



Compensation (Pay) Scale Equity Policy

Each employee's hourly wage or annual salary will be reviewed annually. The employee's review date will usually be conducted on or about the anniversary date of employment or the date of the previous compensation review. Such reviews may be conducted more frequently for a newly created position, or based on a recent promotion.

Increases will be determined on the basis of performance, adherence to company policies and procedures, and ability to meet or exceed duties per job description and achieve performance goals (See Section 3.10, Performance Review/Planning Sessions). Although the Company's salary ranges and hourly wage schedules will be adjusted on an ongoing basis, The Spinnaker Group does not grant "cost of living" increases. Performance is the key to wage increases in the Company.

The Spinnaker Group recognizes that there are real and merited differences in employee compensation scales within the organization's equity compensation program but puts a realistic and equitable maximum limit on the differences in this compensation at 1:15. In this ratio, 1 represents the compensation of the lowest compensated, full-time employee and 15 represents the compensation of the highest compensated employee/senior executive.

