

Primoris Services Corp  
Form DEF 14A  
April 09, 2013

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

**PRIMORIS SERVICES CORPORATION**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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- (4) Proposed maximum aggregate value of transaction:
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      - (2) Form, Schedule or Registration Statement No.:
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**2100 McKinney Avenue, Suite 1500**  
**Dallas, Texas 75201**  
*www.prim.com*

Dear Stockholder:

On behalf of the Board of Directors, I am pleased to invite you to attend the 2013 Annual Meeting of Stockholders of Primoris Services Corporation, a Delaware corporation (NASDAQ:PRIM), to be held on Friday, May 3, 2013, at 9:00 a.m., Central Time, at the Rosewood Crescent Hotel, located at 400 Crescent Court, Dallas, Texas 75201.

During the Annual Meeting, we will discuss each item of business described in the accompanying Notice of the 2013 Annual Meeting of Stockholders and Proxy Statement. We encourage you to carefully read these materials and the Annual Report to Stockholders on SEC Form 10-K for the fiscal year ended December 31, 2012, a copy of which is included with the Notice and the Proxy Statement.

Please participate in our Annual Meeting of Stockholders by signing, dating and promptly mailing your enclosed proxy card to ensure the presence of a quorum. **Your vote is important, whether or not you plan to attend.** I hope you will ensure that your shares are represented and voted by completing and returning the enclosed proxy card. If you plan attend the Annual Meeting of Stockholders, you will have the right to revoke your proxy and vote in person if you so desire. If you hold your shares through an account with a broker, nominee, fiduciary or other custodian, please follow the instructions you receive from them to vote your shares.

Thank you for your ongoing support of and continued interest in Primoris Services Corporation.

Sincerely,

Brian Pratt  
*Chairman of the Board, Chief Executive Officer and  
President*

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Dallas, Texas 75201  
*www.prim.com*

**PROXY STATEMENT**

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**NOTICE OF THE**  
**2013 ANNUAL MEETING OF STOCKHOLDERS**  
**To Be Held On May 3, 2013**

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April 8, 2013

To our Stockholders:

The 2013 Annual Meeting of Stockholders of Primoris Services Corporation, a Delaware corporation, will be held on Friday, May 3, 2013, at 9:00 a.m., Central Time, at the Rosewood Crescent Hotel, located at 400 Crescent Court, Dallas, Texas 75201.

Only stockholders of record that owned shares of our common stock at the close of business on March 28, 2013 are entitled to vote at the Annual Meeting. A list of our stockholders will be made available at our principal executive offices at 2100 McKinney Avenue, Suite 1500, Dallas, Texas 75201 during ordinary business hours for ten days prior to the Annual Meeting and will also be available at the Annual Meeting.

At the Annual Meeting, we will consider the following proposals, which are described in detail in the accompanying Proxy Statement:

1. to elect two Class B Directors to hold office for a three-year term expiring at the Annual Meeting of Stockholders to be held in 2016 or until their respective successors are elected and qualified. The Board of Directors has nominated the following persons for election as Class B Directors at the meeting: Stephen C. Cook and Peter J. Moerbeek;
2. to approve adoption of the Company's 2013 Equity Incentive Plan;
3. to ratify the appointment of Moss Adams, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2013; and
4. to transact such other business as may properly come before the Annual Meeting and all adjournments or postponements thereof.

**PLEASE VOTE PROMPTLY YOUR PROXY IS REVOCABLE AND YOU MAY VOTE IN PERSON AT THE MEETING IF YOU WISH.**

References to "Primoris", the "Company", "we", "us" or "our" in this Notice and the accompanying Proxy Statement refer to Primoris Services Corporation and its subsidiaries and affiliates, unless otherwise indicated.

By Order of the Board of Directors,

John M. Perisich

*Senior Vice President, General Counsel and Secretary*

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2100 McKinney Avenue, Suite 1500  
Dallas, Texas 75201  
[www.prim.com](http://www.prim.com)

**PROXY STATEMENT  
FOR THE  
2013 ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON MAY 3, 2013.  
SOLICITATION**

This Proxy Statement, being mailed and made available electronically (on our Company website at [www.prim.com](http://www.prim.com)) to stockholders on or about April 8, 2013, is being sent to you by the Board of Directors (the "Board") of Primoris Services Corporation in connection with our 2013 Annual Meeting of Stockholders (the "Annual Meeting"). The Annual Meeting will take place at 9:00 a.m. Central Time, on Friday, May 3, 2013, at the Rosewood Crescent Hotel, located at 400 Crescent Court, Dallas, Texas 75201. You are cordially invited to attend the Annual Meeting and are requested to vote on the proposals described in this Proxy Statement.

*Purpose of the Annual Meeting*

At the Annual Meeting, our stockholders will vote to elect each of two Class B Directors, approved the adoption of the Company's proposed 2013 Equity Incentive Plan and will vote to ratify the appointment of Moss Adams, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2013. In addition, management will report on our performance over the last fiscal year and, following the Annual Meeting, respond to questions from stockholders.

*Materials provided*

The Board sent you this Proxy Statement and the enclosed proxy card in order to solicit your proxy to vote your shares at the Annual Meeting. As a stockholder, you are invited to attend the meeting and are entitled to vote on the items of business described in this Proxy Statement.

*Annual Meeting attendance*

All stockholders of record as of March 28, 2013 (the "Record Date"), or their duly appointed proxies, may attend the Annual Meeting. You may need to bring personal identification. Admission to the Annual Meeting depends on how your stock ownership is recorded with our transfer agent, Continental Stock Transfer & Trust Company (the "Transfer Agent"). If your stock is held in the name of a bank, broker or other holder of record and you plan to attend the Annual Meeting, please obtain proof of ownership, such as a current brokerage account statement or certification from your broker. If your stock is registered with our Transfer Agent, all you need is proof of identity; no proof of ownership is needed.

*Voting at the Annual Meeting*

Holders of our common stock ("Common Stock") as of the close of business on the Record Date will be entitled to vote at the Annual Meeting. On the Record Date, there were 51,562,284 shares of

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Common Stock outstanding, each of which is entitled to one vote with respect to each matter to be voted on at the Annual Meeting.

#### ***Quorum requirement***

The presence at the Annual Meeting, in person or by proxy, of the holders of a majority of the voting power of all outstanding shares of Common Stock entitled to vote shall constitute a quorum for the transaction of business. Proxies marked as abstaining (including proxies containing broker non-votes) on any matter to be acted upon by stockholders will be treated as present at the meeting for purposes of determining a quorum but will not be counted as votes cast on such matters.

#### ***Stockholder of record & beneficial owner***

Most of our stockholders hold their shares through a stockbroker, bank or other nominee rather than directly in their own name. As summarized below, there are distinctions between shares held of record and those owned beneficially. All shareholders are invited to attend the Annual Meeting.

##### *Stockholder of Record*

If your shares are registered directly in your name with the Transfer Agent, you are considered the stockholder of record, and these proxy materials are being sent directly to you by us. As the stockholder of record, you have the right to grant your voting proxy directly to us or to vote in person at the Annual Meeting. We have enclosed a proxy card for you to use.

##### *Beneficial Owner of Shares*

If your shares are held in a stock brokerage account, by a bank or other nominee, you are considered the beneficial owner of shares held in "street name" and these proxy materials are being forwarded to you by your broker, bank or nominee who is considered, with respect to those shares, the stockholder of record. As the beneficial owner, you have the right to direct the stockholder of record how to vote your shares. Because you are not the stockholder of record, to vote your shares at the Annual Meeting, please follow the instructions shown in the following paragraph. If you are a beneficial owner, your broker, bank or nominee has enclosed a voting instruction card for your use.

#### ***Voting in person at the Annual Meeting***

Stockholders of record may vote in person at the Annual Meeting. If you choose to do so, please bring the enclosed proxy card and proof of identification. Even if you plan to attend the Annual Meeting, we recommend that you vote your shares in advance as described below so that your vote will be counted if you later decide not to attend the Annual Meeting. Beneficial owners may vote in person at the Annual Meeting by obtaining a signed "legal proxy" from the record holder (e.g., your broker, bank or nominee) prior to the meeting.

#### ***Voting without attending the Annual Meeting***

If you complete and properly sign the accompanying proxy card and return it to the Transfer Agent, your shares will be voted as you direct on the proxy card. If you are a stockholder of record, follow the instructions included with your proxy card. If you are a beneficial owner, please follow the instructions provided by your broker, bank or nominee.

Stockholders of record may submit proxies by completing, signing and dating their proxy cards and mailing them in the accompanying pre-addressed envelopes. Our stockholders who hold shares beneficially in street name may vote by mail by completing, signing and dating the voting instruction



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cards provided by their brokers, banks or nominees and mailing them to such entities in the accompanying pre-addressed envelopes.

***Changing your vote after returning your proxy card***

If you are a stockholder of record, you can revoke your proxy before it is exercised by:

delivering written notice of revocation of the proxy to our Secretary prior to the Annual Meeting;

executing and delivering a later dated proxy card to our Secretary; or

attending and voting by ballot in person at the Annual Meeting.

If you are a beneficial owner, you may submit new voting instructions by contacting your broker, bank or other nominee. You may also vote at the Annual Meeting by following the instructions as described above in "*Voting in person at the Annual Meeting*". All shares that have been properly voted and not revoked will be voted at the Annual Meeting.

***Required votes to approve each item***

Each outstanding share of Common Stock is entitled to one vote on each proposal at the Annual Meeting. All matters require the existence of a quorum at the Annual Meeting. All proposals require an affirmative vote of the majority of shares represented in person or by proxy. Election of Directors is determined by plurality voting. The two individuals receiving the largest number of votes will be elected.

In voting on Proposal 1, the election of Directors, you may vote "FOR" any of the nominee(s) or your vote may be "WITHHELD" with respect to any of the nominee(s). A properly executed proxy marked "ABSTAIN" with respect to any other matter will not be voted, although it will be counted for purposes of determining whether there is a quorum. An abstention on Proposal 2 or Proposal 3 will have the effect of a negative vote on that matter. If you are a beneficial owner, shares represented by broker non-votes (when the broker indicates they do not have their customer's direction on how to vote, nor has discretionary authority on how to vote) will be counted in determining whether there is a quorum but will not be counted as votes cast on any matter.

***Inspector of elections***

Our Senior Vice President, General Counsel and Secretary, John M. Perisich, will act as Inspector of Elections and oversee the voting results. The Inspector of Elections will also determine the presence of a quorum.

***Voting results of the Annual Meeting***

We will announce preliminary voting results at the Annual Meeting and will publish final results in a Current Report on Form 8-K to be filed with the Securities and Exchange Commission ("SEC") within four business days of the Annual Meeting.

***Board recommendations***

The Board recommends a vote:

FOR Proposal No. 1 to elect each of the two Class B Directors.

FOR Proposal No. 2 to approve the adoption of the 2013 Equity Incentive Plan.

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FOR Proposal No. 3 to ratify the appointment of Moss Adams, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2013.

Unless you give other instructions on your proxy card, the individual(s) named as proxy holder on the proxy card will vote in accordance with the recommendations of the Board.

#### ***Expense of soliciting proxies***

We will pay the costs for the solicitation of proxies, including the cost of preparing and mailing this Proxy Statement. Proxies are being solicited primarily by mail, but the solicitation by mail may be followed-up by solicitation in person, or by telephone or facsimile, by our regular employees without additional compensation for such proxy solicitation activity. We will reimburse brokers, banks and other custodians and nominees for their reasonable out-of-pocket expenses incurred in sending proxy materials to our stockholders.

#### ***Stockholder proposal deadline for the 2014 Annual Meeting***

The rules of the SEC establish the eligibility requirements and the procedures that must be followed for inclusion of a stockholder's proposal in a public company's proxy materials. Under those rules, proposals submitted for inclusion in our 2014 proxy materials must be received on or before the close of business on the day that is 120 days prior to April 8, 2014. Proposals for inclusion in our 2014 proxy materials must comply with the procedures set forth in Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

In addition to the requirements of the SEC, our Amended and Restated Bylaws ("Bylaws") provide that in order for a proposal to be properly brought before an Annual Meeting of Stockholders, it must be either (1) specified in the notice of the meeting given by us, (2) otherwise brought before the meeting by or at the direction of our Board, or (3) properly brought before the meeting by a stockholder entitled to vote at the meeting and who complies with the following notice procedures: (i) the stockholder must give timely notice thereof in writing of the business to be brought before such meeting to our Secretary, and (ii) such business must be a proper matter for stockholder action under the Delaware General Corporation Law. Our Bylaws provide that to be timely, a stockholder's notice must be delivered to our Secretary at our principal executive offices not less than 45 days prior to the first anniversary of the date on which we first mailed our proxy materials for the preceding year's Annual Meeting. If the date of the subsequent year's Annual Meeting of Stockholders is changed by more than 30 days from the date of the prior year's meeting, notice by the stockholder for the subsequent year's Annual Meeting must be delivered to our Secretary within a "reasonable time" prior to our mailing of the proxy materials for the subsequent year's Annual Meeting of Stockholders. We expect to announce the date of the 2014 Annual Meeting of Stockholders in early 2014.

If a stockholder proposes to nominate for election or reelection a director, the stockholder's notice must include all information relating to such director nominee that is required to be disclosed in solicitation of proxies for election of directors in an election contest, or otherwise required, in each case, pursuant to Regulation 14A and Rule 14a-11 under the Exchange Act.

For any business that a stockholder desires to bring before an annual meeting, the stockholder's notice must comply with all applicable requirements of the Exchange Act and the rules and regulations promulgated thereunder, and must include the following:

a brief description of the proposal and the reasons for the proposal;

the name and address of such stockholder, and of such beneficial owner, as they appear on our books;

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the number of shares of Common Stock which are owned beneficially and of record by such stockholder or such beneficial owner;

a representation that the stockholder is a holder of record of Common Stock entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination; and

a representation whether the stockholder or the beneficial owner intends or is part of a group which intends (a) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of our outstanding capital stock required to approve or adopt the proposal or elect the nominee and/or (b) otherwise to solicit proxies from stockholders in support of such proposal or nomination.

Any stockholder who intends to present a proposal at the 2014 Annual Meeting of Stockholders must send the proposal via standard mail, overnight delivery or other courier service, to Primoris Services Corporation, 2100 McKinney Avenue, Suite 1500, Dallas, Texas 75201, Attention: Secretary.

***Information about Primoris Services Corporation***

We maintain a corporate website at [www.prim.com](http://www.prim.com). Visitors to the Investor Relations section of our website can view and print copies of our SEC filings, including this Proxy Statement and Forms 10-K, 10-Q and 8-K. Copies of the charters for our Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee and our Code of Ethics, are also available through our website. Alternatively, stockholders may obtain, without charge, copies of all of these documents by writing to Investor Relations at the Company's headquarters. Please note that the information contained on our website is not incorporated by reference in, or considered to be a part of, this Proxy Statement.

***Documents not incorporated by reference into this Proxy Statement***

The Audit Committee Report and the Compensation Committee Report are not deemed filed with the SEC and shall not be deemed incorporated by reference into any prior or future filings made by us under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except to the extent that we specifically, and in writing, incorporate such information by reference.

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**MATTERS TO COME BEFORE THE MEETING**

**PROPOSAL 1 ELECTION OF DIRECTORS  
(Item 1 on Proxy Card)**

**General Information**

We currently have a classified Board consisting of nine members. Five of our directors are independent directors as determined under NASDAQ listing rules. Our directors are divided into three classes (Class A, Class B and Class C). Directors in each class are elected to serve for three-year terms that expire in successive years. The terms of Class B Directors John P. Schauerman, Stephen C. Cook and Peter J. Moerbeek expire at the upcoming 2013 Annual Meeting.

In March 2013, the Board of Directors' Nominating and Corporate Governance Committee recommended to the Board the nomination of Stephen C. Cook and Peter J. Moerbeek for re-election as Class B Directors for three-year terms expiring at the 2016 Annual Meeting, or until their successors are elected and qualified or their earlier death, resignation or removal. If the nominees become unavailable for any reason, or if any vacancy occurs before the election at the 2013 Annual Meeting (although we know of no reason to anticipate that this will occur), the proxies may be voted for such substitute nominees as the Board may designate. John P. Schauerman will step down from the Board as of the 2013 Annual Meeting, at which time the size of the Board will be reduced to eight members, of whom five will continue to be independent directors.

Each nominee has consented to being named in this Proxy Statement and has agreed to serve if elected. If a quorum is present and voting, the two nominees receiving the highest number of votes will be elected as Class B Directors. Abstentions and broker non-votes have no effect on the result of the vote; however, abstentions and broker non-votes will be counted as shares present for purposes of determining the presence of a quorum.

**Information Regarding Directors and Director Nominees**

The following table sets forth information regarding our current Directors, including the Class B Director nominees up for election at the Annual Meeting. There are no family relationships among any directors, nominees or named executive officers of the Company. To our knowledge, there are no

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material proceedings to which any director or executive officer is a party adverse to the Company or has a material interest adverse to the Company.

Name	Position with our Company	Age	Director Since
<i>Class B Directors whose terms will expire at the 2013 Annual Meeting and are re-nominated for terms ending at the 2016 Annual Meeting:</i>			
Stephen C. Cook	Independent Lead Director	63	2008
Peter J. Moerbeek	Director, Executive Vice President, Chief Financial Officer	65	2008
<i>Class B Director whose term will expire at the 2013 Annual Meeting:</i>			
John P. Schauerman	Director, Executive Vice President, Corporate Development	56	2008
<i>Class C Directors whose terms will expire at the 2014 Annual Meeting:</i>			
Eric S. Rosenfeld	Independent Director	55	2006
Michael D. Killgore	Director, Executive Vice President and Director of Construction Services	56	2010
Robert A. Tinstman	Independent Director	66	2010
<i>Class A Directors whose terms will expire at the 2015 Annual Meeting:</i>			
Brian Pratt	Director, Chairman of the Board, Chief Executive Officer and President	61	2008
Thomas E. Tucker	Independent Director	70	2008
Peter C. Brown	Independent Director	69	2009

The person(s) named in the enclosed proxy card will vote to elect Stephen C. Cook and Peter J. Moerbeek as Class B Directors, unless you withhold this authority to vote for the election of any or all of the nominees by marking the proxy to that effect.

**OUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR STEPHEN C. COOK AND PETER J. MOERBEEK AS CLASS B DIRECTORS TO HOLD OFFICE UNTIL OUR ANNUAL MEETING OF STOCKHOLDERS TO BE HELD IN 2016 OR UNTIL THEIR RESPECTIVE SUCCESSORS ARE DULY ELECTED AND QUALIFIED OR UPON THEIR EARLIER DEATH, RESIGNATION OR REMOVAL.**

### **Director Biographies and Special Skills**

#### **Nominees for Reelection at the 2013 Annual Meeting (Class B)**

**STEPHEN C. COOK** has served as one of our Directors since July 2008 and in May 2010 was appointed by the Board as Lead Director of the Company. Since 1990 he has served as President and principal stockholder of Fieldstone Partners, a Houston, Texas-based investment banking firm, focused primarily on corporate merger and acquisition advisory services. He has over 30 years of experience in the investment banking business, including 10 years with Rotan Mosle, Inc., a Texas-based regional investment firm and underwriter where he served as co-head of the corporate finance department and as a Director of the firm. Mr. Cook received an A.B. in Economics from Princeton University and an M.B.A. from Harvard Business School.

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We believe that Mr. Cook's qualifications to serve on our Board include his business and investment banking experience and his wealth of knowledge of mergers and acquisitions. The Board has determined that Mr. Cook meets the NASDAQ rules for independence and is therefore an independent director.

**PETER J. MOERBEEK** was named our Executive Vice President, Chief Financial Officer effective February 6, 2009. He has served as one of our Directors since July 2008 and was Chairman of the Audit Committee until February 2009. From 2006 through February 2009, he was the Chief Executive Officer and a founder of a private equity-funded company engaged in the acquisition and operation of water and wastewater utilities. From August 1995 to June 2006, Mr. Moerbeek held several positions with publicly traded Southwest Water Company, a California based company which provides water and wastewater services, including Director from 2001 to 2006; President and Chief Operating Officer from 2004 to 2006; President of the Services Group from 1997 to 2006; Secretary from 1995 to 2004; and Chief Financial Officer from 1995 to 2002. From 1989 to 1995, Mr. Moerbeek was the Vice President of Finance and Operations for publicly traded Pico Products, Inc., a manufacturer and distributor of cable television equipment. Mr. Moerbeek received a B.S. in Electrical Engineering and an MBA from the University of Washington and is a licensed certified public accountant.

We believe that Mr. Moerbeek's qualifications to serve on our Board include his experience as the chief operating officer and the chief financial officer of a NASDAQ listed company, as well as his in-depth knowledge and understanding of generally accepted accounting principles, experience in analyzing financial statements, understanding of internal control over financial reporting and his understanding and knowledge of public company rules and regulations.

**Nominees with Terms Expiring at the 2014 Annual Meeting (Class C)**

**MICHAEL D. KILLGORE** was appointed a Director on December 18, 2009. He was named as our Executive Vice President, Director of Construction Services in March 2010. He is responsible for overall operations management for our "East Construction Services" and "West Construction Services" business segments. He has been employed by James Construction Group and its predecessor companies since 1977 and was Chief Executive Officer of James Construction Group from 2007 to 2010. Mr. Killgore received a B.S. Civil Engineering degree from Louisiana Tech University in 1978. He is a registered Civil and Environmental Engineer in the state of Louisiana.

We believe that Mr. Killgore's knowledge and experience as a senior executive of a major construction firm and his knowledge and understanding of the construction industry qualify him to serve on our Board.

**ROBERT A. TINSTMAN** was appointed a Director on December 18, 2009. Mr. Tinstman was the former president of Tinstman and Associates, LLC. From 1974 to 1999, Mr. Tinstman was employed by Morrison Knudsen and served as its President/Chief Executive Officer for the period 1995 to 1999. Mr. Tinstman was the Executive Chairman of James Construction Group from 2002 to 2007. Mr. Tinstman is a registered Professional Engineer in the state of Idaho. He graduated from University of Wisconsin, Platteville, with a B.S., Mining Engineering in 1968.

Mr. Tinstman is also a director on the following public company boards: IDA CORP, Inc., where he is chairman of the compensation committee; Home Federal Bancorp, where he is a member of the audit committee and chairman of the compensation committee; and CNA Surety, where he was a member of the audit committee and chairman of the compensation committee through June 2011.

We believe that Mr. Tinstman's qualifications to serve on our Board include his experience as President and Chief Executive Officer of one of the largest construction companies in the United States as well as his wealth of knowledge of business systems and construction operations. The Board

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determined that Mr. Tinstman meets the NASDAQ rules for independence and is therefore an independent director.

**ERIC S. ROSENFELD** has served as one of our Directors since 2006. He was Chairman of the Board, Chief Executive Officer and President of Rhapsody Acquisition Corp. from its founding in 2006 through its merger with Primoris in July 2008. Mr. Rosenfeld has been the President and Chief Executive Officer of Crescendo Partners, L.P., an investment firm, since its formation in November 1998. From 1985 to 1998, Mr. Rosenfeld was a managing director at CIBC Oppenheimer and its predecessor company Oppenheimer & Co., Inc. Mr. Rosenfeld has also served as chairman and/or director on the boards of various companies, including Cott Corporation, Trio Merger Corporation, Computer Horizons Corporation, Hill International and CPI Aerostructures. Mr. Rosenfeld received an A.B. in Economics from Brown University and an M.B.A. from Harvard Business School.

We believe that Mr. Rosenfeld's business and investment banking expertise and his directorships on both private and public companies qualify him to serve on our Board. The Board determined that Mr. Rosenfeld meets the NASDAQ rules for independence and is therefore an independent director.

**Directors with Terms Expiring at the 2015 Annual Meeting (Class A)**

**BRIAN PRATT** has been a Director and our Chairman as well as our President and Chief Executive Officer since July 2008. Mr. Pratt directs strategy, establishes goals and oversees our operations. Since 1983, he served as the President, Chief Executive Officer and Chairman of the Board of Primoris and its predecessor, ARB, Inc., a California corporation. Prior to July 2008, Mr. Pratt was the majority owner of Primoris. Mr. Pratt has over 35 years of hands-on operations and management experience in the construction industry. Mr. Pratt completed four years of courses in Civil Engineering at California Polytechnic College in Pomona.

Mr. Pratt has an intimate knowledge of our business, employees, culture, competitors and the effect on our business of various government policies. We believe that his long history and experience with Primoris, his significant ownership position and his in-depth knowledge of the construction industry demonstrate that Mr. Pratt is well qualified to serve on our Board.

**THOMAS E. TUCKER** has served as one of our Directors since July 2008. He is currently Chairman of Pennhill Land Company, a real estate development and investment company, where he has worked since he founded the company in 1983. He served as a Board Member of RSI Holding Corporation, a privately held national manufacturer of cabinets for homes, from 2002 to November 2008. Prior to that, he served as an Advisory Board Member of ORCO Block Company, a Southern California manufacturer of block products, and Gemini Investors, a Boston based Investment Capital firm. Mr. Tucker also serves as a board member of the Segerstrom Center for the Arts in Orange County, California. Mr. Tucker received a B.S. in Business from the University of Southern California.

We believe that Mr. Tucker's experience as a founder and executive officer of a large real estate development company, his expertise in the real estate development business and his directorships of both private and public companies qualify him to serve on our Board. The Board determined that Mr. Tucker meets the NASDAQ rules for independence and is therefore an independent director.

**PETER C. BROWN** joined our Board on February 6, 2009. He has served from 1974 to 2005 as President at Brown Armstrong Accountancy Corporation, a regional provider of tax, audit, consulting and business services headquartered in Bakersfield, California and is currently an emeritus senior principal stockholder. Mr. Brown received a B.S. in Accounting from the University of Arizona. He is a member of the American Institute of Certified Public Accountants, the California Society of Certified Public Accountants and the Colorado Society of Certified Public Accountants.

We believe that Mr. Brown's qualifications to serve on our Board include his in-depth knowledge and understanding of generally accepted accounting principles, his background in taxation regulations, experience in preparing, auditing and analyzing financials statements and understanding of the responsibilities and functions of audit committees. The Board determined that Mr. Brown meets the NASDAQ rules for independence and is therefore an independent director.

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**CORPORATE GOVERNANCE**

We believe that effective corporate governance is an important element of our long-term success and ability to create value for our stockholders. Our Board periodically reviews our existing corporate governance policies and practices, as well as related provisions of the Sarbanes-Oxley Act of 2002, current and proposed rules of the SEC, and the corporate governance requirements of NASDAQ. Based on its review, the Board has approved charters, policies, procedures and controls that we believe promote and enhance our corporate governance, accountability and responsibility and promote a culture of honesty and integrity.

Our charters for each of our Board committees are available on the Investor Relations section of our website at [www.prim.com](http://www.prim.com), and copies are available free of charge upon request to our Secretary at Primoris Services Corporation, 2100 McKinney Avenue, Suite 1500, Dallas, Texas 75201.

**Board Independence**

The listing standards of NASDAQ require that companies have a board of directors with at least a majority of independent directors. Determining director independence requires that the Board affirmatively determine that the director has no material relationship with us, either directly or as a partner, stockholder or officer of an organization that has a relationship with us which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

To assist it in making independence determinations, the Board has adopted independence standards based on NASDAQ rules. Under these standards, a director is not independent if:

The director is, or has been within the last three years, one of our or our subsidiaries' employees, or the director has an immediate family member who is, or has been within the last three years, one of our executive officers;

The director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$120,000 in compensation from us (other than compensation for Board or Committee service, compensation to a family member who is an employee but not an executive officer, or benefits under a tax-qualified retirement plan or non-discretionary compensation);

The director is, or has a family member that is, a partner in, or a controlling stockholder or an executive officer of, any organization to which we made, or from which we received, payments for property or services in the current year or in any of the last three years, that exceed 5% of the recipient's consolidated gross revenues for that year or \$200,000, whichever is greater, other than payments arising solely from investments in our securities or payments under non-discretionary charitable contribution matching programs;

The director, or an immediate family member, is currently employed, or has been employed within the last three years, as an executive officer of another company where any of our present executive officers serves or has served on that company's compensation committee; or

The director is, or has a family member, that is a current partner of our outside auditor, or was a partner or employee of our outside auditor who worked on our audit at any time during any of the past three years.

On the basis of the Board Independence Standards identified above, and such other factors as the Board may consider from time to time, the Board has affirmatively determined that Messrs. Brown, Cook, Rosenfeld, Tinstman and Tucker are independent under the NASDAQ listing standards.



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**Board Structure and Committee Composition**

The Board has (i) an Audit Committee, (ii) a Compensation Committee, (iii) a Nominating and Corporate Governance Committee and (iv) a Succession Planning Committee. The Board and its Committees meet throughout the year on a set schedule and also hold special meetings and act by written consent from time to time, as appropriate. The Board held a total of six meetings, the Audit Committee held six meetings, the Compensation Committee held four meetings, the Nominating and Corporate Governance Committee held two meetings and the Succession Planning Committee held two meetings. There were a total of 20 Board and Committee Meetings during 2012. The independent directors meet in executive session at meetings of the Board and Committees as necessary. During the Board meetings, all of the independent directors met in executive session without any management members four times during 2012.

Mr. Pratt, our Chief Executive Officer also serves as the Chairman of the Board. The Board believes that as a result of his significant ownership of Primoris stock and his knowledge of the strategy and business of the Company and the predecessor companies as Chief Executive Officer since 1983, there is no benefit to be derived by separating the positions of Chairman and Chief Executive Officer. As the Company continues to grow, the Board will review the advisability of separating the two positions. In May 2010, Mr. Cook was appointed by the Board as the Lead Director, responsible for chairing the Board meetings in the absence of the Chairman, chairing executive sessions of independent directors, acting as the principal liaison between the Chairman and the independent directors and serving as the contact director for stockholders.

The Board and the Compensation Committee do not make decisions regarding an executive officer's compensation in the presence of such executive officer. The compensation of our Chief Executive Officer and all other executive officers is determined or recommended to the Board of Directors for determination by independent directors constituting a majority of the board of directors' independent directors in a vote in which only independent directors participate.

Director nominees are selected or recommended for the Board of Directors' selection by independent directors constituting a majority of the Board of Directors' independent directors in a vote in which only independent directors participate and which takes place during executive sessions of independent Board members.

Other than one meeting Mr. Schauerman could not attend, each director attended all Board meetings held in 2012. In addition, each director attended all of the meetings held by all Board committees on which such person served (during the periods that such person served).

Each of the Board committees operates under a written charter adopted by the Board. The Board committee charters are available on our website at [www.prim.com](http://www.prim.com).

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The members of the Board committees are identified in the following table:

<b>Director(1)</b>	<b>Audit Committee</b>	<b>Compensation Committee</b>	<b>Nominating and Corporate Governance Committee</b>	<b>Succession Planning Committee</b>
Brian Pratt			Chair	X
John P. Schauerman				
Eric S. Rosenfeld			X	
Peter J. Moerbeek				
Stephen C. Cook	X	Chair		X
Thomas E. Tucker	X		X	
Peter C. Brown	Chair	X		
Michael D. Killgore				
Robert A. Tinstman		X		Chair
<b>Number of Meetings held in 2012</b>	<b>6</b>	<b>4</b>	<b>2</b>	<b>2</b>

(1) Messrs. Brown, Cook, Rosenfeld, Tinstman and Tucker are independent Directors.

**Audit Committee**

The Audit Committee consists of three persons, all of whom are independent under the NASDAQ listing standards. Members of the Audit Committee must also satisfy additional SEC independence requirements, which provide that they may not accept directly or indirectly any consulting, advisory or other compensatory fee from the Company other than compensation in their capacity as Director, or otherwise be an "affiliated person" of us. The Board has determined that Audit Committee members Messrs. Brown, Cook and Tucker all satisfy the applicable SEC independence requirements. The Board has also determined that each member of our Audit Committee qualifies as independent under Rule 10A-3 of the Exchange Act.

The Audit Committee oversees our accounting and financial reporting processes, internal control systems, independent auditor relationships and the audits of our financial statements. Among other matters, the Audit Committee's responsibilities include the following:

- selecting and hiring our independent registered public accounting firm;
- evaluating the qualifications, independence and performance of our independent registered public accounting firm;
- reviewing and approving the audit and non-audit services to be performed by our independent registered public accounting firm;
- reviewing with management and our independent registered public accounting firm the results of our annual and quarterly financial statements;
- overseeing the administration of management's process for the design, review of adequacy, implementation and effectiveness of our internal controls established for finance, accounting, legal compliance and ethics;
- reviewing management's assessment of internal control and steps taken to monitor and control our exposure to financial risk;

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overseeing the administration of management's process of reviewing the design, adequacy, implementation and effectiveness of our critical accounting and financial policies;

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overseeing and monitoring the integrity of our financial statements and our compliance with legal and regulatory requirements as they relate to our financial statements of accounting matters; and

reviewing and approving any related party transactions.

*Audit Committee Financial Expert.* The Board has also determined that Mr. Brown is the Audit Committee "financial expert" as defined under SEC rules and regulations. Management has the primary responsibility for the preparation of the financial statements and the financial reporting processes of the Company. On a quarterly basis, the independent Audit Committee members meet with the auditors without the presence of management. During these independent sessions, the Committee and the auditors discuss, among other things, the acceptability of the Company's accounting principles, critical accounting policies and sensitive accounting estimates.

**Compensation Committee**

The members of the Compensation Committee of the Board are Messrs. Cook (Chairman), Brown and Tinstman. All three of the members of the Compensation Committee meet the independence requirements of NASDAQ listing standards. The Chairman of the Compensation Committee is Mr. Cook.

The Compensation Committee monitors and assists the Board in determining compensation for our senior management and Directors. The Board and the Compensation Committee do not make decisions regarding an executive officer's compensation in the presence of such executive officer. After the Compensation Committee analyzes compensation issues related to our Chief Executive Officer and other executive officers, it makes a recommendation to the Board's independent Directors. The compensation of our Chief Executive Officer and all other executive officers is then recommended to the Board for determination by independent directors constituting a majority of the Board's independent directors in a vote in which only independent directors participate. The Compensation Committee has the following authority and responsibilities, among others, with respect to our Director and executive compensation plans:

Reviewing the goals and objectives of our executive compensation programs and recommending to the Board any changes to these goals and objectives;

Reviewing our executive compensation plans and recommending to the Board the adoption of new plans or amendments to existing plans;

Evaluating annually the performance of the Chief Executive Officer and recommending to the independent members of the Board his or her compensation level based on this evaluation;

Evaluating annually the performance of the other executive officers of the Company and its subsidiaries and recommending to the independent members of the Board the compensation level of each based on this evaluation;

Reviewing and recommending to the independent members of the Board, concurrently with the Board's Audit Committee, any employment, severance or termination arrangements made with any executive officer of the Company or its subsidiaries; and

Evaluating the appropriate level and types of compensation for Board and Committee service by non-employee Directors and recommending any changes to the Board.

The Compensation Committee has the power to form subcommittees for any purpose that it deems appropriate and may delegate to such subcommittee such power and authority as the Compensation Committee may deem appropriate, provided it does not delegate to a subcommittee any power or authority required by any law, regulation or listing standard to be exercised by the



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Compensation Committee as a whole. The Compensation Committee may consider the recommendations of our Chief Executive Officer in determining the level of compensation of the executive officers of the Company and subsidiaries. The Compensation Committee has the authority to retain such independent consultants or advisers as it deems necessary and appropriate, including compensation consultants, to advise it with respect to amounts or forms of executive or director compensation, and may rely on the integrity and advice of any such advisers. The Compensation Committee also has the sole authority to retain a compensation consultant to assist it in carrying out its responsibilities, including the sole authority to approve the consultant's fees and other retention terms, such fees to be borne by us, and to terminate any such consultant.

In 2011, the Committee engaged Cogent Compensation Partners as an independent consultant to assist the Committee. In February 2012, the Committee engaged Pay Governance, LLC as its independent advisor for 2012. Prior to their engagement, neither Cogent Compensation Partners nor Pay Governance performed any services for the Company. The Committee considered independence factors under Dodd-Frank and NASDAQ rules and concluded that the work performed in 2012 by Pay Governance did not present any conflicts of interest.

**Compensation Committee Interlocks and Insider Participation**

No interlocking relationship exists between any member of our Board and any member of the board of directors or compensation committee of any other companies, nor has such interlocking relationships existed in the past.

**Shareholder Advisory "Say on Pay" Vote**

In our 2011 proxy, we indicated that we believed that seeking stockholder approval advisory votes every third year would provide the most efficient form of communication and would lend itself to the long-term nature of the compensation plans for our management. At the 2011 annual meeting, of those votes that expressed a position on the frequency of pay, 76.25% recommended an advisory vote every three years. After deliberation, the Compensation Committee and the Board adopted the position of asking for an advisory vote every three years. An advisory vote will take place again at the 2014 annual meeting.

**Nominating and Corporate Governance Committee**

The members of the Nominating and Corporate Governance Committee are Messrs. Pratt (Chairman), Rosenfeld and Tucker. The Board has determined that two of the three members (Messrs. Rosenfeld and Tucker) meet the criteria required under applicable SEC and NASDAQ listing standards for independence. The Chairman of the Nominating and Corporate Governance Committee is our Chairman of the Board, Chief Executive Officer ("CEO") and President, Brian Pratt. The Board has considered the establishment of a Committee consisting of only independent directors; however, with the significant ownership maintained by our CEO, the Board considers it desirable to continue his membership in the Nominating and Corporate Governance Committee. All recommendations made by the Committee are discussed and approved by a majority of the independent directors meeting in executive session without management board members.

The Nominating and Corporate Governance Committee assists the Board by identifying individuals qualified to become Directors consistent with criteria established by the Board. After the Nominating and Corporate Governance Committee identifies qualified individuals, it makes a recommendation to the Board's independent Directors. Director nominees are selected by a majority of the Board's

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independent directors in a vote in which only independent directors participate. Among other matters, the Committee's responsibilities include the following:

evaluating the composition, size and governance of the Board and its committees and making recommendations regarding future planning and the appointment of Directors to committees of our Board;

administering a policy for evaluating and considering nominees for election to the Board;

overseeing the evaluation of our Board as a whole;

reviewing our corporate governance principles and providing recommendations to the Board regarding possible changes; and

developing and reviewing our Code of Ethics and assuring it is appropriate for us.

**Selection of Board Nominees**

In identifying Board nominees, we have reviewed individuals who are known to our officers or Directors, or individuals with significant industry or other relevant experience. Following the establishment of our Nominating and Corporate Governance Committee, the Nominating and Corporate Governance Committee has reviewed the qualifications of potential Director candidates in accordance with its Charter.

The Nominating and Corporate Governance Committee's consideration of a candidate as a Director includes assessment of the individual's understanding of our business, the individual's professional and educational background, skills, expertise, potential time commitment, and other criteria established by the Nominating and Corporate Governance Committee from time to time. To provide such a contribution to us, a Director must generally possess one or more of the following, in addition to personal and professional integrity:

experience in corporate management;

experience in our industry;

experience as a board member or officer of a publicly held company;

diversity of expertise and experience in substantive matters related to our business; and

practical and mature business judgment.

The Nominating and Corporate Governance Committee has adopted its own procedures for evaluating the suitability of potential Director nominees, including qualifications for a "financial expert" and financially literate members for the Audit Committee.

**Stockholder Nominations**

The rules of the SEC establish the eligibility requirements and the procedures that must be followed for inclusion of a stockholder's proposal in a public company's proxy materials. Under those rules, proposals submitted for inclusion in our proxy materials must be received on or before the close of business on the day that is 120 days prior to the date on which we released to stockholders our proxy statement for the

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prior year's Annual Meeting of Stockholders. Proposals for inclusion in our proxy materials must comply with the procedures set forth in Rule 14a-8 under the Exchange Act.

In addition to the requirements of the SEC, our Bylaws provide that in order for a proposal to be properly brought before an annual meeting of stockholders, it must be either (1) specified in the notice of the meeting given by us, (2) otherwise brought before the meeting by or at the direction of our Board or (3) properly brought before the meeting by a stockholder entitled to vote at the meeting and



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who complies with the following notice procedures: (i) the stockholder must give timely notice in writing of the business to be brought before such meeting to our Secretary, and (ii) such business must be a proper matter for stockholder action under the Delaware General Corporation Law. Our Bylaws provide that to be timely, a stockholder's notice must be delivered to our Secretary at our principal executive offices not less than 45 days prior to the first anniversary of the date on which we first mailed our proxy materials for the preceding year's Annual Meeting. If the date of the subsequent year's Annual Meeting of Stockholders is changed by more than 30 days from the date of the prior year's meeting, notice by the stockholder for the subsequent year's Annual Meeting must be delivered to our Secretary within a "reasonable time" prior to our mailing of the proxy materials for the subsequent year's Annual Meeting of Stockholders. We expect to announce the date of the 2014 Annual Meeting of Stockholders in early 2014.

If a stockholder proposes to nominate for election or reelection a Director, such stockholder's notice shall set forth all information relating to such Director nominee that is required to be disclosed in solicitation of proxies for election of Directors in an election contest, or otherwise required, in each case pursuant to Regulation 14A and Rule 14a-11 under the Exchange Act.

The Nominating and Corporate Governance Committee will consider all stockholder recommendations for candidates for the Board, which should be sent to the Nominating and Corporate Governance Committee, c/o Secretary, Primoris Services Corporation, 2100 McKinney Avenue, Suite 1500, Dallas, Texas 75201.

The Nominating and Corporate Governance Committee will evaluate recommendations for Director nominees submitted by Directors, management or qualifying stockholders in the same manner, using the criteria stated above. All Directors and Director nominees will be required to submit a completed directors' and officers' questionnaire as part of the nominating process. The process may also include interviews and additional background and reference checks for non-incumbent nominees, at the discretion of the Nominating and Corporate Governance Committee.

**Succession Planning Committee**

In May 2011, the board of directors established a Succession Planning Committee and appointed Mr. Tinstman as Committee Chair with Mr. Pratt, our CEO, and Mr. Cook, our Independent Lead Director, as members. The purpose of the Committee is to coordinate the efforts of the Board and executive management in establishing the processes, procedures and practices that the Board and management will use to meet their succession planning responsibilities, including succession with respect to the position of CEO. In addition, the Committee has established contingency plans for the departure, death or disability of our CEO.

**Board Role in Risk Oversight**

Our Board is responsible for oversight of our Company's risks. As with all companies, and especially with construction companies, we face a variety of risks in our business. Many of these risks have been included in Item 1A, "*Risk Factors*" in our Annual Report on Form 10-K, as filed with the SEC on March 7, 2013.

The Board believes that having a system in place for risk management and implementing strategies responsive to our risk profile and exposures is the best way to identify in a timely manner specific material risks, but we can give no assurances that we will be able to identify or mitigate all possible risks in advance. In order to more efficiently provide oversight of these material risks, the Board has designated certain risk oversight responsibilities to relevant Board committees. The Audit Committee has the direct responsibility for risk oversight relating to accounting matters, financial reporting, enterprise, legal and compliance risks. To assist in this risk oversight function, the Audit Committee obtains assistance from the following: (1) our Chief Financial Officer, who is responsible for managing

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our risk management function, (2) our General Counsel, who is responsible for the Company's third party insurance programs and (3) our independent registered public accounting firm. The Audit Committee meets periodically with management and the independent auditors to review financial exposures. The Compensation Committee is responsible for risks related to employment policies and our compensation and benefits systems. The Nominating and Corporate Governance Committee oversees risks associated with our Code of Conduct, including compliance with listing standards for independent directors and committee assignments. The committee chairmen report any risk-related matters to the full Board at the next Board meeting and special meetings of the Board, if necessary.

While the Board is responsible for risk oversight, the day-to-day risk management is the responsibility of the operating management and executive officers. Unlike some publicly traded companies, our executive officers maintain a significant ownership interest which results in an increased level of awareness about risk management and risk oversight throughout the management team and the Company.

### **Code of Ethics**

The Company has a Code of Ethics that complies with the rules and regulations adopted by the SEC and NASDAQ listing standards and are applicable to all of our Directors, officers and employees. The Code of Ethics is available in the Investor Relations section of our website at [www.prim.com](http://www.prim.com). We intend to post amendments to, or waivers, if any, from our Code of Ethics (to the extent applicable to our directors or its Chief Executive Officer, Principal Financial Officer, or Principal Accounting Officer) at this location on our website. Among other matters, this Code of Ethics is designed to promote:

honest and ethical conduct;

avoidance of conflicts of interest;

full, fair, accurate, timely and understandable disclosure in reports and documents that we file with, or submit to, the SEC and in our other public communications;

compliance with applicable governmental laws and regulations and stock exchange rules;

prompt internal reporting of violations of the Code of Ethics to an appropriate person or persons identified in the Code of Ethics; and

accountability for adherence to the Code of Ethics.

### **Policy Regarding Director Attendance at Annual Meetings of Stockholders**

Directors are strongly encouraged to attend our Annual Meetings of Stockholders, and we currently expect all of our directors to be in attendance at the Annual Meeting on May 3, 2013. All the directors were in attendance at the 2012 Annual Meeting. With the exception of Mr. Rosenfeld, all directors were in attendance at the 2011 Annual Meeting.

### **Stockholder Communications with the Board of Directors**

Stockholders may communicate with any of our directors, including our Chairman, or the chairman of any of the Committees of the Board, or the non-management directors, as a group, by writing to them at Primoris Services Corporation, c/o Secretary, 2100 McKinney Avenue, Suite 1500, Dallas, Texas 75201. Please specify to whom your correspondence should be directed. The Secretary will promptly forward all correspondence to the Board or any specific committee member, as indicated in the correspondence, except for mass mailings, job inquiries, surveys, business solicitations or advertisements, or patently offensive or otherwise inappropriate material. Our Secretary may forward certain correspondence, such as product-related or service-related inquiries, elsewhere within the Company for review and possible response.



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**CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS**

We currently have a written policy, adopted by our Board, regarding the review, approval and ratification of any related party transaction. Under this policy, our Audit Committee will review the relevant facts and circumstances of each related party transaction, and either approve or disapprove the related party transaction. Any related party transaction may be consummated and continue only if the Audit Committee has approved or ratified such transaction.

The following is a description of related party transactions during 2012 and the current period to which we have been a party, in which the amount involved exceeded \$120,000, other than compensation and employment arrangements described elsewhere in this Proxy Statement. We believe the terms obtained or consideration that we paid or received, as applicable, in connection with the transactions below were comparable to terms available or the amounts that would be paid or received, as applicable, in arm's length transactions with independent third parties.

From time to time we have entered into various transactions with Stockdale Investment Group, Inc. ("SIGI"). Our majority stockholder, Chief Executive Officer, President and Chairman of the Board, Brian Pratt, also holds a majority interest in SIGI and is the chairman, president and chief executive officer and a director of SIGI. John M. Perisich, our Senior Vice President, General Counsel and Secretary, is secretary of SIGI. During 2012 and the current period, we continued with the following related party transactions:

We lease some of our facilities from SIGI. All of these leases were entered into at what are determined were market rates and are on similar terms as if negotiated with an independent third party.

We lease properties from SIGI located in Bakersfield and Pittsburg, California, whose leases were expiring in the next several years. Mr. Tucker, a member of the Audit Committee, who has extensive real estate experience, oversaw the renewal of the leases and provided a report to the Audit Committee of his findings that the lease renewals were at market rates and terms. The Audit Committee recommended to the Board and the independent members of the Board approved the renewal of these two leases. The Bakersfield lease expires October 2022 and the Pittsburg lease expires April 2023. We also lease a property in San Dimas, California (lease expires March 30, 2019), and in Pasadena, Texas (lease expires in July 2019 and 2021). During the years ended December 31, 2012 and 2011, we paid \$929,000 and \$910,000, respectively, in lease payments to SIGI for the use of these properties.

We lease a property from Roger Newnham, one of our stockholders and a manager at our subsidiary Born Heaters Canada. The property is located in Calgary, Canada. During the years ended December 31, 2012 and 2011, we paid \$292,000 and \$277,000, respectively, in lease payments to Mr. Newnham for the use of this property. The term of the lease is through December 31, 2014.

Primoris leases a property from Lemmie Rockford, one of our stockholders, which commenced November 1, 2010. The property located in Toledo, Washington. During the years ended December 31, 2012 and 2011 we paid \$90,000 and \$90,000, respectively. The lease expires on January 15, 2015.

As a result of the November 2012 acquisition of Q3 Contracting, the Company became party to leased property from Quality RE Partners, owned by three of the Q3 Contracting selling shareholders, of whom two are current employees, including Jay Osborn, President of Q3 Contracting. The lease commenced October 28, 2012. The property is located in Little Canada, Minnesota. During the year ended December 31, 2012, we paid \$31,000 in lease payments to Quality RE Partners for the use of the property. The lease expires on October 27, 2022.

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**DIRECTOR COMPENSATION**

Directors who also are employees of the Company or any of its subsidiaries do not receive additional compensation for serving as Directors. Compensation for employee Directors is determined by the Board's Compensation Committee and is discussed further in the Compensation Discussion and Analysis section of this proxy.

From July 2008 through April 2011, compensation for independent Directors was paid in cash. At a meeting on May 6, 2011, the Board of Directors adopted changes to the compensation program for the independent directors based on a recommendation by the Compensation Committee. The changes were the result of Compensation Committee deliberations including information provided by an independent consulting firm. As part of its annual review of director compensation, the Compensation Committee recommended that for 2012, director compensation would remain at the levels established in 2011.

Current compensation includes the following components:

Cash payments of \$27,500 made for the second and fourth calendar quarters of each year.

In lieu of cash payments in the first and third calendar quarters of each year, the Directors are issued common stock with an approximate value of approximately \$36,667 each. The common stock cannot be traded for a period of one year from the date of issuance. The number of shares is determined using the average of the closing prices of the Company common stock on NASDAQ for the one-month period prior to the beginning of the quarter. The shares are issued pursuant to the Primoris 2008 Long-Term Equity Incentive Plan.

Additional annual cash compensation as follows:

\$20,000 to the Chairman of the Audit Committee

\$15,000 to the Chairman of the Compensation Committee

\$15,000 to the non-employee chairman of any other committees established by the Board of Directors.

In addition, Directors are reimbursed for expenses incurred in connection with Board and Board Committee meetings and assignments.

The table below details the compensation earned by our non-employee Directors in 2012.

<b>Non-Employee Director</b>	<b>Fees Earned or Paid in Cash</b>	<b>Non-Equity Incentive Plan Compensation(1)</b>	<b>All Other Compensation</b>	<b>Total</b>
Peter C. Brown	\$ 75,000	\$ 73,334	\$	\$ 148,334
Stephen C. Cook	\$ 70,000	\$ 73,334	\$	\$ 143,334
Eric S. Rosenfeld	\$ 55,000	\$ 73,334	\$	\$ 128,334
Robert A. Tinstman	\$ 70,000	\$ 73,334	\$	\$ 143,334
Thomas E. Tucker	\$ 55,000	\$ 73,334	\$	\$ 128,334

(1) *Stock Awards and Option Awards:* Independent Directors were issued shares of restricted common stock in the first and third quarters of 2012, with a value of approximately \$36,667 each based on the average closing price of stock for December 2011 and July 2012, respectively. Each director received 2,479 shares in February 2012 and 3,056 shares in August 2012 under this arrangement. The Company has never issued stock options as director compensation and there are no outstanding equity awards.



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The following table sets forth information with respect to beneficial ownership of Common Stock for (a) those persons known by management of the Company to beneficially own 5% or more of our Common Stock (other than executives and Directors), (b) each Director and Director nominee, (c) the Named Executive Officers listed in the Summary Compensation Table under "Executive Compensation" (which includes (i) our current Chief Executive Officer, (ii) our current Chief Financial Officer, (iii) our three most highly compensated executive officers and (iv) our two most highly compensated employees who are not executive officers.), and (d) all of our executive officers and Directors as a group. The information for the officers and Directors is provided as of April 8, 2013 and the information for 5% or more stockholders is as of the most recent filings with the SEC.

Beneficial ownership is determined under the rules of the SEC and generally includes voting or investment power with respect to securities. To our knowledge, the persons named in the table have "sole voting and investment power" and "shared voting and investment power", as indicated below, with respect to all shares of Common Stock beneficially owned, subject to community property laws where applicable.

For each individual and group included in the table below, percentage ownership is calculated by dividing the number of shares beneficially owned by such person or group plus the number of shares of Common Stock that such person or group has the right to acquire on or within 60 days after April 8, 2013 divided by the sum of the 51,562,284 shares of Common Stock outstanding on April 8, 2013, plus the number of shares of Common Stock that such person or group has the right to acquire on or within 60 days after April 8, 2013. The Company is not aware of any arrangement or pledge of Common Stock that could result in a change of control of the Company.

Name	Amount and Nature of Beneficial Ownership(1)					Percentage of Common Stock Total Outstanding(2)
	Shared Investment Power	Sole Investment Power	Shared Voting Power	Sole Voting Power	Shared and Sole Voting Power	
<b>5% or Greater Stockholders (other than executives and Directors):</b>						
Wells Fargo & Company(3)		3,181,266		3,181,266	3,181,266	6.17%
<b>Named Executive Officers and Directors:</b>						
Brian Pratt(4)	97,810	12,785,504	97,810	12,791,554	12,889,364	25.00%
Scott E. Summers(5)	28,404	977,295	993,172	18,199	1,011,371	1.96%
John P. Schauerman(6)		964,060	964,060		964,060	1.87%
John M. Perisich(7)		140,428		144,966	144,966	*
Peter J. Moerbeek		27,377		32,671	32,671	*
Eric S. Rosenfeld(8)	56,840	405,508	56,840	411,060	467,900	*
Stephen C. Cook		5,544		11,096	11,096	*
Thomas E. Tucker(9)	4,136	14,444	4,136	19,996	24,132	*
Peter C. Brown		5,444		10,996	10,996	*
Michael D. Killgore		431,986		436,524	436,524	*
Robert A. Tinstman		5,444		10,996	10,996	*
Timothy R. Healy		272,048		276,586	276,586	*
All Directors, nominees and executive officers as a group (12 individuals)					16,280,662	31.57%

\* Indicates beneficial ownership of less than one percent of total outstanding Common Stock.

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- (1) This table lists voting securities, including shares held of record, shares held by a bank, broker or nominee for the person's interest and shares held through family trust arrangements.
- (2) Beneficial shares with both sole and shared voting power as a percentage of Common Stock outstanding as of April 8, 2013, or 51,562,284 shares.
- (3) Based on information set forth in the Schedule 13G/A filed with the SEC on February 13, 2013. The principal business address of Wells Fargo & Company is 420 Montgomery St., San Francisco, California 94104.
- (4) Includes 12,791,554 shares of Common Stock held directly by Brian Pratt and indirectly by Barbara Pratt, as the spouse of Mr. Pratt, and 97,810 shares of Common Stock owned directly by Ms. Pratt and indirectly by Mr. Pratt.
- (5) Represents 18,199 shares of Common Stock owned directly by Scott E. Summers and 964,768 shares of Common Stock owned directly by the Summers Family Trust, and indirectly by Scott E. Summers, as trustee of the trust. Additionally, 28,404 shares of stock are held by Scott Summer's children's trusts with Patrick Summers, the brother of Scott E. Summers, as trustee of the children's trusts.
- (6) Represents 964,060 owned directly by the Schauerman Family Trust and indirectly by John P. Schauerman and Claudia H. Schauerman as trustees.
- (7) Represents 144,966 shares of Common Stock owned directly by the Perisich Family Trust dated July 11, 2007 and indirectly by John M. Perisich, as trustee of the trust.
- (8) Includes 411,060 shares of Common Stock held directly by Eric Rosenfeld, 56,840 shares of Common Stock held by the Rosenfeld Children's Successor Trust U/A dated 8/20/2012, of which Mr. Rosenfeld's ex-wife, Lisa Rosenfeld, is the sole trustee.
- (9) Includes 10,996 shares of Common Stock held directly by Thomas E. Tucker, 9,000 shares of Common Stock held by the Tucker Family Trust U/A dated 12/21/1998, a revocable trust, of which Thomas E. Tucker is a trustee and beneficiary, 1,303 shares of Common Stock held by SaraJen Capital, LLC. a California Limited Liability Company, of which Mr. Tucker is a one-third member and sole manager with full dispositive power over such shares, and 2,833 shares of Common Stock held by Josephine Tucker-Arenson TTEE U/A DTD 4-30-1996, of which Mr. Tucker holds power of attorney.

### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires our officers, Directors and persons who own more than ten percent (10%) of a registered class of our equity securities to file reports of securities ownership and changes in ownership with the SEC.

As of the date of this Proxy Statement, and based solely on our review of the copies of such reports furnished to us and written representations from our executive officers and Directors, we believe that all reports needed to be filed by current Section 16 reporting persons have been timely filed for the year ended December 31, 2012, with the exception of three Form 4's for Eric S. Rosenfeld, each covering one transaction for a total of 58,514 shares and two Form 4's for Michael D. Killgore, each covering one transaction for a total of 25,100 shares, which were inadvertently not filed on a timely basis.



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**PROPOSAL 2 APPROVE THE ADOPTION OF 2013 EQUITY INCENTIVE PLAN  
(Item 2 on Proxy Card)**

**General Information**

The Board of Directors is requesting that stockholders vote in favor of adopting the 2013 Equity Incentive Plan ("2013 Plan"). The 2013 Plan is intended to replace the 2008 Long-Term Incentive Equity Plan ("2008 Plan") which was adopted by our stockholders in July 2008. The 2008 Plan is currently the sole plan for providing equity incentive compensation to eligible employees, non-employee directors and eligible consultants. At the time of its adoption, 1,520,000 shares were reserved for issuance, and 393,725 shares have been issued, leaving 1,126,275 shares available for issuance. If this proposal is approved, the 1,126,275 shares would be transferred to the 2013 Plan and 1,400,000 shares would be added to the authorized grant amount increasing the total available for issuance to 2,526,275 shares. No further share issuance would be allowed under the 2008 Plan. If our award practices were to change, we would expect to seek stockholder approval for additional shares at a future date.

The Board believes that the proposed 2013 Plan is in the best interests of the stockholders and the Company, as equity awards granted under the 2013 Plan will help attract, motivate and retain talented employees, non-employee directors and consultants; will help align employee and stockholder interests; will help link employee compensation with Company performance; and will maintain our culture of employee stock ownership. The following summary of major features of the proposed 2013 Plan is qualified in its entirety by reference to the actual text of the 2013 Plan, which is included as an appendix to this proxy statement.

The proposed plan updates the language and more clearly articulates the responsibility of the Compensation Committee, especially in the making of performance awards and the effects of Section 409A of the Internal Revenue Code. Our original plan (2008 Plan) was adopted as part of the transactions that made Primoris a public company. Our stockholder composition has changed significantly since that time and today is more similar to that of the other publicly traded construction companies. Approval of the 2013 Plan, by our current stockholders, would extend the expiration date for equity awards by five years, providing some certainty for the continuation of our equity awards. Please note that if the proposal is not approved, we will retain the ability to make equity awards under the terms of the 2008 Plan.

*Addition of 1.4 million shares to fund the 2013 Plan.* The Board is recommending approval of an additional 1.4 million shares available for issuance under the 2013 Plan. With the proposed transfer of the remaining shares from the 2008 Plan, the total number of shares available for issuance would be 2,526,275 shares. The increase would allow us to continue our long-term equity plan share issuance for executives and managers of acquired companies, as well as provide availability for incentive or retention awards.

As shown in the table that follows, we have used the 2008 Plan to issue shares to both employees and as part of the compensation to our non-employee directors. In 2009, we adopted our Long-term Incentive Plan ("LTI Plan") for certain executives and managers. A part of the LTI Plan provides participants the opportunity to purchase shares of common stock from the Company at a discount to market for up to 16.7% of their annual bonus award. In 2011, the compensation for non-employee directors was changed to include share-based payments twice each year.

Table of Contents**2008 Plan Equity Shares Awarded**

Year	Shares Awarded Under LTI Plan	Shares Awarded to Non-employee Directors	Shares Remaining at end of Period
2008			1,520,000
2009			1,520,000
2010	94,966		1,425,034
2011	111,790	14,825	1,298,419
2012	131,989	27,675	1,138,755
To date 2013		12,480	1,126,275

Shares issued under the LTI Plan are issued in the first quarter of the year following the annual bonus award. Our Named Executive Officers (seven persons) were awarded 23%, 28% and 33% of the total shares awarded through the LTI Plan in 2012, 2011, and 2010, respectively. Shares issued to non-employee directors are issued for the first and third calendar quarters of the year.

In considering the proposed increase in the number of shares available under the 2013 Plan, we considered the impact of both dilution and overhang. Dilution is total equity awards granted less cancellations, divided by the total common equivalent shares outstanding at the beginning of the year. Since 2008, dilution has been less than 0.35% in each year. Overhang is the equity awards outstanding but not exercised, plus equity awards available to be granted, divided by the total common equivalent shares outstanding at the end of the year. At the end of 2008, our overhang was 5.1%. Since then, our overhang has declined to 2.2% at the end of 2012. Approval of the 2013 Plan will increase our overhang to 4.9%.

**Key Provisions of the Proposed 2013 Plan**

The following is a summary of certain provisions of the 2013 Plan:

Plan Term:	May 4, 2013 to May 3, 2023
Eligible Participants:	Awards may be granted only to Employees, Consultants and Directors
Shares Available:	Total of 2,526,275 shares, including 1,126,275 transferred from the 2008 Long-term Incentive Equity Plan. No shares will remain for issuance in the 2008 Plan
Award Types:	(1) Stock options (2) Stock appreciation rights (SARs) (3) Stock awards (4) Restricted stock unit awards (5) Performance awards (6) Other stock based awards
Option/SAR Terms:	Stock options and SARs will have a term of no longer than 10 years

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- 162(m) Share Limits: In order for the awards granted under the plan to be eligible for treatment as performance-based compensation that will not be subject to the \$1 million limitation on tax deductibility for compensation paid to specified executive officers Section 162(m) of the tax code requires that the maximum number of shares awarded to an individual must be approved by the stockholders. Accordingly, the plan limits awards granted to an individual to:
- (1) No more than 200,000 shares subject to stock options or SARs to an individual participant annually
  - (2) No more than 200,000 shares subject to stock awards and restricted stock unit awards to an individual participant annually
  - (3) No more than 200,000 shares subject to performance shares to an individual participant annually
- These combined limits are greater than we have awarded to any individual in the past.
- Vesting: As determined by the Committee.
- Not permitted:
- (1) Granting of stock options or SARs at a price below the market value of Primoris stock on the date of the grant
  - (2) Unless approved by stockholders, cancellation of stock options or SARs and a grant in substitution thereof of new options or SARs having a lower exercise price, or amending outstanding stock option or SAR agreements to reduce their exercise price.

**Eligibility**

Employees of Primoris and its subsidiaries and affiliates and non-employee directors are eligible to receive awards. In addition, persons engaged to provide consulting or advisory services (other than as an Employee or a member of the Board) to the Company are eligible. There are approximately 500 employees, non-employee directors, officers and consultants that are eligible to participate.

**Dividends**

Unless otherwise provided for by the Committee, no adjustment shall be made in shares issuable under awards due to cash dividends that may be paid or other rights that may be issued to holders of shares prior to their issuance under any award. The Committee shall specify whether dividends or dividend equivalents are to be paid with respect to the shares, subject to any awards that have not vested or been issued, or that are subject to any restrictions or conditions on the record date for dividends.

**Eligibility under Section 162(m) of the Internal Revenue Code**

Awards may, but not need to, include performance criteria that satisfy Section 162(m) of the Internal Revenue Code of 1986, as amended (tax code). For performance based awards, the Committee will establish performance goals with respect to one or more measures of business or financial performance. Performance measures may be one or more of the following, as determined by the Committee:

revenue;

sales;

expenses;

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operating income;

gross margin;

operating margin;

earnings before any one or more of: stock-based compensation expense, interest, taxes, depreciation and amortization;

pre-tax profit;

net operating income;

net income;

economic value added;

free cash flow;

operating cash flow;

stock price;

earnings per share;

return on stockholder equity;

return on capital;

return on assets;

return on investment;

total stockholder return

tangible net worth

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employee satisfaction;

employee retention;

balance of cash, cash equivalents and marketable securities;

market share;

number of customers;

customer satisfaction;

product development;

completion of a joint venture or other corporate transaction;

completion of identified special project; and

overall effectiveness of management.

These performance measures may be applied individually, alternatively, or in any combination, either to the Company as a whole or to a business unit or subsidiary. They may be measured annually or cumulatively over a period of years. Furthermore, they may be measured on an absolute basis or relative to a pre-established target, to previous years' results, or to a designated comparison group, in each case as specified by the Committee at the time of award.

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**Transferability**

In general, awards under the 2013 Plan are transferable only by will or the laws of descent and distribution, or to the extent otherwise determined by the Committee. The Committee has sole discretion to permit the transfer of an award.

**Administration**

The 2013 Plan will be administered by the Compensation Committee of the Board of Directors (Committee). All questions of interpretation of the 2013 Plan or of any award shall be determined by the Committee. Subject to the provisions of the 2013 Plan, the Committee shall have the full and final power and authority, in its discretion, to determine the persons to whom, and the time or times at which, awards shall be granted; to determine the terms, conditions and restrictions applicable to each award; to determine whether an award will be settled in shares of stock, cash, or in any combination thereof; to approve one or more forms of Award Agreement; to amend, modify, extend, cancel or renew any award or to waive any restrictions or conditions applicable to any award or any shares acquired pursuant thereto; to accelerate, continue, extend or defer the exercisability or vesting of any award or any shares acquired pursuant thereto; to prescribe, amend or rescind rules, guidelines and policies relating to the 2013 Plan, or to adopt sub-plans or supplements to, or alternative versions of, the 2013 Plan, including, without limitation, as the Committee deems necessary or desirable to comply with the laws or regulations of or to accommodate the tax policy, accounting principles or custom of, foreign jurisdictions whose citizens may be granted awards; and to correct any defect, supply any omission or reconcile any inconsistency in the 2013 Plan or any Award Agreement and to make all other determinations and take such other actions with respect to the 2013 Plan or any award as the Committee may deem advisable to the extent not inconsistent with the provisions of the 2013 Plan or applicable law.

**Clawback Provision for Executive Officers**

For any participant who is determined by the Board to be an "Executive Officer", the following applies: If the Company is required to prepare an accounting restatement due to the material noncompliance of the Company as a result of misconduct with any financial reporting requirement under the securities laws, any participant who knowingly or through gross negligence engaged in the misconduct, or who knowingly or through gross negligence failed to prevent the misconduct, and any participant who is one of the individuals subject to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act of 2002, shall reimburse the Company the amount of any payment in settlement of an Award earned or accrued during the twelve- (12-) month period following the first public issuance or filing with the United States Securities and Exchange Commission (whichever first occurred) of the financial document embodying such financial reporting requirement.

**Plan Amendments Requiring Stockholder Approval**

The Board may terminate, amend or suspend the 2013 Plan at any time, provided that no action is taken by the Board (except those described in "Adjustments") without stockholder approval to:

- increase the number of shares that may be issued under the 2013 Plan;
- grant stock options or SARs at less than market value;
- reprice, repurchase or exchange stock options or SARs that are "out of the money";
- extend the term of the 2013 Plan;
- change the persons eligible to participate in the 2013 Plan; or



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otherwise implement any amendment required to be approved by stockholders under NASDAQ rules.

**Adjustments**

In the event of a stock dividend, recapitalization, stock split, combination of shares, extraordinary dividend of cash or assets, reorganization, or exchange of our common stock, or any similar equity restructuring transaction (as that term is used in ASC 718) affecting our common stock, the Committee will equitably adjust the number and kind of shares available for grant under the 2013 Plan, and subject to the limitations and restrictions set forth in the 2013 Plan, the number and kind of shares subject to outstanding awards under the 2013 Plan, and the exercise or settlement price of outstanding stock options and awards.

The impact of a change of control, merger or other reorganization of Primoris on outstanding awards will be specified in the agreement related to a merger or reorganization or will be determined at the time of issue of an award by the Committee, subject to the provisions of the 2013 Plan. These agreements, or the award document, may provide for assumption of outstanding awards, accelerated vesting, accelerated expiration of outstanding awards, or settlement of outstanding awards in cash.

**U.S. Federal Tax Consequences**

The federal tax rules applicable to awards under the 2013 Plan are summarized below. This summary omits the tax laws of any municipality, state or foreign country within which a participant resides. Stock option grants under the 2013 Plan may be intended to qualify as incentive stock options under Section 422 of the tax code or may be non-statutory stock options governed by Section 83 of the tax code. Generally, federal income tax is not due from a participant upon the grant of a stock option, and a deduction is not taken by the company. Under current tax laws, a participant exercising a non-statutory stock option will have taxable income equal to the difference between the market price of the common stock on the exercise date and the stock option grant price. We are entitled to a corresponding deduction on our tax return. A participant will not have taxable income upon exercising an incentive stock option after the applicable holding periods have been satisfied (except that the alternative minimum tax may apply), and we will not receive a deduction when an incentive stock option is exercised. At the time of disposition of shares acquired through the exercise of a stock option, the tax treatment depends on how long the shares were held and whether the shares were acquired by exercising an incentive stock option or non-statutory stock option. We may be entitled to a deduction in the case of a disposition of shares acquired under an incentive stock option before the applicable tax holding periods have been satisfied.

Generally, tax is not due when a stock award, restricted stock unit or performance award is initially made, but the award becomes taxable when it is no longer subject to "substantial risk of forfeiture" (it becomes vested or transferable) or when the shares are issued. Income tax is paid at ordinary rates on the fair market value at the time that the restrictions lapse. The Company receives a deduction at the time that the participant incurs a tax liability.

Section 409A of the tax code provides additional tax rules governing non-qualified deferred compensation. Generally, Section 409A will apply to non-statutory stock options, restricted stock units, stock awards or performance awards that permit a participant to elect one or more dates on which the award will be settled. Section 409A limits the time that distributions may be made.

As discussed earlier, awards granted under the 2013 Plan may be structured to qualify as performance-based compensation under Section 162(m) of the tax code. For stock awards, restricted stock units or performance awards to qualify, the grant, issuance, vesting or retention of the award must be contingent upon satisfying one or more of the performance criteria of the 2013 Plan, as established by a committee consisting of two or more outside directors. In addition, the material terms



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of the performance goals under which compensation may be paid must be disclosed and approved by the stockholders. For purposes of Section 162(m), the material terms include (i) the individuals eligible to receive compensation, (ii) a description of the business criteria on which the performance goal is based, and (iii) the maximum amount of compensation that can be paid an individual under the performance goal. With respect to the various types of awards under the 2013 Plan, each of these aspects is discussed above, and shareholder approval of the 2013 Plan will be deemed to constitute approval of each of these elements of the 2013 Plan for purposes of the approval requirements of Section 162(m).

**New Plan Benefits**

The benefits that will be awarded or paid under the 2013 Plan are not currently determinable. Awards granted under the 2013 Plan are within the discretion of the Committee, and the Committee has not determined future awards or who might receive them. As of March 25, 2013, the closing price of Primoris common stock was \$21.80 per share.

**Required Vote**

The affirmative vote of a majority of the shares of common stock present or represented by proxy and entitled to vote at the Annual Meeting is required for approval of this proposal.

**Recommendation of the Board**

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE ADOPTION OF THE 2013 EQUITY INCENTIVE PLAN.**

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**PROPOSAL 3 RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
(Item 3 on Proxy Card)**

**General**

We are asking the stockholders to ratify the Audit Committee's appointment of Moss Adams, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2013. The firm is a registered public accounting firm with the Public Company Accounting Oversight Board ("PCAOB"), as required by the Sarbanes-Oxley Act of 2002 and the rules of the PCAOB. In the event the stockholders fail to ratify the appointment, the Audit Committee will reconsider this appointment. If the appointment is ratified, the Audit Committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year if the Audit Committee determines that such a change would be in the best interests of the Company and our stockholders.

A Moss Adams, LLP representative is expected to attend the 2013 Annual Meeting of the Stockholders. He will have an opportunity to make a statement if he desires to do so and will be available to respond to appropriate stockholder questions.

The affirmative vote of a majority of the shares of Common Stock present, in person or by proxy, entitled to vote at the Annual Meeting is required to approve the ratification of the appointment of Moss Adams, LLP as our independent registered public accounting firm for 2013.

**THE BOARD RECOMMENDS A VOTE FOR THE RATIFICATION OF THE APPOINTMENT OF MOSS ADAMS, LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2013.**

**Independent Registered Public Accounting Firm Fees and Services**

All fees billed by Moss Adams, LLP, have been approved in advance by the Audit Committee of the Board of Directors. The following is a summary of the fees billed for professional services for the fiscal years ended December 31, 2012 and 2011:

Fee Category	Calendar Year 2012 Fees	Calendar Year 2011 Fees
Audit Fees(1)	\$ 665,000	\$ 586,000
Audit Related Fees(2)	147,500	178,400
Tax Fees(3)	101,500	71,107
Total Fees	\$ 914,000	\$ 835,507

- 
- (1) Fees for audit services consist of the fees associated with the annual audit, for quarterly SAS 100 reviews and reviews of our Quarterly Reports on Form 10-Q.
- (2) Audit related fees include proxy filings, registration statement and standalone audits for Primoris subsidiaries.
- (3) Tax fees include professional services rendered for tax compliance (preparation and review of tax returns), tax advice and tax planning.

**Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm**

The Audit Committee has adopted policies and procedures regarding the pre-approval of the performance by Moss Adams, LLP of certain audit and non-audit services. Moss Adams, LLP has been



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instructed to obtain advance approval of any other services, except as may otherwise be provided by law or regulation. All services listed above were approved by the Audit Committee.

**Audit Committee Report**

*The following report of the Audit Committee does not constitute soliciting material and shall not be deemed filed or incorporated by reference into any other filing by us under the Securities Act or the Securities Exchange Act, except to the extent we specifically incorporate this report by reference.*

The primary purpose of the Audit Committee is to assist the Board in fulfilling its responsibility to oversee (i) the integrity of our financial statements, (ii) the independent registered public accounting firm's qualifications, independence and performance, (iii) our accounting and financial reporting processes, (iv) our compliance with financial legal and regulatory requirements, and (v) the audits of our financial statements. The Audit Committee is directly responsible for the appointment, compensation and oversight of the work of the independent registered public accounting firm. The independent registered public accounting firm reports directly to the Audit Committee.

Management has the primary responsibility for the preparation of the financial statements and the reporting process. Our management has represented to the Audit Committee that the consolidated financial statements for the fiscal year ended December 31, 2012 were prepared in accordance with generally accepted accounting principles. Our independent registered public accounting firm is responsible for auditing these consolidated financial statements. In the performance of its oversight function, the Audit Committee reviewed and discussed the audited consolidated financial statements with management and the independent registered public accounting firm. The Audit Committee discussed with management the critical accounting policies that were applied in the preparation of our consolidated financial statements. The Audit Committee also discussed with management the process for certifications by our Chief Executive Officer and our Executive Vice President, Chief Financial Officer. The Audit Committee discussed with the independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees), as amended by Statement on Auditing Standards No. 90 (Audit Committee Communications).

In addition, the Audit Committee received from the independent registered public accounting firm the written disclosures required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence, and discussed with them their independence from the Company and its management. The Audit Committee also evaluated whether the independent registered public accounting firm's provision of non-audit services to us was compatible with the auditor's independence and determined it was compatible.

The Board determined that the Audit Committee members meet the independence requirements of Rule 10A-3 of the Exchange Act and applicable NASDAQ independence rules.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board, and the Board approved, the inclusion of the audited consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2012 for filing with the Securities and Exchange Commission.

March 5, 2013

Peter C. Brown (Chairman)  
Stephen C. Cook  
Thomas E. Tucker

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**EXECUTIVE COMPENSATION**

**Compensation Discussion and Analysis**

***Overview***

In this section we explain how the Compensation Committee of the Board of Directors oversees our executive compensation program and discusses compensation earned by the following executive officers who are considered "Named Executive Officers": (i) our Chief Executive Officer, (ii) our Chief Financial Officer, (iii) our three most highly compensated executive officers and (iv) our two most highly compensated employees who are not executive officers. For 2012, our Named Executive Officers were:

Brian Pratt, 61, Chairman of the Board, Chief Executive Officer and President

Peter J. Moerbeek, 65, Executive Vice President, Chief Financial Officer

Michael D. Killgore, 56, Executive Vice President, Director of Construction Services

John P. Schauerman, 56, Executive Vice President, Corporate Development

John M. Perisich, 48, Senior Vice President, General Counsel and Secretary

Scott E. Summers, 54, Co-President, Underground, ARB, Inc., and

Timothy R. Healy, 53, Co-President, Industrial, ARB, Inc.

Our compensation programs apply broadly to all officers and management persons at the Company with modifications to reflect the different management levels and types of responsibilities. The Company's goal is to align compensation so that all management levels are committed to the Company's corporate objectives of achieving both near- and long-term profitable growth.

In overseeing the executive compensation policies and practices for the company, the Committee recognizes several unique cultural elements associated with the transition of a successful privately owned company to a successful publicly traded company. Our present CEO became majority owner of the private company in 1983 and has served as CEO since that time. At the time that we became a publicly traded company in July 2008, ownership was held by 42 employees, directors and associates, each of whom had purchased their ownership interest. Many of these same owners remain executives and managers at this time. This ownership culture aligns the interests of the Company executives and managers with those of our stockholders.

The ownership culture has emphasized a focus on balance sheet metrics such as tangible net worth and cash collections as well as earnings. Prior to becoming a public company, it was the practice to provide annual discretionary bonus awards based on overall financial and non-financial performance. These discretionary awards were not tied to attaining a specific financial result; that is, there was no mathematical formula for determining bonus amounts. The Committee has maintained the program in place at the time we became a public company. As discussed below, the Committee reviews salary and annual bonus amounts compared to salary and bonus levels of prior years and the company's overall performance. To date the Committee has not made any equity awards specifically for any executives.

Based on our financial performance, as outlined in the 2012 Highlights section below, and the fact that there has been virtually no turn-over at the senior and executive management levels of the Company, we believe that our current compensation practices and ownership culture has served us and our stockholders well. However, both our Compensation Committee and executive management recognize that we may need to consider changes that align our practices more closely to those of other publicly traded companies. These practices may include establishment of more formulaic annual incentive calculations, a more formulaic total bonus amount and the use of stock and performance awards to use in

incentive and retention programs. In order to attract executives who may have

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compensation expectations more in line with the general market processes, the Compensation Committee may need to begin a transition process. The Committee intends to work with its independent consultants to consider alternatives. The Committee's goal is to establish compensation practices that will be aligned closer with the market practices without changing the parts of the culture that have led to the Company's success.

### **2012 Highlights**

In considering compensation, the following summarizes the Company's financial results for 2012:

Revenues increased by 5.6% from 2011 to a record \$1.54 billion. This increase occurred even after the completion of the Ruby pipeline project which contributed over \$260 million in revenues in 2011.

In spite of the end of the large pipeline project and a reduction in joint venture income, earnings per share of \$1.10 a decline of only 3.5% from 2011.

The Company successfully completed four new acquisitions during 2012, which contributed over \$112 million in revenues.

For both 2011 and 2012, total shareholder return was among the highest of the publicly traded engineering and construction companies. Total shareholder return for 2012 grew by 116% since we became public in August 2008 compared to a reduction of 17% for our Peer group over the same period.

Positive cash flow from operations grew to a record of \$98 million and year-end cash and cash equivalents and short term investment levels increased by \$17.6 million from the prior year.

Tangible net worth increased from \$152 million at December 31, 2011 to \$164 million at December 31, 2012 even with the acquisitions.

Backlog grew to \$1.35 billion, an increase of 15.5% over the prior year.

### ***Compensation Methodology***

Our goal is to create an executive compensation program that will adequately reward our executives for their roles in creating value for our stockholders. Our Compensation Committee is charged with reviewing our executive officers' cash compensation and equity holdings to determine whether they provide adequate incentives and motivation to our executive officers and whether they adequately compensate the executive officers relative to comparable officers in other companies within our industry. We intend to be competitive with other similarly situated companies in our industry.

The executives' compensation has two primary components: salary and cash incentive bonus. We view the two components of executive compensation as related, but each is a distinct part of overall compensation. Although our Compensation Committee reviews total compensation, we do not believe that significant compensation derived from one component of compensation should negate or reduce compensation from other components. We anticipate determining the appropriate level for each compensation component based in part, but not exclusively, on our view of internal equity and consistency, individual performance and other information deemed relevant and timely.

### ***Benchmarking***

We believe it is important when making compensation-related decisions to be informed as to current practices of similarly situated publicly held companies in the engineering, construction and related industries. The Compensation Committee, with assistance from its independent consultant, considers the compensation levels at other companies in our industry. We do not view benchmarking as





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a stand-alone tool for setting compensation due to the aspects of our business and objectives that may be unique to us, but we believe that gathering and reviewing this information should be a part of our compensation-related decision-making process. In using its collective judgment in setting executive pay, the Compensation Committee uses benchmarking as one consideration; however, at this time the Committee's decisions are based primarily on recommendations from our Chief Executive Officer, the Compensation Committee's evaluation of the executive's performance, the overall Company performance and our overall compensation strategy. Using proxy information available for 10 publicly traded engineering and construction companies, total 2011 compensation for the top four Company officers is in the lowest quartile compared to total compensation for the top four officers of the other industry companies. The 10 publicly traded companies included Chicago Bridge & Iron Company, EMCOR Group, Inc., Fluor Corporation, Granite Construction, Inc., KBR, Mastec, Inc., Matrix Service Company, Quanta Services, Inc., Sterling Construction Company, Inc. and Willbros Group, Inc.

***Processes and Procedures for Determining Executive Compensation***

The Compensation Committee approves the structure of the executive compensation program and directly sets compensation for eight of the Company's executive officers. The Committee is involved in all matters where approval by our Compensation Committee members is appropriate for tax or regulatory reasons. The following describes the roles of other key participants in the process.

The Role of Executives

Our Chief Executive Officer is responsible for reviewing the compensation and performance of the executive officers. He makes recommendations to the Compensation Committee regarding adjustments in compensation for the executive officers. The Chief Executive Officer also makes recommendations for discretionary annual short-term bonus amounts. The Compensation Committee relies on the Chief Executive Officer's recommendations and on its evaluation of current individual and business performance and historical individual and business performance. Our CEO is not present in and does not participate in the discussion of any elements of his compensation with the Compensation Committee.

Our Executive Vice President, Chief Financial Officer facilitates the flow of information between the Company, the compensation consultant and the Compensation Committee. In this role, he communicates with the compensation consultant at the direction of the Compensation Committee.

The Role of External Advisors

The Compensation Committee has engaged Pay Governance, LLC as independent consultants to help it with its responsibilities. The Committee considered independence factors under Dodd-Frank and NASDAQ rules and concluded that the work performed by Pay Governance did not present any conflict of interest.

***Key Elements of Executive Officer Compensation***

The primary elements of our executive officer compensation program discussed below include the following items:

Base salary;

Annual short-term bonuses;

Long-term incentive deferred compensation;

Long-term equity awards;

Severance benefits; and

Other compensation benefits.



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#### *Base Salary*

*2012 Base Salary Amounts.* In accordance with past practices, base salaries for all employees are reviewed annually in July, subject to terms of employment agreements. Based on recommendations made by our Chief Executive Officer and approved by our Compensation Committee and the independent directors of our Board, the following table shows changes which were effective on August 6, 2012:

Name	2012 Base Salary	2011 Base Salary	% increase
Brian Pratt	600,000	550,000	9.1
Peter J. Moerbeek	415,000	400,000	3.8
Michael D. Killgore	385,000	367,500	4.8
John P. Schauerman(1)	290,000	290,000	N/A
John M. Perisich	330,000	300,000	10.0
Scott E. Summers	360,000	325,000	10.8
Timothy R. Healy	360,000	325,000	10.8

(1)

In July 2012, Mr. Schauerman notified the Committee that he was contemplating retirement from the company. The Committee chose to leave his base pay amount at the same level as 2011. Subsequently, Mr. Schauerman decided that his last day as an employee will be May 25, 2013. He began a transition that will end on that date. During the transition period, his base pay rate was reduced to half of the amount of his 2012 base salary.

#### *Annual Short-Term Bonuses.*

We use cash incentive bonuses for executives to focus them on achieving key operational and financial objectives within a yearly time horizon and to provide a reward for annual performance. In 2009, we adopted a bonus plan with an elective deferral alternative, and we made significant modifications to the plan in 2010. The current Long-term Incentive Plan ("LTI Plan") combines elements of an annual bonus and a longer-term equity opportunity with the intent to provide an incentive for continuing employment. Under terms of the current LTI Plan, annual bonus amounts are paid over a two-year period with one-half of the amount payable immediately and one-half deferred for one year. The deferred amount is a general obligation of the Company, but provides no interest or other income to the participants. Except in the case of death, disability or involuntary separation from service, the deferred compensation is vested to the participant only if employed by the Company on the payment date of bonus amounts the following year. The amount of compensation deferred under this plan is calculated each year based on the current year bonus amount.

Participation in the LTI Plan is based on the recommendation of a senior manager and approval of the Chief Executive Officer and is elective to each participant. Participants have the ability to voluntarily resign from the plan effective at the end of each calendar year. All of the executives for whom the Committee directly approves compensation are participants in the LTI.

In February 2013 after preliminary completion of the audited financial results, our Chief Executive Officer made recommendations for 2012 bonuses for the Company's executive officers and discussed these amounts and the reasons for his recommendations with the Compensation Committee. In addition, the Compensation Committee received recommended total bonus amounts for all Company employees for 2012.

The Compensation Committee recognized that historically there have been no specific targets against which to calculate annual bonus amounts. While the goal of the executive management team is to continue to profitably grow the value of the business over the long term, it has been the Company's

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practice to not set specific individual goals for any of the executives at the start of each year. Instead, at the end of the year, the Chief Executive Officer and the Compensation Committee review the overall performance of the Company and the contributions made by the top eight executives for whom the Compensation Committee recommends salary levels and annual bonus amounts.

In determining its recommendations, the Compensation Committee recognized the Company's overall performance as summarized in the 2012 Highlights section above, and the Committee discussed with the Chief Executive Officer the performance of the executive management team. The Committee then met in executive session to make its recommendations using its professional judgment and experience and a comparison to prior performance and annual award levels. Included in the deliberations was a discussion of the Chief Executive Officer's performance and the amount of his annual award. After their deliberations, the Compensation Committee approved overall bonus amounts and recommended annual bonus amounts for specific executive officers. These recommendations were approved by the independent directors of the Board, voting in an executive session.

The following table shows the approved 2012 bonus amounts compared to the amounts for the previous year:

Name	2012 Bonus Amount	2011 Bonus Amount	% increase
Brian Pratt	400,000	300,000	33.3
Peter J. Moerbeek	350,000	335,000	4.5
Michael D. Killgore	300,000	325,000	(7.7)
John P. Schauerman(1)		150,000	N/A
John M. Perisich	300,000	300,000	
Scott E. Summers	375,000	345,000	8.7
Timothy R. Healy	300,000	335,000	(10.4)

(1)

As noted above, Mr. Schauerman announced his retirement from the company, effective May 25, 2013.

*Long-Term Equity Awards.* We have a long tradition of encouraging management ownership of Company stock. To date, there has not been an award of equity; instead equity ownership has required a financial contribution from its managers. In 2009, the Compensation Committee and the Board approved adoption of the LTI Plan which allows each participant the opportunity to purchase, on an elective basis, an amount equal to 1/6 of their earned bonus amount to purchase Company common stock at a 25% discount to the market price. The market price is calculated as the average closing price of the Company's shares for the previous month. For the 2011 LTI Plan, the shares were purchased at \$11.09 per share based on the discount from the average closing price for December 2011 of \$14.79 per share. For the 2012 LTI Plan, the shares were purchased at \$11.02 per share based on the discount from the average closing price for December 2012 of \$14.69 per share. Each year the Company records the estimated cost of the discount in its LTI Plan accrued amount, and each participant is responsible for the income tax consequences of the discounted stock purchase. All discounted shares issued under the LTI Plan are restricted from sale for a six month period after issuance. These shares have been issued under the provisions of our 2008 Plan, which was adopted by the Board and was approved by the stockholders in July 2008.

For the 2011 LTI Plan year, a total of 188 executives and managers were eligible to participate in the stock purchase option of the LTI Plan. A total of 171 employees paid \$1,239,751 of their 2011 bonus amount to purchase 111,790 shares of Company stock. For the 2012 LTI Plan year, a total of 223 executives and managers were eligible to participate in the stock purchase option of the LTI Plan. A total of 207 employees paid \$1,454,519 of their 2012 bonus amount to purchase 131,989 shares of Company stock. Each of the Named Executive Officers purchased the maximum number of shares

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allowed under the terms of the LTI Plan, representing 28% and 23% of the purchases for the 2011 and 2012 LTI Plan years, respectively.

*Severance Benefits.* We currently have no Company-wide severance benefit plans. The employment agreements entered into by our executive officers provide for certain rights and obligations in the event of termination of employment, as more fully described in the following section entitled "*Employment Agreements*".

*Other Compensation Benefits.* We have established and maintain various employee benefit plans, including medical, dental, life insurance and 401(k) plans. These plans are available to all employees and do not discriminate in favor of executive officers. We may extend other perquisites to our executives that are not available to our employees generally.

**Other Compensation Items**

*Clawback Policy*

For any participant who is determined by the Board to be an "Executive Officer", the following applies: If the Company is required to prepare an accounting restatement due to the material noncompliance of the Company as a result of misconduct with any financial reporting requirement under the securities laws, any participant who knowingly or through gross negligence engaged in the misconduct, or who knowingly or through gross negligence failed to prevent the misconduct, and any participant who is one of the individuals subject to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act of 2002, shall reimburse the Company the amount of any payment in settlement of an Award earned or accrued during the twelve- (12-) month period following the first public issuance or filing with the United States Securities and Exchange Commission (whichever first occurred) of the financial document embodying such financial reporting requirement.

*Risk Assessment*

The Compensation Committee considered the risks associated with the Company's compensation policies and practices for executive officers and determined that it did not identify any risks that are reasonably likely to have a material adverse effect on the Company. This conclusion was based on the following considerations:

Extensive stock ownership by the executive management team

Conservative amount of the discretionary annual incentive compensation

Balanced approach to viewing Company performance and determining bonuses

Long-term nature of the executive team evidenced by negligible turn-over in executive management over time.

*Executive Ownership Guidelines*

We encourage our executives to own Company common stock because we believe that stock ownership provides a strong alignment of interests between executives and stockholders. Because most of our executives were significant owners in our predecessor companies or acquired significant stock ownership at the time of an acquisition, the Compensation Committee does not believe that a specific stock ownership goal would be meaningful at this time. Currently our Named Executive Officers own 31.6% percent of our total shares outstanding.

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*Tax Matters*

Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public companies for compensation over \$1 million in any one year with respect to its CEO and each of the next three most highly compensated executive officers (excluding the CFO). Certain performance-based compensation, however, is not subject to the deduction limit. The Company has structured the 2008 Long-Term Incentive Equity Plan, and the proposed 2013 Equity Incentive Plan, with the intention that certain performance awards made under the plan would qualify for tax deductibility. However, the Committee recognizes that certain incentive or retention stock awards may not qualify for tax deductibility above the Section 162(m) \$1 million limitation.

**Employment Agreements for Named Executive Officers**

In connection with the July 2008 transactions which resulted in Primoris becoming a publicly traded company, Brian Pratt, John P. Schauerman, John M. Perisich, Scott E. Summers and Timothy R. Healy entered into employment agreements with either us or one of our subsidiaries. Each employment agreement is for a five-year term, subject to earlier termination in certain circumstances, and may be extended by mutual agreement of the executive and the employing company. At present, the Compensation Committee is determining the future of these agreements.

The employment agreements provide for a base salary, as well as for discretionary bonuses, in accordance with policies established by the Compensation Committee, and the provision of additional ("fringe") benefits to the covered employee, including personal use of the employer owned or leased automobiles, limited use of company aircraft and other perquisites.

The employment agreements also require that we continue providing health benefits for one year if the employee's employment is terminated by us without cause (as defined in the employment agreement), except where comparable health insurance is available from a subsequent employer. The employment agreements also provide that, in the event of the termination of an employee's employment by us without cause, we will pay a lump sum equal to one-half of one year's base salary of such employee. See "*Potential Payments Upon Termination*", below.

The employment agreements contain certain restrictive covenants that prohibit the executives from disclosing information that is confidential to us and our subsidiaries and generally prohibit them, during the employment term and for two years thereafter, from soliciting or hiring our employees or our subsidiary employees and from using our confidential information to divert any customer business or income from us, or to otherwise alter the manner in which a customer does business with us.

Since July 2008, the Company has entered into similar employment agreements with Peter J. Moerbeek in February 2009 and with Michael D. Killgore in December 2009.

**Compensation Committee Report**

The Compensation Committee of the Board of Directors has reviewed and discussed with management the Compensation Discussion and Analysis contained in this Proxy Statement. Based on this review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included herein and incorporated by reference into the Company's Annual Report on Form 10-K for the year ended December 31, 2012.

March 5, 2013

Stephen C. Cook (Chairman)  
Peter C. Brown  
Robert A. Tinstman

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**Summary Compensation Table.** The following table and accompanying notes provide summary information with respect to total compensation earned or paid by us or our subsidiaries to our Named Executive Officers.

Name and Principal Position	Year	Salary \$(1)	Bonus \$(2)	Stock or Non-Equity			All Other Compensation(6)	Total (\$)
				Deferred Award \$(3)	Option Awards \$(4)	Incentive Plan Compensation(5)		
Brian Pratt	2012	569,230	200,000	200,000		54,148	24,356	1,047,734
Chairman of the Board, Chief Executive Officer and President	2011	510,577	150,000	150,000		21,731	16,105	848,413
	2010	500,000	125,000	125,000		11,563	17,990	779,553
Peter J. Moerbeek,	2012	405,769	175,000	175,000		47,381	8,860	812,010
Executive Vice President,	2011	363,461	167,500	167,500		24,267	9,728	732,456
Chief Financial Officer	2010	350,000	150,000	150,000		13,876	18,545	682,421
Michael D. Killgore	2012	374,231	150,000	150,000		40,615	12,637	727,483
Executive Vice President,	2011	350,336	325,000	162,500		23,542	12,200	873,578
Director of Construction Services	2010	331,352	315,000				13,630	659,982
John P. Schauerman	2012	231,441					13,258	244,699
Executive Vice President,	2011	275,768	75,000	75,000		10,866	16,351	452,985
Corporate Development	2010	275,000	100,000	100,000		9,252	23,913	508,165
John M. Perisich	2012	311,539	150,000	150,000		40,615	10,000	662,154
Senior Vice President and General Counsel	2011	279,808	150,000	150,000		21,731	11,514	613,053
	2010	260,417	112,500	112,500		10,408	11,514	507,339
Scott E. Summers	2012	338,462	187,500	187,500		50,764	14,362	778,588
Co-President, Underground, ARB Inc.	2011	304,328	172,500	172,500		24,991	16,934	691,253
	2010	300,000	150,000	150,000		13,876	21,160	635,036
Timothy R. Healy	2012	338,462	150,000	150,000		40,615	11,088	690,165
Co-President, Industrial, ARB Inc.	2011	304,328	167,500	167,500		24,267	16,277	679,872
	2010	300,000	125,000	125,000		5,782	12,027	567,809

(1) Salary includes all regular wages paid to the Named Executive Officer and any amount that was voluntarily deferred by the Named Executive Officer pursuant to our 401(k) Plan.

(2) Bonus includes the non-deferred portion of annual bonus earned for services during each fiscal year.

(3) Deferred award includes deferred bonus compensation awarded in March for services during the prior fiscal year. Certain executives may, on an elective basis, be a participant in our LTI Plan. Under the LTI Plan, 50% of the annual cash award is deferred. Except in case of death, disability or involuntary separation from service, the deferred compensation is vested to the participant only if actively employed by the Company on the payment date of bonus amounts the following year. Beginning in 2010, participants in the deferred compensation plan can also participate, on an elective basis, in a stock purchase plan, which provided a 25% discount to the market price for up to one sixth of the participant's earned bonus amount. For the 2011 plan year, Mr. Killgore was not eligible for LTI Plan participation.

(4)

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During the years ended December 31, 2012, 2011 and 2010, no stock awards or stock option grants were issued to our Named Executive Officers. As of December 31, 2012, we had no stock awards or stock option grants outstanding.

(5)

The LTI Plan allows for the purchase of Common Shares at a discount from the market price. For 2013 purchases, the discounted price was \$11.02 per share based on the average closing price of the shares in December 2012. For 2012 purchases, the discounted price was \$11.09 per share based on the average closing price of the shares in December 2011. The amounts shown in this column represent the difference between the purchase price and the market price on the date that the executive received constructive receipt of the shares.



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(6)

All other compensation for the Named Executive Officers includes the following:

	Year	Personal Use of Company Auto (\$)	Personal Use of Company Airplane \$(a)	Company paid contributions to Employee 401(k) savings account (\$)	Relocation Reimbursement (\$)	Total Other Compensation (\$)
Brian Pratt	2012	706	13,650	10,000		24,356
	2011	670	2,125	9,800	3,509	16,105
	2010	670	7,520	9,800		17,990
Peter J. Moerbeek	2012	8,860				8,860
	2011	9,728				