early 2011 to terminate such commission plan and to place Ms. Kinerk in the 2011 bonus program. Ms. Kinerk's employment agreement and the amendment adopted in 2011 are discussed in more detail on pages 42 and 43.

In accordance with the terms of the 2010 bonus program, Messrs. Gemunder and Keefe and Ms. Hodges were not awarded bonuses under the 2010 bonus program because their respective employment terminated prior to the payment of bonuses. Mr. Shelton did not participate in the 2010 bonus program.

Long-Term Incentives. As discussed above, long-term incentive compensation has historically been emphasized by the Committee over short-term incentive compensation because the Committee believes it reinforces the importance of stockholder value creation over longer periods of time. The stock incentive program, in the form of discretionary restricted stock and stock option grants, is the basis of the Company's long-term incentive plan for executives. The Company believes that this program is an effective way to retain and compensate executives based, in part, on long-term increases in stockholder value and, in part, on performance relative to operational and financial objectives that are designed, in large measure, to generate long-term stockholder value. In addition, the Company believes that this program aligns executive and long-term stockholder interests by creating a link between executive compensation and stockholder return. The Company has at times granted equity awards in place of, or in addition to, cash compensation as it is more closely linked to increases in long-term stockholder value. With respect to awards of restricted stock or stock options, the Committee has not set specific targets or established formulae or assigned relative weights to any operational or financial factor.

The Committee met on November 15, 2010 to determine restricted stock grants for 2010. Historically, the Company's restricted stock awards have had vesting restrictions based on continued employment that generally lapse over a period of ten years. The Committee determined that restricted stock continues to best serve to align compensation with financial and operating performance and changes in stockholder value. However, in light of the significant managerial and organizational changes that the Company experienced in 2010 as described above, the Committee determined that it would be appropriate to make certain changes to the form of annual restricted stock grant that was made in the past. The Committee believed that this was necessary to incentivize key employees to remain with the Company over the next several years, as the new management team seeks to build upon the Company's organizational changes and its renewed focus on customers as a platform for growth. The Committee also wanted the long term incentive awards to demonstrate the Company's commitment to its key employees, and believed that such awards should represent a meaningful portion of total compensation. Therefore, the Committee authorized a one-time larger retention grant of restricted stock to a group of key employees, including three of the NEOs, which was granted in lieu of potential annual grants in 2010 and 2011. The Committee also found it appropriate to reduce the prior policy of ten-year vesting of restricted stock to a four-year vesting schedule, which the Committee believes to be more consistent with market practices. Taken together, these changes will increase the amount of stock an executive would forfeit by leaving the Company during the next several years and, the Committee believes, better incentivize the executives to remain at the Company during this critical period. In light of the increased size of the retention grant, the Committee does not currently intend to award long-term equity incentives in 2011.

In determining individual awards, the Committee considered the recommendations of management described below. In connection with its recommendations, management reviewed the market survey data provided by Pearl Meyer & Partners described above for executives in comparable positions. The average of the awards granted to the executives was at the 62nd percentile of the market survey data presented. On an annualized basis, reflecting the fact that the Committee intended these grants to be in lieu of annual grants in both 2010 and 2011, the average of the awards granted to the executives was at the 39th percentile of the market survey data presented.

The additional factors considered by the Committee for each of these executives included the following:

Mr. Workman

Mr. Workman was granted a restricted stock award in 2010 of 48,603 shares (representing $1.2 million of value) in accordance with the terms of his employment agreement.