation 2005 Stock Incentive Plan (the Incentive Plan) to increase the maximum number of shares of the Company's common stock available for issuance thereunder by 2,000,000, from 6,500,000 to 8,500,000 shares, including shares available under the prior plans (as defined below). In addition, the stockholders will be asked to approve an increase in the maximum number of shares of Stock that can be awarded to any person eligible for an award under the Incentive Plan from 150,000 to 300,000 per calendar year, and to approve updated business criteria upon which performance-based awards may be granted under the Incentive Plan, so the Company will have the ability to fully deduct for federal income tax purposes any performance-based compensation that may be provided to certain officers pursuant to the Incentive Plan on the basis of such criteria.

The Company's Board of Directors and stockholders previously approved the BankWest of Nevada 1997 Incentive Stock Option Plan, the BankWest of Nevada 1997 Nonqualified Stock Option Plan, the Western Alliance Bancorporation 2000 Stock Appreciation Rights Plan and the Western Alliance Bancorporation 2002 Stock Option Plan (together, referred to as the prior plans). Stockholders approved the Incentive Plan at the Company's 2005 Annual Meeting and amended the Incentive Plan at the Company's 2007 Annual Meeting to increase the authorized shares available for grant and at the Company's 2009 Annual Meeting to increase the authorized shares available for grant and update the material terms of performance goals under the Incentive Plan. The Incentive Plan is an amendment and restatement of the prior plans and therefore supersedes the prior plans, while preserving the material terms of the outstanding prior plan awards. Awards made under any of the prior plans are subject to the terms and conditions of the Incentive Plan, which has been structured so as not to impair the rights of award holders under the prior plans.



We believe that in order to successfully attract and retain the best possible candidates for positions of responsibility and to provide them with appropriate incentives to contribute to the Company's success, we must continue to offer a competitive equity incentive program. As of December 31, 2011, a total of 871,208 shares remained available for the grant of new awards under the Incentive Plan. Also, the maximum number of shares that can be issued under the Incentive Plan to any person, other than pursuant to an option or stock appreciation right, in any calendar year is 150,000 shares. We believe that the number of shares available under the Incentive Plan and the limit on the number of shares permitted to be granted to an individual in any calendar year are insufficient to meet the Company's anticipated needs.

Therefore, on February 16, 2012, the Company's Board of Directors adopted the Amendment, subject to approval by the Company's stockholders, to ensure that the Company will continue to have available a reasonable number of shares for its equity incentive program and the ability to grant larger annual awards from time to time under the Incentive Plan.

The Incentive Plan is designed to preserve the Company's ability to deduct in full for federal income tax purposes the compensation recognized by certain employees in connection with certain awards granted under the Incentive Plan. Section 162(m) of the Code generally denies a corporate tax deduction for annual compensation exceeding \$1 million paid to a covered employee of a publicly held company. Generally, covered employees are the chief executive officer, the chief financial officer and the three highest compensated officers other than the chief executive and chief financial officers. Certain types of compensation, including performance-based compensation, are generally excluded from this limitation on deductibility. Performance-based compensation generally includes compensation realized in connection with stock options and stock appreciation rights granted under the Incentive Plan, as well as restricted stock, stock unit and cash awards granted under the Incentive Plan that are subject to the attainment of pre-established objective performance goals. To enable such compensation to qualify as performance-based within the meaning of Section 162(m), the stockholders must approve the material terms of the performance goals that may be established in conjunction with performance-based compensation awarded under the Incentive Plan. In addition, regulations under Section 162(m) generally require reapproval by the stockholders at least every five years of the material terms of these performance goals if the Incentive Plan permits the Compensation Committee to select the specific target levels of performance to be achieved under these awards.

Because the Incentive Plan authorizes the Compensation Committee to select the appropriate target levels of performance to be achieved, at the 2009 Annual Meeting, the stockholders were asked to approve the material terms of performance goals under the Incentive Plan on which the Compensation Committee may base performance-based compensation awards exempt from the limit on deductibility under Section 162(m). Accordingly, in 2009, the stockholders approved:

the eligibility requirements for participation in the Incentive Plan;

the maximum numbers of shares for which awards may be granted to an employee in any calendar year;

the maximum cash amount that may be earned by an employee under cash-based awards during a performance period; and

the business criteria upon which the grant or vesting of performance-based awards may be based.



During the TARP period, ARRA prohibited the Company from paying or accruing any bonus, retention award or incentive compensation, other than in the form of limited amounts of long-term restricted stock, to at least the five most highly compensated employees. Further, ARRA prohibited the Company from deducting annual compensation in excess of \$500,000 paid to its chief executive officer, chief financial officer or any of its three highest compensated officers other than the CEO or CFO. Accordingly, while we were subject to the executive compensation restrictions of ARRA, we were effectively precluded from granting stock options or other awards under the Incentive Plan, except for limited awards of restricted stock to certain of our senior executives, and from excluding from the limits on deductibility under Section 162(m) any amounts paid to any of our senior executives in excess of \$500,000 in any year, even if that compensation qualified as performance-based.

As discussed elsewhere in this proxy statement, the Company's participation in the Capital Purchase Program component of TARP ended on September 27, 2011 and we are no longer subject to the restrictions imposed by ARRA. In order to align the personal interests of the Company's directors and employees to those of its stockholders and to provide such individuals with an incentive for outstanding performance, the Board of Directors believes it is important that long-term incentives be awarded and that they be based on measurements of performance that the Company typically equates with its success. Therefore, on February 16, 2012, the Company's Board of Directors adopted the Amendment, subject to approval by the Company's stockholders, to update the business criteria upon which the grant or vesting of performance-based awards may be based, to include: (i) earnings before interest expense, taxes, depreciation and amortization, and credit-related charges; (ii) return on assets; and (iii) measures of asset quality (collectively, the Business Criteria).

To enable the Company to preserve the deductibility under Section 162(m) of performance-based compensation paid on the basis of the Business Criteria in the future, the Board of Directors also believes the approval of Business Criteria is in the best interests of our stockholders. Therefore, the Board of Directors urges you to vote in favor of this proposal.

#### ***2005 Stock Incentive Plan***

The following summary of the Incentive Plan is subject to the specific provisions contained in the complete text of the Incentive Plan. A copy of the Incentive Plan, as amended, is attached to this proxy statement as Appendix A.

*Purpose.* The purpose of the Incentive Plan is to attract and retain highly qualified officers, directors, key employees, consultants and advisors, and to motivate them to expend maximum effort to improve the Company's business results and earnings. These incentives may be provided through the grant of stock options, stock appreciation rights, restricted and unrestricted stock awards, stock units, dividend equivalent rights and cash awards.

*Shares Authorized.* Prior to the Amendment, the Incentive Plan authorizes the issuance of a maximum of 6,500,000 shares of our common stock, including shares subject to awards that were outstanding under the prior plans on the effective date of the Incentive Plan. If this proposal is approved by the stockholders, the cumulative number of shares of common stock authorized for issuance under the Incentive Plan will be increased by 2,000,000 to an aggregate of 8,500,000. Without reducing the number of shares otherwise available for the grant of awards under the Incentive Plan, the Company may assume or substitute replacement awards under the Incentive Plan for awards of service providers of companies that it may acquire.

*Source of Shares; Adjustments.* The common stock issued or to be issued under the Incentive Plan consists of authorized but unissued and reacquired shares. If any shares covered by an award are not purchased or are forfeited, or if an award otherwise terminates without delivery of any common stock, then the number of shares of common stock counted against the aggregate number of shares available under the Incentive Plan with respect to the award will, to the extent of any such forfeiture or termination, again be available for making awards under the Incentive Plan. Proportional adjustments will be made to the number and kind of shares subject to outstanding awards, to the per share exercise price of outstanding stock options and stock appreciation rights, to the number and kind of shares available for issuance under the Incentive Plan, and to the individual limitations on awards described below, in order to appropriately reflect the effect of any stock dividend, stock split, reverse stock split, recapitalization, reclassification, distribution payable in capital stock of the Company or any other entity or other assets, and other similar events.

If the exercise price of any option or a tax withholding obligation with respect to any award is satisfied by tendering shares or by withholding shares, only the number of shares issued net of the shares tendered or withheld will be deemed delivered for the purpose of determining the maximum number of shares available for delivery under the Incentive Plan. The number of shares authorized for issuance under the Incentive Plan will be increased by the number of shares of common stock, if any, repurchased by the Company using option proceeds (as defined by the Incentive Plan), provided that such increase cannot exceed an amount equal to the option proceeds divided by the fair market value per share of common stock determined on the date of exercise of the applicable stock option.

*Award Limits.* To enable compensation received in connection with certain types of awards to qualify as performance-based within the meaning of Section 162(m) of the Code, the Incentive Plan contains certain individual limits on the maximum amount that can be paid in cash under the Incentive Plan and on the maximum number of shares of common stock that may be issued under the Incentive Plan in a calendar year. The maximum number of shares subject to options or stock appreciation rights that can be issued under the Incentive Plan to any person is 150,000 shares in any calendar year. Prior to the Amendment, the maximum number of shares that can be issued under the Incentive Plan to any person, other than pursuant to an option or stock appreciation right, is 150,000 shares in any calendar year. If this proposal is approved by the stockholders, the maximum number of shares that can be issued under the Incentive Plan to any person, other than pursuant to an option or stock appreciation right, in any calendar year will be increased by 150,000 shares, to 300,000 shares. The maximum amount that may be earned as an annual incentive award or other cash award in any calendar year by any one person is \$5.0 million, and the maximum amount that may be earned in any performance period under a performance award or other cash award by any one person is \$15.0 million.

*Administration.* The Incentive Plan is administered by the Board of Directors and, to the extent of its delegated authority, by the Compensation Committee. All references in this description of the Incentive Plan to the Compensation Committee include the Board of Directors. Subject to the terms of the Incentive Plan, the Compensation Committee may select participants to receive awards; determine the types of awards, terms and conditions of awards; and interpret provisions of the Incentive Plan. At its discretion, the Compensation Committee may grant awards under the Incentive Plan in substitution or exchange for any other awards granted under the Incentive Plan or another plan of the Company, any affiliate or any business entity acquired by the Company or an affiliate, or any other right of a grantee to receive payment from the Company or any affiliate. Any such substituted or replacement awards may, at the discretion of the Compensation Committee, be granted with an exercise price that is less than the fair market value of a share of common stock.

*Eligibility.* Awards may be made under the Incentive Plan to employees, officers, directors, consultants and advisors to the Company or an affiliate whose participation in the Incentive Plan is determined to be in the Company's best interests by the Compensation Committee.

*Amendment or Termination of the Incentive Plan.* While the Compensation Committee may suspend, terminate or amend the Incentive Plan at any time, no amendment may adversely impair the rights of grantees with respect to outstanding awards. In addition, an amendment will be contingent on approval of the Company's stockholders to the extent required by law. Unless terminated earlier, the Incentive Plan will automatically terminate on April 7, 2015, the date 10 years after its initial adoption by the Board of Directors.

*Stock Options.* The Compensation Committee may grant options to purchase shares of common stock intended to qualify as incentive stock options within the meaning of Section 422 of the Code and stock options that do not qualify as incentive stock options, referred to as nonqualified stock options. The exercise price of each stock option may not be less than 100% of the fair market value of the Company's common stock on the date of grant. If the Company were to grant incentive stock options to any holder of more than 10% of the combined voting power of all classes of stock of the Company or any parent or subsidiary corporation (a 10% stockholder), the exercise price may not be less than 110% of the fair market value of the Company's common stock on the date of grant.

The term of each stock option will be fixed by the Compensation Committee but may not exceed 10 years from the date of grant (or five years in the case of an incentive stock option granted to a 10% stockholder). The Compensation Committee determines at what time or times and upon what conditions each option may be exercised and the period of time, if any, after an optionee's death, disability, retirement or other termination of employment during which options may be exercised. The exercisability of options may be accelerated by the Compensation Committee. In general, an optionee may pay the exercise price of an option by cash or cash equivalent, by tendering shares of the Company's common stock having a fair market value equal to the exercise price to be paid or, provided that the Company is a publicly traded company at the time, by means of a broker-assisted cashless exercise.

Stock options granted under the Incentive Plan generally may not be transferred or assigned other than by will or under applicable laws of descent and distribution or pursuant to a domestic relations order. However, the Company may permit limited transfers of nonqualified stock options without receipt of value to or for the benefit of immediate family members of optionees.

*Stock Appreciation Rights.* The Compensation Committee may grant stock appreciation rights in conjunction with an option or other award under the Incentive Plan or independently of any other award. Stock appreciation rights are rights to receive a number of shares or, in the discretion of the Compensation Committee, an amount in cash or a combination of shares and cash, based on the excess of the fair market value of the shares underlying the rights over the exercise price of those rights, which may not be less than the fair market value of the shares on the date of grant. All other terms and conditions applicable to stock appreciation rights will be determined by the Compensation Committee and are substantially similar to those applicable to stock options that may be granted under the Incentive Plan.

*Stock and Stock Unit Awards.* The Compensation Committee may grant awards of restricted stock, unrestricted stock or stock units under the Incentive Plan. Such awards may be granted for no consideration other than services rendered by the grantee or for such monetary consideration as determined by the Compensation Committee. Shares of restricted stock are shares of common stock of the Company that are issued subject to service or performance-based vesting conditions determined by the Compensation Committee. Stock units are rights to receive shares of common stock units upon the future satisfaction of service or performance-based vesting conditions determined by the Compensation Committee. Until the applicable vesting conditions have been satisfied, neither shares of restricted stock nor stock units may be sold, transferred, assigned, pledged or otherwise disposed of. Any shares of restricted stock or stock units that remain unvested on their holder's termination of service will be immediately forfeited, except as otherwise provided by the Compensation Committee in the applicable award agreement. Unless otherwise provided by the Compensation Committee, holders of restricted stock will have the right to vote the shares and to receive any dividends paid, except that the Compensation Committee may provide that the dividends will be subject to the same or different vesting conditions and restrictions as applied to the original award. Holders of stock units have no voting rights as stockholders but may be provided with a right to receive dividend equivalents payable in cash or in additional stock units.

*Performance and Annual Incentive Awards.* The Compensation Committee may provide for stock- or cash-based awards under the Incentive Plan whose grant, vesting or settlement is conditioned upon the achievement of one or more specified goals tied to objective business criteria (described below) over such periods as the Compensation Committee determines. Annual incentive awards have performance period of up to one year, while performance awards may have a performance period of up to 10 years.

Performance and annual incentive awards granted under the Incentive Plan to covered employees are intended, if so determined by the Compensation Committee, to provide compensation that qualifies as performance-based for purposes of exemption from the limit on tax deductibility under Section 162(m) of the Code. Accordingly, such awards are earned solely upon the achievement of one or more objective performance goals established in writing by the Compensation Committee not later than 90 days after the beginning of the applicable performance period or such other date as required or permitted under Section 162(m). Performance goals are based on the attainment of specified target levels with respect to one or more measures of business or financial performance of the Company on a consolidated basis or of specified subsidiaries or business units of the Company specified by the Compensation Committee. The Compensation Committee will base performance goals on one or more of the following business criteria:

Total stockholder return;

Total stockholder return as compared to total return of a known index;

Net income;

Pretax earnings;

Earnings before interest expense, taxes, depreciation and amortization, and credit-related charges;

Pretax operating earnings after interest expense and before bonuses, service fees and extraordinary or special items;

Operating margin;

Earnings per share;

Return on equity;

Return on capital;

Return on investment;

Return on assets;

Operating earnings;

Working capital;

Ratio of debt to stockholders' equity;

Revenue;

Loan Growth;

Deposit Growth;

Quality Control, including, but not limited to, results of internal and external audits, regulatory examinations, and loan quality reviews; and

Measures of asset quality.

Payment of any performance or annual incentive award to a covered employee is contingent upon a written determination by the Compensation Committee of the achievement of the applicable performance goals and the amount of the award that has become payable as a result. The Compensation Committee, in its discretion, may reduce (but not increase) the amount of a performance or annual incentive award that is otherwise payable based on the achievement of performance goals. In granting a performance or annual incentive award, the Compensation Committee will specify the circumstances under which the award will be paid or forfeited in the event of the termination of the grantee's service prior to the end of the applicable performance period or settlement of the award.

*Dividend Equivalent Rights.* The Compensation Committee may grant dividend equivalent rights either as a component of another award or as a separate award. Dividend equivalent rights are rights entitling the recipient to receive cash or shares of common stock equal in value to cash dividends paid with respect to a specified number of shares of common stock. Dividend equivalents may be paid at the time of the dividend payment on common stock or may be converted into additional shares of stock or stock units and settled at a specified later time, such as at the time a related award vests or is settled.

*Effect of Corporate Transactions.* The occurrence of a corporate transaction may cause awards granted under the Incentive Plan to vest in full and to be exercised or settled prior to the consummation of the transaction, unless the awards are assumed, continued or substituted for by the successor entity or its parent or subsidiary in connection with the corporate transaction. Alternatively, the Compensation Committee may elect to cancel any outstanding awards and pay, or cause to be paid, to the holder an amount in cash or securities having a value determined in accordance with the Incentive Plan. Any options or stock appreciation rights that are not assumed or continued will terminate upon the consummation of the corporate transaction. A corporate transaction means the Company's dissolution or liquidation; a merger, consolidation, or reorganization in which the Company is not the surviving entity; a sale of substantially all of the Company's assets or any transaction which results in any person or entity owning 50% or more of the combined voting power of the Company's stock.

*Change in Control Accelerated Vesting of Prior Plan Awards.* With respect to the awards outstanding under the prior plans as of the effective date of the Incentive Plan, all such awards become fully vested, and, in the case of options, exercisable in connection with the consummation of a change in control as defined in the applicable prior plan, provided the award remains outstanding upon the change in control and relates to a continuing employee or other service provider and except to the extent retaining the unvested status of certain outstanding options eliminates any excise tax under section 4999 of the Code that, if applied, would produce an unfavorable net after-tax result for the option holder.

*Summary of Federal Income Tax Considerations.* The following summary is intended only as a general guide to the U.S. federal income tax consequences of participation in the Incentive Plan and does not attempt to describe all possible federal or other tax consequences of such participation or tax consequences based on particular circumstances.

*Incentive Stock Options.* A participant recognizes no taxable income for regular income tax purposes as a result of the grant or exercise of an incentive stock option. Participants who neither dispose of their shares within two years following the date the option was granted nor within one year following the exercise of the option will normally recognize a capital gain or loss equal to the difference, if any, between the sale price and the purchase price of the shares. In such event, we will not be entitled to any corresponding deduction for federal income tax purposes. In the event of the participant's disposition of shares before both of these holding periods have been satisfied (a disqualifying disposition), the participant will recognize ordinary income equal to the spread between the option exercise price and the fair market value of the shares on the date of exercise, but in most cases not to exceed the gain realized on the sale, if lower. Any gain in excess of that amount will be a capital gain. If a loss is recognized, there will be no ordinary income, and such loss will be a capital loss. Any ordinary income recognized by the participant upon the disqualifying disposition of the shares generally should be deductible by the Company for federal income tax purposes, except to the extent such deduction is limited by applicable provisions of the Code.

In general, the difference between the option exercise price and the fair market value of the shares on the date when an incentive stock option is exercised, or at such later time as the shares vest, is treated as an adjustment in computing income that may be subject to the alternative minimum tax, which is paid if such tax exceeds the regular tax for the year. Special rules may apply with respect to certain subsequent sales of the shares in a disqualifying disposition, certain basis adjustments for purposes of computing the alternative minimum taxable income on a subsequent sale of the shares and certain tax credits which may arise with respect to optionees subject to the alternative minimum tax.

*Nonqualified Stock Options.* Options not designated or qualifying as incentive stock options are nonqualified stock options having no special tax status. A participant generally recognizes no taxable income upon receipt of such an option. Upon exercising a nonqualified stock option, the participant normally recognizes ordinary income equal to the difference between the exercise price paid and the fair market value of the shares on the date when the option is exercised or such later date as the shares become vested and free of any restrictions on transfer (the later of such dates being referred to as the determination date). If the participant is an employee, such ordinary income generally is subject to withholding of income and employment taxes. If the determination date is after the exercise date, the participant may elect, pursuant to Section 83(b) of the Code, to treat the exercise date as the determination date by filing an election with the Internal Revenue Service no later than 30 days after the exercise date. Upon the sale of stock acquired by the exercise of a nonqualified stock option, any gain or loss, based on the difference between the sale price and the fair market value of the shares on the determination date, will be taxed as capital gain or loss. The Company generally should be entitled to a tax deduction equal to the amount of ordinary income recognized by the participant as a result of the exercise of a nonqualified stock option, except to the extent such deduction is limited by applicable provisions of the Code.

*Restricted Stock.* Acquisitions of restricted stock receive tax treatment that is similar to that of exercises of nonqualified stock options. A participant acquiring restricted stock normally recognizes ordinary income equal to the difference between the amount, if any, the participant paid for the restricted stock and the fair market value of the shares on the determination date. If the participant is an employee, such ordinary income generally is subject to withholding of income and employment taxes. The participant may elect, pursuant to Section 83(b) of the Code, to treat the acquisition date as the determination date by filing an election with the Internal Revenue Service. Upon the sale of restricted stock, any gain or loss, based on the difference between the sale price and the fair market value of the shares on the determination date, will be taxed as capital gain or loss. The Company generally should be entitled to a tax deduction equal to the amount of ordinary income recognized by the participant as a result of the acquisition of restricted stock, except to the extent such deduction is limited by applicable provisions of the Code.

*Stock Units Awards.* A participant generally will recognize no income upon the grant of a stock units award. Upon the settlement of such awards, participants normally will recognize ordinary income in the year of settlement in an amount equal to the cash received and the fair market value of any unrestricted shares received. If the participant is an employee, such ordinary income generally is subject to withholding of income and employment taxes. If the participant receives shares of restricted stock, the participant generally will be taxed in the same manner as described above under *Restricted Stock*. Upon the sale of any shares received, any gain or loss, based on the difference between the sale price and the fair market value on the determination date (as defined above under *Nonqualified Stock Options*), will be taxed as capital gain or loss. The Company generally should be entitled to a deduction equal to the amount of ordinary income recognized by the participant on the determination date, except to the extent such deduction is limited by applicable provisions of the Code.

*Golden Parachute Payments.* Awards that are granted, accelerated or enhanced upon the occurrence of, or in anticipation of, a change in control may give rise, in whole or in part, to excess parachute payments under Section 280G and Section 4999. Under these provisions, the participant would be subject to a 20% excise tax on, and the Company would be denied a deduction with respect to, any excess parachute payments.

*Awards Subject to Section 409A of the Code.* Certain awards granted under the Incentive Plan may be deemed to constitute deferred compensation within the meaning of Section 409A of the Code, providing rules regarding the taxation of nonqualified deferred compensation plans, and the regulations and other administrative guidance issued pursuant to Section 409A. Any such awards will be required to comply with the requirements of Section 409A. Notwithstanding any provision of the Incentive Plan to the contrary, the Compensation Committee is authorized, without the consent of any grantee, to amend the Incentive Plan or any award agreement as necessary to comply with Section 409A.

*Plan Benefits.* The amount and timing of awards granted under the Incentive Plan are determined in the sole discretion of the Compensation Committee and therefore cannot be determined in advance. The future awards that would be received under the Incentive Plan by directors, executive officers and other employees are discretionary and are therefore not determinable at this time.

***Vote Required and Board Recommendation***

The affirmative vote of a majority of the votes cast on the proposal is required for approval of the amendment to the 2005 Stock Incentive Plan, provided that the total vote cast on the proposal represents over 50% in interest of all securities entitled to vote on the proposal. For purposes of the vote on the 2005 Stock Incentive Plan, abstentions will have the same effect as votes against the proposal and broker non-votes will have the same effect as votes against the proposal, unless holders of more than 50% in interest of all securities entitled to vote on the proposal cast votes, in which event broker non-votes will not have any effect on the result of the vote.

**The Board of Directors unanimously recommends that the stockholders vote FOR the approval of the amendment to the Western Alliance Bancorporation 2005 Stock Incentive Plan.**

**Item 3. Advisory (Non-Binding) Vote on Executive Compensation**

The Dodd-Frank Act requires that our stockholders have the opportunity to cast an advisory (non-binding) vote on executive compensation, as well as an advisory vote with respect to whether future votes on executive compensation will be held every one, two or three years, which is the subject of Item 4 in this proxy statement.

Accordingly, we ask our stockholders to vote on the following resolution at the Annual Meeting:

RESOLVED, that the Company's shareholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in the Company's Proxy Statement for the 2012 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the 2011 Summary Compensation Table and other related tables and disclosures therein.

Our executive compensation policies are designed to establish an appropriate relationship between executive pay and the annual and long-term performance of the Company and its affiliates, to reflect the attainment of short- and long-term financial performance goals, to enhance our ability to attract and retain qualified executive officers, and to align to the greatest extent possible interests of management and stockholders. Our Board of Directors believes that our compensation policies and practices achieve these objectives.

Because your vote is advisory, it will not be binding upon the Board of Directors. However, the Board of Directors and Compensation Committee may take into account the outcome of the vote when considering future executive compensation arrangements.

**The Board of Directors unanimously recommends that the stockholders vote FOR the approval of the compensation of our named executive officers, as disclosed in this proxy statement.**

**Item 4. Advisory (Non-Binding) Vote on Frequency of Executive Compensation Votes**

As described in Item 3, the Dodd-Frank Act also requires that we include in this proxy statement for our 2012 Annual Meeting, a separate advisory (non-binding) vote on whether the vote on executive compensation should occur every one, two or three years. Stockholders have the option to vote for any one of the three options or abstain on the matter. We are required to solicit stockholder approval on the frequency of future advisory executive compensation proposals at least once every six years, although we may seek stockholder input more frequently.

The option of one year, two years or three years that receives votes representing the majority in voting power of shares present in person or represented by proxy and entitled to vote will be the frequency for the advisory vote on the compensation of our named executive officers that has been selected by stockholders. However, because this vote is advisory and is not binding on our Board of Directors, the Board may decide that it is in the best interests of us and our stockholders to hold an advisory vote on executive compensation more or less frequently than the option approved by our stockholders.



The Board believes that these votes should occur every year so stockholders may annually express their views on our executive compensation program. The Board values the opportunity to get feedback and will continue to consider the outcome of these votes in making executive compensation decisions.

**The Board of Directors unanimously recommends that the stockholders vote to hold the non-binding vote on executive compensation Every Year .**

#### **Item 5. Ratification of Appointment of the Independent Auditor**

The Audit Committee has appointed the firm of McGladrey & Pullen, LLP as the independent auditor to audit the consolidated financial statements of the Company and its subsidiaries for the fiscal year ending December 31, 2012 and the Company's internal control over financial reporting as of December 31, 2012. Representatives of McGladrey & Pullen, LLP will be present at the Annual Meeting with the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions from shareholders present at the meeting. Although shareholder ratification of the appointment of the Company's independent auditor is not required by our bylaws or otherwise, we are submitting the selection of McGladrey & Pullen, LLP to our shareholders for ratification to permit shareholders to participate in this important corporate decision. If not ratified, the Audit Committee will reconsider the selection, although the Audit Committee will not be required to select a different independent auditor for the Company.

**The Board of Directors unanimously recommends that the stockholders vote FOR the ratification of the appointment of McGladrey & Pullen, LLP as the Company's independent auditor.**

#### **SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires the Company's directors, executive officers and persons who own more than 10% of the common stock to file with the SEC initial reports of ownership and reports of changes in ownership of the common stock. The Company prepares reports for such filings of its officers and directors based on information supplied by them. Based solely on its review of such information, the Company believes that during the fiscal year ended December 31, 2011, its officers and directors were in compliance with all applicable filing requirements, except that: (i) Mr. Hendricks filed one late report for shares that were sold for taxes; and (ii) Mr. Hilton filed one late report on shares purchased in a family trust.

#### **ADDITIONAL INFORMATION**

##### **Stockholder Proposals for 2013 Annual Meeting**

Any proposal which a stockholder wishes to have included in the Company's proxy statement and form of proxy relating to its 2013 Annual Meeting of stockholders must be received by the Company, directed to the attention of the Corporate Secretary, at its principal executive offices at One E. Washington Street, Suite 1400, Phoenix, Arizona 85004, no later than November 21, 2012. If a stockholder wishes to present a matter at the Company's 2013 Annual Meeting that is outside the process for inclusion in the proxy statement, notice must be given to the Secretary not later than February 5, 2013. All stockholder proposals will be subject to and must comply with Nevada law and the rules and regulations of the SEC, including Rule 14a-8 under the Exchange Act, as amended.

### **Annual Report on Form 10-K**

The Company has filed its Annual Report on Form 10-K for its 2011 fiscal year with the SEC, and a copy of the Annual Report on Form 10-K is enclosed with this proxy statement. Shareholders may obtain, free of charge, a copy of the Form 10-K by writing to the Company at One E. Washington Street, Suite 1400, Phoenix, Arizona 85004, Attention: Corporate Secretary, or from the website, [www.proxyvote.com](http://www.proxyvote.com).

### **Legal Proceedings**

No director or executive officer of the Company is a party to any material pending legal proceedings or has a material interest in any such proceedings that is adverse to the Company or any of its subsidiaries.

### **Householding of Proxy Materials**

The SEC has adopted rules that permit companies and intermediaries such as brokers to satisfy delivery requirements for annual reports, proxy statements, and Notices of Internet Availability of Proxy Materials with respect to two or more stockholders sharing the same address by delivering a single annual report, proxy statement, or Notice of Internet Availability of Proxy Materials addressed to those stockholders. This process, which is commonly referred to as "householding," potentially provides extra convenience for stockholders and cost savings for companies. Brokers with account holders who are stockholders of the Company may be householding the Company's proxy materials. Once you have received notice from your broker that it will be householding materials to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate annual report, proxy statement, or Notices of Internet Availability of Proxy Materials or if you are receiving multiple copies thereof and wish to receive only one, please notify your broker or notify the Company by sending a written request to Western Alliance Bancorporation, One E. Washington Street, Suite 1400, Phoenix, Arizona 85004, Attn: Corporate Secretary, or by calling (602) 389-3500.

### **Other Business**

Except as described above, the Company knows of no business to come before the Annual Meeting. However, if other matters should properly come before the Annual Meeting or any adjournment thereof, it is the intention of the persons named in the Proxy to vote in accordance with the determination of a majority of the Board of Directors on such matters.

BY ORDER OF THE

BOARD OF DIRECTORS

ROBERT G. SARVER

CHAIRMAN OF THE BOARD

Dated: March 23, 2012

## WESTERN ALLIANCE BANCORPORATION

## 2005 STOCK INCENTIVE PLAN

Western Alliance Bancorporation, a Nevada corporation (the **Company**), sets forth herein the terms of its 2005 Stock Incentive Plan (the **Plan**), as follows:

**1. PURPOSE**

The Plan is intended to enhance the **Company's** and its **Affiliates** (as defined herein) ability to attract and retain highly qualified officers, directors, employees, consultants and advisors, and to motivate such persons to serve the **Company** and its **Affiliates** and to expend maximum effort to improve the business results and earnings of the **Company**, by providing to such persons an opportunity to acquire or increase a direct proprietary interest in the operations and future success of the **Company**. To this end, the Plan provides for the grant of stock options, stock appreciation rights (on and after the IPO Date), restricted stock, stock units, unrestricted stock, dividend equivalent rights and cash awards. Any of these awards may, but need not, be made as performance incentives to reward attainment of annual or long-term performance goals in accordance with the terms hereof. Stock options granted under the Plan may be non-qualified stock options or incentive stock options, as provided herein.

Furthermore, this Plan is an amendment and restatement of the Bankwest of Nevada 1997 Incentive Stock Option Plan and the Bankwest of Nevada 1997 Nonqualified Stock Option Plan (together, the **1997 Plans**), the Western Alliance Bancorporation 2000 Stock Appreciation Rights Plan (the **2000 SAR Plan**), the Western Alliance Bancorporation 2002 Stock Option Plan (the **2002 Plan**) and any other prior plan of the **Company** or a predecessor in effect prior to the Effective Date of this Plan under which stock options or other equity awards covering the **Company's** Stock remain outstanding to a service provider (the **Prior Plans**). This Plan document therefore is intended to preserve material rights and features of the **Prior Plans**, and should any material provision of this Plan be determined to impair the rights of a Grantee under an Award granted prior to the Effective Date of this restated Plan, the Award Agreement covering the Award shall instead be treated as including the material provision as an explicit term, but only to the extent that such material provision does not affect the Award's exempt status under Section 409A of the Code. In this regard, as of the Effective Date and notwithstanding the absence of an automatic change in control vesting provision under this restated Plan, any change in control vesting provision of a **Prior Plan** hereby is incorporated into the Awards outstanding as of the Effective Date and made under the applicable **Prior Plan**.

**2. DEFINITIONS**

For purposes of interpreting the Plan and related documents (including Award Agreements), the following definitions shall apply:

2.1 **Affiliate** means, with respect to the **Company**, any company or other trade or business that directly or indirectly controls, is controlled by or is under common control with the **Company** within the meaning of Rule 405 of Regulation C under the Securities Act, including, without limitation, any **Subsidiary**.

2.2 **Annual Incentive Award** means an Award made subject to attainment of performance goals (as described in **Section 14**) over a performance period of up to one year (the fiscal year, unless otherwise specified by the Committee).

2.3 **Award** means a grant of an Option, Stock Appreciation Right, Restricted Stock, Unrestricted Stock, Stock Unit, Dividend Equivalent Right, or cash award under the Plan.

2.4 **Award Agreement** means the written agreement between the **Company** and a Grantee that evidences and sets out the terms and conditions of an Award.

2.5 **Benefit Arrangement** shall have the meaning set forth in **Section 15** hereof.

2.6 **Board** means the Board of Directors of the Company.

2.7 **Cause** means, as determined by the Board and unless otherwise provided in an applicable agreement with the Company or an Affiliate, (i) performance of any act or failure to perform any act in bad faith and to the detriment of the Company or an Affiliate; (ii) dishonesty, intentional misconduct or material breach of any agreement with the Company or an Affiliate; or (iii) commission of a crime involving dishonesty, breach of trust, or physical or emotional harm to any person.

2.8 **Code** means the Internal Revenue Code of 1986, as now in effect or as hereafter amended.

2.9 **Committee** means a committee of, and designated from time to time by resolution of, the Board, which shall be constituted as provided in **Section 3.2**.

2.10 **Company** means Western Alliance Bancorporation.

2.11 **Corporate Transaction** means (i) the dissolution or liquidation of the Company or a merger, consolidation, or reorganization of the Company with one or more other entities in which the Company is not the surviving entity, (ii) a sale of all or substantially all of the assets of the Company to another person or entity, or (iii) any transaction (including without limitation a merger or reorganization in which the Company is the surviving entity) which results in any person or entity (other than persons who are stockholders or Affiliates immediately prior to the transaction) owning 50% or more of the combined voting power of all classes of stock of the Company.

2.12 **Covered Employee** means a Grantee who is a Covered Employee within the meaning of Section 162(m)(3) of the Code.

2.13 **Disability** means the Grantee is unable to perform each of the essential duties of such Grantee's position by reason of a medically determinable physical or mental impairment which is potentially permanent in character or which can be expected to last for a continuous period of not less than 12 months; provided, however, that, with respect to rules regarding the expiration of an Incentive Stock Option following termination of the Grantee's Service, Disability shall mean the Grantee is unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.

2.14 **Dividend Equivalent Right** means a right, granted to a Grantee under **Section 13** hereof, to receive cash, Stock, other Awards or other property equal in value to dividends paid with respect to a specified number of shares of Stock, or other periodic payments.

2.15 **Effective Date** means April 7, 2005, the date the Plan is approved by the Board.

2.16 **Exchange Act** means the Securities Exchange Act of 1934, as now in effect or as hereafter amended.

2.17 **Fair Market Value** means the value of a share of Stock, determined as follows: if on the Grant Date or other determination date the Stock is listed on an established national or regional stock exchange, is admitted for quotation on The Nasdaq Stock Market, Inc. or is publicly traded on an established securities market, the Fair Market Value of a share of Stock shall be the closing price of the Stock on such exchange or in such market (if there is more than one such exchange or market the Board shall determine the appropriate exchange or market) on the Grant Date or such other determination date (or if there is no such reported closing price, the Fair Market Value shall be the mean between the highest bid and lowest asked prices or between the high and low sale prices on such trading day, as determined by the Board) or, if no sale of Stock is reported for such trading day, on the next preceding day on which any sale shall have been reported. If the Stock is not listed on such an exchange, quoted on such system or traded on such a market, Fair Market Value shall be the value of the Stock as determined by the Board's reasonable application of a reasonable valuation method.

- 2.18 **Family Member** means a person who is a spouse, former spouse, child, stepchild, grandchild, parent, stepparent, grandparent, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother, sister, brother-in-law, or sister-in-law, including adoptive relationships, of the Grantee, any person sharing the Grantee's household (other than a tenant or employee), a trust in which any one or more of these persons have more than fifty percent of the beneficial interest, a foundation in which any one or more of these persons (or the Grantee) control the management of assets, and any other entity in which one or more of these persons (or the Grantee) own more than fifty percent of the voting interests.
- 2.19 **Grant Date** means, as determined by the Board, the latest to occur of (i) the date as of which the Board approves an Award, (ii) the date on which the recipient of an Award first becomes eligible to receive an Award under **Section 6** hereof, or (iii) such other date as may be specified by the Board.
- 2.20 **Grantee** means a person who receives or holds an Award under the Plan.
- 2.21 **Incentive Stock Option** means an incentive stock option within the meaning of Section 422 of the Code, or the corresponding provision of any subsequently enacted tax statute, as amended from time to time.
- 2.22 **IPO Date** means the closing date of the first sale of Stock to the general public pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission under the Securities Act.
- 2.23 **Non-qualified Stock Option** means an Option that is not an Incentive Stock Option.
- 2.24 **Option** means an option to purchase one or more shares of Stock pursuant to the Plan.
- 2.25 **Option Price** means the exercise price for each share of Stock subject to an Option.
- 2.26 **Option Proceeds** means, with respect to an Option, the sum of (i) the Option Price paid in cash, if any, to purchase shares of Stock under such Option, plus (ii) the value of all federal, state, and local deductions to which the Company is entitled with respect to the exercise of such Option determined using the highest Federal tax rate applicable to corporations and a blended tax rate for state and local taxes based on the jurisdictions in which the Company does business and giving effect to the deduction of state and local taxes for Federal tax purposes.
- 2.27 **Other Agreement** shall have the meaning set forth in **Section 15** hereof.
- 2.28 **Outside Director** means a member of the Board who is not an officer or employee of the Company.
- 2.29 **Performance Award** means an Award made subject to the attainment of performance goals (as described in **Section 14**) over a performance period of up to ten (10) years.
- 2.30 **Plan** means this Western Alliance Bancorporation 2005 Stock Incentive Plan.
- 2.31 **Purchase Price** means the purchase price for each share of Stock pursuant to a grant of Restricted Stock or Unrestricted Stock.
- 2.32 **Reporting Person** means a person who is required to file reports under Section 16(a) of the Exchange Act.
- 2.33 **Restricted Stock** means shares of Stock, awarded to a Grantee pursuant to Section 10 hereof.
- 2.34 **SAR Exercise Price** means the per share exercise price of a SAR granted to a Grantee under **Section 9** hereof.
- 2.35 **Securities Act** means the Securities Act of 1933, as now in effect or as hereafter amended.

2.36 **Service** means service as a Service Provider to the Company or an Affiliate. Unless otherwise stated in the applicable Award Agreement, a Grantee's change in position or duties shall not result in interrupted or terminated Service, so long as such Grantee continues to be a Service Provider to the Company or an Affiliate. Subject to the preceding sentence, whether a termination of Service shall have occurred for purposes of the Plan shall be determined by the Board, which determination shall be final, binding and conclusive.

2.37 **Service Provider** means an employee, officer or director of the Company or an Affiliate, or a consultant or adviser currently providing services to the Company or an Affiliate.

2.38 **Stock** means the common stock, par value \$.0001 per share, of the Company.

2.39 **Stock Appreciation Right** or **SAR** means a right granted to a Grantee under **Section 9** hereof. SARs may only be awarded under this Plan on and after the IPO Date, and during a period that the Company remains publicly traded. Notwithstanding the preceding sentence, SARs awarded under a Prior Plan on or before October 3, 2004 shall continue in effect under this Plan under the term then in effect under the Award Agreement for the respective SAR.

2.40 **Stock Unit** means a bookkeeping entry representing the equivalent of shares of Stock awarded to a Grantee pursuant to **Section 10** hereof.

2.41 **Subsidiary** means any subsidiary corporation of the Company within the meaning of Section 424(f) of the Code.

2.42 **Termination Date** means the date upon which an Option shall terminate or expire, as set forth in **Section 8.3** hereof.

2.43 **Ten Percent Stockholder** means an individual who owns more than ten percent (10%) of the total combined voting power of all classes of outstanding stock of the Company, its parent or any of its Subsidiaries. In determining stock ownership, the attribution rules of Section 424(d) of the Code shall be applied.

2.44 **Transition Period** means the reliance period described in Treas. Reg. Section 1.162-27(f) or a successor provision.

2.45 **Unrestricted Stock** means an Award pursuant to **Section 11** hereof.

### 3. ADMINISTRATION OF THE PLAN

#### 3.1. Board.

The Board shall have such powers and authorities related to the administration of the Plan as are consistent with the Company's articles of incorporation and by-laws and applicable law. The Board shall have full power and authority to take all actions and to make all determinations required or provided for under the Plan, any Award or any Award Agreement, and shall have full power and authority to take all such other actions and make all such other determinations not inconsistent with the specific terms and provisions of the Plan that the Board deems to be necessary or appropriate for the administration of the Plan, any Award or any Award Agreement. All such actions and determinations shall be by the affirmative vote of a majority of the members of the Board present at a meeting or by unanimous consent of the Board executed in writing in accordance with the Company's articles of incorporation and by-laws and applicable law. The interpretation and construction by the Board of any provision of the Plan, any Award or any Award Agreement shall be final, binding and conclusive.

#### 3.2. Committee.

The Board from time to time may delegate to the Committee such powers and authorities related to the administration and implementation of the Plan, as set forth in **Section 3.1** above and other applicable provisions, as the Board shall determine, consistent with the articles of incorporation and by-laws of the Company and applicable law.

(i) On and after the IPO Date, except as provided in subsection (ii) hereof and except as the Board may otherwise determine, the Committee, if any, appointed by the Board to administer the Plan shall consist of two or more Outside Directors of the Company who: (a) following the Transition Period qualify as outside directors within the meaning of Section 162(m) of the Code, and (b) meet such other requirements as may be established from time to time by the Securities and Exchange Commission for plans intended to qualify for exemption under Rule 16b-3 (or its successor) under the Exchange Act, and (c) comply with the independence requirements, if any, of the stock exchange on which the Stock is listed.

(ii) The Board may also appoint one or more separate committees of the Board, each composed of one or more directors of the Company who need not be Outside Directors, who may administer the Plan with respect to employees or other Service Providers who are not officers or directors of the Company, may grant Awards under the Plan to such employees or other Service Providers, and may determine all terms of such Awards.

In the event that the Plan, any Award or any Award Agreement entered into hereunder provides for any action to be taken by or determination to be made by the Board, such action may be taken or such determination may be made by the Committee if the power and authority to do so has been delegated to the Committee by the Board as provided for in this Section. Unless otherwise expressly determined by the Board, any such action or determination by the Committee shall be final, binding and conclusive.

### **3.3. Terms of Awards.**

Subject to the other terms and conditions of the Plan, the Board shall have full and final authority to:

(i) designate Grantees,

(ii) determine the type or types of Awards to be made to a Grantee,

(iii) determine the number of shares of Stock to be subject to an Award, provided the number of shares of stock subject to an Award shall be determined prior to the Grant Date, except as otherwise provided in this Plan,

(iv) establish the terms and conditions of each Award (including, but not limited to, the exercise price of any Option, the nature and duration of any restriction or condition (or provision for lapse thereof) relating to the vesting, exercise, transfer, or forfeiture of an Award or the shares of Stock subject thereto, and any terms or conditions that may be necessary to qualify Options as Incentive Stock Options),

(v) prescribe the form of each Award Agreement evidencing an Award, and

(vi) amend, modify, or supplement the terms of any outstanding Award, provided that in the event such action causes an Award that is otherwise exempt from Section 409A of the Code and the guidance issued thereunder to become subject to Section 409A of the Code and the guidance issued thereunder, the Award will comply with the requirements of Section 409A of the Code and the guidance issued thereunder. Such authority specifically includes the authority, in order to effectuate the purposes of the Plan but without amending the Plan, to modify Awards to eligible individuals who are foreign nationals or are individuals who are employed outside the United States to recognize differences in local law, tax policy, or custom, while remaining in compliance with, or exempt from, the requirements of Section 409A of the Code. Notwithstanding the foregoing, no amendment, modification or supplement of any Award shall, without the consent of the Grantee, impair the Grantee's rights under such Award.

The Company may retain the right in an Award Agreement to cause a forfeiture of the gain realized by a Grantee on account of actions taken by the Grantee in violation or breach of or in conflict with any employment agreement, non-competition agreement, any agreement prohibiting solicitation of employees or clients of the Company or any Affiliate thereof or any confidentiality obligation with respect to the Company or any Affiliate thereof or otherwise in competition with the Company or any Affiliate thereof, to the extent specified in such Award Agreement applicable to the Grantee. Furthermore, the Company may annul an Award if the Grantee is an employee of the Company or an Affiliate thereof and is terminated for Cause as defined in the applicable Award Agreement or the Plan, as applicable. The grant of any Award shall be contingent upon the Grantee executing the appropriate Award Agreement.

### **3.4. Deferral Arrangement.**

The Board may permit or require the deferral of any award payment into a deferred compensation arrangement, subject to such rules and procedures as it may establish in writing that is intended to satisfy Section 409A of the Code, which may include provisions for the payment or crediting of interest or dividend equivalents, including converting such credits into deferred Stock equivalents and restricting deferrals to comply with hardship distribution rules affecting 401(k) plans.

### **3.5. No Liability.**

No member of the Board or of the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any Award or Award Agreement.

### **3.6. Book Entry.**

Notwithstanding any other provision of this Plan to the contrary, the Company may elect to satisfy any requirement under this Plan for the delivery of stock certificates through the use of book-entry.

## **4. STOCK SUBJECT TO THE PLAN**

Subject to adjustment as provided in **Section 17** hereof, the number of shares of Stock available for issuance under the Plan taking into account shares originally available under the 1997 Plans, the 2000 SAR Plan, the 2002 Plan and any Prior Plan shall be 8,500,000. Of the shares of Stock so designated for issuance under the Plan, 2,248,550 shares represent Awards outstanding as of the Effective Date. Stock issued or to be issued under the Plan shall be authorized but unissued shares or, to the extent permitted by applicable law, issued shares that have been reacquired by the Company. If any shares covered by an Award are not purchased or are forfeited, or if an Award otherwise terminates without delivery of any Stock subject thereto, then the number of shares of Stock counted against the aggregate number of shares available under the Plan with respect to such Award shall, to the extent of any such forfeiture or termination, again be available for making Awards under the Plan.

If the Option Price of any Option granted under the Plan, or if pursuant to **Section 18.3** the withholding obligation of any Grantee with respect to an Option or other Award, is satisfied by tendering shares of Stock to the Company (by either actual delivery or by attestation) or by withholding shares of Stock, the number of shares of Stock issued net of the shares of Stock tendered or withheld shall be deemed delivered for purposes of determining the maximum number of shares of Stock available for delivery under the Plan.

The Board shall have the right to substitute or assume Awards in connection with mergers, reorganizations, separations, or other transactions to which Section 424(a) of the Code applies, provided such substitutions and assumptions are permitted by Section 424 of the Code and the regulations promulgated thereunder. The number of shares of Stock reserved pursuant to **Section 4** may be increased by the corresponding number of Awards assumed and, in the case of a substitution, by the net increase in the number of shares of Stock subject to Awards before and after the substitution.

The number of shares of Stock reserved under this **Section 4** shall be increased by the number of any shares of Stock that are repurchased by the Company with Option Proceeds (as defined herein) in respect of the exercise of an Option; provided, however, that the number of shares of Stock contributed to number of shares of Stock reserved under this **Section 4** in respect of the use of Option Proceeds for repurchase shall not be greater than: (A) the amount of such Option Proceeds, divided by (B) the Fair Market Value on the date of exercise of the applicable Option.



## **5. EFFECTIVE DATE, DURATION AND AMENDMENTS**

### **5.1. Effective Date.**

The Plan shall be effective as of the Effective Date, subject to approval of the Plan by the Company's stockholders within one year of the Effective Date. Upon approval of the Plan by the stockholders of the Company as set forth above, all Awards made under the Plan on or after the Effective Date shall be fully effective as if the stockholders of the Company had approved the Plan on the Effective Date. If the stockholders fail to approve the Plan within one year after the Effective Date, any Awards made hereunder relating to the period on or after the Effective Date shall be null and void and of no effect.

### **5.2. Term.**

The Plan shall terminate automatically ten (10) years after its adoption by the Board and may be terminated on any earlier date as provided in **Section 5.3**.

### **5.3. Amendment and Termination of the Plan.**

The Board may, at any time and from time to time, amend, suspend, or terminate the Plan as to any shares of Stock as to which Awards have not been made. An amendment shall be contingent on approval of the Company's stockholders to the extent stated by the Board, required by applicable law or required by applicable stock exchange listing requirements. No Awards shall be made after termination of the Plan. No amendment, suspension, or termination of the Plan shall, without the consent of the Grantee, impair rights or obligations under any Award theretofore awarded under the Plan.

## **6. AWARD ELIGIBILITY AND LIMITATIONS**

### **6.1. Service Providers and Other Persons.**

Subject to this **Section 6**, Awards may be made under the Plan to any Service Provider whose participation in the Plan is determined to be in the best interests of the Company by the Board.

### **6.2. Successive Awards.**

An eligible person may receive more than one Award, subject to such restrictions as are provided herein.

### **6.3. Limitation on Shares of Stock Subject to Awards and Cash Awards.**

During any time when the Company has a class of equity securities registered under Section 12 of the Exchange Act, but only after the Transition Period has expired:

- (i) the maximum number of shares of Stock subject to Options or SARs that can be awarded under the Plan to any person eligible for an Award under **Section 6** hereof is one hundred fifty thousand (150,000) per calendar year;
- (ii) the maximum number of shares of Stock that can be awarded under the Plan, other than pursuant to an Option or SARs, to any person eligible for an Award under **Section 6** hereof is three hundred thousand (300,000) per calendar year; and
- (iii) the maximum amount that may be earned as an Annual Incentive Award or other cash Award in any calendar year by any one Grantee shall be \$5,000,000 and the maximum amount that may be earned as a Performance Award or other cash Award in respect of a performance period by any one Grantee shall be \$15,000,000.

The preceding limitations in this Section 6.3 are subject to adjustment as provided in Section 17 hereof.

#### **6.4. Substitute or Exchange Awards.**

Awards granted under the Plan may, in the discretion of the Board, be granted in substitution or exchange for any other Award or any award granted under another plan of the Company, any Affiliate, or any business entity to be acquired by the Company or an Affiliate, or any other right of a Grantee to receive payment from the Company or any Affiliate, provided that, to the extent such substitution or exchange causes an Award that is otherwise exempt from Section 409A of the Code and guidance issued thereunder to become subject to Section 409A of the Code and the guidance issued thereunder, the Award will comply with Section 409A of the Code and the guidance issued thereunder. Such substitute or exchange Awards may be granted at any time. If an Award is granted in substitution or exchange for another award, the Board shall require the surrender of such other Award in consideration for the grant of the new Award. Notwithstanding anything in Section 8.1 or 9.1 below to the contrary, any Awards granted under this Section 6.4 that are in substitution or exchange for, any other Award or any award granted under another plan of the Company, any Affiliate, or any business entity to be acquired by the Company or an Affiliate may be granted at an Option Price or grant price, as the case may be, at least equal to the Fair Market Value of the Stock.

#### **7. AWARD AGREEMENT**

Each Award granted pursuant to the Plan shall be evidenced by an Award Agreement, in such form or forms as the Board shall from time to time determine. Award Agreements granted from time to time or at the same time need not contain similar provisions but shall be consistent with the terms of the Plan. Each Award Agreement evidencing an Award of Options shall specify whether such Options are intended to be Non-qualified Stock Options or Incentive Stock Options, and in the absence of such specification such options shall be deemed Non-qualified Stock Options.

#### **8. TERMS AND CONDITIONS OF OPTIONS**

##### **8.1. Option Price.**

The Option Price of each Option shall be fixed by the Board and stated in the Award Agreement evidencing such Option. The Option Price of each Option shall be at least the Fair Market Value on the Grant Date of a share of Stock; provided, however, that in the event that a Grantee is a Ten Percent Stockholder, the Option Price of an Option granted to such Grantee that is intended to be an Incentive Stock Option shall be not less than 110 percent of the Fair Market Value of a share of Stock on the Grant Date. In no case shall the Option Price of any Option be less than the par value of a share of Stock.

##### **8.2. Vesting.**

Subject to **Sections 8.3 and 17.3** hereof, each Option granted under the Plan shall become exercisable at such times and under such conditions as shall be determined by the Board and stated in the Award Agreement. For purposes of this **Section 8.2**, fractional numbers of shares of Stock subject to an Option shall be rounded down to the next nearest whole number. No Option shall be exercisable in whole or in part prior to the date the Plan is approved by the Stockholders of the Company as provided in **Section 5.1** hereof.

##### **8.3. Term.**

Each Option granted under the Plan shall terminate, and all rights to purchase shares of Stock thereunder shall cease, upon the expiration of ten years from the date such Option is granted, or under such circumstances and on such date prior thereto as is set forth in the Plan or as may be fixed by the Board and stated in the Award Agreement relating to such Option (the Termination Date); provided, however, that in the event that the Grantee is a Ten Percent Stockholder, an Option granted to such Grantee that is intended to be an Incentive Stock Option shall not be exercisable after the expiration of five years from its Grant Date.

##### **8.4. Termination from Service.**

Each Award Agreement shall set forth the extent to which the Grantee shall have the right to exercise the Option following termination of the Grantee's Service. Such provisions shall be determined in the sole discretion of the Board, need not be uniform among all Options issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination of Service.

##### **8.5. Limitations on Exercise of Option.**

Notwithstanding any other provision of the Plan to the contrary, in no event may any Option be exercised, in whole or in part, prior to the date the Plan is approved by the stockholders of the Company as provided herein or after the occurrence of an event referred to in **Section 17** hereof which results in termination of the Option.



#### **8.6. Method of Exercise.**

An Option that is exercisable may be exercised by the Grantee's delivery to the Company of written notice of exercise on any business day, at the Company's principal office, on the form specified by the Company. Such notice shall specify the number of whole shares of Stock with respect to which the Option is being exercised and shall be accompanied by payment in full of the Option Price of the shares for which the Option is being exercised plus the amount (if any) of federal and/or other taxes which the Company may, in its judgment, be required to withhold with respect to an Award. The minimum number of shares of Stock with respect to which an Option may be exercised, in whole or in part, at any time shall be the lesser of (i) 100 shares or such lesser number as is set forth in the applicable Award Agreement and (ii) the maximum number of shares available for purchase under the Option at the time of exercise.

#### **8.7. Rights of Holders of Options.**

Unless otherwise stated in the applicable Award Agreement, an individual holding or exercising an Option shall have none of the rights of a stockholder (for example, the right to receive cash or dividend payments or distributions attributable to the subject shares of Stock or to direct the voting of the subject shares of Stock) until the shares of Stock covered thereby are fully paid and issued to him. Except as provided in **Section 17** hereof, no adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date of such issuance.

#### **8.8. Delivery of Stock Certificates.**

Promptly after the exercise of an Option by a Grantee and the payment in full of the Option Price, such Grantee shall be entitled to the issuance of a stock certificate or certificates evidencing his or her ownership of the shares of Stock subject to the Option.

#### **8.9. Transferability of Options.**

Except as provided in **Section 8.10**, during the lifetime of a Grantee, only the Grantee (or, in the event of legal incapacity or incompetency, the Grantee's guardian or legal representative) may exercise an Option. Except as provided in **Section 8.10**, no Option shall be assignable or transferable by the Grantee to whom it is granted, other than by will or the laws of descent and distribution or pursuant to a domestic relations order as referred to in the Code or Title I of the Employee Retirement Income Security Act or the rules thereunder.

#### **8.10. Family Transfers.**

If authorized in the applicable Award Agreement, a Grantee may transfer, not for value, all or part of an Option which is not an Incentive Stock Option to any Family Member. For the purpose of this **Section 8.10**, a not for value transfer is a transfer which is (i) a gift; (ii) a transfer under a domestic relations order in settlement of marital property rights; or (iii) a transfer to an entity in which more than fifty percent of the voting interests are owned by Family Members (or the Grantee) in exchange for an interest in that entity. Following a transfer under this **Section 8.10**, any such Option shall continue to be subject to the same terms and conditions as were applicable immediately prior to transfer. Subsequent transfers of transferred Options are prohibited except to Family Members of the original Grantee in accordance with this **Section 8.10** or by will or the laws of descent and distribution. The events of termination of Service of **Section 8.4** hereof shall continue to be applied with respect to the original Grantee, following which the Option shall be exercisable by the transferee only to the extent, and for the periods specified, in **Section 8.4**.

#### **8.11. Limitations on Incentive Stock Options.**

An Option shall constitute an Incentive Stock Option only (i) if the Grantee of such Option is an employee of the Company or any Subsidiary of the Company; (ii) to the extent specifically provided in the related Award Agreement; and (iii) to the extent that the aggregate Fair Market Value (determined at the time the Option is granted) of the shares of Stock with respect to which all Incentive Stock Options held by such Grantee become exercisable for the first time during any calendar year (under the Plan and all other plans of the Grantee's employer and its Affiliates) does not exceed \$100,000. This limitation shall be applied by taking Options into account in the order in which they were granted.

## **9. TERMS AND CONDITIONS OF STOCK APPRECIATION RIGHTS**

### **9.1. Right to Payment.**

An SAR shall confer on the Grantee to whom it is granted a right to receive, upon exercise thereof, the excess of (A) the Fair Market Value of one share of Stock on the date of exercise over (B) the Fair Market Value of one share of Stock on the Grant Date. SARs may be granted in conjunction with all or part of an Option granted under the Plan or at any subsequent time during the term of such Option, in conjunction with all or part of any other Award or without regard to any Option or other Award.

### **9.2. Other Terms.**

The Board shall determine at the date of grant or thereafter, the time or times at which and the circumstances under which a SAR may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements), the time or times at which SARs shall cease to be or become exercisable following termination of Service or upon other conditions, the method of exercise, method of settlement, form of consideration payable in settlement, method by or forms in which Stock will be delivered or deemed to be delivered to Grantees, whether or not a SAR shall be in tandem or in combination with any other Award, and any other terms and conditions of any SAR.

## **10. TERMS AND CONDITIONS OF RESTRICTED STOCK AND STOCK UNITS**

### **10.1. Grant of Restricted Stock or Stock Units.**

Awards of Restricted Stock or Stock Units may be made for no consideration (other than par value of the shares which is deemed paid by Services already rendered).

### **10.2. Restrictions.**

At the time a grant of Restricted Stock or Stock Units is made, the Board may, in its sole discretion, establish a period of time (a restricted period ) applicable to such Restricted Stock or Stock Units. Each Award of Restricted Stock or Stock Units may be subject to a different restricted period. The Board may, in its sole discretion, at the time a grant of Restricted Stock or Stock Units is made, prescribe restrictions in addition to or other than the expiration of the restricted period, including the satisfaction of corporate or individual performance objectives, which may be applicable to all or any portion of the Restricted Stock or Stock Units in accordance with **Section 14.1** and **14.2**. Neither Restricted Stock nor Stock Units may be sold, transferred, assigned, pledged or otherwise encumbered or disposed of during the restricted period or prior to the satisfaction of any other restrictions prescribed by the Board with respect to such Restricted Stock or Stock Units.

### **10.3. Restricted Stock Certificates.**

The Company shall issue, in the name of each Grantee to whom Restricted Stock has been granted, stock certificates representing the total number of shares of Restricted Stock granted to the Grantee, as soon as reasonably practicable after the Grant Date. The Board may provide in an Award Agreement that either (i) the Secretary of the Company shall hold such certificates for the Grantee's benefit until such time as the Restricted Stock is forfeited to the Company or the restrictions lapse, or (ii) such certificates shall be delivered to the Grantee, provided, however, that such certificates shall bear a legend (or legends) that complies with the applicable securities laws and regulations and makes appropriate reference to the restrictions imposed under the Plan and the Award Agreement.

### **10.4. Rights of Holders of Restricted Stock.**

Unless the Board otherwise provides in an Award Agreement, holders of Restricted Stock shall have the right to vote such Stock and the right to receive any dividends declared or paid with respect to such Stock. The Board may provide that any dividends paid on Restricted Stock must be reinvested in shares of Stock, which may or may not be subject to the same vesting conditions and restrictions applicable to such Restricted Stock. All distributions, if any, received by a Grantee with respect to Restricted Stock as a result of any stock split, stock dividend, combination of shares, or other similar transaction shall be subject to the restrictions applicable to the original Grant.

## **10.5. Rights of Holders of Stock Units.**

### **10.5.1. Voting and Dividend Rights.**

Holders of Stock Units shall have no right to vote any Stock promised upon settlement of the Stock Unit or to vote the Stock Unit. The Board may provide in an Award Agreement evidencing a grant of Stock Units that the holder of such Stock Units shall be entitled to receive, upon the Company's payment of a cash dividend on its outstanding Stock, a cash payment for each Stock Unit held equal to the per-share dividend paid on the Stock. Such Award Agreement may also provide that such cash payment will be deemed reinvested in additional Stock Units at a price per unit equal to the Fair Market Value of a share of Stock on the date that such dividend is paid.

### **10.5.2. Creditor's Rights.**

A holder of Stock Units shall have no rights other than those of a general creditor of the Company. Stock Units represent an unfunded and unsecured obligation of the Company, subject to the terms and conditions of the applicable Award Agreement.

### **10.6. Termination of Service.**

Unless the Board otherwise provides in an Award Agreement or in writing after the Award Agreement is issued, upon the termination of a Grantee's Service, any Restricted Stock or Stock Units held by such Grantee that have not vested, or with respect to which all applicable restrictions and conditions have not lapsed, shall immediately be deemed forfeited. Upon forfeiture of Restricted Stock or Stock Units, the Grantee shall have no further rights with respect to such Award, including but not limited to any right to vote Restricted Stock or any right to receive dividends with respect to shares of Restricted Stock or Stock Units.

### **10.7. Purchase of Restricted Stock.**

The Grantee shall be required, to the extent required by applicable law, to purchase the Restricted Stock from the Company at a Purchase Price equal to the greater of (i) the aggregate par value of the shares of Stock represented by such Restricted Stock or (ii) the Purchase Price, if any, specified in the Award Agreement relating to such Restricted Stock. The Purchase Price shall be payable in a form described in **Section 12** or, in the discretion of the Board, in consideration for past Services rendered to the Company or an Affiliate.

### **10.8. Delivery of Stock.**

Upon the expiration or termination of any restricted period and the satisfaction of any other conditions prescribed by the Board, the restrictions applicable to shares of Restricted Stock or Stock Units settled in Stock shall lapse, and, unless otherwise provided in the Award Agreement, a stock certificate for such shares shall be delivered, free of all such restrictions, to the Grantee or the Grantee's beneficiary or estate, as the case may be.

## **11. TERMS AND CONDITIONS OF UNRESTRICTED STOCK AWARDS**

The Board may, in its sole discretion, grant (or sell at par value or such other higher purchase price determined by the Board) an Unrestricted Stock Award to any Grantee pursuant to which such Grantee may receive shares of Stock free of any restrictions ( Unrestricted Stock ) under the Plan. Unrestricted Stock Awards may be granted or sold as described in the preceding sentence in respect of past services and other valid consideration, or in lieu of, or in addition to, any cash compensation due to such Grantee.

## **12. FORM OF PAYMENT FOR OPTIONS AND RESTRICTED STOCK**

### **12.1. General Rule.**

Payment of the Option Price for the shares purchased pursuant to the exercise of an Option or the Purchase Price for Restricted Stock shall be made in cash or in cash equivalents acceptable to the Company.

### **12.2. Surrender of Stock.**

To the extent the Award Agreement so provides, payment of the Option Price for shares purchased pursuant to the exercise of an Option or the Purchase Price for Restricted Stock may be made all or in part through the tender to the Company of shares of Stock, which shares, if acquired from the Company and if so required by the Company, shall have been held for at least six months at the time of tender and which shall be valued, for purposes of determining the extent to which the Option Price or Purchase Price has been paid thereby, at their Fair Market Value on the date of exercise or surrender.

### **12.3. Cashless Exercise.**

With respect to an Option only (and not with respect to Restricted Stock) for any period that the Company is publicly traded, to the extent permitted by law and to the extent the Award Agreement so provides, payment of the Option Price for shares purchased pursuant to the exercise of an Option may be made all or in part by delivery (on a form acceptable to the Board) of an irrevocable direction to a licensed securities broker acceptable to the Company to sell shares of Stock and to deliver all or part of the sales proceeds to the Company in payment of the Option Price and any withholding taxes described in **Section 18.3**.

### **12.4. Other Forms of Payment.**

To the extent the Award Agreement so provides, payment of the Option Price for shares purchased pursuant to exercise of an Option or the Purchase Price for Restricted Stock may be made in any other form that is consistent with applicable laws, regulations and rules.

## **13. TERMS AND CONDITIONS OF DIVIDEND EQUIVALENT RIGHTS**

### **13.1. Dividend Equivalent Rights.**

A Dividend Equivalent Right is an Award entitling the recipient to receive credits based on cash distributions that would have been paid on the shares of Stock specified in the Dividend Equivalent Right (or other award to which it relates) if such shares had been issued to and held by the recipient. A Dividend Equivalent Right may be granted hereunder to any Grantee as a component of another Award or as a freestanding award. The terms and conditions of Dividend Equivalent Rights shall be specified in the grant. Dividend equivalents credited to the holder of a Dividend Equivalent Right may be paid currently or may be deemed to be reinvested in additional shares of Stock, which may thereafter accrue additional equivalents. Any such reinvestment shall be at Fair Market Value on the date of reinvestment. Dividend Equivalent Rights may be settled in cash or Stock or a combination thereof, in a single installment or installments, all determined in the sole discretion of the Board. A Dividend Equivalent Right granted as a component of another Award may provide that such Dividend Equivalent Right shall be settled upon exercise, settlement, or payment of, or lapse of restrictions on, such other Award, and that such Dividend Equivalent Right shall expire or be forfeited or annulled under the same conditions as such other Award. A Dividend Equivalent Right granted as a component of another Award may also contain terms and conditions different from such other award.

### **13.2. Termination of Service.**

Except as may otherwise be provided by the Board either in the Award Agreement or in writing after the Award Agreement is issued, a Grantee's rights in all Dividend Equivalent Rights or interest equivalents shall automatically terminate upon the Grantee's termination of Service for any reason.

## **14. TERMS AND CONDITIONS OF PERFORMANCE AND ANNUAL INCENTIVE AWARDS**

### **14.1. Performance Conditions.**

The right of a Grantee to exercise or receive a grant or settlement of any Award, and the timing thereof, may be subject to such performance conditions as may be specified by the Board. The Board may use such business criteria and other measures of performance as it may deem appropriate in establishing any performance conditions, and may exercise its discretion to reduce the amounts payable under any Award subject to performance conditions, except as limited under **Sections 14.2** hereof in the case of a Performance Award or Annual Incentive Award intended to qualify under Code Section 162(m). If and to the extent required under Code Section 162(m), any power or authority relating to a Performance Award or Annual Incentive Award intended to qualify under Code Section 162(m), shall be exercised by the Committee and not the Board.

### **14.2. Performance or Annual Incentive Awards Granted to Designated Covered Employees.**

If and to the extent that the Committee determines that a Performance or Annual Incentive Award to be granted to a Grantee who is designated by the Committee as likely to be a Covered Employee should qualify as performance-based compensation for purposes of Code Section 162(m), the grant, exercise and/or settlement of such Performance or Annual Incentive Award shall be contingent upon achievement of pre-established performance goals and other terms set forth in this **Section 14.2**.

#### **14.2.1. Performance Goals Generally.**

The performance goals for such Performance or Annual Incentive Awards shall consist of one or more business criteria and a targeted level or levels of performance with respect to each of such criteria, as specified by the Committee consistent with this **Section 14.2**. Performance goals shall be objective and shall otherwise meet the requirements of Code Section 162(m) and regulations thereunder including the requirement that the level or levels of performance targeted by the Committee result in the achievement of performance goals being substantially uncertain. The Committee may determine that such Performance or Annual Incentive Awards shall be granted, exercised and/or settled upon achievement of any one performance goal or that two or more of the performance goals must be achieved as a condition to grant, exercise and/or settlement of such Performance or Annual Incentive Awards. Performance goals may differ for Performance or Annual Incentive Awards granted to any one Grantee or to different Grantees.

#### **14.2.2. Business Criteria.**

One or more of the following business criteria for the Company, on a consolidated basis, and/or specified subsidiaries or business units of the Company (except with respect to the total stockholder return and earnings per share criteria), shall be used exclusively by the Committee in establishing performance goals for such Performance or Annual Incentive Awards: (1) total stockholder return; (2) total stockholder return as compared to total return (on a comparable basis) of a publicly available index such as, but not limited to, the Standard & Poor's 500 Stock Index; (3) net income; (4) pretax earnings; (5) earnings before interest expense, taxes, depreciation and amortization, and credit-related charges; (6) pretax operating earnings after interest expense and before bonuses, service fees, and extraordinary or special items; (7) operating margin; (8) earnings per share; (9) return on equity; (10) return on capital; (11) return on investment; (12) return on assets; (13) operating earnings; (14) working capital; (15) ratio of debt to stockholders' equity; (16) revenue; (17) loan growth; (18) deposit growth; (19) quality control, including but not limited to, results of internal and external audits, regulatory examinations, and loan quality reviews; and (20) measures of asset quality. Business criteria may be measured on an absolute basis or on a relative basis (i.e., performance relative to peer companies) and on a GAAP or non-GAAP basis.



#### **14.2.3. Timing For Establishing Performance Goals.**

Performance goals shall be established not later than 90 days after the beginning of any performance period applicable to such Performance or Annual Incentive Awards, or at such other date as may be required or permitted for performance-based compensation under Code Section 162(m).

#### **14.2.4. Settlement of Performance or Annual Incentive Awards; Other Terms.**

Settlement of such Performance or Annual Incentive Awards shall be in cash, Stock, other Awards or other property, in the discretion of the Committee. The Committee may, in its discretion, reduce the amount of a settlement otherwise to be made in connection with such Performance or Annual Incentive Awards. The Committee shall specify the circumstances in which such Performance or Annual Incentive Awards shall be paid or forfeited in the event of termination of Service by the Grantee prior to the end of a performance period or settlement of Performance Awards.

#### **14.3. Written Determinations.**

All determinations by the Committee as to the establishment of performance goals, the amount of any Performance Award pool or potential individual Performance Awards and as to the achievement of performance goals relating to Performance Awards, and the amount of any Annual Incentive Award pool or potential individual Annual Incentive Awards and the amount of final Annual Incentive Awards, shall be made in writing in the case of any Award intended to qualify under Code Section 162(m). To the extent required to comply with Code Section 162(m), the Committee may delegate any responsibility relating to such Performance Awards or Annual Incentive Awards.

#### **14.4. Status of Section 14.2 Awards Under Code Section 162(m).**

It is the intent of the Company that Performance Awards and Annual Incentive Awards under **Section 14.2** hereof granted to persons who are designated by the Committee as likely to be Covered Employees within the meaning of Code Section 162(m) and regulations thereunder shall, if so designated by the Committee, constitute qualified performance-based compensation within the meaning of Code Section 162(m) and regulations thereunder. Accordingly, the terms of **Section 14.2**, including the definitions of Covered Employee and other terms used therein, shall be interpreted in a manner consistent with Code Section 162(m) and regulations thereunder. The foregoing notwithstanding, because the Committee cannot determine with certainty whether a given Grantee will be a Covered Employee with respect to a fiscal year that has not yet been completed, the term Covered Employee as used herein shall mean only a person designated by the Committee, at the time of grant of Performance Awards or an Annual Incentive Award, as likely to be a Covered Employee with respect to that fiscal year. If any provision of the Plan or any agreement relating to such Performance Awards or Annual Incentive Awards does not comply or is inconsistent with the requirements of Code Section 162(m) or regulations thereunder, such provision shall be construed or deemed amended to the extent necessary to conform to such requirements.

### **15. PARACHUTE LIMITATIONS**

Notwithstanding any other provision of this Plan or of any other agreement, contract, or understanding heretofore or hereafter entered into by a Grantee with the Company or any Affiliate, except an agreement, contract, or understanding hereafter entered into that expressly modifies or excludes application of this paragraph (an Other Agreement), and notwithstanding any formal or informal plan or other arrangement for the direct or indirect provision of compensation to the Grantee (including groups or classes of Grantees or beneficiaries of which the Grantee is a member), whether or not such compensation is deferred, is in cash, or is in the form of a benefit to or for the Grantee (a Benefit Arrangement), if the Grantee is a disqualified individual, as defined in Section 280G(c) of the Code, any Option, Restricted Stock or Stock Unit held by that Grantee and any right to receive any payment or other benefit under this Plan shall not become exercisable or vested (i) to the extent that such right to exercise, vesting, payment, or benefit, taking into account all other rights, payments, or benefits to or for the Grantee under this Plan, all Other Agreements, and all Benefit Arrangements, would cause any payment or benefit to the Grantee under this Plan to be considered a parachute payment within the meaning of Section 280G(b)(2) of the Code as then in effect (a Parachute Payment) and (ii) if, as a result of receiving a Parachute Payment, the aggregate after-tax amounts received by the Grantee from the Company under this Plan, all Other Agreements, and all Benefit Arrangements would be less than the maximum after-tax amount that could be received by the Grantee without causing any such payment or benefit to be considered a Parachute Payment. In the event that the receipt of any such right to exercise, vesting, payment, or benefit under this Plan, in conjunction with all other rights, payments, or benefits to or for the Grantee under any Other Agreement or any Benefit Arrangement would cause the Grantee to be considered to have received a Parachute Payment under this Plan that would have the effect of decreasing the after-tax amount received by the Grantee as described in clause (ii) of the preceding sentence, then the Grantee shall have the right, in the Grantee's sole discretion, to designate those rights, payments, or benefits under this Plan, any Other Agreements, and any Benefit Arrangements that should be reduced or eliminated so as to avoid having the payment or benefit to the Grantee under this Plan be deemed to be a Parachute Payment.



## **16. REQUIREMENTS OF LAW**

### **16.1. General.**

The Company shall not be required to sell or issue any shares of Stock under any Award if the sale or issuance of such shares would constitute a violation by the Grantee, any other individual exercising an Option, or the Company of any provision of any law or regulation of any governmental authority, including without limitation any federal or state securities laws or regulations. If at any time the Company shall determine, in its discretion, that the listing, registration or qualification of any shares subject to an Award upon any securities exchange or under any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the issuance or purchase of shares hereunder, no shares of Stock may be issued or sold to the Grantee or any other individual exercising an Option pursuant to such Award unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Company, and any delay caused thereby shall in no way affect the date of termination of the Award. Specifically, in connection with the Securities Act, upon the exercise of any Option or the delivery of any shares of Stock underlying an Award, unless a registration statement under such Act is in effect with respect to the shares of Stock covered by such Award, the Company shall not be required to sell or issue such shares unless the Board has received evidence satisfactory to it that the Grantee or any other individual exercising an Option may acquire such shares pursuant to an exemption from registration under the Securities Act. Any determination in this connection by the Board shall be final, binding, and conclusive. The Company may, but shall in no event be obligated to, register any securities covered hereby pursuant to the Securities Act. The Company shall not be obligated to take any affirmative action in order to cause the exercise of an Option or the issuance of shares of Stock pursuant to the Plan to comply with any law or regulation of any governmental authority. As to any jurisdiction that expressly imposes the requirement that an Option shall not be exercisable until the shares of Stock covered by such Option are registered or are exempt from registration, the exercise of such Option (under circumstances in which the laws of such jurisdiction apply) shall be deemed conditioned upon the effectiveness of such registration or the availability of such an exemption.

### **16.2. Rule 16b-3.**

During any time when the Company has a class of equity security registered under Section 12 of the Exchange Act, it is the intent of the Company that Awards pursuant to the Plan and the exercise of Options granted hereunder will qualify for the exemption provided by Rule 16b-3 under the Exchange Act. To the extent that any provision of the Plan or action by the Board does not comply with the requirements of Rule 16b-3, it shall be deemed inoperative to the extent permitted by law and deemed advisable by the Board, and shall not affect the validity of the Plan. In the event that Rule 16b-3 is revised or replaced, the Board may exercise its discretion to modify this Plan in any respect necessary to satisfy the requirements of, or to take advantage of any features of, the revised exemption or its replacement.

## **17. EFFECT OF CHANGES IN CAPITALIZATION**

### **17.1. Changes in Stock.**

If the number of outstanding shares of Stock is increased or decreased or the shares of Stock are changed into or exchanged for a different number or kind of shares or other securities of the Company on account of any recapitalization, reclassification, stock split, reverse split, combination of shares, exchange of shares, stock dividend or other distribution payable in capital stock, or other increase or decrease in such shares effected without receipt of consideration by the Company occurring after the Effective Date, the number and kinds of shares for which grants of Options and other Awards may be made under the Plan shall be adjusted proportionately and accordingly by the Company. In addition, the number and kind of shares for which Awards are outstanding shall be adjusted proportionately and accordingly so that the proportionate interest of the Grantee immediately following such event shall, to the extent practicable, be the same as immediately before such event. Any such adjustment in outstanding Options or SARs shall not change the aggregate Option Price or SAR Exercise Price payable with respect to shares that are subject to the unexercised portion of an outstanding Option or SAR, as applicable, but shall include a corresponding proportionate adjustment in the Option Price or SAR Exercise Price per share. The conversion of any convertible securities of the Company shall not be treated as an increase in shares effected without receipt of consideration. Furthermore, in the event of any distribution to the Company's stockholders of securities of any other entity or other assets (including an extraordinary cash dividend but excluding a non-extraordinary dividend payable in cash or in stock of the Company) without receipt of consideration by the Company, the Company may, in such manner as the Company deems appropriate to reflect such distribution, adjust (i) the number and kind of shares for which grants of Option and other Awards may be made under the Plan, (ii) the number and kind of shares subject to outstanding Awards, and/or (iii) the exercise price of outstanding Options and Stock Appreciation Rights to reflect such distribution.

### **17.2. Reorganization in Which the Company Is the Surviving Entity Which does not Constitute a Corporate Transaction.**

Subject to **Section 17.3** hereof, if the Company shall be the surviving entity in any reorganization, merger, or consolidation of the Company with one or more other entities which does not constitute a Corporate Transaction, any Option or SAR theretofore granted pursuant to the Plan shall pertain to and apply to the securities to which a holder of the number of shares of Stock subject to such Option or SAR would have been entitled immediately following such reorganization, merger, or consolidation, with a corresponding proportionate adjustment of the Option Price or SAR Exercise Price per share so that the aggregate Option Price or SAR Exercise Price thereafter shall be the same as the aggregate Option Price or SAR Exercise Price of the shares remaining subject to the Option or SAR immediately prior to such reorganization, merger, or consolidation. Subject to any contrary language in an Award Agreement evidencing an Award, any restrictions applicable to such Award shall apply as well to any replacement shares received by the Grantee as a result of the reorganization, merger or consolidation. In the event of a transaction described in this Section 17.2, Stock Units shall be adjusted so as to apply to the securities that a holder of the number of shares of Stock subject to the Stock Units would have been entitled to receive immediately following such transaction.

### **17.3. Corporate Transaction.**

Except as otherwise provided in the applicable Award Agreement, and subject to the exceptions set forth in the last sentence of this **Section 17.3** and the last sentence of **Section 17.4**, upon the occurrence of a Corporate Transaction:

- (i) all outstanding shares of Restricted Stock shall be deemed to have vested as of the day immediately prior to the occurrence of such Corporate Transaction, conditioned upon the closing of such Corporate Transaction,
- (ii) all outstanding Stock Units shall be deemed to have vested, and the shares of Stock subject thereto shall be delivered, in such manner and at such time as provided in the applicable Award Agreement, and

(iii) either of the following two actions shall be taken:

(A) fifteen days prior to the scheduled consummation of a Corporate Transaction, all Options and SARs outstanding hereunder shall become immediately exercisable and shall remain exercisable for a period of fifteen days, or

(B) the Board may elect, in its sole discretion, to cancel any outstanding Awards of Options, Restricted Stock, Stock Units, and/or SARs and pay or deliver, or cause to be paid or delivered, to the holder thereof an amount in cash or securities having a value (as determined by the Board acting in good faith), in the case of Restricted Stock or Stock Units, equal to the formula or fixed price per share paid to holders of shares of Stock and, in the case of Options or SARs, equal to the product of the number of shares of Stock subject to the Option or SAR (the Award Shares ) multiplied by the amount, if any, by which (I) the formula or fixed price per share paid to holders of shares of Stock pursuant to such transaction exceeds (II) the Option Price or SAR Exercise Price applicable to such Award Shares.

With respect to the Company's establishment of an exercise window, (i) any exercise of an Option or SAR during such fifteen-day period shall be conditioned upon the consummation of the event and shall be effective only immediately before the consummation of the event, and (ii) upon consummation of any Corporate Transaction the Plan, and all outstanding but unexercised Options and SARs shall terminate. The Board shall send written notice of an event that will result in such a termination to all individuals who hold Options and SARs not later than the time at which the Company gives notice thereof to its stockholders. This **Section 17.3** shall not apply to any Corporate Transaction to the extent that provision is made in writing in connection with such Corporate Transaction for the assumption or continuation of the Options, SARs, Stock Units and Restricted Stock theretofore granted, or for the substitution for such Options, SARs, Stock Units and Restricted Stock for new common stock options and stock appreciation rights and new common stock units and restricted stock relating to the stock of a successor entity, or a parent or subsidiary thereof, with appropriate adjustments as to the number of shares (disregarding any consideration that is not common stock) and option and stock appreciation right exercise prices, in which event the Plan, Options, SARs, Stock Units and Restricted Stock theretofore granted shall continue in the manner and under the terms so provided.

#### **17.4. Adjustments.**

Adjustments under this **Section 17** related to shares of Stock or securities of the Company shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. No fractional shares or other securities shall be issued pursuant to any such adjustment, and any fractions resulting from any such adjustment shall be eliminated in each case by rounding downward to the nearest whole share. The Board shall determine the effect of a Corporate Transaction upon Awards other than Options, SARs, Stock Units and Restricted Stock, and such effect shall be set forth in the appropriate Award Agreement. The Board may provide in the Award Agreements at the time of grant, or any time thereafter with the consent of the Grantee, for different provisions to apply to an Award in place of those described in **Sections 17.1, 17.2 and 17.3**.

#### **17.5. No Limitations on Company.**

The making of Awards pursuant to the Plan shall not affect or limit in any way the right or power of the Company to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure or to merge, consolidate, dissolve, or liquidate, or to sell or transfer all or any part of its business or assets.

### **18. GENERAL PROVISIONS**

#### **18.1. Disclaimer of Rights.**

No provision in the Plan or in any Award or Award Agreement shall be construed to confer upon any individual the right to remain in the employ or service of the Company or any Affiliate, or to interfere in any way with any contractual or other right or authority of the Company either to increase or decrease the compensation or other payments to any individual at any time, or to terminate any employment or other relationship between any individual and the Company. In addition, notwithstanding anything contained in the Plan to the contrary, unless otherwise stated in the applicable Award Agreement, no Award granted under the Plan shall be affected by any change of duties or position of the Grantee, so long as such Grantee continues to be a Service Provider. The obligation of the Company to pay any benefits pursuant to this Plan shall be interpreted as a contractual obligation to pay only those amounts described herein, in the manner and under the conditions prescribed herein. The Plan shall in no way be interpreted to require the Company to transfer any amounts to a third party trustee or otherwise hold any amounts in trust or escrow for payment to any Grantee or beneficiary under the terms of the Plan.

**18.2. Nonexclusivity of the Plan.**

Neither the adoption of the Plan nor the submission of the Plan to the stockholders of the Company for approval shall be construed as creating any limitations upon the right and authority of the Board to adopt such other incentive compensation arrangements (which arrangements may be applicable either generally to a class or classes of individuals or specifically to a particular individual or particular individuals) as the Board in its discretion determines desirable, including, without limitation, the granting of stock options otherwise than under the Plan.

**18.3. Withholding Taxes.**

The Company or an Affiliate, as the case may be, shall have the right to deduct from payments of any kind otherwise due to a Grantee any federal, state, or local taxes of any kind required by law to be withheld with respect to the vesting of or other lapse of restrictions applicable to an Award or upon the issuance of any shares of Stock upon the exercise of an Option or pursuant to an Award. At the time of such vesting, lapse, or exercise, the Grantee shall pay to the Company or the Affiliate, as the case may be, any amount that the Company or the Affiliate may reasonably determine to be necessary to satisfy such withholding obligation. Subject to the prior approval of the Company or the Affiliate, which may be withheld by the Company or the Affiliate, as the case may be, in its sole discretion, the Grantee may elect to satisfy such obligations, in whole or in part, (i) by causing the Company or the Affiliate to withhold shares of Stock otherwise issuable to the Grantee or (ii) by delivering to the Company or the Affiliate shares of Stock already owned by the Grantee. The shares of Stock so delivered or withheld shall have an aggregate Fair Market Value equal to such withholding obligations. The Fair Market Value of the shares of Stock used to satisfy such withholding obligation shall be determined by the Company or the Affiliate as of the date that the amount of tax to be withheld is to be determined. A Grantee who has made an election pursuant to this **Section 18.3** may satisfy his or her withholding obligation only with shares of Stock that are not subject to any repurchase, forfeiture, unfulfilled vesting, or other similar requirements.

**18.4. Exemption from Code Section 409A.**

Except as otherwise provided, the terms of this Plan are intended to be exempt from Section 409A of the Code and the guidance issued thereunder. To the extent a provision of the Plan is not exempt from Section 409A of the Code and the applicable guidance thereunder, the Board may, in its sole discretion, take such steps as it deems reasonable to provide the coverage or benefits provided under the Plan so as to comply with Section 409A of the Code and the guidance issued thereunder.

**18.5. Captions.**

The use of captions in this Plan or any Award Agreement is for the convenience of reference only and shall not affect the meaning of any provision of the Plan or such Award Agreement.

**18.6. Other Provisions.**

Each Award granted under the Plan may contain such other terms and conditions not inconsistent with the Plan as may be determined by the Board, in its sole discretion.

**18.7. Number and Gender.**

With respect to words used in this Plan, the singular form shall include the plural form, the masculine gender shall include the feminine gender, etc., as the context requires.

**18.8. Severability.**

If any provision of the Plan or any Award Agreement shall be determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining provisions hereof and thereof shall be severable and enforceable in accordance with their terms, and all provisions shall remain enforceable in any other jurisdiction.

**18.9. Governing Law.**

The validity and construction of this Plan and the instruments evidencing the Award hereunder shall be governed by the laws of the State of Nevada, to the extent not governed by federal law, other than any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Plan and the instruments evidencing the Awards granted hereunder to the substantive laws of any other jurisdiction.







