

Overhead Cost Component	Derivation Description of Cost Component
Regular Labor Fringe (Cost Component 120)	All employee fringe benefits, including: <ul style="list-style-type: none"> • FICA • Federal Unemployment • State Unemployment • Pensions • Savings Plan • Life • Medical • Long Term Disability • Dental • Workers' Compensation • Deferred Compensation Benefits This pool is loaded using a total company rate.
Overtime Labor Fringe (Cost Component 121)	Certain employee fringe benefits, namely: <ul style="list-style-type: none"> • FICA • Federal Unemployment • State Employment • Pensions • Savings Plan. This pool is loaded using a total company rate.
Incentive Fringe (Cost Component 122)	Certain employee fringe benefits, namely: <ul style="list-style-type: none"> • FICA • Federal Unemployment • State Unemployment • Pensions • Savings Plan. This pool is loaded using a total company rate.
Relocation and Other Lump Sum Payments Fringe (Cost Component 123)	Certain employee fringe benefits, namely:• FICA• Federal Unemployment• State Unemployment• Pensions• Savings Plan.This pool is loaded using a total company rate.
Annual Incentive Plan Accruals (Cost Component 122,140,141, 146-152, 155)	Employee Annual Incentive Plans vary based on salary grade, department, and other factors. Therefore, this rate varies by department. Also, some Incentive Plan accruals are not loaded directly onto labor, but rather are direct charged to a specific project and billed to a specific associate company or group of companies. Obviously, the incentive plans that are direct billed also affect the total cost of services provided, and may need to be factored into certain project costs depending on the department/group involved.

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Long Term Incentive Plan Accruals (Cost Component 145, 153, 154)	<p>Employee Long Term Incentive Plans vary based on plan participation, stock prices, TSR scores compared to our competitors, and other factors. Therefore, this rate varies by department.</p> <p>Only certain salary grades and up are eligible for participation in the Long Term Incentive Plan, so it must be noted that this does not apply to all employees within the department.</p>
Restricted Stock Cash Payout (Cost Component 157)	<p>To allow tracking of expenses related to Restricted Stock (RSM) - cash payouts</p>
Transportation (Cost Component 413, 738)	<p>The cost applicable to each company vehicle is assigned by the M4 fleet system to a particular Business Unit and Department ID. These costs follow the salary distribution of the assigned Department ID.</p>
Overheads (Cost Component 620)	<p>A&G costs associated with Intercompany Services being provided from one affiliate to another affiliate. Within those A&G pool of costs would be labor, outside services, labor overheads, etc.</p>

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<p>Departmental Overheads (Cost Component 732,735,736)</p>	<p>Certain Shared Services expenses applicable to providing various services to each AEPSC department are initially charged to AEPSC work orders that bill to Business Unit 103. Some of the costs included in the allocation from Shared Services (i.e., Real Estate & Workplace Services-RE&WP, Human Resources-HR, and Information Technology-IT) are:</p> <ul style="list-style-type: none"> • Occupancy expenses (including depreciation and rent, real and personal property taxes, property insurance, utilities, security, maintenance, billings from associate companies for space applicable to their facilities occupied by AEPSC employees, etc.) • Other RE&WP expenses (including mail service and routine postage, photocopying machines in common areas, procuring supplies, preparing purchase orders and service orders, etc.) • Human Resources (including employee fringe benefits administration, hiring, training, etc.) • Information Technology (including PC rent, LAN connections, Internet access, software applications, mainframe computer utilization, regular and long-distance service, etc.) <p>These costs are accumulated in the Departmental Overhead work orders based upon <u>Actual</u> charges for the month to a work order that has been deemed as either Business Logistics, Human Resources, or Information Technology.</p> <ol style="list-style-type: none"> 1. The BU 103 portion related to IT work orders is then spread over the AEPSC departments based upon PC count. 2. The BU 103 portion related to RE&WS work orders is spread over the AEPSC departments based upon square footage. 3. The BU 103 portion related to HR work orders is spread over the AEPSC departments based upon headcount. <p>These Departmental Overhead costs are loaded on labor transactions within each department. Therefore, the applied Departmental Overhead rate varies for each department.</p> <p>Since these are Actual costs, this rate can vary throughout the year based upon when large payments are made. For example in the beginning of a year, it is common for IT to make payments for that years service that has been subscribed to so this increase in the cost at the beginning of the year will be offset by less payments made at end of year.</p>