

# GMI EXECUTIVE PAY SCORECARD<sup>SM</sup>

Data & analysis provided by GMI-The Independent Leader in Corporate Governance and ESG&A

6 Feb 2012

## Headwaters Incorporated







HW NYSE

Construction - Supplies / Fixtures

Market Capitalization USD:

\$87.63 mm

**CONCERN LEVEL: HIGH**

- 1 The CEO's total remuneration is within the typical market range for the relevant industry and market cap.
- 2 The ratio between the CEO's pay and the median pay of the other named executive officers is 3X or less.
- 3 The CEO's annual cash incentives rose or fell in line with annual performance. 
- 4 The CEO received no more than one annual cash bonus this fiscal year. 
- 5 The CEO's equity remuneration reflected the company's share price movement over the last five years. 
- 6 The company only pays long-term incentives to the CEO for above median performance against a peer group. 
- 7 The company's dilution from equity incentives is 10 percent or less. 
- 8 Unvested equity lapses when the CEO's employment is terminated. 
- 9 The CEO's potential cash severance payment is capped at two times annual cash remuneration.
- 10 The accrued benefits of the CEO's post-retirement income are within the typical market range for the relevant market cap bracket.

**CEO: Kirk A. Benson**

**Age: 61**

**CEO Since: 1999**

	2009	2010	2011
<b>Base Salary</b>	\$650,000	\$650,000	\$650,000
<b>Discretionary Bonus</b>	\$200,000	\$568,473	\$4,000
<b>Annual Cash Incentive</b>	\$238,162	\$0	\$365,060
<b>Benefits and Perquisites</b>	\$0	\$0	\$311,813
<b>TOTAL ANNUAL COMPENSATION</b>	<b>\$1,088,162</b>	<b>\$1,218,473</b>	<b>\$1,330,873</b>
<b>Increase in Post-Retirement Benefits</b>	\$0	\$0	\$0
<b>Stock Option Awards</b>	\$1,302,197	\$540,530	\$330,259
<b>Stock Awards</b>	\$393,384	\$183,899	\$343,552
<b>TOTAL COMPENSATION</b>	<b>\$2,240,748</b>	<b>\$1,942,902</b>	<b>\$2,004,684</b>
<b>Median of Other Named Executive Officers Total Compensation</b>	\$678,081	\$670,949	\$891,459
<b>Value Realized on Exercise of Stock Option</b>	\$0	\$0	\$0
<b>Value Realized on Vesting of Stock</b>	\$103,143	\$143,921	\$81,661
<b>TOTAL REALIZED EQUITY COMPENSATION</b>	<b>\$103,143</b>	<b>\$143,921</b>	<b>\$81,661</b>

Proxy Date: 6 Jan 2012

Annual Meeting Date: 23 Feb 2012

Equity Reserves: 15.11%

Stock Option Run Rate: 1.92%

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HW NYSE

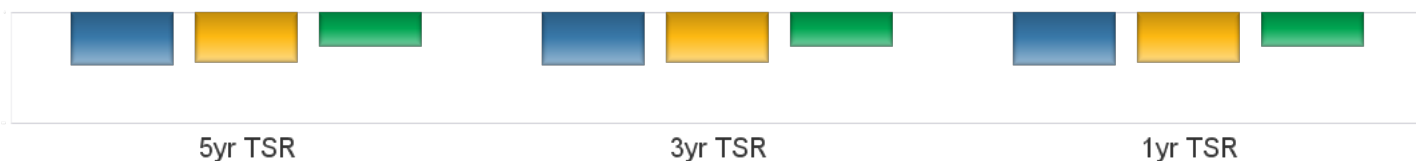
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## Performance Comparison

■ vs S&P500    ■ vs Industry    ■ HW



## Peer Comparisons (TRBC) =Construction - Supplies / Fixtures

### Total Summary CEO Compensation

Ticker	Company Name	2009	2010	2011	Market Cap
HW	Headwaters Incorporated	\$2,240,748	\$1,942,902	\$2,004,684	\$87,629,546
TREX	Trex Company, Inc.	\$2,277,380	\$2,200,622		\$249,827,149
ROCK	Gibraltar Industries, Inc.	\$4,451,559	\$1,686,583		\$246,982,020
APOG	Apogee Enterprises, Inc.	\$2,735,207	\$3,791,993		\$243,292,980
IIIN	Insteel Industries, Inc.	\$1,384,538	\$1,173,733	\$1,245,363	\$177,385,064
AMWD	American Woodmark Corporation	\$1,501,046	\$2,324,568		\$173,347,529
LYTS	LSI Industries Inc.	\$863,862	\$996,335		\$151,348,959

To insure consistency, peer comparisons are based on a combination of TRBC Industry and Sector classifications and company market caps. Missing peer pay figures for 2011 are due to differences in company filing schedules.

### Pay Peer Group

Martin Marietta Materials, NCI Building Systems Inc, Louisiana-Pacific, Gibraltar Industries Inc, Associated Materials LLC, Builders FirstSource, Quanex, Texas Industries Inc, Simpson Manufacturing Inc, US Concrete Inc, Eagle Materials Inc, American Woodmark Corp.

### Performance Peer Group

NA

## COMPENSATION COMMITTEE MEMBERS

Director	Membership	Age	Gender	Tenure	Independence
Blake O. Fisher	Chairman	67	Male	8	Outside
James A. Herickhoff	Member	69	Male	15	Outside
Malvn K. Malquist	Member	59	Male	9	Outside

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