

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form 8-K
CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) March 28, 2011

AMERICAN STATES WATER COMPANY

(Exact name of registrant as specified in its charter)

California

(State or other jurisdiction of
incorporation or organization)

001-14431

(Commission File Number)

95-4676679

(I.R.S. Employer Identification No.)

630 East Foothill Blvd.

San Dimas, California

(Address of principal executive offices)

91773

(Zip Code)

Registrant's telephone number, including area code: (909) 394-3600

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing requirement of the registrant under any of the following provisions (*see* General Instruction A.2 below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the exchange Act (17 CFR 14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Section 5 - Corporate Governance and Management

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On March 28, 2011, the Compensation Committee of the Board of Directors approved the 2011 short-term incentive program (the “Bonus Program”) for the executive officers (the “Executive Officers”) of American States Water Company and its subsidiaries. Under the terms of the Bonus Program, each of the Executive Officers is eligible to earn an objective cash bonus and a discretionary cash bonus for the 2011 calendar year.

The target aggregate bonus for Robert J. Sprowls, President and Chief Executive Officer of American States Water Company and its subsidiaries, Denise L. Kruger, Senior Vice President-Regulated Utilities for Golden State Water Company and Chaparral City Water Company, McClellan Harris III, Senior Vice President and Assistant Secretary of American States Utility Services, Inc., Eva G. Tang, Senior Vice President-Finance, Chief Financial Officer and Corporate Secretary of American States Water Company and Golden State Water Company and Treasurer of American States Water Company, and Patrick R. Scanlon, Vice President of Water Operations of Golden State Water Company and Chaparral City Water Company is 30%, 20%, 20%, 20% and 15%, respectively, of his or her base salary. The objective bonus is 80% of the aggregate target bonus for each of these Executive Officers and will become payable based upon each Executive Officer’s attainment of specific performance targets established for the business criteria set forth in the Bonus Program. The discretionary bonus is 20% of the aggregate target bonus for each of these Executive Officers and is payable based on the Company’s subjective assessment of the Executive Officer’s performance in the areas of our business over which he or she has responsibility.

Section 9 - Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

Exhibit 10.1 2011 Short-Term Incentive Program
Exhibit 10.2 Form of 2011 Short-Term Incentive Award Agreement

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN STATES WATER COMPANY:

Date: April 1, 2011

/s/ Eva G. Tang

Eva G. Tang
Senior Vice President, Chief Financial Officer,
Corporate Secretary and Treasurer

AMERICAN STATES WATER COMPANY

2011 SHORT-TERM INCENTIVE PROGRAM

1. Purpose of 2011 Short-Term Incentive Program

American States Water Company, a California corporation, (the “**Corporation**”) has adopted the American States Water Company Performance Incentive Plan (the “**Plan**”) to promote the success of the Corporation by (a) motivating executives selected to participate in the Plan to maximize the performance of the Corporation both from a financial perspective and in serving its customers and (b) rewarding them with cash Objective Bonuses directly related to such performance. The Corporation’s board of directors recognizes that the ability of the Corporation and its subsidiaries to attract capital at a low cost is based on its financial performance and that the Corporation’s customers benefit through its ability to attract low cost capital. This 2011 Short-Term Incentive Program (the “**2011 STIP**”) sets forth the names of the individuals selected to be Participants who are eligible to earn Objective Bonuses under the Plan for the 2011 calendar year and the applicable Business Criteria, Performance Targets, and Payout Percentages for the 2011 calendar year. The 2011 STIP also provides for Discretionary Bonuses, which when added to the Objective Bonuses under the Plan, equal the Aggregate Bonuses payable under the 2011 STIP for the 2011 calendar year.

2. Term of 2011 STIP

The Performance Period covered by the 2011 STIP (the “**Term**”) began on January 1, 2011 and will end on December 31, 2011.

3. Relationship to American States Water Company Performance Incentive Plan

The Objective Bonuses payable under Awards granted under the 2011 STIP are granted under the authority of the Plan and are subject to all of the terms and conditions of the Plan, as it may be amended from time to time, and any rules adopted by the Committee in accordance with the terms of the Plan, as such rules are in effect from time to time. The Discretionary Bonuses are granted under the general authority of the Compensation Committee to determine the compensation payable to Executives.

4. Definitions

Capitalized terms used and not otherwise defined herein have the meanings set forth in the Plan. In addition, the following phrases shall have the meanings specified below:

“**Adjusted EPS-ASUS**” means the EPS of ASUS for 2011 adjusted to remove the general office allocation to ASUS related to (a) settlement charges and outside expenses associated with the CPUC subpoena regarding the capital projects contracting matter and (b) any transaction fees and/or gain or loss on sale recognized in the financial statements in 2011 associated with a sale of any of the Corporation’s business units or the acquisition of any new businesses.

“Adjusted EPS-AWR Consolidated” means the Corporation’s EPS for 2011 adjusted to remove (a) settlement charges and outside expenses associated with the CPUC subpoena regarding the capital projects contracting matter and (b) any transaction fees and/or gain or loss on sale recognized in the financial statements in 2011 associated with a sale of any of the Corporation’s business units or the acquisition of any new businesses. The Corporation’s EPS includes operating EPS for Chaparral City Water Company (“CCWC”) for the period commencing January 1, 2011 and ending on the earlier of (i) the date on which the sale of CCWC is consummated, or (ii) June 30, 2011.

“Adjusted EPS-Regulated Utilities” means the sum of the EPS of each of the Regulated Utilities for 2011 adjusted to remove (a) the portion of the settlement charges and outside expenses associated with the CPUC subpoena regarding the capital projects contracting matter and (b) any transaction fees and/or gain or loss on sale recognized in the financial statements in 2011 associated with a sale of any of the Corporation’s business units or the acquisition of any new businesses. The sum of the EPS of each of the Regulated Utilities includes operating EPS for CCWC for the period commencing January 1, 2011 and ending on the earlier of (i) the date on which the sale of CCWC is consummated, or (ii) June 30, 2011.

“Aggregate Bonus” means the combination of a Participant’s Objective Bonus and his or her Discretionary Bonus.

“Andrews Price Redetermination” means the execution, during calendar year 2011, of an agreement with the U.S. government that provides for a permanent increase in the monthly fees payable to Terrapin Utility Services, Inc. of at least 16% for operations and maintenance with respect to its operations at Andrews AFB.

“Award Agreement” means a written agreement setting forth the material terms and conditions of the Award as determined by the Committee consistent with the express limitations of the Plan and the 2011 STIP.

“Base Salary” means the Participant’s rate of annual base pay on the date the Committee approves the Business Criteria and Performance Targets.

“Board of Directors” means the Corporation’s board of directors.

“Budget” or **“Budgeted”** means (a) in the case of Adjusted EPS for the Corporation, the Regulated Utilities or ASUS, as the case may be, the projected Adjusted EPS for 2011 as set forth in the Operating Budget, and (b) in the case of Capital Expenditures, the projected capital expenditures as set forth in the Capital Budget.

“Business Criteria” means Adjusted EPS-AWR Consolidated, Adjusted EPS- Regulated Utilities, Adjusted EPS-ASUS, Relative Stock Price, Customer Complaints to DPH, Customer Complaint Standards, Capital Expenditures, SOX Deficiencies-Regulated Utilities, SOX Deficiencies-ASUS, Andrews Price Redetermination, Fort Bragg ICU Contract Modification, Fort Jackson Equitable Adjustment, Fort Bliss Asset Transfer, Customer Satisfaction and Virginia Bases Price Redetermination.

“**CAB**” means the CPUC Consumer Affairs Branch.

“**Capital Budget**” means the Company’s capital budget for 2011 as approved by the Audit and Finance Committee of the Board of Directors at its meetings on October 24, 2010 and January 31, 2011.

“**Capital Expenditures**” means the dollar amount of capital expenditures for 2011 for the Regulated Utilities. Capital expenditures for CCWC will be measured against Budget for the period commencing January 1, 2011 and ending on the earlier of (i) the date on which the sale of CCWC is consummated, or (ii) June 30, 2011.

“**Compensation Committee**” means the Compensation Committee of the Board of Directors.

“**CPUC**” means the California Public Utilities Commission.

“**Customer Complaint Standards**” means the number of complaints on all matters on Golden State Water Company received by CAB in 2011 divided by the average number of customers served by Golden State Water Company during 2011.

“**Customer Complaints to DPH**” means the number of water quality, pressure and service complaints received from customers by Golden State Water Company (GSWC) during 2011 that are reported to the California Department of Public Health by GSWC.

“**Customer Satisfaction**” means meeting the small business utilization targets in four of the six categories for the commercial subcontracting plan. The six categories include 1) Service Disabled Veteran-owned, Small Business, 2) Veteran-owned Small Business, 3) Historically Underutilized Business Zones, 4) Women-owned Small Business, 5) Small Disadvantaged Business and 6) Small Business.

“**Discretionary Bonus**” means a bonus payable to a Participant based on that Participant’s Individual Performance Measures.

“**EPS**” means fully diluted earnings per share as reported in the Corporation’s consolidated financial statements for 2011.

“**Fort Bliss Asset Transfer**” means the successful transfer of ownership during 2011 of water and wastewater assets constructed at Fort Bliss including applicable funding for operations & maintenance and renewal & replacement of those assets transferred.

“**Fort Bragg ICU Contract Modification**” means the execution, during calendar year 2011, of a modification of the contract at Fort Bragg to better the prospects of earnings as a result of changes to the schedule and work plans for the original Initial Capital Upgrade projects.

“Fort Jackson Equitable Adjustment” means the execution, during calendar year 2011, of an agreement with the U.S. government that provides for a permanent increase in operations and maintenance funding of at least 20% due to the condition of the water and wastewater systems conveyed in the original contract.

“Individual Performance Measures” means the criteria or goals utilized to determine the amounts of each Participant’s Discretionary Bonus.

“Objective Bonus” means a bonus based on the degree of achievement of the Performance Targets for the Business Criteria.

“Operating Budget” means the Company’s operating budget for 2011 as presented to the Board of Directors at its January 31, 2011 - February 1, 2011 meeting.

“Payout Percentage” means the percentage of a Participant’s Target Aggregate Bonus that is payable based on the degree of satisfaction of a Performance Target or the Individual Performance Measures.

“Performance Measures” means the Business Criteria and Individual Performance Measures.

“Performance Target” means a specific goal established by the Committee with respect to the Business Criteria as set forth in Section 6.

“Relative Stock Price” means the Corporation’s total shareholder return as compared to the total shareholder return of each of the following 11 companies for 2011: UIL Holdings, South Jersey Industries, Aqua America, MGE Energy, Empire District Electric, ITC Holdings, California Water Service, Central Vermont Public Service, Unitil, Chesapeake Utilities, and SJW Corp. For this purpose, total shareholder return for the Corporation and each of the other 11 companies shall be calculated using the Securities and Exchange Commission guidelines for reporting financial performance. If the stock of any of the 11 companies is no longer traded or is suspended from trading as of December 31, 2011, that company shall not be included in the calculation of Relative Stock Price, but the exclusion of such company shall not affect the Performance Targets for Relative Stock Price set forth in Section A of Exhibit A.

“SOX” means the Sarbanes-Oxley Act of 2002.

“SOX Deficiencies-ASUS” means the number of “control deficiencies” (each a **“CD”**), “significant deficiencies” (each an **“SD”**) and “material weaknesses” (each a **“MW”**) reported for ASUS in the independent auditor’s report for 2011 pursuant to Section 404 of SOX.

“SOX Deficiencies-Regulated Utilities” means the number of CDs, SDs and MWs reported for the Regulated Utilities in the independent auditor’s report for 2011 pursuant to Section 404 of SOX.

“Target Aggregate Bonus” means the amount of bonus that would be payable if each of the Performance Targets were met at the targeted level and the Participant’s Individual Performance Measures were met at the targeted level.

“**Virginia Bases Price Redetermination**” means the execution, during calendar year 2011, of agreements with the U.S. government that provide for permanent increases in the monthly fees payable to the Company of at least 16% in total for operations and maintenance with respect to the operations of Old Dominion Utility Services, Inc. (Forts Lee, Story, Eustis and Monroe).

5. Participation and Individual Awards

The individuals who have been selected as Participants in the 2011 STIP are set forth below together with the amount of their Target Aggregate Bonuses as a percentage of Base Salary:

	Participant	Target Aggregate Bonus
	GSWC Officers	
Administrative and General	Robert J. Sprowls	30%
	Eva G. Tang	20%
	Gladys M. Farrow	15%
	Diane D. Rentfrow	15%
	Bryan K. Switzer (Keith)	15%
Operations	Denise L. Kruger	20%
	Patrick R. Scanlon	15%
	William C. Gedney	15%
	Shengder D. Chang (David)	15%
	Roland S. Tanner	15%
	ASUS Officers	
	McClellan Harris III (Bud)	20%
	Granville R. Hodges, Jr. (Rusty)	15%
	James B. Gallagher	15%

For purposes of this 2011 STIP, the GSWC officers will be divided into (1) Administrative and General Officers and (2) Operations Officers.

The Corporation will enter into an Award Agreement with each Participant that (a) describes his or her Individual Performance Measures and sets forth his or her Target Aggregate Bonus, (b) sets forth his or her threshold, target and maximum Performance Targets and (c) incorporates the terms and conditions of the Plan and this 2011 STIP by reference. The Target Aggregate Bonus amount set forth in each Participant’s Award Agreement shall represent the aggregate amount of two separate bonuses: an Objective Bonus (under the Plan) and a Discretionary Bonus.

6. Performance Targets for Objective Bonuses

The threshold, target and maximum Performance Targets for the 2011 STIP are set forth in Exhibit A to this 2011 STIP.

7. Determination of Participants' Aggregate Bonuses

The Aggregate Bonus payable to each Participant shall be determined on the basis of the extent to which the Performance Targets for the Business Criteria and that Participant's Individual Performance Measures are achieved. The amount of Aggregate Bonus payable is equal to the amount of the Target Aggregate Bonus multiplied by the sum of the Payout Percentages for each of the Performance Measures as determined pursuant to the tables in (a) Section B of Exhibit A for Participants that are Administrative and General Officers employed by GSWC, (b) Section C for Participants that are Operations Officers employed by GSWC and (c) Section D for Participants employed by ASUS.

As soon as practicable following the end of the Term of the 2011 STIP and the completion of the independent auditor's report for 2011, the Committee shall determine the extent to which the Performance Targets for the Business Criteria are achieved and the extent to which the Individual Performance Measures are achieved, and determine the Payout Percentage for each of the Performance Measures. In order for a Participant to receive any payment with respect to the Participant's Discretionary Bonus, the Participant must meet the standards established for the Participant's position, which standards shall be one of the components of the Participant's Individual Performance Measures. The determination of whether the standards established for the Participant's position are achieved shall be made by the Committee, which (other than for the Company's President and Chief Executive Officer) determination shall be based on the recommendations of the President and Chief Executive Officer or other direct supervisor of the Participant.

For levels of achievement between threshold and maximum, the Committee shall determine the Payout Percentage by interpolation. Subject to Section 8 below, the Aggregate Bonus for each Participant shall be the sum of the Payout Percentages determined with respect to each Performance Measure multiplied by the amount of Participant's Target Aggregate Bonus.

8. Payment of Accounts

At the time the Committee makes the determinations described in Section 7, it shall certify, in accordance with Section 4.8 of the Plan, the amounts of the Objective Bonuses payable to Participants. The Committee shall, at the same time, determine the amount of the Discretionary Bonus payable to Participants. Payment of such bonuses (the Aggregate Bonuses) shall be made as soon as practicable following the Committee's determination and certification, but in no event later than December 31, 2012.

Notwithstanding the foregoing, any Objective Bonus otherwise payable to any Participant under this 2011 STIP shall be subject to the adjustments, limitations (including the dollar limitation under Section 4.3 of the Plan), Committee's discretionary authority to make downward adjustments and other terms and conditions set forth in the Plan. Any Discretionary Bonus otherwise payable under this 2011 STIP shall be subject to any adjustments, limitations, upward or downward adjustments in amounts and any other terms or conditions that the Committee may impose in its sole discretion.

9. *Effect of Termination of Employment*

Except as otherwise provided in an employment agreement, memorandum of understanding, other contract between a Participant and the Corporation or one of its Subsidiaries, or by the Committee in its sole discretion, the bonuses payable under a Participant's Award will be forfeited, and the Participant will not be entitled to any bonus payments with respect to such Award if the Participant ceases to be employed by the Corporation or one of its Subsidiaries for any reason prior to the date the bonuses payments under the 2011 STIP are paid to Participants.

10. *Recoupment of Bonuses*

Any payment of an Objective Bonus, Discretionary Bonus or Aggregate Bonus under this 2011 STIP is subject to recoupment pursuant to the Corporation's Policy Regarding the Recoupment of Certain Performance-Based Compensation Payments as in effect from time to time, and a Participant shall promptly make any reimbursement requested by the Board of Directors or the Committee pursuant to such policy with respect to any such bonuses. Further, each Participant shall agree, by accepting an Award under the 2011 STIP and executing an Award Agreement, that the Corporation and/or any of its affiliates may deduct from any amounts it may owe the Participant from time to time (such as wages or other compensation) any and all amounts the Participant is required to reimburse the Corporation pursuant to such policy with respect to the Award.

EXHIBIT A

**2011 STIP
PERFORMANCE TARGETS AND PAYOUT PERCENTAGES**

A. PERFORMANCE TARGETS FOR OBJECTIVE BONUSES

Performance Measure	Performance Targets		
	Threshold	Target	Maximum
Adjusted EPS - AWR Consolidated	80% Budget	100% Budget	120% Budget
Adjusted EPS - Regulated Utilities	80% Budget	100% Budget	120% Budget
Adjusted EPS - ASUS	80% Budget	100% Budget	120% Budget
Relative Stock Price	Equal to or greater than 3 companies	Equal to or greater than 6 companies	Equal to or greater than 9 companies
Customer Complaints to DPH	775 or fewer	735 or fewer	699 or fewer
Customer Complaint Standards	Rate of Complaints to the CAB \leq 0.1%;	Rate of Complaints to the CAB \leq 0.07%;	Rate of Complaints to the CAB \leq 0.05%;
Capital Expenditures	80% Budget	100% Budget	N/A
SOX Deficiencies -- RU	No MW & 1 SD	No MW & No SD	No MW, No SD & No more than 11 CDs
SOX Deficiencies -- ASUS	No MW & 1 SD	No MW & No SD	No MW, No SD & No more than 4 CDs
Andrews Price Redetermination	N/A	\geq 16% increase in monthly fees	N/A
Fort Bragg ICU Contract Modification	Completed either water or wastewater portion of the Modification	Completed for both water and wastewater portions of the Modification	N/A
Fort Jackson Equitable Adjustment	N/A	\geq 20% increase in monthly fees	N/A
Fort Bliss Asset Transfer	N/A	Completed	N/A
Virginia Bases Price Redetermination	N/A	\geq 16% increase in monthly fees	N/A
Customer Satisfaction	N/A	At least 4 categories	N/A

B. PAYOUT PERCENTAGES FOR PERFORMANCE MEASURES - GSWC ADMINISTRATIVE AND GENERAL OFFICERS

Performance Measure	Payout Percentage		
	Threshold	Target	Maximum
Adjusted EPS - AWR Consolidated	10%	20%	30%
Relative Stock Price	5%	15%	20%
Adjusted EPS - RU	7.5%	15%	22.5%
Customer Complaints to DPH	2.5%	5%	7.5%
Customer Complaint Standards	2.5%	5%	7.5%
Capital Expenditures	2.5%	5%	5%
SOX Deficiencies - RU	2.5%	5%	7.5%
Adjusted EPS-ASUS	2.5%	5%	7.5%
SOX Deficiencies - ASUS	2.5%	5%	7.5%
Objective Bonus Total	37.5%	80%	115%
Individual Performance Measure (Discretionary Bonus)	12.5%	20%	35%
Aggregate Bonus	50%	100%	150%

C. PAYOUT PERCENTAGES FOR PERFORMANCE MEASURES - GSWC OPERATIONS OFFICERS

Performance Measure	Payout Percentage		
	Threshold	Target	Maximum
Adjusted EPS - AWR Consolidated	10%	20%	30%
Relative Stock Price	5%	10%	15%
Adjusted EPS - RU	10%	20%	30%
Customer Complaints to DPH	2.5%	5%	7.5%
Customer Complaint Standards	2.5%	5%	7.5%
Capital Expenditures	2.5%	10%	10%
SOX Deficiencies - RU	2.5%	5%	7.5%
Adjusted EPS-ASUS	2.5%	5%	7.5%
Objective Bonus Total	37.5%	80%	115%
Individual Performance Measure (Discretionary Bonus)	12.5%	20%	35%
Aggregate Bonus	50%	100%	150%

D. PAYOUT PERCENTAGES FOR PERFORMANCE MEASURES - ASUS OFFICERS

Performance Measure	Payout Percentage		
	Threshold	Target	Maximum
Adjusted EPS - AWR Consolidated	10%	20%	30%
Relative Stock Price	5%	10%	15%
Adjusted EPS - RU	2.5%	5%	7.5%
Adjusted EPS - ASUS	15%	20%	35%
Andrews Price Redetermination	N/A	2%	2%
Fort Bragg ICU Contract Modification	2.5%	7%	7%
Fort Bliss Asset Transfer	N/A	3%	3%
Fort Jackson Equitable Adjustment	N/A	3%	3%
Virginia Bases Price Redetermination	N/A	3%	3%
Customer Satisfaction	N/A	2%	2%
SOX Deficiencies - ASUS	2.5%	5%	7.5%
Objective Bonus Total	37.5%	80%	115%
Individual Performance Measure (Discretionary Bonus)	12.5%	20%	35%
Aggregate Bonus	50%	100%	150%

**FORM OF
AMERICAN STATES WATER COMPANY
2011 SHORT-TERM INCENTIVE PROGRAM**

[Date]

To: 2011 Short-Term Incentive Program Participants

American States Water Company (the “Company”) is pleased to inform you that you have been selected as a participant in the Company’s 2011 Short-Term Incentive Program (the “Bonus Program”). Unless otherwise defined in this award agreement, capitalized terms used in this award agreement have the same meanings as in the Bonus Program.

As a participant in the Bonus Program, you are eligible to earn two separate cash bonuses for the 2011 calendar year—an Objective Bonus and a Discretionary Bonus. Your total Target Aggregate Bonus is set forth opposite your name in the Bonus Program, and is equal to the sum of the target amount of your Objective Bonus plus the target amount of your Discretionary Bonus.

Your Objective Bonus is subject to the terms of the Bonus Program and the Company’s Performance Incentive Plan (the “Plan”), and will only become payable if all of the applicable terms and conditions of both the Bonus Program and the Plan are satisfied. The portion of your Target Aggregate Bonus attributable to your Objective Bonus will become payable based on the Company’s attainment of the specific Performance Targets established for the Business Criteria that have been established for you. Your applicable Business Criteria, Performance Targets (including the threshold, target and maximum Performance Targets) and Payout Percentages are set forth in Exhibit A to the Bonus Program. Please note, however, that payment of your Objective Bonus remains subject to the Compensation Committee’s discretion to reduce Objective Bonuses pursuant to Section 4 of the Plan.

Your Discretionary Bonus is subject to the terms of the Bonus Program (but not the Plan), and will only become payable if all of the applicable terms and conditions of the Bonus Program are satisfied. The portion of your Target Aggregate Bonus attributable to your Discretionary Bonus will become payable based on the Company’s assessment of your attainment of the core performance objectives for your position, and you will only be entitled to receive a Discretionary Bonus if you are determined to meet the standards established for your position. These individual performance requirements applicable to your Discretionary Bonus are referred to as your Individual Performance Measures. The Payout Percentages for your Discretionary Bonus are set forth in Exhibit A to the Bonus Program.

Any Objective Bonus or Discretionary Bonus that becomes payable to you will be paid as soon as practicable following the Compensation Committee's determination and certification pursuant to Section 8 of the Bonus Program, but in no event later than December 31, 2012. However, any Objective Bonus or Discretionary Bonus that becomes payable to you is subject to recoupment pursuant to the Company's Policy Regarding the Recoupment of Certain Performance-Based Compensation Payments as in effect from time to time, and you agree to promptly make any reimbursement requested by the Board of Directors or the Compensation Committee pursuant to such policy with respect to any such bonuses. In addition, you agree that the Company and/or any of its affiliates may deduct from any amounts it may owe you from time to time (such as wages or other compensation) any and all amounts that you are required to reimburse the Company pursuant to such policy.

Copies of the Bonus Program and the Plan are being provided to you with this award agreement. The Company advises you to read these documents carefully because they are legal documents that establish the terms and conditions of your Objective Bonus and your Discretionary Bonus. The Bonus Program and the Plan are each incorporated into this award agreement by reference, and will control in the event there is any conflict between the terms of this award agreement and the Bonus Program or Plan, as applicable.

Sincerely,

Robert J. Spowls
President and Chief Executive Officer

Accepted and Agreed:

[Executive]