

LATIN AMERICAN EXPORT BANK

Form 6-K

January 21, 2005

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**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 6-K**

**Report of Foreign Private Issuer  
Pursuant to Rule 13a-16 Or 15d-16 Of The  
Securities Exchange Act of 1934**

**For the month of November, 2004**

**BANCO LATINOAMERICANO DE EXPORTACIONES,  
S.A.**

*(Exact name of Registrant as specified in its Charter)*

**LATIN AMERICAN EXPORT BANK**

*(Translation of Registrant's name into English)*

**Calle 50 y Aquilino de la Guardia**

**Apartado 6-1497**

**El Dorado, Panama City**

**Republic of Panama**

*(Address of Registrant's Principal Executive Offices)*

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F    ☒ x

Form 40-F    ☐ o

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing information to the Commission pursuant to Rule 12g-3-2(b) under the Securities Exchange Act of 1934.)

Yes    ☐ o

No    ☒ x

(If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b). 82\_\_.)

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**SIGNATURES**

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

January 21, 2005

BANCO LATINOAMERICANO DE EXPORTACIONES, S.A.

By: /s/ PEDRO TOLL

Name: Pedro Toll

Title: Deputy Manager

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**BANCO LATINOAMERICANO DE EXPORTACIONES**  
**BALANCE SHEETS\* December 2003 and January to November 2004**  
(In Balboas)\*\*

January 14, 2005

Description	Absolute	%	2003	2004	
			December	January	February
<b>LIQUID ASSETS</b>	-52,192,323.62	-27.35	190,799,943.18	192,064,648.30	234,316,239.13
Local Deposits in Banks	111,459.93	71.97	154,867.09	148,473.17	172,395.85
Demand	111,459.93	71.97	154,867.09	148,473.17	172,395.85
Time	0.00	0.00	0.00	0.00	0.00
Foreign Deposits in Banks	-52,316,339.70	-27.46	190,519,519.42	191,777,453.20	234,061,676.10
Demand	5,682,696.41	788.73	720,483.31	3,182,508.52	2,934,580.72
Time	-57,999,036.11	-30.56	189,799,036.11	188,594,944.68	231,127,095.38
Less Allowance	0.00	0.00	0.00	0.00	0.00
Local	0.00	0.00	0.00	0.00	0.00
Foreign	0.00	0.00	0.00	0.00	0.00
Others	12,556.15	10.00	125,556.67	138,721.93	82,167.18
<b>CREDIT PORTFOLIO</b>	374,071,755.64	21.56	1,735,136,671.38	1,729,608,465.58	1,677,488,314.06
Local	-2,016,369.26	-0.64	317,093,669.48	267,845,944.48	272,595,944.48
Foreign	258,026,501.69	15.74	1,639,451,762.43	1,675,357,598.76	1,614,608,902.37
Less Allowance	-118,061,623.21	-53.32	221,408,760.53	213,595,077.66	209,716,532.79
Local	-74,028,591.26	-69.93	105,866,145.18	100,059,570.12	95,403,704.25
Foreign	-44,033,031.95	-38.11	115,542,615.35	113,535,507.54	114,312,828.54
<b>INVESTMENT SECURITIES</b>	52,602,792.38	46.84	112,295,247.89	111,905,462.66	111,673,317.31
Local	0.00	0.00	0.00	0.00	0.00
Foreign	52,602,792.38	46.84	112,295,247.89	111,905,462.66	111,673,317.31
Less Allowance	0.00	0.00	0.00	0.00	0.00
Local	0.00	0.00	0.00	0.00	0.00
Foreign	0.00	0.00	0.00	0.00	0.00
<b>OTHER ASSETS</b>	5,584,468.35	10.97	50,888,083.69	64,583,832.22	63,669,397.02
Local	51,374.32	0.83	6,170,009.76	5,967,530.86	6,004,000.34
Foreign	5,533,094.03	12.37	44,718,073.93	58,616,301.36	57,665,396.68
<b>TOTAL ASSETS</b>	380,066,692.75	18.19	2,089,119,946.14	2,098,162,408.76	2,087,147,267.52
<b>DEPOSITS</b>	362,646,824.49	70.50	514,414,316.03	518,360,985.90	521,737,597.31
Local	18,235,853.26	41.84	43,587,485.58	45,390,804.32	42,062,496.54
Government	0.00	0.00	0.00	0.00	0.00
Customers	103,734.49	0.00	0.00	0.00	0.00
Demand	103,734.49	0.00	0.00	0.00	0.00
Time	0.00	0.00	0.00	0.00	0.00
Savings	0.00	0.00	0.00	0.00	0.00
From Banks	18,132,118.77	41.60	43,587,485.58	45,390,804.32	42,062,496.54
Demand	2,050,868.39	44.62	4,595,824.32	6,094,329.66	6,101,933.23
Time	16,081,250.38	41.24	38,991,661.26	39,296,474.66	35,960,563.31
Foreign	344,410,971.23	73.15	470,826,830.45	472,970,181.58	479,675,100.77
Government	0.00	0.00	0.00	0.00	0.00
Customers	-107,829,339.22	-74.85	144,069,723.19	99,357,945.44	87,518,635.29
Demand	-2,155,477.49	-63.47	3,395,861.46	1,757,945.44	3,518,635.29
Time	-105,673,861.73	-75.12	140,673,861.73	97,600,000.00	84,000,000.00
Savings	0.00	0.00	0.00	0.00	0.00
From Banks	452,240,310.45	138.40	326,757,107.26	373,612,236.14	392,156,465.48
Demand	-1,977,618.45	-17.82	11,100,547.00	14,459,263.26	10,376,666.71
Time	454,217,928.90	143.90	315,656,560.26	359,152,972.88	381,779,798.77
<b>BORROWINGS</b>	-184,227,807.28	-18.04	1,020,959,382.93	1,004,876,078.51	981,368,587.28
Local	1,312,199.20	6.07	21,603,810.80	21,603,810.80	21,603,810.80
Foreign	-185,540,006.48	-18.57	999,355,572.13	983,272,267.71	959,764,776.48
<b>OTHER LIABILITIES</b>	-5,064,396.56	-5.24	96,619,215.59	107,357,098.15	109,077,967.55
Local	-26,365,554.11	-86.88	30,347,173.08	31,567,311.00	35,806,705.76

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Foreign	21,301,157.55	32.14	66,272,042.51	75,789,787.15	73,271,261.79
STOCKHOLDERS' EQUITY	206,712,072.10	45.22	457,127,031.59	467,568,246.20	474,963,115.38
Capital	-7,527,656.49	-2.29	328,225,212.57	328,225,212.57	328,225,212.57
Capital Reserves	78,600,424.89	473.22	16,609,728.78	16,609,728.78	16,609,728.78
Other Reserves	0.00	0.00	0.00	0.00	0.00
Retained Earnings	102,459,839.86	15419.11	664,499.09	102,415,864.02	102,415,864.02
Net Income	36,896,116.83	36.26	101,751,364.93	10,593,177.01	17,792,214.06
Gain or Loss in Securities available for sale	-3,716,652.99	-37.63	9,876,226.22	9,724,263.82	9,920,095.95
LIABILITIES AND STOCKHOLDER S EQUITY	380,066,692.75	18.19	2,089,119,946.14	2,098,162,408.76	2,087,147,267.52

**2004**

Description	March	April	May	June	July
LIQUID ASSETS	132,229,195.34	145,258,460.44	153,847,073.92	189,637,852.74	213,403,425.29
Local Deposits in Banks	148,973.07	151,332.83	804,092.05	161,327.61	151,562.45
Demand	148,973.07	151,332.83	804,092.05	161,327.61	151,562.45
Time	0.00	0.00	0.00	0.00	0.00
Foreign Deposits in Banks	131,933,367.96	144,997,230.65	152,964,580.58	189,407,623.34	213,040,396.13
Demand	2,833,367.96	2,797,230.65	1,764,580.58	1,707,623.34	41,240,396.13
Time	129,100,000.00	142,200,000.00	151,200,000.00	187,700,000.00	171,800,000.00
Less Allowance	0.00	0.00	0.00	0.00	0.00
Local	0.00	0.00	0.00	0.00	0.00
Foreign	0.00	0.00	0.00	0.00	0.00
Others	146,854.31	109,896.96	78,401.29	68,901.79	211,466.71
CREDIT PORTFOLIO	1,645,618,281.99	1,636,216,654.95	1,688,616,702.20	1,714,260,384.06	1,490,931,500.86
Local	229,669,034.48	216,669,034.48	270,019,003.28	307,018,881.24	293,413,671.09
Foreign	1,618,861,331.92	1,622,042,679.67	1,609,276,465.16	1,590,971,592.77	1,381,268,501.02
Less Allowance	202,912,084.41	202,495,059.20	190,678,766.24	183,730,089.95	183,750,671.25
Local	93,512,343.92	88,127,539.49	85,023,960.29	81,357,676.95	76,322,107.65
Foreign	109,399,740.49	114,367,519.71	105,654,805.95	102,372,413.00	107,428,563.60
INVESTMENT SECURITIES	112,447,442.98	110,568,084.48	109,614,880.51	106,486,356.60	103,416,671.19
Local	0.00	0.00	0.00	0.00	0.00
Foreign	112,447,442.98	110,568,084.48	109,614,880.51	106,486,356.60	103,416,671.19
Less Allowance	0.00	0.00	0.00	0.00	0.00
Local	0.00	0.00	0.00	0.00	0.00
Foreign	0.00	0.00	0.00	0.00	0.00
OTHER ASSETS	61,241,400.29	72,747,194.07	70,673,887.44	70,416,358.73	46,565,866.10
Local	5,069,422.26	4,919,303.22	5,134,214.91	6,093,325.52	6,197,247.69
Foreign	56,171,978.03	67,827,890.85	65,539,672.53	64,323,033.21	40,368,618.41
TOTAL ASSETS	1,951,536,320.60	1,964,790,393.94	2,022,752,544.07	2,080,800,952.13	1,854,317,463.44
DEPOSITS	535,697,217.51	538,834,533.58	582,122,023.34	669,596,704.02	537,955,464.21
Local	36,870,785.38	40,381,089.05	42,482,045.73	40,401,692.21	20,666,566.29
Government	0.00	0.00	0.00	0.00	0.00
Customers	0.00	0.00	0.00	0.00	0.00
Demand	0.00	0.00	0.00	0.00	0.00
Time	0.00	0.00	0.00	0.00	0.00
Savings	0.00	0.00	0.00	0.00	0.00
From Banks	36,870,785.38	40,381,089.05	42,482,045.73	40,401,692.21	20,666,566.29
Demand	5,906,842.96	8,412,221.10	7,417,202.75	4,421,814.59	4,925,918.91
Time	30,963,942.42	31,968,867.95	35,064,842.98	35,979,877.62	15,740,647.38
Foreign	498,826,432.13	498,453,444.53	539,639,977.61	629,195,011.81	517,288,897.92
Government	0.00	0.00	0.00	0.00	0.00
Customers	108,117,642.12	87,773,923.14	45,534,928.45	52,037,811.07	39,540,506.56
Demand	5,117,642.12	1,773,923.14	1,534,928.45	1,536,131.07	1,540,506.56
Time	103,000,000.00	86,000,000.00	44,000,000.00	50,501,680.00	38,000,000.00
Savings	0.00	0.00	0.00	0.00	0.00
From Banks	390,708,790.01	410,679,521.39	494,105,049.16	577,157,200.74	477,748,391.36

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Demand	9,899,421.12	10,096,380.61	11,761,030.48	10,387,983.75	8,583,231.66
Time	380,809,368.89	400,583,140.78	482,344,018.68	566,769,216.99	469,165,159.70
BORROWINGS	831,663,808.85	835,118,294.17	817,166,704.50	802,651,839.32	726,928,902.58
Local	21,633,511.00	21,633,511.00	20,961,247.80	20,964,945.60	20,964,945.60
Foreign	810,030,297.85	813,484,783.17	796,205,456.70	781,686,893.72	705,963,956.98
OTHER LIABILITIES	100,999,864.50	105,319,160.85	125,660,212.69	109,764,565.96	88,319,498.56
Local	26,668,458.77	26,505,714.53	52,876,428.71	29,275,648.24	9,425,978.05
Foreign	74,331,405.73	78,813,446.32	72,783,783.98	80,488,917.72	78,893,520.51
STOCKHOLDERS' EQUITY	482,602,339.74	485,518,405.34	497,803,603.54	498,787,842.83	501,113,598.09
Capital	328,225,212.57	328,225,206.20	328,225,206.20	328,225,206.20	328,225,206.20
Capital Reserves	16,609,728.78	16,609,728.78	16,609,728.78	16,609,728.78	16,609,728.78
Other Reserves	0.00	0.00	0.00	0.00	0.00
Retained Earnings	98,480,590.21	98,480,590.21	98,480,590.21	94,545,316.43	94,545,316.43
Net Income	28,353,232.45	32,044,307.92	45,163,182.37	50,313,997.65	52,616,325.79
Gain or Loss in Securities available for sale	10,933,575.73	10,158,572.23	9,324,895.98	9,093,593.77	9,117,020.89
LIABILITIES AND STOCKHOLDER S EQUITY	1,950,963,230.60	1,964,790,393.94	2,022,752,544.07	2,080,800,952.13	1,854,317,463.44

2004

Description	August	September	October	November	December
LIQUID ASSETS	130,193,313.76	169,867,899.84	177,190,526.22	138,607,619.56	
Local Deposits in Banks	150,856.46	175,917.39	163,097.78	266,327.02	
Demand	150,856.46	175,917.39	163,097.78	266,327.02	
Time	0.00	0.00	0.00	0.00	
Foreign Deposits in Banks	129,926,870.28	169,591,318.70	176,868,875.99	138,203,179.72	
Demand	2,926,870.28	1,391,318.70	26,368,875.99	6,403,179.72	
Time	127,000,000.00	168,200,000.00	150,500,000.00	131,800,000.00	
Less Allowance	0.00	0.00	0.00	0.00	
Local	0.00	0.00	0.00	0.00	
Foreign	0.00	0.00	0.00	0.00	
Others	115,587.02	100,663.75	158,552.45	138,112.82	
CREDIT PORTFOLIO	1,505,938,373.49	1,639,544,017.64	1,698,331,787.80	2,109,208,427.02	
Local	291,413,547.13	354,413,265.05	296,577,427.10	315,077,300.22	
Foreign	1,381,796,027.09	1,445,948,439.22	1,511,286,576.93	1,897,478,264.12	
Less Allowance	167,271,200.73	160,817,686.63	109,532,216.23	103,347,137.32	
Local	75,857,566.79	76,333,103.60	33,221,508.25	31,837,553.92	
Foreign	91,413,633.94	84,484,583.03	76,310,707.98	71,509,583.40	
INVESTMENT SECURITIES	118,590,815.37	113,921,589.88	154,072,083.18	164,898,040.27	
Local	0.00	0.00	0.00	0.00	
Foreign	118,590,815.37	113,921,589.88	154,072,083.18	164,898,040.27	
Less Allowance	0.00	0.00	0.00	0.00	
Local	0.00	0.00	0.00	0.00	
Foreign	0.00	0.00	0.00	0.00	
OTHER ASSETS	67,561,622.22	84,316,776.16	70,853,166.24	56,472,552.04	
Local	6,216,771.59	6,727,555.40	6,266,118.83	6,221,384.08	
Foreign	61,344,850.63	77,589,220.76	64,587,047.41	50,251,167.96	
TOTAL ASSETS	1,822,284,124.84	2,007,650,283.52	2,100,447,563.44	2,469,186,638.89	
DEPOSITS	524,102,642.22	704,889,945.45	688,547,545.10	877,061,140.52	
Local	22,051,244.27	44,564,790.54	57,844,913.84	61,823,338.84	
Government	0.00	0.00	0.00	0.00	
Customers	0.00	0.00	101,306.04	103,734.49	
Demand	0.00	0.00	101,306.04	103,734.49	
Time	0.00	0.00	0.00	0.00	
Savings	0.00	0.00	0.00	0.00	
From Banks	22,051,244.27	44,564,790.54	57,743,607.80	61,719,604.35	
Demand	5,998,529.44	9,556,780.83	9,643,127.25	6,646,692.71	

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Time	16,052,714.83	35,008,009.71	48,100,480.55	55,072,911.64
Foreign	502,051,397.95	660,325,154.91	630,702,631.26	815,237,801.68
Government	0.00	0.00	0.00	0.00
Customers	35,202,151.00	38,003,658.68	44,738,072.89	36,240,383.97
Demand	1,202,151.00	1,203,658.68	1,238,072.89	1,240,383.97
Time	34,000,000.00	36,800,000.00	43,500,000.00	35,000,000.00
Savings	0.00	0.00	0.00	0.00
From Banks	466,849,246.95	622,321,496.23	585,964,558.37	778,997,417.71
Demand	8,944,730.80	8,900,371.98	9,507,513.59	9,122,928.55
Time	457,904,516.15	613,421,124.25	576,457,044.78	769,874,489.16
BORROWINGS	681,792,941.40	660,122,570.42	781,233,812.11	836,731,575.65
Local	20,964,945.60	20,946,399.00	30,446,399.00	22,916,010.00
Foreign	660,827,995.80	639,176,171.42	750,787,413.11	813,815,565.65
OTHER LIABILITIES	100,005,439.27	162,996,110.65	107,356,680.46	91,554,819.03
Local	2,990,720.75	3,548,609.89	3,823,938.56	3,981,618.97
Foreign	97,014,718.52	159,447,500.76	103,532,741.90	87,573,200.06
STOCKHOLDERS' EQUITY	516,383,101.95	479,641,657.00	523,309,525.77	663,839,103.69
Capital	328,225,206.20	324,430,069.66	320,697,556.08	320,697,556.08
Capital Reserves	16,609,728.78	16,609,728.78	16,609,728.78	95,210,153.67
Other Reserves	0.00	0.00	0.00	0.00
Retained Earnings	94,545,316.41	49,555,548.63	49,555,542.04	103,124,338.95
Net Income	67,563,740.00	82,261,365.76	129,462,724.38	138,647,481.76
Gain or Loss in Securities available for sale	9,439,110.56	6,784,944.17	6,983,974.49	6,159,573.23
LIABILITIES AND STOCKHOLDER S EQUITY	1,822,284,124.84	2,007,650,283.52	2,100,447,563.44	2,469,186,638.89

\* Includes only Panama - New York accounts.

\*\*Monetary unit at par and equivalent with US\$ dollars.

*This is a free translation from Spanish original version, taken from the monthly publication of the Republica de Panamá Superintendencia de Bancos (website: <http://www.superbancos.gob.pa>).*

**STATEMENTS OF INCOME \***  
**BANCO LATINOAMERICANO DE EXPORTACIONES, S.A.**  
**January to November 2004**

January 14, 2005

(In Balboas)\*\*

Description	January	February	March	I Quarter	April	May
Interest Income	6,554,346.26	4,920,235.16	5,734,864.07	17,209,445.49	6,380,969.21	4,264,633.98
Loans	5,806,089.31	4,357,928.60	5,135,119.62	15,299,137.53	5,863,136.60	3,739,030.99
Deposits	134,326.48	151,395.63	195,196.95	480,919.06	117,950.90	125,544.66
Investments	613,930.47	410,910.93	404,547.50	1,429,388.90	399,881.71	400,058.33
Interest Expense	2,503,583.65	2,302,555.27	2,483,510.96	7,289,649.88	1,968,282.79	1,574,042.61
Interest	2,463,551.58	2,289,995.94	2,487,621.71	7,241,169.23	1,967,086.81	1,573,928.57
Commissions	40,032.07	12,559.33	-4,110.75	48,480.65	1,195.98	114.04
Net Interest						
Income	4,050,762.61	2,617,679.89	3,251,353.11	9,919,795.61	4,412,686.42	2,690,591.37
Other Income	574,025.74	440,603.31	840,675.99	1,855,305.04	1,113,133.33	-433,346.43
Commissions	548,963.99	665,864.96	509,460.70	1,724,289.65	448,767.69	534,153.82
Foreign currency						
operations	-4,122.82	3,312.45	-188.10	-998.47	-5,276.39	-221,370.05
Other Income	29,184.57	-228,574.10	331,403.39	132,013.86	669,642.03	-746,130.20
Operating Income	4,624,788.35	3,058,283.20	4,092,029.10	11,775,100.65	5,525,819.75	2,257,244.94
Operating						
Expenses	1,845,294.21	-262,208.98	75,177.76	1,658,262.99	1,834,744.28	853,496.71
Administrative						
expenses	1,019,194.48	989,036.77	1,142,090.66	3,150,321.91	1,081,277.48	1,121,934.67
General expenses	149,318.22	313,300.33	258,581.00	721,199.55	461,578.86	384,344.75
Depreciation	119,749.86	113,223.73	121,469.30	354,442.89	114,761.87	108,282.02
Other expenses	557,031.65	-1,677,769.81	-1,446,963.20	-2,567,701.36	177,126.07	-761,064.73
Net Income before						
provision for loan						
losses	2,779,494.14	3,320,492.18	4,016,851.34	10,116,837.66	3,691,075.47	1,403,748.23
Provision for loan						
losses	-7,813,682.87	-3,878,544.87	-6,544,167.05	-18,236,394.79	0.00	-11,715,126.22
Net Income	10,593,177.01	7,199,037.05	10,561,018.39	28,353,232.45	3,691,075.47	13,118,874.45

Description	June	II Quarter	July	August	September	III Quarter
Interest Income	4,805,777.19	15,451,380.38	5,956,173.81	5,166,109.73	5,016,525.73	16,138,809.27
Loans	4,260,070.42	13,862,238.01	5,163,280.23	4,542,470.61	4,360,667.64	14,066,418.48
Deposits	155,602.07	399,097.63	214,359.27	249,705.79	158,509.63	622,574.69
Investments	390,104.70	1,190,044.74	578,534.31	373,933.33	497,348.46	1,449,816.10
Interest Expense	2,216,807.28	5,759,132.68	2,330,486.54	2,217,689.27	2,326,541.71	6,874,717.52
Interest	2,192,519.50	5,733,534.88	2,329,681.19	2,207,240.49	2,323,776.21	6,860,697.89
Commissions	24,287.78	25,597.80	805.35	10,448.78	2,765.50	14,019.63
Net Interest						
Income	2,588,969.91	9,692,247.70	3,625,687.27	2,948,420.46	2,689,984.02	9,264,091.75
Other Income	844,248.66	1,524,035.56	521,012.50	553,427.79	3,155,863.69	4,230,303.98
Commissions	489,646.56	1,472,568.07	470,706.87	532,085.51	619,004.22	1,621,796.60
Foreign currency						
operations	9,394.48	-217,251.96	4,346.44	9,062.27	7,044.17	20,452.88
Other Income	345,207.62	268,719.45	45,959.19	12,280.01	2,529,815.30	2,588,054.50
Operating Income	3,433,218.57	11,216,283.26	4,146,699.77	3,501,848.25	5,845,847.71	13,494,395.73
Operating						
Expenses	6,189,508.90	8,877,749.89	1,959,913.45	3,998,620.76	2,588,409.30	8,546,943.51
Administrative						
expenses	1,350,628.36	3,553,840.51	1,217,381.40	1,007,599.62	836,890.09	3,061,871.11
General expenses	388,900.71	1,234,824.32	425,342.92	355,190.17	206,326.84	986,859.93
Depreciation	111,227.05	334,270.94	139,814.92	95,478.93	89,960.76	325,254.61

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Other expenses	4,338,752.78	3,754,814.12	177,374.21	2,540,352.04	1,455,231.61	4,172,957.86
Net Income before provision for loan losses	-2,756,290.33	2,338,533.37	2,186,786.32	-496,772.51	3,257,438.41	4,947,452.22
Provision for loan losses	-7,907,105.61	-19,622,231.83	0.00	-15,444,186.71	-11,440,187.37	-26,884,374.08
Net Income	5,150,815.28	21,960,765.20	2,186,786.32	14,947,414.20	14,697,625.78	31,831,826.30

Description	October	November	December	IV Quarter	Year to date
Interest Income	6,814,915.23	4,873,410.79		11,688,326.02	60,487,961.16
Loans	6,081,391.09	4,053,339.70		10,134,730.79	53,362,524.81
Deposits	245,743.38	216,620.13		462,363.51	1,964,954.89
Investments	487,780.76	603,450.96		1,091,231.72	5,160,481.46
Interest Expense	2,712,286.33	3,884,801.56		6,597,087.89	26,520,587.97
Interest	2,709,335.73	3,878,607.85		6,587,943.58	26,423,345.58
Commissions	2,950.60	6,193.71		9,144.31	97,242.39
Net Interest Income	4,102,628.90	988,609.23		5,091,238.13	33,967,373.19
Other Income	434,605.72	411,566.00		846,171.72	8,455,816.30
Commissions	377,393.03	393,211.87		770,604.90	5,589,259.22
Foreign currency operations	-1,120.64	18,354.13		17,233.49	-180,564.06
Other Income	58,333.33	0.00		58,333.33	3,047,121.14
Operating Income	4,537,234.62	1,400,175.23		5,937,409.85	42,423,189.49
Operating Expenses	1,965,379.02	1,550,281.12		3,515,660.14	22,598,616.53
Administrative expenses	1,411,948.09	891,354.66		2,303,302.75	12,069,336.28
General expenses	289,203.07	387,756.29		676,959.36	3,619,843.16
Depreciation	91,482.49	72,565.21		164,047.70	1,178,016.14
Other expenses	172,745.37	198,604.96		371,350.33	5,731,420.95
Net Income before provision for loan losses	2,571,855.60	-150,105.89		2,421,749.71	19,824,572.96
Provision for loan losses	-44,629,503.00	-3,078,000.00		-47,707,503.00	-112,450,503.70
Net Income	47,201,358.60	2,927,894.11		50,129,252.71	132,275,076.66

\* Includes only Panama - New York accounts.

\*\* Monetary unit at par and equivalent with US\$ dollars.

*This is a free translation from Spanish original version, taken from the monthly publication of the Republica de Panamá Superintendencia de Bancos (website: <http://www.superbancos.gob.pa>).*



**BANCO LATINOAMERICANO DE EXPORTACIONES**  
**BALANCE DE SITUACIÓN DE DICIEMBRE 2003 Y ENERO - NOVIEMBRE 2004**  
(En Balboas)

14 de Enero 2005

Absoluta			2003	
			Diciembre	Enero
	-52,192,323.62	-27.35	190,799,943.18	192,064,648.30
	111,459.93	71.97	154,867.09	148,473.17
	111,459.93	71.97	154,867.09	148,473.17
	0.00	0.00	0.00	0.00
	-52,316,339.70	-27.46	190,519,519.42	191,777,453.20
	5,682,696.41	788.73	720,483.31	3,182,508.52
	-57,999,036.11	-30.56	189,799,036.11	188,594,944.68
	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00
	12,556.15	10.00	125,556.67	138,721.93
	374,071,755.64	21.56	1,735,136,671.38	1,729,608,465.58
	-2,016,369.26	-0.64	317,093,669.48	267,845,944.48
	258,026,501.69	15.74	1,639,451,762.43	1,675,357,598.76
	-118,061,623.21	-53.32	221,408,760.53	213,595,077.66

Description of the material terms of the employment agreements discussed  
see the section entitled Employment Agreements of the Named  
Executive Officers, below

nts of Compensation. As noted above, during 2013 executives were nsated through annual salaries, short-term incentive compensation, and term incentive compensation.

l salaries are designed to compensate the executive for the performance or her day-to-day responsibilities. The Compensation Committee es that an executive's incentive compensation should be designed to age and reward high performance, both by the Company as a whole and individual executive. Financial goals are based on the budget for the year etimes at a level higher than the budget, depending on the extent to which dget is seen as requiring extra effort to achieve, and personal goals are ed to make their achievement require an extra effort. The Compensation ittee has divided incentive compensation into two parts, short-term ive compensation paid in cash, and longer-term incentive compensation n the form of an award of restricted stock. The Compensation Committee es that the restricted stock awards encourage the executive to take a -term perspective in fulfilling his or her responsibilities, and align the ive's interests with those of the Company's stockholders.

t for Mr. Barzun, executives establish annual personal goals that are t to the approval of the Compensation Committee. The extent of the ement of these goals is assessed after the end of the year by the person to the executive reports and by the Compensation Committee. The Chief tive Officer reports to the Board of Directors. The level of achievement personal goals is determined by the Compensation Committee and is on the assessment of the other independent directors of the Company and acKenna's own assessment. The Chief Financial Officer reports to the Executive Officer as well as to the Audit Committee, so his or her level of ement is assessed by each of them and the Compensation Committee, and ensus is then arrived at. Mr. Manning reports to the Chief Executive r. Because Mr. Barzun's time commitment and responsibilities vary ding the level of legal activity in a given year, his incentive compensation lly within the discretion of the Compensation Committee.

the three-year employment agreements, no incentive compensation was or achievement of personal goals if the year's financial goals were not Under both Mr. MacKenna's employment agreement, and the 2013 ive Plan pursuant to which Mr. Wright is eligible to earn incentive nsation, one-half of the executive's incentive compensation is based on ievement of personal goals irrespective of the level of achievement of the ial goals. The Compensation Committee believes that decoupling the two of goals from each other is appropriate given that the financial success of mpany is not within the direct control of any one executive, and that the ement of personal goals themselves can contribute significantly to the any's success in both the short and long term. This is evidenced by the nsation Committee giving equal weight to personal goals and financial

ble below is a summary of the incentive compensation arrangements for s. MacKenna, Wright and Manning that were in effect for 2013. Ms.

they waived any incentive compensation for 2013 in connection with her employment with the Company. Mr. Blair had no pre-determined incentive compensation arrangement as an executive officer, but was awarded a special, one-time bonus in recognition of his services as interim Chief Financial Officer, and received discretionary incentive compensation from RLW as its Chief Financial Officer. Mr. Barzun's incentive compensation is solely in the discretion of the Compensation Committee.

	Target Incentive (Percent of Salary)	Weighting of Goals Financial vs. Personal		Form of Payment Cash vs. Restricted Stock	
E. MacKenna	120%	50%	50%	70%	30%
as R. Wright	120%	50%	50%	50%	50%
R. Manning(1)	40%	50%	50%	50%	50%

Mr. Manning elected to have his 2013 incentive compensation determined under the Company's 2013 Incentive Compensation Plan, which is described below, rather than pursuant to his employment agreement.

of Compensation — General.

MacKenna. In determining the level of Mr. MacKenna's compensation under his employment agreement, the Compensation Committee took into account each of the following:

Twenty-five years of experience in the construction industry, as well as the breadth of that experience, which covers almost all areas of civil construction business management.

The compensation he was being paid by his former employer.

Compensation levels in the peer group of companies, listed below, that was used in establishing the compensation of the Company's executive officers for three-year employment agreements.

Desirability of having the Chief Executive Officer of the Company own shares of the Company as a long-term incentive.

Fact that Mr. MacKenna would be required to move his family from New York to Texas.

His compensation requests.

Fact that he would be giving up incentive compensation by joining the Company near the end of the third quarter of the calendar year, at a time when incentive compensation from his prior employment was close to being paid.

Given the foregoing in mind, the Compensation Committee established Mr. MacKenna's salary at a level slightly higher than that of the Chief Executive Officer when he succeeded. Starting with 2014, his salary is subject to annual merit and cost-of-living increases in the discretion of the Compensation Committee.

In addition to the other factors discussed above, in hiring Mr. MacKenna, the members of the Compensation Committee exercised their personal judgment based on their experience in business matters in making decisions regarding appropriate compensation and incentive levels.

Wright. In establishing Mr. Wright's salary, the Compensation Committee reviewed salary information for public-company chief financial officers in the construction area and in the heavy civil construction industry using four sources. The information was then reviewed and validated by the search firm that the Company had employed to identify chief financial officer candidates. Mr. Wright's salary was set generally in line with these competitive benchmarks.

Manning. Mr. Manning is the only currently-serving named executive officer whose level of compensation was determined with the assistance of an independent compensation consultant, Hay Group.

ensation Consultant — Independence. Hay Group was first retained by the Compensation Committee in 2007 to provide benchmarking services to the Compensation Committee in connection with the 2007-2010 employment agreements of executive officers. Because of that work, the Board's Corporate Governance & Nominating Committee retained Hay Group to do a similar analysis and report relating to the compensation of the Company's employee directors.

In 2010, the Compensation Committee again retained Hay Group because of familiarity with the Company and the general satisfaction with its earlier work. Hay Group reported directly to the Compensation Committee, and the Compensation Committee had the sole authority to retain or dismiss Hay Group and approve its fee arrangements. The Compensation Committee assessed the independence of Hay Group pursuant to Securities and Exchange Commission rules and concluded that its work for the Compensation Committee did not raise any conflict of interest.

Hay Group has performed no other services of any kind for the Compensation Committee, the Board, or the Company. Hay Group's fees for services in 2007 and the executive and the director compensation reports totaled \$40,184 and for the 2010 report was \$56,539.

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ensation Consultant — Benchmarking. In 2010, Hay Group was asked to mark the compensation of the Company's executive officers as well as to recommendations as to their compensation starting with the 2011 calendar. In seeking a useful peer group, both management, the Compensation Committee and Hay Group recognized that there are few publicly-traded companies in the heavy civil construction business that are close to the Company's size. Most other publicly-traded heavy civil construction companies are much larger than the Company and are companies with which the Company competes. Nevertheless, management and the Compensation Committee selected the following peer group in order to have a basis for comparison:

Argan, Inc.	Matrix Service Company
Dycom Industries, Inc.	Orion Marine Group, Inc.
Granite Construction Incorporated	Preformed Line Products Company
Great Lakes Dredge & Dock Corporation	Primoris Services Corporation
Insituform Technologies, Inc.	Pure Cycle Corporation
Layne Christensen Company	The Goldfield Corporation
MasTec, Inc.	

Group's analysis, which is based on multiple surveys, revealed that the executives' base salaries in 2010 when compared to publicly-traded companies in the construction industry were between 117% and 122% of the median; their cash compensation was between 80% and 94% of the median; and their total direct compensation was between 51% and 75% of the median. The total compensation comparison reflects the fact that under the executives' employment agreements then in effect, the Company paid executives no long-term incentive compensation.

Group not only compared the executive officers' compensation to the peer group but at the Compensation Committee's request, also made recommendations on salary levels. Senior management made compensation recommendations for themselves and for each of the other executives. After reviewing the recommendations and proposals, the Compensation Committee approved salaries that were in some cases less than Hay Group's recommended salaries and in some cases more than senior management's proposals. The approved salaries represented approximately a 5% increase over the sum of the Payroll Salary and Base Deferred Salary of the prior employment agreements. The Compensation Committee considered this increase to be appropriate in light of the fact that the executives' salaries had not been increased since 2007, the first year of the three-year term of their prior employment agreements. In the case of Mr. Manning, \$15,000 was added to his salary to compensate him for the elimination of full-time use of a company vehicle that he had been entitled to in prior years.

Brumley. Ms. Brumley was not an employee at the time of the Hay Group analysis. The Compensation Committee determined her compensation as Chief Financial Officer by reference to comparable salaries in the industry, the recommendations of the retiring Chief Financial Officer, negotiations with Ms.

by herself, and the personal business judgment of the members of the Compensation Committee.

Mr. Blair. As noted above, Mr. Blair's salary was established as an officer of the Company's RLW subsidiary, before he became an executive officer.

Mr. Barzun. Mr. Barzun's salary was established in 2006 at \$60,000 based on the fact that he would be serving on a part-time basis as the Company's General Counsel; by 2011, it had risen to its current level through merit increases.

Table of Compensation — Incentive Compensation.

Mr. MacKenna. In determining Mr. MacKenna's incentive compensation, the Compensation Committee took into account his ultimate responsibility for the financial success of the Company. As a result, it based his financial incentive compensation goal on earnings per share because the Compensation Committee believes it is the number of greatest significance and interest to shareholders. Mr. MacKenna's target incentive compensation of 120% of salary was arrived at through negotiation, and was determined by the Compensation Committee to be reasonable in the personal judgment of Compensation Committee members. For 2013, the Compensation Committee agreed to a bonus payment of at least 30% of the target incentive amount in order to reflect the fact that, as a new chief executive, Mr. MacKenna's ability to affect financial results of the Company and thereby meet financial incentive goals during his first full year on the job would be likely to be limited.

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ed in the table above, payment of Mr. MacKenna's incentive compensation is made 70% in cash and 30% in the form of a three-year restricted stock award in which the number of shares is based on the average closing price of the Company's common stock during December of the year for which the incentive compensation is paid. As additional incentive compensation, Mr. MacKenna's employment agreement provides for two restricted stock awards, one in 2012 that vests in equal annual installments over three years, and one in 2013 that vests only on the achievement of a five-year performance goal. These were designed to give Mr. MacKenna a significant equity stake in the Company from the outset of his tenure; to encourage him to take a long-term perspective in fulfilling his responsibilities; to align his interests with those of stockholders; and to provide an incentive for him to remain with the Company.

Mr. Wright. Mr. Wright's incentive compensation is governed by the 2013 Incentive Compensation Plan (described below) under which he has a target incentive of 120% of salary. This target was arrived at, as with Mr. MacKenna's, through negotiation, because of the critical importance to the Company of the chief financial officer position, and by the exercise of the powers of the Compensation Committee of their personal judgments. Mr. Wright's incentive compensation under the plan for 2013 is pro rated based on approximately three months as an employee since his September 25, start

2013 Incentive Compensation Plan. The 2013 Incentive Compensation Plan was adopted with the approval of the Compensation Committee, which believes that it provides the right framework because it can be adjusted annually to reflect changes in the Company's industry and other circumstances that affect the Company's success.

Each participant's incentive amount is established for each participant that is expressed as a percentage of his or her base salary. For management personnel with responsibility for the profits and losses of the Company's operating units, the amount of incentive compensation is based on the extent to which a Company achieves its earnings-per-share (EPS) goal, an operating-unit earnings-before-interest-and-taxes (EBIT) goal, and personal goals are achieved. The EPS goal accounts for 25% of total incentive compensation; the EBIT goal accounts for 50% of total incentive compensation; and personal goals account for 25% of total incentive compensation.

For named executive officers who do not have direct operating-unit responsibility, the EPS goal and personal goals each account for 50% of total incentive compensation. As discussed above, the Compensation Committee believes that giving equal weight to financial and personal goals is appropriate because the achievement of personal goals themselves can contribute significantly to the Company's success in both the short and long term. The achievement of the EPS goal as well as the personal goals of the Company's executive officers are subject to approval by the Compensation Committee.



financial goals, no incentive compensation is paid if less than 80% of the goal has been achieved. For achievement at 80% or above, the amount paid is calculated by multiplying the portion of incentive compensation allocated to the financial goal by the percentage of the goal that has been achieved up to, but not exceeding a level of achievement of, 120%, irrespective of the level actually achieved. For personal goals, there is no required minimum level of achievement and no provision is made for exceeding 100% achievement.

The Compensation Committee believes that having a scale of financial achievement avoids an all-or-nothing approach to incentive compensation, which can lead to excessive risk-taking, and avoids a reward for a low level of achievement. Having no minimum level of achievement for personal goals on the other hand gives the Compensation Committee the flexibility to assess whether or not a low level of achievement or a failure to achieve one or more financial goals is a matter outside of the executive's reasonable control and to act accordingly.

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stricted stock award, which accounts for one-half of incentive compensation, if any, vests in full on the third anniversary of the award. The number of shares awarded is calculated by dividing the dollar amount of incentive compensation by the simple average closing price of the Company's common stock during December of the year of the plan. Using an average price rather than the price on a single day reduces the likelihood that the number of shares awarded will be unusually high or low because of an anomalous stock price fluctuation.

Mr. Barzun. Because of the part-time nature of Mr. Barzun's employment, his employment agreement bases annual incentive compensation, in the discretion of the Compensation Committee, on the number and scope of non-routine legal matters to which he devotes substantial time during the year and on such other factors as the Compensation Committee deems relevant.

Change in Control Agreements. As discussed above, in 2011, the Compensation Committee decided to enter into change-in-control severance agreements with the then named executive officers (other than Mr. Barzun), and Mr. Blair, in order to provide them with a level of financial assurance in the event of termination of employment without cause in the context of a change in control of the Company. The change-in-control provisions are embodied in the employment agreements of Messrs. MacKenna and Wright and in separate agreements for Mr. Manning and Ms. Brumley. Mr. Blair does not have a change-in-control agreement.

The financial assurance afforded by the change-in-control provisions is intended to provide Mr. Blair with the same level of financial assurance as the Compensation Committee to preserve the executive's neutrality in evaluating and implementing a transaction that would result in a change in control of the Company and that could result in the termination of his or her employment for reasons other than cause. The Compensation Committee believes that a change-in-control payment is only appropriate if the termination of an executive's employment is without cause, which includes a breach by the executive of any of his or her employment agreement, because the Compensation Committee did not want to provide an incentive to the executive to leave the Company's employ after a change in control.

The Compensation Committee set the amount of the change-in-control severance so that it is not so large as to be a windfall for the executive or a windfall to a potential acquiror of the Company. The Compensation Committee determined that an amount equal to three times base salary to be appropriate severance compensation. This decision was based in part on the fact that the severance amount is substantially below the maximum that is available to an executive without incurring punitive tax consequences under the Internal Revenue Code; that it is substantially below what some other companies provide; and that the amount is adequate to afford the executive sufficient income while seeking other employment. The Compensation Committee understands that the amount of the compensation payable to certain executives under the change-in-control agreements may not be deductible under Section 162(m) of the Internal Revenue Code.

event of a change in control, the executive's outstanding restricted stock vests in full at the closing of the transaction whether or not there is a termination of employment. The Compensation Committee has decided that this is appropriate because a change in control can result in the Company's stock no longer being publicly traded and can result in a significant change in the Company's business that adversely affects the value of the common stock.

**Compensation Policies and Practices — Risk Management.** This section describes the Company's risks that have the potential to be affected by the Company's compensation policies and practices applicable to all employees, and in particular, by its incentive compensation arrangements.

around. Compared to other businesses, the Company's business risks that are likely to be affected by compensation policies and practices are relatively limited. Consequently, as in the past, the Compensation Committee decided not to hire an outside adviser in undertaking its review.

The Compensation Committee has reviewed each element of employee compensation that is designed to provide an incentive to the employee to do his or her best work for the Company. The Compensation Committee then evaluated the extent to which, if at all, the employee would be able to manipulate the Company's records or financial statements to artificially achieve or contribute to the achievement of that incentive. The Compensation Committee then determined whether in their judgment, the risk of such manipulation is material.

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general matter, the Company's policy with respect to incentive compensation, as opposed to regular wages and salary, is to encourage behavior that will benefit and improve the Company's financial results and financial position and thereby benefit its shareholders. Because regular wages and salaries are paid periodically, because they are considered to be competitive, and because they are not paid for the achievement of a specific goal, they do not by themselves affect risk-taking.

After the Compensation Committee's review, it is the belief of members that the Company's compensation policies and practices are not reasonably likely to have a material adverse effect on the Company. The basis for this belief is described below.

**Company's Risks.** Many of the risks that the Company faces are outside the control of management, such as economic and weather conditions; the failure of government agencies to let construction contracts or the cancellation of contracts already let; local, state and federal funding of infrastructure construction and repairs; actions of suppliers; terrorist attacks, and the like. For a description of the Company's significant risk factors, see Item 1A. Risk Factors in the Company's 2013 Annual Report on Form 10-K, which is available through this Proxy Statement.

Company's other major risks can be grouped into four general categories:

**Low-bid contracts.** Winning and performing civil construction projects in which the contract for the project is awarded to the lowest bidder. In low-bid contracts, the prime risk is the failure to accurately estimate the overall risks, requirements and costs involved in the project. If the Company bids too high it will not win the contract; if it bids too low and wins the contract, lower profits than anticipated can result.

**Design-build, CM/GC (construction manager/general contractor) and other alternative project delivery methods.** These projects are ones in which winning the contract depends not only on the bid price, but also on reputation, marketing efforts, quality of design, and the minimization of public inconvenience. Projects of this kind are often bid and performed by joint ventures in which the Company is only one of two or more participants. This means that the Company is subject not only to the risk of making an inaccurate bid but also to the additional risk of design errors by the design/engineering firm as well as liability for the entire contract if other participants in the joint venture fail to carry out their portions of the contract, or fail to do so in conformity with the contract.

**Company's strategy of expanding its market, opportunities, competencies and geographic diversification organically and through acquisitions.** Growth opportunities require the investment of significant capital, and in the case of an acquisition, if the negotiation of the purchase agreement and the subsequent integration of the acquired entity are not successfully performed, significant losses can result.

percentage-of-completion accounting and revenue recognition rules under which the Company is required to prepare its financial statements. Percentage-of-completion accounting requires management to make monthly, quarterly and annual estimates of the cost of completing projects that are on going at the date of the financial statements. These estimates directly affect reported profits, and profits are the basis for the award of much of the Company's incentive compensation.

#### Incentive Compensation and Risk.

##### Employees Who do not Participate in the Annual Incentive Compensation

The Company compensates its direct labor and some clerical staff on an incentive basis; the rest of its employees are paid a salary. All of these employees are eligible to earn bonuses. Bonuses are paid in cash and are based on an employee's job performance in his or her area of responsibility. For example, bonuses of operating personnel are based on project profitability, personal initiative, work ethic, difficulty of projects, and operating unit profitability. These bonuses by their very nature are not ones that require risk-taking for the employee to be successful; rather they require attention to detail and the avoidance and minimization of risk. Although bonuses for these employees are generally not predetermined or quantified in advance, the Compensation Committee believes that the tradition of paying bonuses encourages employees to be careful and diligent in their job performance. Project managers' estimates of the cost to complete projects are reviewed by senior managers, and from year to year are compared to prior year's actual results. In this way, senior management can determine whether a project manager's estimates are generally accurate. A significant variance between estimates and actual results can lead to termination of employment.

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l Incentive Plan Participants. The Company compensates certain of its  
rs and certain of the officers of its operating units under the terms of  
n employment agreements. When these employment agreements come up  
ewal, the Compensation Committee considers whether and to what extent  
entives in those agreements continue to meet the Company's incentive  
rk management objectives. Participants in the 2013 Incentive  
ensation Plan are eligible to earn incentive compensation based on the  
gs before interest and taxes (EBIT) of their operating units and on  
al goals. The Compensation Committee believes that EBIT is a good  
re of operating performance because it is EBIT on which operating  
nel have the most direct effect. EBIT targets for a given year are derived  
he budget, which represents the best estimate of results for the following  
s determined jointly by senior management of the operating unit and the  
any, and are subject to the approval of the Board. Therefore, while  
ts may reflect an optimistic assessment of the future, by their nature, they  
l not require extreme effort to achieve. In addition, excessive risk-taking  
directly and adversely affect EBIT and therefore the participant's  
ive compensation.

centive compensation of Messrs. MacKenna, Wright and Manning is  
on a total Company earnings-per-share goal and personal goals. The  
ensation Committee believes that neither of these goals creates or  
rages excessive risk-taking for the following reasons.

id preparation process, whether for a low-bid contract or a design-build  
act, requires careful, meticulous and diligent estimation and calculation of  
pects of the project.

estimates required for percentage cost-of-completion accounting are  
ct to review, verification and audit.

extreme effort or risk-taking by executive officers will necessarily result in  
e increase in net income.

centive pay is awarded for completing a single task, such as winning a  
act, making a capital investment or completing an acquisition. The officer  
enefits if the contract, investment or acquisition is profitable and thereby  
tributes to the financial success of the Company. This avoids creating an  
tive to achieve short-term results at the expense of longer-term results.

ompensation Committee has determined that cost-of-completion  
nting is the most likely to encourage manipulation of financial results and  
ore deserves further discussion of the monitoring and mitigation of the  
n the course of its annual audits, the Company's outside auditor reviews  
rent year's cost-to-complete estimates and compares them to actual,  
ear results, so that over a period of several years, any manipulation of  
would become evident. In addition, since most of the Company's large  
ts are performed over the course of more than one calendar year, an  
estimate of the cost-to-complete in order to inflate profits in one year  
have the effect of reducing profits in the following year. In addition,

ers of senior management of the Company hold a significant number of  
of the Company's common stock, so that any potential incentive to  
ulate short-term results is offset by the knowledge that to do so could  
ong-term, adverse consequences and a negative effect on the value of their  
holdings of shares of the Company. The Compensation Committee has  
d a judgment that the integrity of the members of senior management is  
ost valuable element in mitigating this risk. Finally, the Company's policy  
called 'claw-backs' requires a repayment of any over-payment of incentive  
nsation that was based on financial statements that are subsequently  
d, whether or not the employee was culpable with respect to the error,  
act or omission that caused the restatement to be made.

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Compensation. In the past, the Company awarded options to a wide range of employees that vested over a number of years in order to give them a long-term perspective on the success of the Company. More recently, for the same purpose, the Company has awarded officers of the Company's operating divisions restricted stock that may not be sold or transferred for a period of years and that are subject to forfeiture under certain circumstances, such as termination of employment for cause, or resignation. Under the 2013 Incentive Compensation Plan, one-half of the incentive compensation of participants is in cash, and one-half in the form of restricted stock awards. Any excessive trading would only jeopardize the value of these awards.

The Compensation Committee monitors compensation-related risks annually and, when year-end financial results are available and the achievement of personal goals is assessed.

Employment Agreements of the Named Executive Officers. For the effects of termination of employment under the employment agreements of the named executive officers, see the section below entitled Potential Payments upon Termination or Change-in-Control.

The following table shows the material financial features of the employment agreements for 2013 of the named executive officers. Mr. Blair does not have an employment agreement.

Name	Annual Salary	Target Incentive Compensation as a Percent of Salary	Guaranteed 2013 Incentive Compensation (\$)	2013 Restricted Stock Award (#)
Mr. E. J. Brumley	\$600,000	120%	216,000	100,000
Mr. R. J. Barzun	\$350,000	120%	—	10,000
Mr. R. J. Barzun	\$315,000	40%	—	—
Mr. D. J. Brumley	\$315,000	N/A	—	—
Mr. M. J. Brumley(1)	\$100,000	N/A	—	—
Mr. M. J. Brumley(2)				

Ms. Brumley's employment agreement provided for incentive compensation based on a percentage (16.5%) of an executive incentive compensation pool consisting of 4% of the Company's defined earnings provided that a minimum 5% average three-year return on equity is achieved. Ms. Brumley received any 2013 incentive compensation in connection with her leaving the company.

Mr. Barzun's incentive compensation is wholly within the discretion of the Compensation Committee and is based on the number and scope of non-routine legal matters to which he devoted substantial time during the



ar, and on such other matters as the Compensation Committee deems relevant.

MacKenna's Employment Agreement. Effective September 1, 2012, Mr. MacKenna was elected to succeed Patrick T. Manning as Chief Executive Officer of the Company, and the Company entered into an employment agreement with him. The employment agreement has no fixed term, but remains in effect until terminated by the Company or by Mr. MacKenna. The employment agreement provides for a signing bonus of \$250,000; relocation expense reimbursement and reimbursement for any income taxes he pays on the relocation benefits; a base annual salary of \$600,000 with merit and cost of living increases subject to the discretion of the Compensation Committee, beginning with the calendar year 2014; a restricted stock award in each of 2012 and 2013; and an incentive compensation target of 120% of base salary.

The 2012 restricted stock award was for 100,000 shares of the Company's common stock that are subject to restrictions that expire in five equal annual installments. The 2013 award was for an additional 100,000 shares of Company common stock that are subject to restrictions that expire on March 31, 2018 if the Company has achieved a 5% average return on equity for the five calendar years ended December 31, 2017.

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MacKenna's incentive compensation for the four-month period in 2012 that was an employee of the Company was based on his providing to the Board on certain matters that the Board had an immediate interest in, including the Company budget.

Half of any incentive compensation payable to Mr. MacKenna is based on the Company achieving an earnings-per-share (EPS) goal, and one-half on Mr. MacKenna achieving personal goals, all of which are established by the Compensation Committee in consultation with him. The Company guaranteed 70% of \$216,000 of his potential 2013 incentive compensation to reflect the fact that his ability to affect 2013 financial results may be limited by his short-term tenure at the Company.

Incentive compensation is paid for the EPS goal if less than 80% is achieved; above the 80% threshold, payment is calculated by multiplying the percentage achieved by the target incentive amount up to, but not in excess of, the level of achievement. Of any incentive compensation earned, 70% is payable in cash and 30% is payable in shares of common stock of the Company subject to restrictions on sale or other transfer that expire at the end of a one-year restriction period unless earlier forfeited because of a termination of employment without cause or a resignation of his employment. The number of shares awarded is calculated using the average closing price of the Company's common stock during December of the year for which the incentive compensation is paid.

Mr. Wright's Employment Agreement. Effective September 25, 2013, Mr. Wright was elected to succeed the company's interim Chief Financial Officer, Mr. M. Blair, and the Company entered into an employment agreement with Mr. Wright. The employment agreement has a term of one year with automatic annual renewals, unless the Company gives Mr. Wright notice of non-renewal sixty days prior to an annual renewal date. The employment agreement provides for an annual salary of \$350,000 subject to annual reviews for merit increases; a signing bonus of \$100,000; a restricted stock award of 10,000 shares that vests for the restrictions to expire in three substantially equal annual installments on the first three anniversaries of the September 25, 2013 award; an incentive compensation target of 120% of base salary; and reimbursement of relocation expenses.

As provided above, Mr. Wright's incentive compensation is provided for in the Company's annual incentive compensation plans. For 2013, his incentive compensation was pro rated based on the length of time in 2013 that he was an employee of the Company, and on financial and personal goals established by the Company's Chief Executive Officer and the Audit Committee.

Mr. Manning's Employment Agreement. Mr. Manning's employment agreement became effective on January 1, 2011 and expired on December 31, 2012. The agreement established an annual salary of \$315,000 for the term of the agreement and provided for annual incentive compensation expressed as a percentage of an incentive compensation pool equal to 4% of defined net income. For 2013, Mr. Manning elected to participate in the Company's 2013

ive Compensation Plan rather than have his incentive compensation  
ained by his employment agreement. For a description of the 2013  
ive Compensation Plan, see the section entitled The 2013 Incentive  
ensation Plan under the heading Levels of Compensation — Incentive  
ensation, above.

rumley's Employment Agreement. Ms. Brumley's employment agreement  
e effective on February 1, 2011. In connection with her departure from  
company in May 2013, Ms. Brumley was paid \$367,000 as severance  
nsation; the Company released the restrictions on the 2,166 shares of  
that were awarded to her for 2012, and she waived any 2013 incentive  
nsation.

air. Mr. Blair does not have an employment agreement.

arzun's Employment Agreement. Mr. Barzun's employment agreement  
e effective in March 2006 and continues until terminated by the Company  
Mr. Barzun. His salary is subject to annual merit increases and he is  
e to earn an annual cash bonus, both in the discretion of the  
ensation Committee, based on the number and scope of non-routine legal  
s to which he devoted substantial time during the year, and on such other  
s as the Compensation Committee deems relevant.

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l Payments upon Termination or Change-in-Control. The following table describes the  
ts and other obligations of the Company under the employment agreements and  
in-control agreements of the named executive officers at, following, or in connection with,  
mination of employment or change in control of the Company.

ry instance of termination, the Company is required to pay the executive  
crued but unpaid salary through the date of termination and any other  
y-required payments through that date.

ose with an employment agreement, irrespective of the reason for  
ation, the named executive officers are prohibited from competing with  
company or soliciting its employees or customers for a period of twelve  
s or for the post-employment period, if any, for which the executive is  
d to be paid salary, whichever period is longer.

ble also shows the estimated cost to the Company had the executive's  
yment terminated on December 31, 2013. Because Mr. Manning's  
yment agreement expired on that date; Ms. Brumley was not an employee  
Company on that date; and Mr. Blair does not have an employment  
ment, none of them are entitled to any specified termination  
ts. Mr. Manning has a change-in-control agreement that is described

Termination by the any without cause ause of the ive's involuntary ation.(1)	The Company's Payment & Other Obligations Mr. MacKenna: Payment in a lump sum of an amount equal to eighteen months' salary (which at December 31, 2013 would have been \$900,000). Payment of any incentive compensation that would have been earned had the executive remained an employee of the Company through the end of the calendar year in which his employment terminated, and payment in cash of any incentive compensation otherwise payable in shares of restricted stock. Reimbursement of COBRA expenses for an 18-month period, at a cost to the Company of approximately \$28,514. Mr. Wright: Payment in a lump sum of an amount equal to twelve months' salary (which at December 31, 2013 would have been \$350,000). Payment of any incentive compensation that would have been earned had the executive remained an employee of the Company through the end of the calendar year in which his employment terminated, and payment in cash of any incentive compensation otherwise payable in shares of restricted stock. Reimbursement of COBRA expenses for a 12-month period, at a cost to the Company of approximately \$19,009. Mr. Barzun: Payment in installments of twelve months' salary (currently \$100,000).
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termination by reason of executive's death or permanent disability. Messrs. MacKenna & Wright: Payment to the executive or his personal representative, as the case may be, of a portion of any incentive compensation that would have been earned had the executive remained an employee of the Company through the end of the calendar year in which the executive's employment terminated, based on the number of days during the year that the executive was an employee of the Company, and payment in cash of any incentive compensation otherwise payable in shares of restricted stock.

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The Company's Payment & Other Obligations

Mr. Barzun: Payment of any incentive compensation that would have been awarded to him had the executive remained an employee of the Company through the end of the calendar year in which termination of employment occurred.

termination by the  
any for cause.(2)

All of the executive's stock options terminate and all shares of stock awarded by the Company that are then still subject to restrictions are forfeited.

voluntary resignation  
executive.

If the resignation occurs during a calendar year, the Company is not obligated to pay the executive any incentive compensation. If the resignation occurs at or after the end of a calendar year, the Company is obligated to pay the executive any earned (or awarded) incentive compensation for the completed year. Accordingly, there is no additional cost to the Company by reason of a voluntary resignation.

change-in-control  
at a termination  
employment.

The Company has no payment obligations.

change-in-control  
led or followed  
termination of  
employment without

Mr. MacKenna: If the termination of employment without cause occurs during a period starting ninety days before and ending two years after a change-in-control, the Company is obligated to pay him in a lump sum \$1.8 million, less eighteen months' salary, which at December 31, 2013 would be \$900,000 for a net payment of \$900,000. In addition, the restrictions on his outstanding restricted stock awards expire.(3)

Mr. Wright: If the termination of employment without cause occurs during a period starting ninety days before and ending six months after a change-in-control, the Company is obligated to pay him in a lump sum \$525,000 less twelve months' salary (which at December 31, 2013 would be \$350,000) for a net payment of \$175,000. In addition, the restrictions on his outstanding restricted stock awards expire.(3)

Mr. Manning: If the termination of employment without cause occurs during a period starting thirty days before and ending two years after a change-in-control, the Company is obligated to pay him in a lump sum an amount that when added to any severance otherwise then payable to him equals \$945,000. In addition, the restrictions on his outstanding restricted stock awards expire.(3)

termination without cause is a termination for any reason other than for cause, permanent disability, death or voluntary resignation.

n executive is considered to resign involuntarily when his resignation is  
e result of a breach by the Company of a material provision of his  
employment agreement, and the Company fails to cure the breach within  
irty days.

he term "cause" is a defined term in the agreements and means what is  
commonly referred to as cause in employment matters, such as gross  
negligence, dishonesty, insubordination, inadequate performance of  
responsibilities after notice, and the like.

he accelerated release of restrictions imposes no additional cost on the  
company, but does accelerate the recognition by the Company of the cost of  
e award.

ary Compensation Table for 2013. The following table sets forth all  
ensation awarded to, earned by, or paid to the named executive officers for  
namely:

Peter E. MacKenna, the Company's principal executive officer.

as R. Wright, the Company's principal financial officer since September  
013.

R. Manning, the Company's Executive Vice President & Chief Business  
lopment Officer.

beth D. Brumley, the Company's principal financial officer until May 22,

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Mr. M. Blair, the Company's principal financial officer from May 22 to November 25, 2013.

Mr. M. Barzun, the Company's Senior Vice President & General Counsel.

The Company paid compensation to these executive officers in 2013 according to the terms of their employment agreements except for Mr. Blair, who did not have an employment agreement. The Company does not pay any additional compensation to any executive officer for serving on the Board of Directors. The amounts include any compensation that was deferred by the executive through contributions to his or her defined contribution plan account under Section 401(k) of the Internal Revenue Code. All dollar amounts are rounded to the nearest dollar.

Name and Principal Position	Year	Salary ( \$ )	Bonus (\$)	Stock Awards(1) (\$)	Non-Equity Incentive Plan	All Other	Total (\$)
					Compensation(2) (\$)	Compensation(3) (\$)	
E. Penna							
Executive Vice President	2012	184,615	250,000	977,000	250,000	40,026	1,701,641
	2013	600,000	—	994,000	216,000	71,976	1,881,976
James R. [Name]							
Executive Vice President	2013	84,808	100,000	92,600	56,384	43,502	377,294
Mr. [Name]							
Executive Vice President	2011	315,000	—	—	—	7,792	322,792
	2012	315,000	10,009	20,017	20,017	10,000	375,043
	2013	321,058	—	—	51,187	7,611	379,856
Keith D. [Name]	2011	288,750	—	—	—	—	288,750
	2012	315,000	10,009	20,017	20,017	10,000	375,043
	2013	139,327	—	—	—	372,331	511,658



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M.

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M. n Vice ent & al el		2011	100,000	120,000	—	—	—	220,000
		2012	100,000	120,000	—	—	—	220,000
		2013	100,000	120,000	—	—	—	220,000

is the aggregate grant date fair value computed in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718, namely the number of shares of common stock multiplied by the closing price of the Company's common stock on the award date. The accounting for stock awards is described in Note 15 of Notes to Consolidated Financial Statements in the Company's Annual Report Form 10-K for the year ended December 31, 2013.

MacKenna's incentive compensation is payable 70% in cash and 30% in shares of restricted stock pursuant to his employment agreement.

Wright's and Manning's incentive compensation for 2013 was paid one-half in cash and one half in shares of restricted stock pursuant to the Company's 2013 Incentive Compensation Plan.

For incentive compensation that is payable in restricted stock, the number of shares is based on the simple average closing price of the Company's common stock during December 2013 (\$11.69 per share.)

The breakdown of the amounts shown in this column is set forth in the table below.

For this amount, \$25,000 was paid in the form of a common stock award based on the closing price of the Company's common stock on the award date.



Name	Year	Relocation Expenses		COBRA Reimbursement	Severance Compensation
		Company Contribution to 401(k) Plan Account (\$)	Paid or Reimbursed by the Company (\$)		
E.	2012	—	32,415	7,611(1)	
enna	2013	—	49,114	22,862(1)	—
as R.	2013	2,154	41,348	—	
t					—
R. Manning	2011	7,792	—	—	—
	2012	10,000	—	—	—
	2013	7,611	—	—	—
eth D.	2011	—	—	—	—
ey	2012	10,000	—	—	—
	2013	5,331	—	—	367,000
M. Blair	2013	4,882	—	—	—
M. Barzun	2011	—	—	—	—
	2012	—	—	—	—
	2013	—	—	—	—

r. MacKenna's employment agreement provides that in lieu of participating in the Company's health insurance program, he may elect to have the Company reimburse him the cost of maintaining the health coverage of his former employer pursuant to the applicable provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) for so long as it is available to him.

of Plan-Based Awards for 2013. The following table shows each grant award in 2013 to the named executive officers under a Company plan. It does not show the amounts actually paid to the executives for 2013. Those amounts can be seen in the Summary Compensation Table for 2013, above. No grants of stock options were made to the named executive officers in 2013.

Name	Grant Date	All Other Stock Awards: Estimated Possible Payouts Under Non-Equity Incentive Plan Awards (6)			Number of Shares of Stock or Units (#)	Grant Date Fair Value of Stock Awards (\$)
		Threshold	Target	Maximum		
E. MacKenna (1)		216,000	720,000	792,000	—	N/A

as R. Wright (2)	59,203	112,767	124,044	—	N/A
R. Manning (2)	66,150	126,000	138,600	—	N/A
eth D. Brumley (3)	—	—	—	—	N/A
M. Blair (4)	—	—	—	—	N/A
M. Barzun (5)	—	—	—	—	N/A

Mr. MacKenna's incentive compensation is provided for in his September 1, 2012 employment agreement.

Under the table, the Threshold is the amount that he was guaranteed as minimum incentive compensation for 2013. The Target is the amount of incentive compensation that he was eligible to earn if he completed all his personal goals and the Company met 100% of the 2013 financial goal. The Maximum represents the amount that he would earn if he were to achieve all of his personal goals, and the Company were to exceed the 2013 financial goal by the amount which is the level above which no further incentive compensation can be earned.

Seventy percent of Mr. MacKenna's incentive compensation is payable in cash, and thirty percent is payable in the form of a restricted stock award in which the number of shares is based on the simple average of the daily closing prices of the Company's common stock in December of the year for which incentive compensation is paid (\$11.69 for December 2013). The restrictions on the shares expire on the third anniversary of December 31 of the year for which incentive compensation is paid.

Mr. Manning and Mr. Wright (who joined the Company on September 25, 2013) were eligible to earn incentive compensation under the Company's 2013 Incentive Compensation Plan, which was adopted by the Compensation Committee on May 9, 2013. The amounts in the table for Mr. Wright represent 27% of the Threshold, Target and Maximum amounts that would apply had he been an employee of the Company during all of 2013.

Under the 2013 Incentive Compensation Plan, no incentive compensation is paid for the financial goal if less than 80% of the goal is met. There is no required minimum level of achievement for personal goals. Absent a threshold for personal goals, in the table the Threshold reflects an 80% achievement of the financial goal, and a notional 25% achievement of personal goals. The Target is the amount of incentive compensation that the executive was eligible to earn if all personal goals were achieved, and the Company met 100% of the financial goal.

The Maximum represents the amount that the executive would earn if he were to achieve all of his personal goals, and the Company were to exceed the 2013 financial goal by 20%, which is the level above which no further incentive compensation can be earned.

Under the 2013 Incentive Compensation Plan, half of any incentive compensation is payable in cash, and half is payable in the form of a restricted stock award in which the number of shares is based on the simple average of the daily closing prices of the Company's common stock in December 2013 (2013). The restrictions on the shares expire on the third anniversary of the January 5, 2014 award date.

Ms. Brumley's incentive compensation for 2013 was based on a percentage of an executive incentive compensation pool equal to 4% of the Company's income before income taxes reduced for earnings attributable to noncontrolling interests and after adding back any accrual of the incentive compensation itself, to avoid circular calculations. This adjusted net income amount is referred to in her employment agreements as defined earnings. No incentive compensation is paid for a given year if there are no defined earnings or if at the end of a given year, a 5% trailing three-year average return on equity target is not met. For 2013, neither financial goal was met. The level of incentive compensation that can be earned is linear and in direct proportion to the amount of defined earnings; accordingly, there are no threshold, target or maximum amounts. The payment of 20% of any earned incentive compensation is based on the level of achievement of personal goals with no threshold level of achievement required, but if there are no defined earnings, no incentive compensation is payable irrespective of the achievement of personal goals.

Mr. Blair's incentive compensation for 2013 was not paid under any plan. The Company awarded him a one-time bonus for his work as interim Chief Financial Officer during a portion of 2013, and the senior management of the Company's Ralph L. Wadsworth Construction Company

RLW) subsidiary, in their sole discretion, awarded him incentive compensation in his capacity as Chief Financial Officer of RLW during 2013.

Mr. Barzun's incentive compensation for a given year is not planned-based, but is wholly within the discretion of the Compensation Committee. Accordingly, Mr. Barzun's possible payout at any level for 2013 can not be estimated.

For the incentive compensation actually paid to the named executive officers for 2013, see the Summary Compensation Table for 2013, above.

For a more detailed description of the 2013 Incentive Compensation Plan, see the section, above, entitled The 2013 Incentive Compensation Plan under the heading Levels of Compensation — Incentive Compensation.

For a description of the executives' employment agreements, see the section, above, entitled Employment Agreements of the Named Executive Officers.

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on Exercises and Stock Vested for 2013. The following table shows information concerning each exercise of a stock option and each vesting of restricted stock, during 2013 for each of the named executive officers, but on an aggregated basis.

Name (a)	Option Awards		Stock Awards	
	Number of	Value	Number of	Value
	Shares	Realized	Shares	Realized
	Acquired	on	Acquired	on
	on	Exercise	on	Vesting (3)
	(#)	(\$)	(#)	(\$)
	(b)	(c)	(d)	(e)
E. MacKenna	—	—	20,000	188,800
as R. Wright	—	—	—	—
R. Manning	6,500	44,565	—	—
eth D. Brumley(1)	—	—	2,166	25,667
M. Blair(2)	—	—	—	—
M. Barzun	—	—	—	—

The vesting of Ms. Brumley's restricted stock award was accelerated in connection with her leaving the Company.

Mr. Blair received a fully-vested stock bonus award of 2,784 shares with a value on the award date of \$25,000.

The Value Realized on Vesting is based on the closing price of the Company's common stock on the date the shares vested.

Outstanding Equity Awards at December 31, 2013. The following table shows information concerning un-exercised stock options and unvested restricted stock awards that were outstanding on December 31, 2013 for each named executive officer. No other equity awards have been made to the named executive officers. All stock awards vest in the event of a change in control of the Company.

	Option Awards			Stock Awards		
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Un-exercisable	Option Exercise Price/Share (\$)	Option Grant Date	Option Expiration Date	Market Value of Shares or Units of Stock That Have Not Vested (\$)
E. MacKenna	—	—	—	—	—	180,000(1) 2,111,490

as R. t	—	—	—	—	—	10,000(2)	117,300
R. ng	—	—	—	—	—	2,166(3)	25,407
eth umley	—	—	—	—	—	—	—
M.	—	—	—	—	—	1,820(4)	21,349
M. n	2,000	—	3.10	8/12/2004(5)	8/12/2014	—	—

e restrictions on 20,000 of these shares expire on September 19 in each of  
 years 2014 through 2017. The balance of 100,000 shares vests on March  
 2018 provided that the Company's average return on equity for the five  
 endar years ended December 31, 2017 is equal to or exceeds 5%. All of  
 shares vest in full if the executive officer's employment is terminated by  
 Company without cause (as defined in his employment agreement);  
 cause of a breach of the agreement by the Company; and on the effective  
 e of a change in control of the Company.



These shares vest in three substantially equal installments on each of the first three anniversaries of the September 25, 2013 award date.

These shares vest on the third anniversary of the March 21, 2013 award date.

Of these shares, 789 vest on March 10, 2016 and 1,031 vest on March 8, 2017.

This option vested in equal installments on the grant date and the first three anniversaries of the grant date. The option agreement provides that upon a change in control of the Company, the option becomes exercisable in full. As indicated in the table above, the option is already exercisable in full.

**Compensation Plan Information.** The following table contains information at December 31, 2013 about compensation plans (including individual compensation arrangements) under which the Company has authorized the issuance of equity securities.

Category (1)	Number of Securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans, excluding securities reflected in column (a) (c)
Compensation plans approved by stockholders:	10,500	3.10	123,751
Compensation plans approved by stockholders:	None	N/A	N/A

The Company has only one outstanding compensation plan under which the Company has authorized the issuance of equity securities, the Stock Incentive Plan. That plan and subsequent amendments of it have been approved by stockholders other than an amendment that provides that the Company may not, without obtaining stockholder approval, amend the terms of outstanding options or stock appreciation rights to reduce their exercise price; cancel outstanding options or stock appreciation rights in exchange for cash or stock appreciation rights with an exercise price that is less than the exercise price of the original options or stock appreciation rights; or cancel outstanding options or stock appreciation rights with an exercise price above

current stock price in exchange for cash or other securities.

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## PERFORMANCE GRAPH

The following graph compares the percentage change in the Company's relative total stockholder return on its common stock for the last five years to the Dow Jones US Index, a broad market index, and the Dow Jones US Construction Index, a group of companies whose marketing strategy is based on a limited product line, such as civil construction. Both indices are published in The Wall Street Journal. The returns are calculated assuming that an investment with a value of \$100 was made in the Company's common stock at the end of 2008, and that all dividends were reinvested in additional shares of common stock, although the Company has paid no dividends during the periods shown. The graph lines merely connect the ending dates and do not reflect fluctuations between those dates. The stock performance shown on the graph is not intended to be indicative of future stock performance.

	December 2008 (\$)	December 2009 (\$)	December 2010 (\$)	December 2011 (\$)	December 2012 (\$)	December 2013 (\$)
Company's Relative Total Stockholder Return	100.00	103.29	70.37	58.12	53.64	63.30
Dow Jones US Index	100.00	128.79	150.24	152.26	177.11	235.51
Dow Jones US Construction Index	100.00	114.31	146.77	121.00	146.93	192.89

## TRANSACTIONS WITH RELATED PERSONS.

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Section describes transactions since the beginning of 2013 and currently disclosed transactions in which the Company or its affiliates was or is to be a participant, and in which any related person had or will have a direct or indirect financial interest.

Wadsworth. Mr. Wadsworth was a director of the Company until May

December 2009, the Company acquired an 80% membership interest in R. L. Wadsworth Construction Company, LLC (RLW). The purchase agreement gave the sellers, Messrs. Kip, Con, Tod and Ty Wadsworth, who are brothers, the right to put (or sell) their remaining 20% membership interests in RLW to the Company, and concurrently gave the Company the right to call (or purchase) their 20% membership interests, in each case within the sixty-day period after the Company filed its Annual Report on Form 10-K for the calendar year 2012.

On December 31, 2012, the Company exercised its call right and purchased the outstanding 20% membership interests in RLW. The call was exercised prior to filing of the Annual Report on Form 10-K in order to make payment of the purchase price to the Wadsworths in 2012, as well as to retain the continued employment of three of the Wadsworth brothers, Kip Wadsworth, Chief Executive Officer of RLW as well as Con Wadsworth, President of RLW, and Ty Wadsworth, Vice President Business Development of RLW, all of whose employment agreements were due to expire on December 31, 2012.

The purchase price of \$23.1 million was determined by a formula set forth in the December 2009 purchase agreement, but was based on estimated financial results for 2012, and accordingly, was made subject to adjustment when actual financial results for 2012 were available. After re-computing the formula with actual results, the total purchase price was \$23.7 million.

The Company also agreed to accelerate the payment of the 2012 incentive compensation of Mr. Wadsworth and his three brothers in 2012, with a similar payment to be made after year end based on final 2012 financial results.

In 2013, RLW paid Kip Wadsworth, as Chief Executive Officer of RLW, a bonus of \$382,289. No incentive compensation or bonus for 2013 was paid to

Wadsworth and some of his immediate family members are part owners of the following companies with which RLW had a business relationship in 2013. Their ownership interests are shown in the table below.

Wadsworth Development Group, LLC (WDG). In 2013, as part of a monthly service agreement, RLW provided WDG with office supplies, payroll services, computers, IT services, telephone service and the like on a monthly basis for total billings to WDG in 2013 of \$869,683.

worth Corporate Center Building A, LLC (WCC), Wadsworth Dannon LLC (WDW) and Wadsworth & Sons III (W&S3). In 2013, RLW leased

primary office space from WCC at an annual rent of \$285,932 plus common area maintenance charges of \$103,970;

facility for RLW's equipment maintenance shop from WDW at an annual of \$185,838 plus common area maintenance charges of \$75,655; and

facility from W&S3 to provide temporary living quarters for field employees at an annual rent of \$27,743 plus common area maintenance charges of \$15,735.

WCC and WDW leases expire in 2022 and the W&S3 lease expires in

ky, LLC. Big Sky, LLC is an entity owned and managed by W&S3. Big owns a plane that RLW rented in 2013 for certain business travel of its employees, including Mr. Wadsworth, and for which RLW paid Big Sky rental and expenses totaling \$32,438.

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(Relationship)	WDG	WCC	WDW	W&S3
Wadsworth	24.50%	24.50%	19.60%	28.25%
L. Wadsworth (brother)	24.50%	24.50%	19.60%	24.69%
L. Wadsworth (brother)	24.50%	24.50%	19.60%	24.69%
Wadsworth (brother)	24.50%	24.50%	19.60%	22.37%
Wadsworth (brother)	—	—	19.60%	—
L. Wadsworth (father)	1.00%	1.00%	1.00%	—
Wadsworth (mother)	1.00%	1.00%	1.00%	—

is the general contractor on a parking structure, in Glendale, Colorado, as completed in 2013 and the owner of which is Real Estate Opportunity Fund LP, also known as the ROC Fund 1, a private equity firm specializing in commercial and residential real estate. Kip Wadsworth has an interest in ROC Fund 1 of less than 1%.

Wadsworth is a brother of Guy Wadsworth, who is the owner of Wadsworth Brothers Construction Company. Wadsworth Brothers Construction Company and RLW were both 12.5% members of a \$1.1 billion venture with Fluor Corporation and Ames Construction, Inc. on a construction project covering 23 miles of Interstate Highway 15 in Utah, which was completed in 2013.

#### Procedures & Procedures for the Review, Approval or Ratification of Transactions with Related Persons.

al. The Board's policy on transactions between the Company and related persons is set forth in the written charter of the Audit Committee. The policy requires the Audit Committee to review in advance the terms of any transaction between the Company (including its subsidiaries) and a director, executive officer, nominee for election as a director, or stockholder; and any of their spouses or immediate family members that involves more than \$100,000. If the Audit Committee approves the transaction, it must do so in compliance with Delaware law and report it to the full Board.

Wadsworth. As part of its due diligence review prior to the acquisition of a 30% interest in RLW, the Company reviewed the relationships and transactions between RLW, Mr. Wadsworth and Mr. Wadsworth's family members, and concluded that the prices being charged to RLW or by RLW, as they may be, are competitive and no less favorable to RLW than could be obtained from unrelated third parties. Any new transaction will be taken under consideration in advance by the Audit Committee and will be reviewed by an independent audit firm retained by the Audit Committee to ensure, among other things, that it is in compliance with Delaware law and is likewise on terms that are no less favorable to the Company than could be obtained from unrelated third parties.

#### INFORMATION ABOUT AUDIT FEES AND AUDIT SERVICES

A representative of the Company's independent registered public accounting firm, Grant Thornton LLP, is expected to be available at the Annual Meeting

will have the opportunity to make a statement, if he or she wishes, and to respond to appropriate questions from stockholders.

The following table sets forth the aggregate fees that Grant Thornton billed to the Company for the years ended December 31, 2013 and 2012.

Category	2013	Percentage Approved by the Audit Committee	2012	Percentage Approved by the Audit Committee
Fees:	\$800,140	100%	\$ 862,326	100%
Related	—	N/A	—	N/A

Category	2013	Percentage Approved by the Audit Committee	2012	Percentage Approved by the Audit Committee
Fees:	—	N/A	—	N/A
Other Fees:	—	N/A	—	N/A

Fees. In 2013 and 2012, audit fees included the fees and expenses for Thornton's audit of the consolidated financial statements included in the Company's Annual Report on Form 10-K for those years; the reviews of the consolidated financial statements included in the Company's quarterly reports on Form 10-Q; the resolution of issues that arose during the audit process; the assurance work required by Section 404 of the Sarbanes-Oxley Act of 2002; and other audit services that are normally provided in connection with statutory regulatory filings.

Of the audit fees for 2013 reflected in the above table, \$521,060 had been billed by December 31, 2013. Of the audit fees for 2012 reflected in the above table, \$599 had been billed by December 31, 2012.

Related Fees. In 2013 and 2012, the Company incurred no fees in this category.

Fees. The Company's independent registered public accounting firm normally provides tax consulting services to the Company. No fees for such services were incurred in 2013 or 2012.

Other Fees. In 2013 and 2012, there were no fees related to any other services provided to the Company.

Procedures for Approval of Services. All requests for services that are to be rendered by the Company's independent registered public accounting firm, must include a detailed description of the services to be rendered and the amount of corresponding estimated fees, are submitted to both the Company's Chief Financial Officer and the Chairman of the Audit Committee. The Chief Financial Officer authorizes services that have been approved by the Audit Committee within pre-set limits. If there is any question as to whether a requested service fits within an approved service, the Chairman of the Audit Committee is consulted for a determination. The Chief Financial Officer submits to the Audit Committee any requests for services that have not already been approved by the Audit Committee. The request must include an authorization by the Chief Financial Officer and the independent registered public accounting firm that the request is consistent with the SEC's rules on auditor independence.

## MISSION OF STOCKHOLDER PROPOSALS

A proposal that a stockholder intends to present at the 2015 Annual Meeting of stockholders must be submitted to the Secretary of the Company no later



December 10, 2014 in order to be considered timely received.

By Order of the Board of Directors  
Roger M. Barzun, Secretary

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## APPENDIX I

### Amendment of Article IV of the Certificate of Incorporation

Section 4.1(b) of Article IV of the Corporation's Certificate of Incorporation is amended to read in its entirety as follows:

"The number of shares of Common Stock that the Corporation has authority to issue is twenty-eight million (28,000,000) with a par value of one cent (\$0.01) per share."

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## APPENDIX II

### Amendment of Article VI of the Certificate of Incorporation

Section 6.2 of Article VI of the Corporation's Certificate of Incorporation shall be amended to read in its entirety as follows:

#### "6.2 Election of Directors.

At the first annual meeting of stockholders of the Corporation, the directors shall be divided into three classes as nearly equal in number as reasonably possible, with the initial term of office of directors of the first class to expire at the second annual meeting of stockholders of the Corporation, the initial term of office of directors of the second class to expire at the third annual meeting of stockholders of the Corporation, and the initial term of office of directors of the third class to expire at the fourth annual meeting of stockholders of the Corporation.

From and after the 2015 annual meeting of stockholders, the directors shall be elected as follows:

At the 2015 annual meeting of stockholders, the successors to the directors of the class whose terms of office expire at the 2015 annual meeting of stockholders shall be elected for one-year terms.

At the 2016 annual meeting of stockholders, the successors to the directors of each class whose terms of office expire at the 2016 annual meeting of stockholders shall be elected for one-year terms.

At the 2017 and succeeding annual meetings of stockholders, all directors of the Corporation shall be elected for one-year terms that expire at the next annual meeting of stockholders, and the directors of the Corporation shall cease to be divided into classes pursuant to Section 141(d) of the General Corporation Law of the State of Delaware.

All directors shall hold office until the expiration of their terms and until their successors are elected and qualified, except in the case of death,

signation or removal of a director."

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of Proxy]

STERLING CONSTRUCTION COMPANY, INC.

ANNUAL MEETING OF STOCKHOLDERS MAY 9, 2014

PROXY IS SOLICITED ON BEHALF OF THE BOARD OF  
DIRECTORS

The undersigned, having received a Notice of the Annual Meeting of  
Stockholders of Sterling Construction Company, Inc. (the "Company") to be  
held on May 9, 2014 at 9:00 a.m., local time, at One Hughes Landing, 1800  
Hughes Landing Boulevard (2nd Floor), The Woodlands, Texas 77380 (the  
"Annual Meeting"); and revoking all prior proxies, hereby appoint(s) Patrick T.  
Barzun, Thomas R. Wright, and Roger M. Barzun, and each of them (with full  
power of substitution) as proxies of the undersigned to attend the Annual  
Meeting and any adjourned sessions thereof and there to vote and act upon the  
business matters in respect of all shares of common stock of the Company  
in which the undersigned would be entitled to vote or act upon, with all powers the  
undersigned would possess if personally present.

The absence of the undersigned at the Annual Meeting or at any adjourned  
session thereof will not be deemed to revoke this proxy unless the undersigned  
expressly indicates at the Annual Meeting the intention of the undersigned to  
attend the Annual Meeting in person. If the undersigned holds any shares in a fiduciary,  
joint or joint capacity or capacities, this proxy is signed by the undersigned  
in any one of those capacities as well as individually.

(Continued and to be signed on the reverse side)

ANNUAL MEETING OF STOCKHOLDERS OF  
STERLING CONSTRUCTION COMPANY, INC.  
May 9, 2014

PROXY VOTING  
INSTRUCTIONS

INTERNET - Access  
www.voteproxy.com” and follow  
on-screen instructions or scan  
QR code with your  
smartphone. Have your proxy card  
available when you access the web  
page.

TELEPHONE - Call toll-free  
1-800-PROXIES (1-800-776-9437)  
in the United States or  
1-8-921-8500 from foreign  
countries from any touch-tone  
telephone and follow the  
instructions. Have your proxy card  
available when you call.  
Available online/phone until 11:59 PM  
the day before the meeting.

MAIL - Sign, date and mail your  
proxy card in the envelope  
provided as soon as possible.

IN PERSON - You may vote your  
shares in person by attending the  
Annual Meeting.

GO GREEN - e-Consent  
makes it easy to go  
paperless. With e-Consent, you  
can quickly access your proxy  
card, material, statements and other  
important documents online, while  
reducing costs, clutter and paper  
waste. Enroll today via  
www.amstock.com to enjoy online  
access.

C O M P A N Y  
NUMBER

A C C O U N T  
NUMBER

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE  
ELECTION OF DIRECTORS; AND FOR PROPOSALS 2, 3, 4, 5 and 6.

PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED  
ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS

VN HERE    x

ction of Directors

nees	For	Against	Abstain
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n M. Davenport

t A. Eckels

h P. Harper, Sr.

es R. Patton

. Varello

approve the adoption of an  
dment of Article IV of the  
pany's Certificate of  
rporation to increase the  
er shares of common stock  
he Company is authorized to

approve the adoption of an  
dment of Article VI of the  
pany's Certificate of  
rporation to declassify  
ors.

approve the adoption of an  
dment of the Company's  
Incentive Plan to increase the  
er of shares of common stock  
able for issuance under the

ratify the selection of Grant  
nton LLP as the Company's  
ependent registered public  
nting firm for 2014.

visory vote to approve named  
tive officer compensation.

shares represented by this proxy will be voted as directed by the  
signed. If no direction is given with respect to the election of directors or  
als 2, 3, 4, 5 or 6 specified above, this proxy will be voted FOR the  
on of each director; and FOR Proposals 2, 3, 4, 5 and 6. All proposals are  
by the Board of Directors.

YOU WISH TO VOTE IN ACCORDANCE WITH THE  
COMMENDATIONS OF THE BOARD OF DIRECTORS, YOU NEED  
Y SIGN AND DATE THIS PROXY. YOU DO NOT NEED TO MARK  
BOXES.

ture of Stockholder	Date	Signature of Stockholder	Date
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