

MICHAEL BAKER CORP  
Form DEF 14A  
April 15, 2011

**Table of Contents**

**SCHEDULE 14A INFORMATION  
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

Filed by the Registrant ☐

Filed by a Party other than the Registrant ☐

Check the appropriate box:

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

MICHAEL BAKER CORPORATION

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, If Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- ☐ No fee required.
- ☐ \$125 per Exchange Act Rules O-11 (c)(1)(ii), 14a-6(i)(1), 14a-6(i)(2) or Item 22(a)(2) of Schedule 14A.
- ☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule O-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- ☐ Fee paid previously with preliminary materials.
  - ☐ Check box if any part of the fee is offset as provided by Exchange Act Rule O-11 (a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
- (1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

---

**Table of Contents**

**MICHAEL BAKER CORPORATION  
Airside Business Park  
100 Airside Drive  
Moon Township, PA 15108**

**NOTICE OF ANNUAL MEETING  
AND PROXY STATEMENT**

Dear Shareholder:

We invite you to attend the annual meeting of shareholders of Michael Baker Corporation ( "Michael Baker" ) on May 25, 2011 at 10:00 a.m. in Pittsburgh, Pennsylvania.

These materials include the formal notice of the meeting and the Proxy Statement. The Proxy Statement tells you more about the items upon which we will vote at the meeting, which include:

1. Election of directors;
2. Approval of an advisory resolution on Michael Baker's 2010 named executive officer compensation;
3. Advisory vote on the frequency of future shareholder advisory votes on Michael Baker's named executive officer compensation; and
4. Ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011.

It also explains how the voting process works, gives personal information about Michael Baker's director candidates, describes the principle features of Michael Baker's executive compensation, and addresses the rationale for ratifying the selection of Deloitte & Touche LLP.

We are once again providing access to our Proxy Statement, proxy card and 2010 Annual Report to Shareholders, referred to as our "Proxy Materials", over the Internet. Accordingly, on April 15, 2011 we are sending a Notice of Internet Availability of Proxy Materials (the "Notice") to our shareholders of record and beneficial owners. You will have the ability to access the Proxy Materials on a website referred to in the Notice or request a printed or e-mailed set of the Proxy Materials. Instructions on how to access the Proxy Materials over the Internet or to request a printed or e-mailed copy may be found in the Notice. In addition, you may request delivery of future annual meeting proxy materials in printed form by mail or electronically by e-mail on an ongoing basis. For those of you who have requested to receive the materials in hard copy, the proxy materials have been sent to you by mail or e-mail.

Whether or not you plan to attend the annual meeting, please cast your vote by proxy over the Internet, by telephone or by requesting a proxy card to complete, sign, date and return in the mail, by following the instructions provided in the Notice. Regardless of the method used, please vote your shares so that enough shares are represented to allow us to conduct the business of the annual meeting. Voting over the Internet, by telephone or by proxy card does not affect your right to vote in person if you attend the annual meeting.

Sincerely yours,

H. James McKnight  
*Executive Vice President,*

*Chief Legal Officer and  
Secretary*

April 15, 2011

---

**Table of Contents**

**NOTICE OF 2011 ANNUAL MEETING**

**Date, Time and Place**

May 25, 2011

10:00 a.m.

Doubletree-Pittsburgh Airport, 8402 University Blvd., Coraopolis, PA 15108, (412) 329-1400

**Purpose**

Elect nine (9) directors to serve for a one-year term.

Approval of an advisory resolution on Michael Baker's 2010 named executive officer compensation.

Act on an advisory vote on the frequency of future shareholder advisory votes on Michael Baker's named executive officer compensation.

Ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011.

Conduct other business if properly raised.

**Procedures**

Please vote over the Internet, by telephone or by requesting a proxy card.

Only shareholders of record on April 5, 2011 receive notice of, and may vote at, the meeting.

**Your vote is important. Please vote over the Internet, by telephone or by requesting a proxy card.**

H. James McKnight  
*Executive Vice President,  
Chief Legal Officer and  
Secretary*

April 15, 2011

---

## TABLE OF CONTENTS

<b><u>General</u></b>	1
<u>Who May Vote</u>	1
<u>One-Page Notice Regarding Internet Availability of Proxy Materials</u>	1
<u>How to Vote</u>	1
<u>How a Proxy Works</u>	1
<u>Changing Your Vote</u>	1
<u>Common Stock Outstanding</u>	1
<u>Quorum and Voting Information</u>	2
<b><u>Common Stock Ownership</u></b>	3
<u>Director and Executive Officer Stock Ownership</u>	3
<u>Owners of More Than 5%</u>	4
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	5
<b><u>Proposal 1 Election of Directors</u></b>	5
<u>Vote Required</u>	5
<u>Director Nominees</u>	6
<u>The Board and Committees</u>	8
<u>The Board Leadership Structure and Risk Oversight</u>	9
<u>The Executive Committee</u>	9
<u>The Audit Committee</u>	9
<u>The Audit Committee Report</u>	10
<u>The Compensation Committee</u>	11
<u>Compensation Committee Interlocks and Insider Participation</u>	12
<u>Report of the Compensation Committee</u>	12
<u>The Governance and Nominating Committee</u>	12
<u>The Health, Safety, Environmental and Compliance Committee</u>	13
<u>Compensation Discussion and Analysis</u>	14
<u>Summary Compensation Table</u>	20
<u>Grants of Plan-Based Awards for 2010</u>	22
<u>Outstanding Equity Awards at Fiscal Year-End 2010</u>	22
<u>2010 Option Exercises and Stock Vested</u>	23
<u>Potential Payments on Termination or Change in Control</u>	23
<u>Board of Directors Compensation</u>	28
<b><u>Related Party Transactions</u></b>	30
<b><u>Proposal 2 Approval of an Advisory Resolution on Michael Baker's 2010 Named Executive Officer Compensation</u></b>	30
<b><u>Proposal 3 Advisory Vote on the Frequency of Future Shareholder Advisory Votes on Michael Baker's Named Executive Officer Compensation</u></b>	31
<b><u>Proposal 4 Ratification of Selection of Independent Registered Public Accounting Firm</u></b>	31
<b><u>Other Information</u></b>	33
<u>Other Business</u>	33
<u>Independent Registered Public Accounting Firm</u>	33
<u>Audit Fees</u>	33
<u>Audit Committee Pre-Approval Policies and Procedures</u>	33
<u>Code of Ethics for Senior Officers</u>	34
<u>Communications by Shareholders with the Board</u>	34

<u>Expenses of Solicitation</u>	34
<u>Shareholder Proposals for Next Year</u>	34



**Table of Contents**

**GENERAL**

We have made these materials available over the Internet, and for those who have received or may request to receive the materials in hard copy or by e-mail the proxy materials have been sent to you, on or about April 15, 2011 because the Board of Directors of Michael Baker Corporation ( "Michael Baker" ) is soliciting your proxy to vote at Michael Baker's 2011 annual meeting of shareholders.

**Who May Vote**

Shareholders of Michael Baker as reflected in Michael Baker's stock records at the close of business on April 5, 2011 may vote.

**One-Page Notice Regarding Internet Availability of Proxy Materials**

Pursuant to rules adopted by the Securities and Exchange Commission, we are once again providing access to our Proxy Statement, proxy card and 2010 Annual Report to Shareholders, referred to as our "Proxy Materials", over the Internet. Accordingly, we are sending a Notice of Internet Availability of Proxy Materials (the "Notice") to our shareholders of record and beneficial owners. You will have the ability to access the Proxy Materials on a website referred to in the Notice or request a printed or e-mailed set of the Proxy Materials. Instructions on how to access the Proxy Materials over the Internet or to request a printed or e-mailed copy may be found in the Notice. In addition, you may request delivery of future annual meeting proxy materials in printed form by mail or electronically by email on an ongoing basis.

**How to Vote**

You can direct your vote by proxy as follows:

Via the Internet: You may submit voting instructions to the proxy holders through the Internet by following the proxy voting instructions found in the Notice.

By Telephone: You may submit voting instructions to the proxy holders by telephone by following the proxy voting instructions found in the proxy card.

By Mail: You may sign, date and return your proxy card in the pre-addressed, postage-paid envelope that will be provided.

At the Meeting: If you attend the annual meeting, you may vote in person by ballot, even if you have previously returned a proxy card or otherwise voted.

**How a Proxy Works**

Giving Michael Baker a proxy means that you authorize Michael Baker to vote your shares in accordance with your directions. If you give Michael Baker a proxy, but do not direct how to vote your shares on each proposal, your shares will be voted in favor of each proposal.

You may receive more than one Notice depending on how you hold your shares. Shares registered in your name are generally covered by one Notice. If you hold shares through someone else, such as a stockbroker, then you may get

material from them asking you how you want to vote.

### **Changing Your Vote**

You may revoke your proxy before it is voted by submitting a new proxy with a later date, including a proxy submitted over the Internet or by telephone, by voting in person at the meeting or by notifying Michael Baker's Secretary in writing.

### **Common Stock Outstanding**

As of the close of business on April 5, 2011, approximately 9,293,719 shares of Michael Baker common stock were issued and outstanding.

**Table of Contents**

**Quorum and Voting Information**

***Quorum***

In order to conduct the business of the meeting, there must be a quorum. This means at least a majority of the issued and outstanding shares eligible to vote must be represented at the meeting, either in person or by proxy. You are considered a part of the quorum if you vote over the Internet, vote by telephone or submit a properly signed proxy card if you received one. Votes withheld, broker non-votes and abstentions, as well as votes for or against a proposal, are counted as eligible votes represented at the meeting in determining a quorum. Broker non-votes are proxies submitted by brokers that do not indicate a vote for a proposal because the broker does not have discretionary voting authority and has not received instructions as to how to vote on the proposal.

***Election of Directors***

If a quorum is present at the meeting, the vote to elect nine directors to Michael Baker's Board of Directors will be determined based on a plurality of the votes cast. This means the nine director candidates receiving the greatest number of votes cast will be elected to fill the open seats on the Board of Directors.

***Approval of an Advisory Resolution on Michael Baker's 2010 Named Executive Officer Compensation***

If a quorum is present at the meeting, then the approval of the advisory resolution on Michael Baker's 2010 named executive officer compensation requires the affirmative vote of a majority of the votes cast, in person or by proxy, at the annual meeting. The result of this vote is not binding on the Board of Directors.

***Advisory Vote on the Frequency of Future Shareholder Votes on Michael Baker's Named Executive Officer Compensation***

The advisory vote on the frequency of future shareholder votes on Michael Baker's named executive officer compensation will be determined based on a majority of the votes cast, in person or by proxy, at the annual meeting. The result of this vote is not binding on the Board of Directors.

***Ratification of the Selection of Deloitte & Touche LLP***

If a quorum is present at the meeting, then the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011 will be approved if the majority of the votes cast, in person or by proxy, on the proposal by the holders of shares is in favor of the proposal.

***Other Matters***

If a quorum is present, then any proposal other than the election of directors, the approval of the advisory resolution on Michael Baker's named executive officer compensation, the advisory vote on the frequency of future shareholder votes on Michael Baker's named executive officer compensation and the ratification of the selection of Deloitte & Touche LLP will be approved if a majority of the votes cast (in person or by proxy) are in favor of the proposal, unless the matter requires more than a majority of votes cast under statute or Michael Baker's bylaws. There are no other proposals included in this Proxy Statement or expected to come before the Annual Meeting.

***Shares Held by your Broker***

If your shares are held by a broker, the broker will ask you how you want your shares voted. If you give the broker instructions on how to vote your shares, your shares will be voted as you direct. If you do not give instructions, one of two things will happen, depending on the proposal. For Proposal 4, the ratification of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011, the broker may vote your shares at its discretion. For all other proposals, the broker may not vote your shares at all if you do not give instructions.

***Abstentions and Broker Non-Votes***

Under the Pennsylvania Business Corporation Law, an abstention or a broker non-vote is not considered a vote cast or considered in the calculation of the majority of votes cast and, therefore, will have no effect on the vote for an item.

**Table of Contents****COMMON STOCK OWNERSHIP****Director and Executive Officer Stock Ownership**

Under the proxy rules of the Securities and Exchange Commission, a person beneficially owns Michael Baker common stock if the person has the power to vote or dispose of the shares, or if such power may be acquired, by exercising options or otherwise, within 60 days. The table below shows the amount and percentage of Michael Baker common stock that is beneficially owned, as of April 5, 2011, by the named executive officers in the Summary Compensation Table, Michael Baker's current non-employee directors/nominees, and all of Michael Baker's directors and executive officers as a group. Each person has sole voting power and sole dispositive power, unless indicated otherwise. No shares have been pledged as security by the named executive officers or director nominees.

<b>Executive Officer</b>	<b>Shares of Common Stock Owned (1)(2)(3)</b>	<b>Percent of Class</b>
G. John Kurgan	32,478	*
Bradley L. Mallory	37,201	*
H. James McKnight	9,721	*
Edward L. Wiley	18,522	*
Michael J. Zugay	11,247	*

<b>Non-employee Director/Nominee</b>	<b>Shares of Common Stock Owned (1)(2)(3)</b>	<b>Percent of Class</b>
Robert N. Bontempo	39,000	*
Nicholas P. Constantakis	43,500(4)	*
Robert H. Foglesong	17,500	*
Mark E. Kaplan	10,500	*
John E. Murray Jr.	24,000	*
Pamela S. Pierce	21,000	*
Richard L. Shaw	29,500(5)	*
David N. Wormley	10,500	*
Directors and Executive Officers as a Group (18 persons)	322,982	3.5%

\* Less than 1%

- (1) This amount includes the number of shares of common stock indicated for each of the following persons or group which are allocated to their respective accounts as participants in the Michael Baker 401(k) Plan, referred to as the Baker 401(k) Plan and as to which they are entitled to give binding voting instructions to the trustee of the Baker 401(k) Plan: Mr. Kurgan 5,043 shares, Mr. Mallory 914 shares, Mr. McKnight 301 shares, Mr. Wiley 9,102 shares and Mr. Zugay 1,628 shares, and all directors and executive officers as a group 18,787 shares. Baker 401(k) Plan holdings have been rounded to the nearest full share.

- (2) This amount includes options that are exercisable on or within 60 days of April 5, 2011 as follows: Dr. Bontempo 20,000 shares, Mr. Constantakis 16,000 shares, General Foglesong 10,000 shares, Mr. Kaplan 6,000 shares, Mr. Kurgan 10,324 shares, Dr. Murray 6,000 shares, Ms. Pierce 12,000 shares, Mr. Shaw 16,000 shares, Dr. Wormley 6,000 shares, and all directors and executive officers as a group 102,324 shares.
- (3) This amount includes restricted stock over which the directors and executive officers do not have dispositive power until restrictions lift as follows: Dr. Bontempo 3,000 shares, Mr. Constantakis 3,000 shares, General Foglesong 3,000 shares, Mr. Kaplan 3,000 shares, Mr. Kurgan 9,420 shares, Mr. Mallory 34,991 shares, Mr. McKnight 9,420 shares, Dr. Murray 3,000 shares, Ms. Pierce 3,000 shares, Mr. Shaw 3,000 shares, Mr. Wiley 9,420 shares, Dr. Wormley 3,000 shares, and Mr. Zugay 9,420 shares.

**Table of Contents**

- (4) This amount includes 19,000 shares gifted by Mr. Constantakis to his spouse for which Mr. Constantakis disclaims beneficial ownership.
- (5) This amount includes 7,500 shares gifted by Mr. Shaw to his spouse for which Mr. Shaw disclaims beneficial ownership.

**Owners of More Than 5%**

The following table shows shareholders who are known to Michael Baker to be a beneficial owner of more than 5% of Michael Baker's common stock as of December 31, 2010.

<b>Name and Address of Beneficial Owner</b>	<b>Shares of Common Stock(1)</b>	<b>Percent of Class</b>
Baker 401(k) Plan Michael Baker Corporation Airside Business Park 100 Airside Drive Moon Township, PA 15108	939,481(2)	10.19%
Royce & Associates, LLC 745 Fifth Ave. New York, NY 10151	1,142,652(3)	12.39%
Corbyn Investment Management, Inc. 2330 W. Joppa Road, Suite 108 Lutherville, MD 21093	878,137(4)	9.52%
Wellington Management Company, LLP 280 Congress Street Boston, MA 02210	628,724(5)	6.82%
Blackrock, Inc. 40 East 52nd Street New York, NY 10022	515,727(6)	5.59%
Investment Counselors of Maryland, LLC 803 Cathedral Street Baltimore, MD 21201	494,300(7)	5.36%

- (1) Under Securities and Exchange Commission regulations, a person who has or shares voting or investment power with respect to a security is considered a beneficial owner of the security. Voting power is the power to vote or direct the voting of shares, and investment power is the power to dispose of or direct the disposition of shares. Unless otherwise indicated in the other footnotes below, each person has sole voting power and sole investment power as to all shares listed opposite such person's name.
- (2) The Baker 401(k) Plan requires the trustee to vote the shares held by the trust in accordance with the instructions from the participants for all shares allocated to such participants' accounts. Allocated shares for which no such instructions are given and shares not allocated to the account of any employee are voted by the trustee in the same proportion as the votes for which participant instructions are given. In the case of a tender offer, allocated shares for which no instructions are given are not voted or tendered and shares not allocated to the account of any

employee are voted by the trustee in the same proportion as the votes for which participant instructions are given.

- (3) According to the Schedule 13G/A filed January 11, 2011, Royce & Associates, LLC has sole voting and dispositive power with respect to 1,142,652 shares, with the Royce Special Equity Fund, an investment company registered under the Investment Company Act of 1940 and managed by Royce & Associates, LLC, holding 593,014 shares or 6.43% of the total shares outstanding.
- (4) According to the Schedule 13G filed January 18, 2011, Corbyn Investment Management, Inc. beneficially owns 239,682 shares, while Greenspring Fund, Inc., for which Corbyn Investment Management, Inc. serves as investment advisor, beneficially owns 638,455 shares. Due to its power to direct the disposition and direct the vote over such shares, Corbyn Investment Management, Inc. shares both dispositive and voting power with respect to the 878,137 shares.



**Table of Contents**

- (5) According to the Schedule 13G/A filed February 14, 2011, Wellington Management Company, LLP, in its capacity as investment adviser, may be deemed to beneficially own 628,724 shares which are held of record by clients of Wellington Management Company, LLP.
- (6) According to the Schedule 13G/A filed January 7, 2011, BlackRock, Inc. has sole voting and dispositive power with respect to 515,727 shares.
- (7) According to the Schedule 13G filed January 27, 2011, all shares of common stock are owned by various advisory clients of Investment Counselors of Maryland, LLC, which is deemed to be a beneficial owner of those shares pursuant to Rule 13d-3 under the Securities Exchange Act of 1934, due to its discretionary power to make investment decisions over such shares for its clients and its ability to vote such shares. Accordingly, Investment Counselors of Maryland, LLC shares both voting and dispositive power with respect to the 494,300 shares.

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

Section 16(a) of the Securities Exchange Act of 1934 requires Michael Baker's directors and executive officers to file reports of beneficial ownership and changes in beneficial ownership of Michael Baker stock. Directors and officers must furnish Michael Baker with copies of these reports. Based on these copies and directors' and executive officers' representations, Michael Baker believes all directors and executive officers complied with the requirements in 2010, except for the reporting of the sale of 6,000 shares by G. John Kurgan which was reported late on a Form 4 filed on May 14, 2010, and the late Form 4 reporting on June 23, 2010, of restricted stock awards to the following executives: Joseph R. Beck 1,739 shares; David G. Higie 1,739 shares; James M. Kempton 1,449 shares; Samuel C. Knoch 1,739 shares; G. John Kurgan 5,072 shares; Bradley L. Mallory 18,841 shares; H. James McKnight 5,072 shares; Edward L. Wiley 5,072 shares; Michael Ziemianski 1,739 shares; Michael J. Zugay 5,072 shares.

**PROPOSAL 1 ELECTION OF DIRECTORS**

Michael Baker's Board of Directors currently has nine members. Robert N. Bontempo, Nicholas P. Constantakis, Robert H. Foglesong, Mark E. Kaplan, Bradley L. Mallory, John E. Murray, Jr., Pamela S. Pierce, Richard L. Shaw and David N. Wormley, whose terms of office are expiring, have been nominated to serve for new terms ending in 2012. All nominations were recommended by the Governance and Nominating Committee of the Board, as further described in "The Governance and Nominating Committee" on page 12, and approved by the entire Board of Directors.

**Vote Required**

You have one vote for each share of Michael Baker common stock you own, and you have cumulative voting rights in the election of directors. Cumulative voting entitles you to that number of votes in the election of directors equal to the number of shares of Michael Baker common stock you own, multiplied by the total number of directors to be elected. Under cumulative voting, you may cast the total number of your votes for one nominee or distribute them among any two or more nominees as you choose. Your proxy will be voted for the election of these nominees, unless you withhold authority to vote for any one or more of them. Shares represented by proxies, unless otherwise indicated on the proxy card, will be voted cumulatively in such manner that the number of shares voted for each nominee (and for any substitute nominated by the Board of Directors, if any nominee listed becomes unable or is unwilling to serve) will be as nearly equal as possible. The nine nominees receiving the highest number of affirmative votes cast at the annual meeting by the holders of common stock voting in person or by proxy, a quorum being present, will be elected as directors. If any nominee is unable or unwilling to stand for election, your proxy authorizes Michael Baker to vote for a replacement nominee if the Board names one.

Only votes for a candidate are counted in the election of directors. The nine nominees who receive the most votes will be elected as directors.

**The Board recommends you vote for each of the following candidates.**

5

---

**Table of Contents**

**Director Nominees**

The following table sets forth certain information regarding the nominees as of April 5, 2011. All of the nominees are continuing directors who were elected directors by Michael Baker's shareholders at the 2010 Annual Meeting. Except as otherwise indicated, each nominee has held the principal occupation listed or another executive position with the same entity for at least the past five years.

Robert N. Bontempo, Ph.D.  
Age 51  
Director since 1997

Professor at Columbia University School of Business since 1994.  
Formerly: Assistant Professor of International Business at Columbia University Graduate School of Business from 1989 to 1994.

Dr. Bontempo has extensive experience counseling international businesses on a wide range of strategic issues and is widely recognized as an authority on matters relating to corporate organization. His expertise brings valuable perspective and insight to our Board with respect to organizational, business and market requirements.

Nicholas P. Constantakis, CPA  
Age 71  
Director since 1999

Retired. Formerly: Partner, Andersen Worldwide SC (independent public accountants and consultants) from 1972 to 1997. Holds numerous investment company directorships in the Federated Fund Complex (a series of investment companies) where he is a member of the Audit Committee. From 2005 to 2008 he was Chairman of the Audit Committee of the Federated Fund Complex.

Mr. Constantakis' accounting and financial experience qualifies him to head our audit committee, as does his experience with the Federated Fund Complex. His background and experience have enabled him to provide an important leadership perspective in particular to the audit committee.

General (Ret.) Robert H. Foglesong  
Age 65  
Director since 2006

Founded and leads the Appalachian Leadership and Education Foundation (a nonprofit organization focused on building leadership skills in today's youth), where he is President and Chief Executive Officer, and serves as a director of Massey Energy Company (a coal producer), Stark Aerospace Inc. (a privately held aerospace defense contractor), and CDEX, Inc. (a chemical technology company). General Foglesong serves as the Chairman of the Board of Stark Aerospace Inc.; the Audit, Executive, Governance and Nominating, and Safety, Environmental and Public Policy Committees, and is the Chairman of the Compensation Committee of Massey Energy Company; and the Audit Committee and as Co-Chairman and member of the Corporate Governance and Nomination Committee of CDEX, Inc. Formerly: President of Mississippi State University. Prior to Mississippi State University, General Foglesong had a 33-year career with the United States Air Force, including serving as Vice Commander, and retired in 2006 as a four star general and Commander, United States Air Force Europe.

General Fogelsong has high-level executive leadership, management and organizational skills with a unique perspective. His prior positions provided him with extensive experience in all aspects of executive leadership, including financial, budgeting, administration and personnel. His other directorships also have provided broad experience in Board matters.

**Table of Contents**

Mark E. Kaplan, CPA  
Age 49  
Director since 2008

Senior Vice President, Chief Financial Officer and Treasurer of Duquesne Light Holdings (an energy service provider) since 2005. Formerly: Director of the Wesmark Funds (a mutual fund complex), where he was the Chairman of the Audit Committee. Managing Director of CLJ Consulting Group (management consulting) from 2004 to 2005. Prior to CLJ Consulting Group, Mr. Kaplan served in various capacities with Weirton Steel Corporation (integrated steel mill), including President and Chief Financial Officer, from 1995 to 2004.

Mr. Kaplan's background and experience provide the Board and Michael Baker with a high level of expertise in financial and accounting matters. These skills have served the Board and Michael Baker well, especially with respect to financial and strategic initiatives and acquisition and divestiture activities.

Bradley L. Mallory  
Age 58  
Director since 2008

President and Chief Executive Officer of Michael Baker Corporation since February 2008. Formerly: Chief Operating Officer of Michael Baker Corporation from October 2007 to February 2008; President of Engineering of Michael Baker Jr., Inc. from November 2003 to October 2007; Senior Vice President of Michael Baker Jr., Inc. from March 2003 to October 2003; Secretary of Transportation of the Commonwealth of Pennsylvania from 1995 to 2003.

Mr. Mallory is a highly experienced executive. His prior role as Pennsylvania Secretary of Transportation gives him a valuable perspective relating to Michael Baker's customer base. His leadership and business acumen have been critical elements in fulfilling his role as a director. As the only management representative on the Board, Mr. Mallory provides a critical contribution to Board discussions.

John E. Murray, Jr., S.J.D.  
Age 78  
Director since 1997

Chancellor of Duquesne University since 2001 and Professor of Law of Duquesne University since 1995. Formerly: President of Duquesne University from 1988 until 2001; Dean of University of Pittsburgh and Villanova University Schools of Law. Held numerous investment company directorships in the Federated Fund Complex until December 2008, including the Chairman of the Board of the Federated Fund Complex.

Dr. Murray has outstanding leadership and business experience, including service on other boards. His roles have included responsibility for all aspects of organizational leadership, including administration, financial, strategic and personnel. Dr. Murray's legal background also provides him with extensive knowledge and experience with respect to risk management and regulatory compliance issues.

Pamela S. Pierce  
Age 56

Executive Vice President of ZTown Investments, Inc. (private oil and gas producers) and a member of the Board of Managers and member of the

Director since 2005

Compensation Committee of Laredo Petroleum, Inc. (private oil and gas producers). Formerly: President of Huber Energy (a private energy company) until 2004 and President and Chief Executive Officer of Mirant Americas Energy Capital and Production Company (an energy company) from 2000 until 2002.

7

---

**Table of Contents**

Ms. Pierce is a highly knowledgeable business executive with extensive experience in the areas of corporate governance and leadership; along with bringing insight into finance and accounting matters, and compliance with safety regulations. Her business acumen enhances the Board's discussions on all issues affecting Michael Baker and her leadership insights contribute significantly to the Board's decision making process.

Richard L. Shaw  
Age 83  
Director since 1965

Chairman of the Board of Michael Baker Corporation since 1993. Formerly: Chief Executive Officer of Michael Baker Corporation from September 2006 to February 2008; Chief Executive Officer from 1999 to 2001; President and Chief Executive Officer from 1993 through 1994 and President and Chief Executive Officer from 1984 to 1992. Mr. Shaw has held various other positions since joining Michael Baker Corporation.

Mr. Shaw's tenure of almost 60 years with Michael Baker provides an unparalleled level of knowledge of its business, markets and people. His vast experience provides Michael Baker with extensive executive and leadership perspective. Mr. Shaw has a deep understanding of Michael Baker's business, operations and strategic direction which make him uniquely qualified to lead Michael Baker's Board.

David N. Wormley, Ph.D.  
Age 71  
Director since 2008

Dean of the College of Engineering at Pennsylvania State University since 1992 and serves as a vice-chair of the Board of Directors of Sun Hydraulics Inc. (designer and manufacturer of cartridge valves and manifolds) since 1992 where he is the Chair of the Nominating Committee and a member of the Compensation Committee. Formerly: Associate Dean of Engineering at Massachusetts Institute of Technology (MIT) from 1991 to 1992, and Head of MIT's Department of Mechanical Engineering from 1982 to 1991.

Dr. Wormley is a widely regarded scholar in the field of engineering, which is the basis of Michael Baker's business. His knowledge of this area provides the Board with a high level of expertise with respect to Michael Baker's core services, personnel and customer needs. His technical and industry expertise provide an invaluable addition to the Board's deliberations.

**The Board and Committees**

The Board met seven times during 2010. All directors then serving participated in at least 75% of all meetings of the Board and the committees on which they served in 2010 with the exception of Mr. Kaplan, who attended 71% of the Board meetings. The standing Board committees that help the Board fulfill its duties include the Executive Committee, the Audit Committee, the Compensation Committee, the Governance and Nominating Committee, and the Health, Safety, Environmental and Compliance Committee.

The Board has adopted categorical standards to assist it in determining whether its members meet the independence requirements of the NYSE Amex. The Board has reviewed the independence of its members under the NYSE Amex

listing standards and has determined that a majority of its members are independent. Specifically, none of the following directors, Dr. Bontempo, Mr. Constantakis, General (Ret.) Foglesong, Mr. Kaplan, Dr. Murray, Ms. Pierce and Dr. Wormley, has a material relationship with Michael Baker and each such director meets the independence requirements of the NYSE Amex.

It is Michael Baker's policy that all directors attend the annual meeting of shareholders if reasonably possible. All directors then serving attended the 2010 annual meeting of shareholders with the exception of Mr. Shaw.



## **Table of Contents**

### **The Board Leadership Structure and Risk Oversight**

The Board operates under the leadership of the Chairman. There is no prohibition in Michael Baker's bylaws that precludes the Chairman from also assuming the role of Chief Executive Officer. It is, however, Michael Baker's common practice to have a different individual fill the role of Chairman and Chief Executive Officer, except during times of transition when the same person may fill both roles in an interim capacity while an appropriate candidate is found to assume the vacant position. Currently, Mr. Shaw is Chairman of the Board and Mr. Mallory is the Chief Executive Officer. Michael Baker feels the current leadership structure provides the appropriate balance of oversight, independence, administration and hands-on involvement in Board activities that are required for the efficient conduct of corporate governance activities.

The Board takes an active role in overseeing Michael Baker's risks, including but not limited to those created by legislative, business regulatory, and public policy changes. Michael Baker's management is responsible for managing these risks, which it does through several individuals, including the Chief Executive Officer, the Chief Financial Officer, the Chief Legal Officer, and through an individual designated as the Chief Risk Officer, who is responsible for overseeing Michael Baker's enterprise risk management program. The Board receives periodic updates from management on these and other risks at its scheduled meetings throughout the year.

Oversight of certain specific key risks has been delegated by the Board to various standing committees. The oversight of risks associated with Michael Baker's various compensation programs, including incentive compensation, has been delegated to and is monitored by the Compensation Committee. The monitoring of audit and key financial risks is the responsibility of the Audit Committee, which contains at least one individual who has been deemed an audit committee financial expert in accordance with the rules of the Securities and Exchange Commission. Risks associated with job safety and related to health compliance, as well as changes in regulations affecting workplace safety, are overseen by Michael Baker's Health, Safety, Environmental and Compliance Committee. The Audit Committee, the Compensation Committee, and the Health, Safety, Environmental and Compliance Committee report their activities to the Board periodically as needed.

### **The Executive Committee**

The Executive Committee has all of the powers of, and the right to exercise all of the authority of, the Board of Directors in the management of the business and affairs of Michael Baker. The Executive Committee met five times in 2010. The Executive Committee members are Mr. Shaw, Mr. Mallory and Drs. Bontempo and Murray. Mr. Shaw serves as the Executive Committee's Chairman.

### **The Audit Committee**

The Audit Committee acts under a written charter, which was amended and restated by the Board of Directors on July 10, 2010. The Audit Committee reviews and reassesses the adequacy of the Audit Committee Charter on an annual basis. A current copy of the Audit Committee Charter is available on Michael Baker's website at <http://www.mbakercorp.com> and available in print to any shareholder upon request.

The Audit Committee met thirteen times in 2010. The Audit Committee members are Mr. Constantakis, Mr. Kaplan and Ms. Pierce. Mr. Constantakis was appointed Chairman of the Audit Committee on November 1, 2007. Mr. Kaplan was appointed to the Audit Committee in February 2008. Ms. Pierce was appointed to the Audit Committee in September 2008. The Board of Directors has concluded that all Audit Committee members are independent as defined by the NYSE Amex listing standards. In addition, the Board has determined that Mr. Constantakis and Mr. Kaplan

each qualify as an audit committee financial expert, as such term is defined by the regulations of the Securities and Exchange Commission.

The Audit Committee assists the Board in overseeing the accounting and financial reporting processes of Michael Baker. It is directly responsible for appointing, compensating, retaining and overseeing the work of the independent registered public accounting firm engaged by Michael Baker. The functions performed by the Audit Committee include:

- appointing the independent registered public accountants;

- reviewing with the independent registered public accountants the plan for, and the results of, the auditing engagement;

**Table of Contents**

approving professional services to be provided by the independent registered public accountants before the services are performed;

reviewing the independence of the independent registered public accountants;

overseeing the work of the independent registered public accountants;

discussing Michael Baker's financial statements with the independent registered public accountants and management; and

reviewing Michael Baker's system of internal accounting controls.

The Audit Committee has established procedures for the receipt, retention and treatment of complaints received by Michael Baker regarding accounting, internal controls or auditing matters. The Audit Committee has oversight of the internal audit function, including reviewing the annual internal audit plan and assessing the internal audit function's performance.

The Audit Committee considers whether the independent registered public accountants' provision of non-audit related services is compatible with maintaining the independence of the independent registered public accountants.

**The Audit Committee Report**

The Audit Committee is responsible for reviewing Michael Baker's financial reporting process on behalf of the Board of Directors. Management of Michael Baker has the primary responsibility for the financial statements and the reporting process, including the system of internal controls. In the performance of the Audit Committee's oversight function, the Audit Committee meets with management periodically to consider the adequacy of Michael Baker's internal controls and the objectivity of its financial reporting. The Audit Committee meets privately with the independent registered public accountants of Michael Baker, who have unrestricted access to the Audit Committee. Specifically, the Audit Committee reviewed and discussed the consolidated balance sheet of Michael Baker and its subsidiaries as of December 31, 2010, and the related consolidated statements of income, shareholders' investment and cash flows, for the year then ended, with management of Michael Baker and the independent registered public accountants. These consolidated financial statements, which are the responsibility of Michael Baker's management, are included in Michael Baker's annual report to shareholders and in Michael Baker's annual report on Form 10-K as filed with the Securities and Exchange Commission. They have been audited by Deloitte & Touche LLP, independent registered public accounting firm, and their report thereon, which accompanies the consolidated financial statements, is an important part of Michael Baker's reporting responsibility to its shareholders. Based on the Audit Committee's review of the consolidated financial statements and the discussions with Michael Baker's management and the independent registered public accountants, the Audit Committee is responsible for making a recommendation to the Board of Directors of Michael Baker regarding inclusion of the audited financial statements in Michael Baker's annual report on Form 10-K.

The Audit Committee has met with the independent registered public accountants and discussed the matters that they are required to communicate to the Audit Committee by Statement on Auditing Standards No. 114 (*The Auditor's Communication With Those Charged With Governance*) relating to the conduct of the audit. These items include, but are not limited to, significant issues identified during the audit such as management judgments and accounting estimates, accounting policies, proposed audit adjustments, financial statement disclosure items and internal control issues, and if there were any disagreements with management or difficulties encountered in performing the audit.

Michael Baker's independent registered public accountants also provided the Audit Committee with the written disclosures and the letter required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence. The Audit Committee has met with and discussed the independent registered public accountants' independence. The Audit Committee has determined that Deloitte & Touche LLP are independent auditors with respect to Michael Baker within the meaning of the federal securities laws and the rules and regulations thereunder and Rule 3200T of the Public Company Accounting Oversight Board.

**Table of Contents**

As part of the ongoing oversight process, the Audit Committee, with the advice of legal counsel, Michael Baker's independent registered public accountants and other advisors, has adopted and implemented in a timely manner any new rules and regulations promulgated by the Securities and Exchange Commission and NYSE Amex.

Based on the Audit Committee's review and discussions, the Audit Committee has recommended to Michael Baker's Board of Directors that the aforementioned 2010 audited financial statements be included in Michael Baker's annual report on Form 10-K for filing with the Securities and Exchange Commission.

Respectfully submitted,

Nicholas P. Constantakis

Mark E. Kaplan

Pamela S. Pierce

**The Compensation Committee**

The Compensation Committee acts under a written charter, which is available on Michael Baker's website at <http://www.mbakercorp.com> and available in print to any shareholder upon request.

The Compensation Committee provides assistance to the Board relating to the compensation of Michael Baker's officers and directors. The Committee's principal responsibilities include:

- reviewing and approving Michael Baker's compensation philosophy;

- reviewing and approving the executive compensation programs, plans and awards; and

- overseeing Michael Baker's short-term and long-term incentive plans and other stock or stock-based plans.

The Compensation Committee ensures that the compensation of Michael Baker's executives and other key employees is fair and competitive, as well as in compliance with applicable laws.

The Chief Executive Officer approves salary adjustments for executive officers based on research provided by the Chief Resource Officer. A final comparison is made to verify that the total percentage increase in compensation paid to the executive officers as a group is not disproportionate to the percentage increase applicable to other Michael Baker employee groups. The Compensation Committee annually reviews market data by reviewing executive compensation surveys compiled by third-party consultants, compensation of an industry peer group and compensation of a group of local companies to assess Michael Baker's competitive position for the components of executive compensation (base salary, short-term incentive compensation, and long-term incentive compensation).

The Compensation Committee annually reviews market data compiled by third-party consultants, along with general industry information and other relevant sources to assess the competitiveness of the Chief Executive Officer's salary, and based on this review, and in consideration of the terms of the Chief Executive Officer's Employment Agreement, as described below, approves in advance any salary increase for the Chief Executive Officer.

Pursuant to its charter, the Compensation Committee is authorized to engage compensation consultants of its selection to advise it with respect to Michael Baker's salary and incentive compensation and benefits programs. The Compensation Committee has historically engaged compensation consultants for a variety of purposes. The Compensation Committee regularly reviews data from multiple third party sources in connection with performance of

its duties, including data compiled by or provided by compensation consultants. Mercer (US) Inc. ( Mercer ) assisted in providing information concerning Michael Baker s short-term incentive compensation plan. Michael Baker s management engaged Mercer to assist in recommending the 2010 compensation of Michael Baker s Chief Executive Officer, and conducted a competitive analysis for its other executive officers based on a variety of sources.

In regard to Michael Baker s non-employee directors, the Compensation Committee also uses data from an industry peer group and local companies and survey data compiled by third-party consultants to assess and determine the level of director compensation. This data is compiled by the Chief Resource Officer and provided to the Compensation Committee. Director compensation is reviewed and approved by the full Board of Directors.

The Compensation Committee also adopts or amends incentive compensation plans and equity award plans in which the executive officers and non-employee directors are participants.

**Table of Contents**

The Compensation Committee met five times in 2010. The Compensation Committee members are Drs. Bontempo and Murray and Mr. Constantakis. Dr. Bontempo was appointed as the Compensation Committee's Chairman on September 9, 2008. All of the members of the Compensation Committee are non-employee directors satisfying the independence standards of the NYSE Amex listing standards.

**Compensation Committee Interlocks and Insider Participation**

During 2010, Michael Baker had no interlocking relationships in which (i) an executive officer of Michael Baker served as a member of the compensation committee of another entity, one of whose executive officers served on the Compensation Committee of Michael Baker; (ii) an executive officer of Michael Baker served as a director of another entity, one of whose executive officers served on the Compensation Committee of Michael Baker; or (iii) an executive officer of Michael Baker served as a member of the compensation committee of another entity, one of whose executive officers served as a director of Michael Baker. No member of the Compensation Committee was at any time during the 2010 fiscal year or at any other time an officer or employee of the Company, and no member had any relationship with Michael Baker requiring disclosure under Item 404 of Securities and Exchange Commission Regulation S-K.

**Report of the Compensation Committee**

The Compensation Committee of the Board of Directors has reviewed and discussed the Compensation Discussion and Analysis included on pages 14 through 29 of the Proxy Statement with management.

Based on the review and discussion, the Compensation Committee recommends to the Board of Directors that the Compensation Discussion and Analysis be included in the Proxy Statement.

Respectfully submitted,

Robert N. Bontempo

Nicholas P. Constantakis

John E. Murray, Jr

**The Governance and Nominating Committee**

The Governance and Nominating Committee acts under a written charter which was adopted by the Board of Directors on February 20, 2003. A current copy of the Governance and Nominating Committee Charter is available on Michael Baker's website at <http://www.mbakercorp.com> and available in print to any shareholder upon request.

The principal functions of the Governance and Nominating Committee are to:

- identify the skills and characteristics to be found in candidates to be considered to serve on Michael Baker's Board of Directors and to use such to select nominees;

- oversee the corporate governance of Michael Baker; and

- recommend corporate governance guidelines.

The Governance and Nominating Committee met three times in 2010. The current Governance and Nominating Committee members are Mr. Kaplan, General Foglesong and Dr. Murray, each of whom are non-employee directors satisfying the independence standards of the NYSE Amex listing standards. Dr. Murray is the Chairman of the

Governance and Nominating Committee. General Foglesong was appointed to the Governance and Nominating Committee in 2010.

The Committee will consider nominees for director recommended by shareholders. Shareholders wishing to recommend a director candidate for consideration by the Committee can do so by complying with Section 2.01.01 of Michael Baker's bylaws, which provide for, among other things, submission of nominations not less than 90 days nor more than 120 days prior to the one-year anniversary of the preceding year's annual meeting. In addition to providing timely notice, any shareholder wishing to recommend a director candidate for consideration must also provide notice in the proper written form to the Secretary of Michael Baker, Airside Business Park, 100 Airside Drive, Moon Township, PA 15108. To be in proper written form, a shareholder must set forth in the notice all information relating to the nominee that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the



**Table of Contents**

Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder, and a description of all direct or indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among the shareholder making the nomination and the proposed nominee. The notice must also provide the shareholder's name and address as they appear in Michael Baker's books, the class and number of shares that are held of record or beneficially owned by the shareholder, any derivative positions held or beneficially owned by the shareholder and whether and to what extent any hedging or other transaction or series of transactions has been entered into by or on behalf of such shareholder, and any material interest of the shareholder in such nominee. No candidates for Board membership have been put forward by shareholders for election at the annual meeting.

In evaluating candidates for the Board, the Governance and Nominating Committee considers the entirety of each candidate's credentials. Although the Board does not have a separate diversity policy, the Governance and Nominating Committee is guided by the objective set forth in its charter of ensuring that the Board consists of individuals from diverse experience and backgrounds who collectively provide meaningful counsel to management. The Committee believes that Board diversity is an expansive attribute that includes differing points of view, professional experience and expertise, and education, as well more traditional diversity concepts. The Committee considers the candidates' character, integrity, experience, understanding of strategy and policy-setting, and reputation for working well with others. If candidates are recommended by Michael Baker's shareholders, then such candidates will be evaluated using the same criteria. With respect to nomination of continuing directors for re-election, the individual's past contributions to the Board are also considered.

Pursuant to authority granted under its charter, the Governance and Nominating Committee has the authority to hire and pay a fee to a consultant or search firm to assist in the process of identifying and evaluating director candidates. The Committee did not use a consultant or search firm in the last fiscal year and, accordingly, did not pay any fees for identifying director candidates.

**The Health, Safety, Environmental and Compliance Committee**

The Health, Safety, Environmental and Compliance Committee acts under a written charter, which is available on Michael Baker's website at <http://www.mbakercorp.com> and available in print to any shareholder upon request.

The Health, Safety, Environmental and Compliance Committee reviews and considers health, safety, environmental and related compliance issues and sustainability initiatives relative to Michael Baker.

The Health, Safety, Environmental and Compliance Committee met four times in 2010. The current Health, Safety, Environmental and Compliance Committee members are Ms. Pierce, Mr. Mallory and Dr. Wormley. Ms. Pierce is the Chairperson of the Health, Safety, Environmental and Compliance Committee. Mr. Mallory was appointed to the Health, Safety, Environmental and Compliance Committee in 2010.

## **Table of Contents**

### **Compensation Discussion and Analysis**

#### ***Overview***

This compensation discussion describes the material elements of compensation awarded to, earned by, or paid to each of Michael Baker's executive officers who served as named executive officers during 2010. The discussion focuses primarily on the information contained in the tables and related footnotes and narrative for 2010, but the discussion also describes compensation actions taken prior to 2010 to the extent it enhances the understanding of Michael Baker's executive compensation disclosure.

The principal elements of Michael Baker's executive compensation program for 2010 are base salary, short-term incentive compensation and long-term incentive compensation. Michael Baker's other benefits and perquisites consist of group life insurance premiums paid on behalf of Michael Baker's executives, and tax gross-up payments associated with certain perquisites. Michael Baker's philosophy on compensation places a share of overall compensation at risk, thereby rewarding employees based on the overall performance of Michael Baker.

#### ***Objectives and Philosophy***

The overall objectives of Michael Baker's executive compensation program are:

- to attract and retain executive officers and other key employees of outstanding ability, and to motivate all employees to achieve Michael Baker's financial and operational goals;
- to ensure that pay is competitive with other leading companies in Michael Baker's industries and local markets;
- to reward executive officers and other key employees for corporate, group and individual performance; and
- to ensure that total compensation to the executive officers as a group is reasonable and competitive when compared to Michael Baker's size, industry and local markets.

During 2010, the Compensation Committee focused on assessing whether Michael Baker's incentive compensation programs were structured to reward an executive's performance in the manner in which the Compensation Committee believes is effective and appropriate. As discussed below in regard to the short-term incentive compensation plan, the Compensation Committee decided not to utilize individual targets for the 2010 plan year and to grant discretionary awards under the existing short-term incentive compensation plan. Michael Baker's prior long-term incentive plan was terminated in 2007. In 2010, the Board adopted and the shareholders approved a new Long-Term Incentive Plan and Employee Stock Purchase Plan, which are described in more detail below. In determining executive compensation for 2010, the Compensation Committee reviewed the relationship of an executive's compensation to that of other executive officers of Michael Baker, similar executive officers in comparable companies, and Michael Baker's current and projected growth and profitability performance. The Compensation Committee believes that executive compensation packages provided by Michael Baker to its executives during 2010, including the named executive officers, were competitive and appropriately rewarded the named executive officers.

#### ***Compensation Process***

*Compensation Committee.* Executive officer compensation is administered by the Compensation Committee of Michael Baker's Board of Directors, which is composed of three members, Drs. Bontempo and Murray and

Mr. Constantakis, Dr. Bontempo was appointed Chairman of the Compensation Committee on September 9, 2008. The Compensation Committee approved the 2010 compensation arrangements described in this compensation discussion and analysis. Michael Baker's Board of Directors appoints the Compensation Committee members and delegates to the Compensation Committee the direct responsibility for, among other matters:

reviewing and approving Michael Baker's compensation philosophy;

reviewing and approving the executive compensation programs, plans and awards; and

**Table of Contents**

overseeing Michael Baker's short- and long-term incentive plans and other stock or stock-based plans, as developed.

The Compensation Committee annually reviews market data through executive compensation surveys compiled by third-party consultants, considering compensation of an industry peer group and compensation of a group of local companies to assess Michael Baker's competitive position for the components of executive compensation (base salary, short-term incentive compensation and long-term incentive compensation).

The Compensation Committee annually reviews market data compiled by third-party consultants, along with general industry information and other relevant sources to assess the competitiveness of the Chief Executive Officer's salary, and based on this review, and in consideration of the terms of the Chief Executive Officer's Employment Agreement, as described below, approves in advance any salary increase for the Chief Executive Officer.

*Role of Compensation Experts.* Pursuant to its charter, the Compensation Committee is authorized to engage compensation consultants to advise with respect to Michael Baker's salary and incentive compensation and benefits programs. The Compensation Committee has historically engaged compensation consultants for a variety of purposes. The Compensation Committee regularly reviews data from multiple third party sources, in connection with the performance of its duties, including data compiled by or provided by compensation consultants. Mercer assisted in providing information concerning Michael Baker's short-term incentive compensation plan. Michael Baker's management engaged Mercer to assist in recommending the 2010 compensation of Michael Baker's Chief Executive Officer, and conducted a competitive analysis for its other executive officers based on a variety of sources.

*Role of Michael Baker's Executive Officers in the Compensation Process.* The Chief Executive Officer approves all salary adjustments for executive officers other than the Chief Executive Officer based on research provided by the Chief Resource Officer.

***Components of Compensation***

Michael Baker's 2010 compensation consisted of base salary, short-term incentive compensation and long-term incentive compensation elements primarily structured to reward Michael Baker's executive officers for achieving certain financial and business objectives. In 2010, the compensation of Michael Baker's named executive officers was allocated as follows:

	<b>Base Salary</b>	<b>Short-Term Incentive Compensation</b>	<b>Long-Term Incentive Compensation</b>
Mr. Mallory	40.9%	0%	59.1%
Mr. Zugay	64.8%	0%	35.2%
Mr. Kurgan	62.2%	0%	37.8%
Mr. McKnight	64.6%	0%	35.4%
Mr. Wiley	62.3%	0%	37.7%

*Base Salaries.* An overall base salary budget increase recommendation is compiled by the Human Resources function for all divisions of Michael Baker. A preliminary merit increase percentage is communicated to the Compensation Committee during the October meeting for the next calendar year. Human Resources monitors market conditions and makes a final recommendation to the Compensation Committee during the December meeting. The final approval is

made during the first meeting of the new calendar year. These increases are determined by reviewing a variety of third party compensation data. For 2010 salaries, the Compensation Committee reviewed such data from Hewitt, Engineering and Construction Compensation Forum ( ECCF ), Dietrich Surveys ( Dietrich ), Salary.com, and WorldatWork.

Michael Baker establishes a salary range based on benchmarking for each of its executive officers' salary grade level. The competitive norm for salary ranges for 2010 was established by reviewing data from the third party consultant surveys including Hewitt, ECCF, Dietrich, Salary.com, and WorldatWork. Consideration was also given to Michael Baker's industry peer group. Michael Baker's industry peer group for benchmarking includes Tetra Tech

## **Table of Contents**

Inc., Granite Construction, Inc., Oceaneering International, Inc., MasTec, Inc., Insituform Technologies, Inc., ENGlobal Corporation, Sterling Construction Company, Hill International, Inc. and TRC Companies, Inc. In using this group for benchmarking, the Compensation Committee takes into consideration that many of the peer group companies have higher market capitalization and/or total revenue than Michael Baker. Finally, consideration was given to comparable local companies to determine if the proposed ranges of executive salaries were in line with the local markets. This benchmarking is performed using local companies such as Mine Safety Appliances Company, Westinghouse Air Brake Technologies Corporation, Koppers Holdings, Inc., and L.B. Foster Company. The use of local companies in addition to survey data and Michael Baker's peer group is based on the philosophy that Michael Baker's executives are hired from a talent pool that is not comprised of only engineering industry executives and that Michael Baker competes in the local market for certain of its executive officer positions. Michael Baker generally establishes its executive officer salary midpoint at the average midpoint determined through this benchmarking process. Based on this benchmarking process, the salary ranges for Michael Baker's executive officers were increased by 2% for fiscal year 2010.

Individual executive officer base salaries for Michael Baker's executive officers are reviewed annually by the Chief Executive Officer with increases to be effective in April of the next fiscal year. Increases for the executive officers other than the Chief Executive Officer are approved by the Chief Executive Officer. The position of the executive officer within the salary range for the executive's position established by the benchmarking process described above and the executive's years in the position, responsibility and contributions to the business are all taken into consideration. Individual salaries may be above or below the midpoint in the established range based on the individual's years in the position, contribution to business results, capabilities and qualifications, potential and the importance of the individual's position to Michael Baker's success. For 2010, the base salary increases for the named executive officers ranged from 0% to 15.2%. These increases are discussed further in connection with the Summary Compensation Table, which follows on page 20.

*Short-Term Incentive Compensation.* Michael Baker's short-term incentive compensation plan is intended to compensate executive officers if financial performance targets are achieved for the preceding fiscal year. This short-term incentive compensation program is driven by obtaining certain levels of financial performance based on preset earnings per share targets. Because this is a company-wide objective, no individual performance targets are utilized and the Compensation Committee focuses on the overall funding of the plan. Therefore, as in 2008 and 2009, no incentive targets were set for the named executive officers for the 2010 plan year.

The Compensation Committee may grant discretionary bonuses to executive officers under the 2010 Incentive Compensation Plan. The Compensation Committee considered alternative strategic and financial performance targets, in order to reward employees for outstanding performance during 2010. For 2010, the Compensation Committee recommended to the Board and the Board adopted an earnings per share formula to provide performance targets for the executive officers. Based upon 2010 performance, the Compensation Committee recommended and the Board approved a discretionary pool available for distribution of \$500,000, of which none was paid to the named executive officers.

*Long-Term Incentive Compensation.* Michael Baker's Long-Term Incentive Plan (the LTIP) was adopted by the Board and approved by the shareholders in 2010. The purposes of the LTIP are to:

- promote Michael Baker's growth and profitability;
- provide officers and other key employees with the incentive to achieve long-term corporate objectives;
- attract and retain officers and other key employees of outstanding competence; and

provide such individuals with an opportunity to acquire shares of common stock of Michael Baker.

The LTIP is administered by Michael Baker's Compensation Committee. The Committee has authority to designate the individuals eligible to participate in the LTIP, to grant awards under the LTIP, and subject to the terms of the LTIP, to establish terms and conditions of each award. The Committee also has the authority to interpret the LTIP, to adopt, amend and rescind rules and regulations relating to the LTIP, and to make other determinations and take all actions necessary or advisable for the implementation and administration of the LTIP.

## **Table of Contents**

Under the LTIP, the Committee may grant stock options, stock appreciation rights, restricted stock, restricted stock units, performance share units, and other stock-based awards. In determining eligibility of any participant and the number of shares or value of an award, the Committee considers the individual's position and responsibilities, the nature and value of the individual's services, the individual's potential contribution to the success of Michael Baker, and such other factors as the Committee may deem relevant.

The Committee's administration of the LTIP provides for five tiers of participation, or impact levels, with each impact level corresponding to a different level of award. The Committee believes the multiple impact level design gives the Committee the maximum amount of flexibility in determining the appropriate mix of awards to different levels of eligible employees to promote the achievement of Michael Baker's strategic objectives and align the employee's interests with the interests of the shareholders. Currently, each impact level of the LTIP is awarded an amount of restricted stock that is determined by the Committee. The restricted stock awarded to each impact level under the LTIP vests in equal installments on each of the three annual anniversary dates following the date of the award, contingent upon the recipients continued employment at Michael Baker.

Restricted stock awards are initially subject to the achievement by Michael Baker of certain key performance indicators that are established and approved by the Committee. The key performance indicators are designed to align awards under the LTIP with Michael Baker's achievement of its five year strategic plan. Each key performance indicator is weighted and targets are established for the five year period. The target for any given year has a minimum and a maximum value. The target minimum value represents the key performance indicator level below which no award will be granted. The target maximum value represents the key performance indicator level above which no additional potential awards will be granted.

In recognition of the fact that Michael Baker's prior Long Term Incentive Plan was terminated in 2007, in 2010 the Committee approved a "kick-off" award of restricted stock to each participant in order to immediately begin to provide benefits to the LTIP participants. The initial award was not dependent upon the achievement of any performance targets. The restricted stock awarded as the initial "kick-off" award will vest in equal installments on each of the three annual anniversary dates following the date of the award, contingent upon the recipients continued employment at Michael Baker. Each named executive officer received an amount under the "kick-off" award as provided in the Summary Compensation table below.

Along with Michael Baker's LTIP, the Board adopted and the shareholders approved Michael Baker's Employee Stock Purchase Plan (the "ESPP") in 2010. The purpose of the ESPP is to provide a method whereby employees of Michael Baker, including named executive officers, will have an opportunity to purchase shares of Michael Baker common stock through payroll deductions.

The ESPP is administered by Michael Baker's Compensation Committee. The Committee has the authority and responsibility for the administration of the ESPP.

Under the ESPP, an eligible employee may elect to purchase shares of Michael Baker common stock by participating during any quarterly purchase period. An eligible employee may authorize a payroll deduction between 1% and 10%, subject to Internal Revenue Code limits applicable to the Plan.

The initial purchase period of Michael Baker's ESPP was from January 1, 2011 to March 31, 2011. The purchase price of shares of Michael Baker's common stock purchased under the ESPP is discounted to 90% of the fair market value of the common stock on the purchase date. However, the Committee may change the designated percentage of the discount with respect to any future purchase period, but not below 85%, and the Committee may determine with respect to any prospective purchase period that the purchase price shall be the designated percentage of the lower of



(a) the fair market value of Michael Baker common stock on the Offering Date or (b) the fair market value of Michael Baker common stock on the Purchase Date.

*Stock Ownership Requirements.* We do not currently have any policy or guidelines that require a specified ownership of Michael Baker's common stock by Michael Baker's directors or executive officers or stock retention guidelines applicable to equity-based awards granted to directors and executive officers. As of April 5, 2011, Michael Baker's directors and executive officers as a group owned approximately 3% of Michael Baker's outstanding common stock.

**Table of Contents**

*Perquisites and Other Personal Benefits.* Supplemental benefits are offered to selected executive officers with the goal of attracting and retaining key executive talent. We provide the following perquisites to Michael Baker's executive officers: group life insurance premiums paid on behalf of Michael Baker's executives, and tax gross-up payments associated with certain perquisites.

***Compensation Risk Assessment***

As part of its oversight, the Compensation Committee considers the impact of Michael Baker's compensation programs, plans and awards, and the incentives created by the compensation awards that it administers, on Michael Baker's risk profile. The Committee reviews the executive compensation policies and procedures, including the incentives the policies and procedures create, and other factors that may affect the likelihood of excessive risk taking, to determine whether Michael Baker's compensation policies and practices present a significant risk to Michael Baker. The Committee also considers the effects of the policies and procedures that exist to mitigate any potential excessive risk taking, including the balance of compensation between cash and equity, short and long term performance measures, financial and non-financial measures, and the discretion of the Committee to amend or rescind any of the compensation programs, plans or awards. Based on this review, the Committee has concluded that the risks arising from Michael Baker's compensation programs, plans and awards are not reasonably likely to have a material adverse effect on Michael Baker.

***Post-termination Compensation***

Michael Baker does not generally provide employment or severance agreements to its executive officers. However, in June 2008, Michael Baker entered into an employment agreement with Mr. Mallory, which is discussed below, under which he is provided certain post-termination benefits under certain circumstances. On April 20, 2009, Michael Baker entered into employment continuation agreements, which are more fully discussed below, with several of its senior executives, including the named executive officers.

*Tax Implications of Executive Compensation.* Michael Baker's aggregate deductions for each named executive officer's compensation are potentially limited by Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code), to the extent the aggregate amount paid to an executive officer exceeds \$1.0 million, unless it is paid under a predetermined objective performance plan meeting certain requirements, or satisfies one of various other exceptions specified in the Code.

*Stock Option Practices.* The Compensation Committee has the discretion to award stock options under Michael Baker's Long-Term Incentive Plan. Under the terms of the plan, the Committee may grant incentive stock options pursuant to Section 422 of the Code, and nonstatutory stock options, which are stock options that do not so qualify. The option price for each stock option may not be less than 100% of the fair market value of Michael Baker common stock on the date the stock option is granted. Fair market value, for purposes of the Long-Term Plan, is the closing price of Michael Baker common stock on the NYSE Amex Exchange for the date as of which fair market value is to be determined.

A stock option becomes exercisable at such time or times and/or upon the occurrence of such event or events as the Committee may determine. No stock option may be exercised after the expiration of ten years from the date of grant. A stock option to the extent exercisable at any time may be exercised in whole or in part.

The Committee has not granted stock options to named executive officers under the Long-Term Incentive Plan. The Long-Term Incentive Plan provides standard terms and conditions applicable to stock options and the Committee's discretion with respect to such terms.

Unless the Committee, in its discretion, otherwise determines, the following provisions will apply in the case of an optionee whose employment is terminated.

*Retirement.* If the employment of an optionee is terminated by reason of retirement under any Michael Baker retirement plan then in effect, outstanding stock options held by the optionee that are exercisable immediately prior to the termination of employment will be exercisable by the optionee at any time prior to the expiration date of the stock option or within one year after the date of termination, whichever is the shorter period.

**Table of Contents**

*Disability.* If the employment of the optionee is terminated by reason of the optionee's disability, covered by a long-term disability plan of Michael Baker then in effect, all outstanding stock options of the optionee will be exercisable (whether or not so exercisable immediately prior to the termination of employment) at any time prior to the expiration date of the stock option or within one year after the date of termination of employment, whichever is the shorter period.

*Death.* Following the death of an optionee during employment or within a period following termination of employment during which an option remains exercisable, all outstanding stock options of the optionee will be exercisable (whether or not so exercisable immediately prior to the death of the optionee) by the person entitled to do so under the Will of the optionee, or, if the optionee shall fail to make testamentary disposition of the stock option or shall die intestate, by the legal representative of the optionee, at any time prior to the expiration date of the stock option or within one year after the date of death of the optionee, whichever is the shorter period.

*Sale of Business Unit or Subsidiary.* If the employment of an optionee is terminated due to the sale of a business unit or subsidiary by which the optionee is employed, outstanding stock options held by the optionee that are exercisable immediately prior to the termination of employment will be exercisable by the optionee at any time prior to the expiration date of the stock option or within one year after the date of termination, whichever is the shorter period.

*Involuntary Termination.* If the employment of an optionee is involuntarily terminated by Michael Baker without cause, as determined by the Committee or its delegate in its sole discretion, outstanding stock options held by the optionee that are exercisable immediately prior to the termination of employment will be exercisable by the optionee at any time prior to the expiration date of the stock option or within thirty days after the date of termination of employment, whichever is the shorter period.

If the employment of an optionee terminates for any reason other than as described above, all outstanding stock options granted to the optionee will automatically terminate, unless the optionee's employment was terminated following a Change in Control, as described under the Long-Term Incentive Plan section within the Potential Payments on Termination or Change in Control section below.

No reload option rights or dividend equivalents may be granted in connection with any stock option.

The post-termination provisions applicable to restricted stock awards are described on page 27, below.

*Severance.* The named executive officers are covered under Michael Baker's standard severance policy. While the standard severance policy sets certain amounts that a named executive officer is to receive under the policy, Michael Baker may negotiate the terms of severance agreements with its executive officers based on the facts and circumstances of the separation.

*Accrued Vacation.* Under Michael Baker's separation policy, employees who leave Michael Baker are entitled to receive payment for any accrued vacation.

*Paid up Life Insurance Policy.* Under Michael Baker's separation policy, employees who have ten years of service and are at least 55 years of age, including the named executive officers who meet these criteria, and who retire from service at Michael Baker receive a paid up life insurance policy of \$5,000.

Table of Contents**Summary Compensation Table**

This table shows the compensation for each person serving as Michael Baker's Chief Executive Officer, Chief Financial Officer and the three other most highly paid executive officers, other than the Chief Executive Officer and Chief Financial Officer, in 2010.

Name and Principal Position	Year	Salary	Bonus	Stock Awards(2)	Option Awards	Non-Equity Incentive Plan Compensation(4)	Change in Pension Value and Nonqualified Deferred Compensation(3)	All Other Compensation(5)	Total
							(1)		
L. Mallory	2010	\$ 430,498		\$ 650,015				\$ 18,477	\$ 1,098,990
Chief Executive Officer	2009	\$ 447,055				\$ 151,000		\$ 20,565	\$ 618,625
Chief Executive Officer	2008	\$ 395,751			\$ 268,789(3)	\$ 151,000		\$ 17,998	\$ 812,538
J. Zugay	2010	\$ 309,589		\$ 174,984				\$ 12,039	\$ 496,612
Chief Financial Officer	2009	\$ 237,054	\$ 20,000(1)			\$ 84,000		\$ 11,671	\$ 352,725
Chief Financial Officer									
Kurgan	2010	\$ 274,331		\$ 174,984				\$ 13,935	\$ 463,250
Deputy Vice President	2009	\$ 267,012				\$ 79,500		\$ 13,554	\$ 359,066
Transportation Business Line Manager									
McKnight	2010	\$ 296,861		\$ 174,984				\$ 22,530	\$ 494,375
Deputy Vice President	2009	\$ 294,185				\$ 86,200		\$ 21,951	\$ 402,336
Counsel	2008	\$ 270,942				\$ 82,512		\$ 16,018	\$ 369,472
Secretary									
L. Wiley	2010	\$ 274,331		\$ 174,984				\$ 15,428	\$ 464,743
Deputy Vice President	2009	\$ 267,012				\$ 79,500		\$ 14,880	\$ 361,392
Business Line Manager	2008	\$ 237,458				\$ 72,316		\$ 14,508	\$ 324,282

(1) Mr. Zugay received a signing bonus of \$20,000 when he joined Michael Baker.

(2) Represents the grant date fair value in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718 related to the "kick-off" award of restricted shares to the named executive officers under Michael Baker's Long-Term Incentive Plan, which is described in the Compensation Discussion and Analysis section above.

(3) Reflects the grant date fair value in accordance with FASB ASC Topic 718 related to Mr. Mallory's award of stock appreciation rights (SARs) under his 2008 Employment Agreement.

(4)

As discussed in the Compensation Discussion and Analysis above, no short-term incentive targets were utilized for the named executive officers for the 2010, 2009 and 2008 plan years. Discretionary incentive awards were only earned under the 2009 and 2008 Incentive Compensation Plan.

- (5) The amount of all other compensation for each named executive officer in 2010, 2009 and 2008 includes the following:

Name	Year	401(k) Match	Group Life Premiums	Tax Gross Up	Club Dues and Other	Total
Bradley L. Mallory	2010	\$ 10,125	\$ 3,075		\$ 5,277(1)	\$ 18,477
	2009	\$ 10,125	\$ 3,075	\$ 2,252	\$ 5,113(1)	\$ 20,565
	2008	\$ 10,125	\$ 1,620	\$ 1,912	\$ 4,341(1)	\$ 17,998
Michael J. Zugay	2010	\$ 10,125	\$ 1,914			\$ 12,039
	2009	\$ 10,125	\$ 1,546			\$ 11,671
G. John Kurgan	2010	\$ 10,125	\$ 3,810			\$ 13,935
	2009	\$ 10,125	\$ 3,429			\$ 13,554
H. James McKnight	2010	\$ 10,125	\$ 12,405			\$ 22,530
	2009	\$ 10,125	\$ 11,826			\$ 21,951
	2008	\$ 10,125	\$ 5,861	\$ 9(2)	\$ 23(2)	\$ 16,018
Edward L. Wiley	2010	\$ 10,125	\$ 5,303			\$ 15,428
	2009	\$ 10,125	\$ 4,755			\$ 14,880
	2008	\$ 9,982	\$ 4,526			\$ 14,508

**Table of Contents**

- (1) Reflects the amount paid by Michael Baker for a club membership that is used by Michael Baker executives and held in Mr. Mallory's name.
- (2) Reflects \$23 for the personal use of a company car and a \$9 tax gross up related to the personal use of a company car.

During 2009, Michael Baker's executive officers did not have employment agreements, except for Mr. Mallory. Mr. Mallory serves as President and Chief Executive Officer under an employment agreement entered into on June 17, 2008. Mr. Mallory's employment agreement is for a term of three years, and provides that Mr. Mallory will, among other things, be entitled to the following compensation:

- (a) an annual base salary of \$430,000, which may be adjusted upwards annually for cost-of-living increases (subject to a maximum increase of three percent per year) and by the Board at any time based upon Mr. Mallory's contribution to the success of Michael Baker and any other factors the Board may deem appropriate;
- (b) incentive bonuses as the Board in its sole discretion may determine from time to time to be appropriate;
- (c) receipt of stock appreciation rights (SARs) relating to 40,000 shares of Michael Baker's common stock, which vest in accordance with the schedule described below and are subject to forfeiture under various circumstances, which are summarized in the Potential Payments on Termination or Change in Control section on page 23;
- (d) the reimbursement of reasonable business expenses in connection with Mr. Mallory's employment, which shall comply with the standard reimbursement policies of Michael Baker; and
- (e) coverage by those health plans and other benefits which are available generally to employees of Michael Baker.

Subject to certain forfeiture conditions summarized in the Potential Payments on Termination or Change in Control section on page 23, 10,000 SARs vested on December 17, 2009, 15,000 SARs vested on June 17, 2010, and 15,000 SARs will vest on June 17, 2011.

For 2010, the base salary increases resulting from the process described in the Compensation Discussion and Analysis for the other named executive officers ranged from 0% to 15.2% as follows:

Mr. Mallory	0%
Mr. Zugay	15.2%
Mr. Kurgan	5.0%
Mr. McKnight	4.8%
Mr. Wiley	5.0%

Mr. Mallory received a 62% pay increase on March 1, 2008 in connection with his promotion to Chief Executive Officer. His employment agreement permits the Board to adjust his base rate for inflation at a rate not to exceed 3%. Based on the timing of his promotion and pay increase in 2008 and a decreasing rate of inflation to -0.4% based on the Employment Cost Index in 2009 and 2010, no pay increase was given in 2009 and 2010.

Mr. Zugay became Chief Financial Officer on April 1, 2009. As such he was not eligible for a pay increase based on Michael Baker's policy which awards increases in March of every year with an effective April date. Mr. Zugay received a 15.2% pay increase in 2010 in order to adjust his salary to the level of comparable executives as determined by the Employment Cost Index.

Mr. Kurgan received a pay increase within Michael Baker's guidelines based on his individual performance and placement in his salary range. Michael Baker creates increase guideline charts that provide a range of recommendations for pay increases in relation to performance. Mr. Kurgan's range was between 2.0% and 5.5%, resulting in a 5% pay adjustment.

Mr. McKnight received a pay increase within Michael Baker's guidelines based on his individual performance and placement in his salary range. Michael Baker creates increase guideline charts that provide a range



**Table of Contents**

recommendation for pay increases in relation to performance. Mr. McKnight's range was between 2.0% and 5.5%, resulting in a 4.8% pay adjustment.

Mr. Wiley received a pay increase within Michael Baker's guidelines based on his individual performance and placement in his salary range. Michael Baker creates increase guideline charts that provide a range of recommendations for pay increases in relation to performance. Mr. Wiley's range was between 2.0% and 5.5%, resulting in a 5% pay adjustment.

**Grants of Plan-Based Awards for 2010**

As discussed in the Compensation Discussion and Analysis above, the Company did not utilize individual incentive targets for the named executive officers for 2010 under the 2010 Incentive Compensation Plan. As a result, only discretionary incentive awards were granted under the 2010 Incentive Compensation Plan and none were granted to named executive officers. Discretionary incentive awards are included in the Summary Compensation Table.

Name	Grant Date	Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Awards	Exercise or Base Price of Option (\$/Sh)	Grant Date Fair Value of Stock and Option Awards(2)
		Threshold	Target	Maximum				
		(#)	(#)	(#)	(#)(1)	Options (#)		
Bradley L. Mallory	6/17/2010				18,841			\$ 650,015
Michael J. Zugay	6/17/2010				5,072			\$ 174,984
G. John Kurgan	6/17/2010				5,072			\$ 174,984
H. James McKnight	6/17/2010				5,072			\$ 174,984
Edward L. Wiley	6/17/2010				5,072			\$ 174,984

(1) Represents the award of restricted stock pursuant to the "kick-off" award made under Michael Baker's Long-Term Incentive Plan, which is described in the Compensation Discussion and Analysis section above.

(2) Represents the grant date fair value in accordance with FASB ASC Topic 718 related to the award of restricted shares to the named executive officers pursuant to the "kick-off" award made under Michael Baker's Long-Term Incentive Plan, which is described in the Compensation Discussion and Analysis section above.

**Outstanding Equity Awards at Fiscal Year-End 2010**

The following table provides information regarding outstanding equity awards at December 31, 2010 for the individuals named in the Summary Compensation Table set forth above.

	Option Awards					Stock Awards			
	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options					Equity Incentive Plan Awards: Market Value of Unearned Shares, Units or Rights That Have Not Vested			
Name	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options	Exercise Price	Expiration Date	Option	Number of Shares or Units of Stock That Have Not Vested (5)	Value of Unearned Shares or Units of Stock That Have Not Vested (6)	Unearned Shares or Units of Stock That Have Not Vested	Unearned Shares, Units or Rights That Have Not Vested
Bradley L. Mallory		40,000(2)	\$ 21.77(3)	6/17/2011(4)		18,841	\$ 650,015		
Michael J. Zugay						5,072	\$ 174,984		
G. John Kurgan	10,324(1)		\$ 15.625	2/21/2012		5,072	\$ 174,984		
H. James McKnight						5,072	\$ 174,984		
Edward L. Wiley						5,072	\$ 174,984		

(1) Reflects the award of stock options under Michael Baker's 1995 Stock Incentive Plan of 10,324 stock options in 2002.

**Table of Contents**

- (2) Reflects the award of 40,000 stock appreciation rights (SARs) pursuant to Mr. Mallory's June 17, 2008 employment agreement. As described above, the 40,000 SARs vest over the three year term of Mr. Mallory's employment agreement.
- (3) As discussed in footnote (4) below, the SARs' value is based upon the fair market value on the date of grant of \$21.77. This represents the closing price of Michael Baker's stock on June 17, 2008.
- (4) The SARs will be paid out on the 36 month anniversary of the date of commencement of Mr. Mallory's employment agreement, which was June 17, 2008, except in certain circumstances of early termination as described under "Potential Payments on Termination or Change in Control" on page 23. Payment for the SARs shall be made in cash, subject to Michael Baker's discretion to make such payment in shares of common stock under and pursuant to the terms of a shareholder-approved equity incentive plan, based on the fair market value of the shares on the date of payment. The maximum payout for the SARs is limited by the terms of Mr. Mallory's employment agreement to \$860,000 if the SARs have fully vested, or a pro-rata portion thereof, based upon a maximum payout of \$21.50 per SAR, if less than all of the SARs have vested.
- (5) Represents the award of restricted stock pursuant to the "kick-off" award made under Michael Baker's Long-Term Incentive Plan, which is described in the Compensation Discussion and Analysis section above.
- (6) Represents the grant date fair value in accordance with FASB ASC Topic 718 related to the award of restricted shares to the named executive officers pursuant to the "kick-off" award made under Michael Baker's Long-Term Incentive Plan, which is described in the Compensation Discussion and Analysis section above.

**2010 Option Exercises and Stock Vested**

The following table provides information regarding the options exercised by the named executive officers during fiscal year 2010.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercised (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Bradley L. Mallory				
Michael J. Zugay				
G. John Kurgan	5,162(1)	\$ 160,048(1)		
H. James McKnight				
Edward L. Wiley				

- (1) Reflects the exercise of stock options awarded in 2001 under Michael Baker's 1995 Stock Incentive Plan.

**Potential Payments on Termination or Change in Control*****General***

Michael Baker does not generally provide employment or severance agreements to its executive officers. As discussed above, Mr. Mallory entered into an employment agreement with Michael Baker on June 17, 2008. Mr. Mallory's employment agreement provides that, in the event that his employment with Michael Baker terminates because of his death, disability, or he is terminated by Michael Baker for Cause (as defined below), he is entitled to receive any accrued salary, any outstanding reimbursable reasonable business expenses, and any amounts due pursuant to Michael Baker's health benefit plan and other benefits generally available to Michael Baker employees. All other compensation and benefits are forfeited under these circumstances. If Mr. Mallory's employment with Michael Baker had terminated on December 31, 2010 because of his death or disability, or had he been terminated by Michael Baker for Cause, he would have been entitled to receive \$26,999, which represents his accrued vacation at that time.

**Table of Contents**

If Mr. Mallory's employment is terminated by Michael Baker without Cause he is entitled to:

- (a) any accrued salary;
- (b) an amount equal to (i) two times his base salary in the case the termination occurs before the 24th month anniversary of the employment agreement, or (ii) one times his base salary in the case the termination occurs on or after the 24th month anniversary of the employment agreement;
- (c) any SARs, whether vested or unvested, will be automatically forfeited if the termination occurs prior to the 24th month anniversary of the employment agreement, provided that, if the termination occurs on or after the 24th month anniversary of the employment agreement, any vested SARs shall be payable and any unvested SARs will be automatically forfeited;
- (d) any outstanding reimbursable reasonable business expense; and
- (e) any amounts due pursuant to Michael Baker's health benefit plan and other benefits generally available to Michael Baker's employees.

Pursuant to Mr. Mallory's employment agreement, in the event Michael Baker terminates Mr. Mallory's employment on or after the 24th month anniversary but prior to the 36th month anniversary of the employment agreement, any vested SARs would be payable upon the 30th day following Mr. Mallory's separation of service subject to any six month delay as may be required pursuant to Section 409A of the Internal Revenue Code. Payment of any vested SARs shall be equal to the positive difference, if any, between the fair market value of a share of Michael Baker's common stock on the date of Mr. Mallory's separation of service and the fair market value of a share of Michael Baker's common stock on the date his employment agreement commenced, multiplied by the number of vested SARs subject to a maximum payment of \$7.166675 per SAR if less than all of the SARs have vested.

If Michael Baker had terminated Mr. Mallory's employment on December 31, 2010 without Cause he would have been entitled to receive a total of \$669,281, which represents one times his current base salary, the fair market value of 25,000 vested SARs subject to the maximum payment as described above, his accrued vacation and the amount he was eligible to receive under Michael Baker's severance policy at that time.

Under the terms of Mr. Mallory's employment agreement, termination for Cause is defined as (i) any willful action which adversely affects, or is intended to adversely affect, Michael Baker or any person or entity affiliated therewith, or the business or property of the foregoing, (ii) the commission of a felony (as determined by a plea or a finding of guilt in a court of competent jurisdiction), (iii) failure or refusal of Mr. Mallory to perform any material duties hereunder or to obey any direction from the Board, which failure or refusal remains uncured 30 days following written notice to Mr. Mallory specifying such failure or refusal or (iv) any conduct contributing to, or any failure to correct deficiencies directly or indirectly resulting in, financial restatements or irregularities.

Also discussed above, the named executive officers entered into employment continuation agreements with Michael Baker on April 20, 2009. Under the terms of these agreements, if the executive is employed on the date on which a change of control, as defined in the agreement, occurs the executive will be entitled to remain employed by Michael Baker until the twenty-four month anniversary of the change of control, subject to the termination provisions described below. During such employment period, the executive's position will be at least commensurate with that held immediately prior to the change of control and the executive's services will be performed at the location where the executive was employed immediately before the change of control or at a different location within a specified distance from such location. During the employment period, the executive will (a) receive a base salary at a monthly rate at least equal to the monthly salary paid to the executive immediately prior to the change of control, (b) be afforded the

opportunity to receive a bonus (i) on terms and conditions no less favorable to the executive than the annual bonus opportunity made available to the executive for the fiscal year ended immediately prior to the change of control and (ii) in an amount not less than the average bonus earned by the executive during the three fiscal year period immediately prior to the change of control, (c) participate in all long-term incentive compensation programs for key executives and benefit plans at a level that is commensurate with the executive's opportunity to participate in such plans immediately prior to the change of control, or if more favorable, at the level made available to the executive or other similarly situated officers at any time thereafter, (d) receive vacation and

**Table of Contents**

fringe benefits, expense reimbursement and office and support staff at a level that is commensurate with the executive's benefits immediately prior to the change of control, or if more favorable, at the level made available to the executive or other similarly situated officers at any time thereafter, and (e) be indemnified, during and after his employment period, for claims arising from or out of the executive's performance as an officer, director or employee of Michael Baker to the maximum extent permitted by applicable law and Michael Baker's governing documents. Michael Baker is also required to maintain existing or comparable insurance policies covering such matters at a level of protection that is no less than that afforded under Michael Baker's governing documents in effect immediately prior to the change of control.

If an executive's employment is terminated within the twenty-four month employment period after a change of control due to death or disability, as defined in the agreement, the executive will receive only the executive's base salary through the date of termination, any vested amounts or benefits under Michael Baker's benefit plans, including accrued but unpaid vacation, and any benefits payable for death or disability under applicable plans or policies. If, after a change of control, an executive's employment is terminated within the twenty-four month employment period by Michael Baker for cause, as defined in the agreement, or the executive voluntarily terminates his or her employment other than for good reason, as defined in the agreement, the executive will receive only the executive's base salary through the date of termination and any vested amounts or benefits under Michael Baker's benefit plans, including accrued but unpaid vacation. If, after a change of control, an executive's employment is terminated within the twenty-four month employment period by Michael Baker other than for cause or the executive terminates his or her employment for good reason, the executive will receive (a) the executive's base salary through the date of termination, (b) a cash amount equal to two times the sum of the executive's annual base salary and the average of the bonuses payable to the executive for Michael Baker's three fiscal years ending immediately prior to the change of control, subject to reduction as provided in the agreement, including for any further salary payable to executive for periods following termination of employment, and any severance benefit or separation pay otherwise payable to the executive under any Michael Baker benefit plan, policy, agreement or otherwise, and (c) any vested benefits under Michael Baker's benefit plans, including accrued but unpaid vacation. The executive will also be entitled to continue participation in all of Michael Baker's employee and executive welfare and fringe plans until the earlier of the twenty-four month anniversary of the termination date or the date the executive becomes eligible for comparable benefits under a similar plan, policy or program of a subsequent employer. The amounts described are subject to further reduction as may be necessary to avoid characterization of amounts as excess parachute payments under the Internal Revenue Code. The table below sets forth the payment amounts each named executive officer would receive under the employment continuation agreements if the events described below would have occurred on December 31, 2010:

		<b>Payments Upon Termination for Cause or Voluntary Resignation Other than Good Cause</b>	<b>Payments Upon Termination Other than for Cause or Voluntary Resignation for Good Cause(1)(2)</b>
Mr. Mallory	\$ 26,999	\$ 26,999	\$ 1,712,049
Mr. Zugay	\$ 4,375	\$ 4,375	\$ 902,386
Mr. Kurgan	\$ 24,208	\$ 24,208	\$ 917,239
Mr. McKnight	\$ 32,125	\$ 32,125	\$ 965,886
Mr. Wiley	\$ 32,091	\$ 32,091	\$ 926,963

- (1) The payment amounts a named executive officer would receive pursuant to the employment continuation agreement are non-duplicative of any benefits available under any other employment agreement and Michael Baker's severance policy.
- (2) Under the employment continuation agreements, in the event that any benefit payable constitutes a parachute payment within the meaning of Internal Revenue Code Section 280G and would be subject to excise tax imposed by Section 4999 of the Internal Revenue Code, then payments shall be provided either in full or reduced to an amount in which no portion of the benefits would be subject to excise tax, whichever provides the greatest after-tax benefit. The amounts in the table represent the benefits without consideration of reduction to avoid excise tax.



**Table of Contents**

Michael Baker will also pay the executive's costs incurred in enforcing the agreement if the executive is the prevailing party in a dispute. The agreement also contains requirements and restrictions applicable to the executive's disclosure of Michael Baker confidential information and return of Michael Baker property following a termination of employment.

During 2010, executive officers were covered by Michael Baker's standard severance policy. Under this policy, the following named executive officers would have received the following amounts if termination had occurred on December 31, 2010:

Mr. Mallory	\$ 33,115
Mr. Zugay	\$ 12,410
Mr. Kurgan	\$ 64,248
Mr. McKnight	\$ 46,317
Mr. Wiley	\$ 64,248

While these are the minimum amounts that the named executive officers would receive under the Company's standard severance policy, Michael Baker may negotiate the terms of severance arrangements with its executive officers based on the facts and circumstances of the separation. Michael Baker's separation policy provides that the amount of accrued vacation will be paid to employees who leave Michael Baker. Under this policy, the following named executive officers would have received the following amounts if termination had occurred on December 31, 2010:

Mr. Mallory	\$ 26,999
Mr. Zugay	\$ 4,375
Mr. Kurgan	\$ 24,208
Mr. McKnight	\$ 32,125
Mr. Wiley	\$ 32,091

Michael Baker's separation policy also provides that employees who have ten years of service and are at least 55 years of age, including the named executive officers who meet these criteria, and who retire from service at Michael Baker will receive a paid up life insurance policy of \$5,000. As of December 31, 2010, only Mr. Kurgan, Mr. McKnight and Mr. Wiley meet the requirements and were eligible to receive the fully paid up life insurance policy. The following analysis discusses the potential payments due to the previously-named executive officers upon a termination of employment of such officers under the existing employment arrangements and incentive plans entered into by Michael Baker.

***Short-Term Incentive Plan***

No post-termination benefits are available under the 2010 Incentive Compensation Plan for voluntary terminations by an individual. Under this plan, any participant whose employment is terminated by Michael Baker involuntarily other than for cause following the end of a plan year will not forfeit such participant's right to any unpaid incentive awards for such plan year. In addition, any participant whose employment is terminated by Michael Baker involuntarily other than for cause after June 30 of a plan year will be entitled to a pro-rated incentive award for the period of employment during such plan year, subject to the other terms and conditions of the plan and the achievement of the applicable performance goals and targets for such period.

***Long-Term Incentive Plan***

The eligible participants under Michael Baker's Long-Term Incentive Plan are granted certain rights under a change of control. A "Change of Control" under the Long-Term Incentive Plan means:

- (i) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) or any successor rule thereto) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act or any successor rule thereto) of securities of Michael Baker entitling such Person to 30% or more of the combined voting power of the then outstanding voting securities of Michael Baker entitled to vote generally in the election of directors (the

**Table of Contents**

Voting Power ); provided, however, that for purposes of this subsection (i), the following acquisitions shall not constitute or cause a Change of Control: (A) any acquisition directly from Michael Baker following which the members of the Board continue to be comprised of at least 51% of Continuing Directors, (B) any acquisition by Michael Baker, or (C) any acquisition by any employee benefit plan, employee stock ownership plan (or any related trust for such plans) sponsored or maintained by Michael Baker or by any corporation controlled by Michael Baker; or

- (ii) Completion of a tender offer to acquire securities of Michael Baker entitling the holders thereof to 30% or more of the Voting Power of Michael Baker, excepting any acquisitions specified in subsection (i), above, that do not constitute or cause a Change of Control; or
- (iii) A successful solicitation subject to Rule 14a-11 under the Exchange Act relating to the election or removal of 50% or more of the members of the Board or any class thereof shall be made by any Person other than the Company or less than 51% of the members of the Board shall be Continuing Directors; or
- (iv) The occurrence of a merger, consolidation, share exchange, division or sale or other disposition of all or substantially all of Michael Baker's assets, and as a result of which the shareholders of Michael Baker immediately prior to such transaction do not hold, directly or indirectly, immediately following such transaction a majority of the Voting Power of (i) in the case of a merger or consolidation, the surviving or resulting company, (ii) in the case of a share exchange, the acquiring company, or (iii) in the case of a division or a sale or other disposition of assets, each surviving, resulting or acquiring company which, immediately following the transaction, holds more than 30% of the consolidated assets of Michael Baker immediately prior to the transaction.

For purposes of this definition, Continuing Directors shall mean a director of Michael Baker who either (i) was a director of Michael Baker immediately prior to the Effective Date or (ii) is an individual whose election, or nomination for election, as a director of Michael Baker was approved by a vote of at least two-thirds of the directors then still in office who were Continuing Directors (other than an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of directors of Michael Baker which would be subject to Rule 14a-11 under the Exchange Act).

Except as otherwise expressly provided to the contrary in an award agreement made under the Long-Term Incentive Plan, in the event the employment of a participant is terminated by Michael Baker without cause within two years after the occurrence of a Change of Control, his or her restricted stock, restricted stock units, and other stock-based awards shall fully vest and, to the extent subject to an exercise right, may be exercised within one year after the date such termination occurred; provided, however, that the restricted stock units, and other stock-based awards shall remain payable on the date(s) provided in the underlying award agreement and provisions of the Long-Term Incentive Plan unless the Change of Control constitutes a change in ownership or effective control of Michael Baker or a change in the ownership of a substantial portion of the assets of Michael Baker under Section 409A of the Code (a "409A Change of Control"), in which such case the award shall be payable upon such Change of Control. For purposes of this paragraph, without cause shall mean any termination of employment where it cannot be shown that the employee has (i) willfully failed to perform his or her employment duties for Michael Baker, (ii) willfully engaged in conduct that is materially injurious to Michael Baker, monetarily or otherwise, or (iii) committed acts that constitute a felony under applicable federal or state law or constitute common law fraud. For purposes of this paragraph, no act or failure to act on the participant's part shall be considered willful unless done, or omitted to be done, by him or her not in good faith and without reasonable belief that his or her action or omission was in the best interest of Michael Baker.

Except as otherwise expressly provided to the contrary in an award agreement, if any Change of Control occurs prior to the end of any performance period, all performance criteria and other conditions pertaining to performance share

units and other awards under which payments are subject to performance goals shall be deemed to be achieved or fulfilled on a pro-rata basis for (i) the number of whole months elapsed from the commencement of the performance period through the Change of Control over (ii) the number of whole months included in the original performance period, measured at the actual performance level achieved or, if not determinable, in the manner specified by the Committee at the commencement of the performance period, and shall be waived by Michael Baker. Such awards shall be payable on the date(s) provided in the underlying award agreement and provisions of

## **Table of Contents**

the Long-Term Incentive Plan unless the Change of Control constitutes a 409A Change of Control, in which such case the Award shall be payable upon such Change of Control.

Notwithstanding the foregoing, the Committee may condition the extension of exercise periods, lapse of restrictions and/or deemed achievement of performance goals upon the occurrence of a 409A Change of Control.

As described above, in 2010, in order to immediately begin to provide benefits to the LTIP participants, the Committee approved a "kick-off" award of restricted stock to each participant. In addition to the rights of a participant under a Change in Control, as described above, the Restricted Stock Agreement granted the following additional post-termination rights: (i) the restriction on disposition of the restricted stock granted as the "kick-off" award lapse immediately if the termination of the participant's employment with Michael Baker is the result of the participant's death, the participant's retirement under any retirement plan of Michael Baker then in effect, or the participant's employment is terminated as a result of the sale of a business unit or subsidiary of Michael Baker by which the participant is employed; and (ii) the restriction on disposition of the restricted stock granted as the "kick-off" award lapse immediately if the termination of the participant's employment with Michael Baker is due to the disability of the participant as covered by the long-term disability plan of Michael Baker then in effect.

## **Board of Directors Compensation**

Employee directors receive no compensation for their service on the Board of Directors. Non-employee directors receive compensation as follows. Each director of Michael Baker receives an annual cash retainer equal to \$17,000 for his or her services as director. In addition, each such director is entitled to receive \$1,000 for each Board meeting that they attend in person and \$750 for each Board committee meeting that they attend in person. If a director participates by telephone in a Board meeting or Board committee meeting, then such director is entitled to receive \$100 for each meeting in which they participate. Further, the Chairman of the Board of Directors is entitled to receive an additional annual retainer equal to \$15,000 for his services and \$1,250 for each Board meeting that he attends in person. The chairmen of the Board committees, excluding the Audit Committee Chairman, are entitled to receive an additional annual retainer equal to \$2,500 for services. The Audit Committee Chairman receives an additional annual retainer equal to \$4,500 for services. All directors are reimbursed for their out-of-pocket expenses incurred in connection with attendance at meetings and other activities relating to the Board or its committees.

Also, non-employee directors may participate in the Outside Directors' Deferred Compensation Plan, which provides the opportunity to voluntarily defer all or a portion of an eligible director's compensation. Under this plan, any non-employee director may voluntarily defer their retainer and meeting fees until the sooner of the director's termination of service as a director for any reason, or the date of payment specified by the director in the election deferral form. Payments from the plan are made in a single lump sum, unless the director elects to receive the payments in the form of either five or ten annual installments. The election to receive the payments in annual installments is irrevocable and applies to all future deferrals. The plan also permits the Board to make payments in the case of severe financial hardship, but only to the extent necessary to satisfy the hardship. The deferred compensation is credited monthly with interest equal to Michael Baker's long-term borrowing rate as of the beginning of the plan year.

In addition, non-employee directors participate in the 1996 Nonemployee Directors Stock Incentive Plan, which provides long-term incentive compensation to eligible directors. Under this plan, each member of the Board of Directors who is not an employee on the first business day following the annual meeting of shareholders each year is granted (i) 1,500 restricted shares which will vest after a two-year period commencing on the date of the issuance of such restricted shares, subject to any change of control of Michael Baker (as defined in the plan), upon which all restrictions will lapse and (ii) an option to purchase 2,000 shares of Michael Baker's common stock which is not exercisable until the six-month anniversary of the date of grant, subject to any change of control of Michael Baker (as

defined in the plan), upon which such options become immediately and fully exercisable.

**Table of Contents****2010 Director Compensation Table**

The following table discloses compensation received by each non-employee member of Michael Baker's Board of Directors who served as a director during 2010:

Name	Fees Earned or Paid in Cash	Stock Awards (1)(3)	Option Awards (2)(4)	Change in Pension Value and Nonqualified Deferred Compensation		All Other Compensation	Total
				Non-Equity Incentive Plan Compensation	Earnings		
Robert N. Bontempo	\$ 29,300	\$ 55,838	\$ 39,400				\$ 124,538
Nicholas P. Constantakis	\$ 35,250	\$ 55,838	\$ 39,400			\$ 1,000(5)	\$ 131,488
Robert H. Foglesong	\$ 24,600	\$ 55,838	\$ 39,400				\$ 119,838
Mark E. Kaplan	\$ 27,141	\$ 55,838	\$ 39,400				\$ 122,379
John E. Murray Jr.	\$ 27,850	\$ 55,838	\$ 39,400				\$ 123,088
Pamela S. Pierce	\$ 34,091	\$ 55,838	\$ 39,400				\$ 129,329
Richard L. Shaw	\$ 42,000	\$ 55,838	\$ 39,400			\$ 156,395(6)	\$ 293,633
David N. Wormley	\$ 25,200	\$ 55,838	\$ 39,400				\$ 120,438

- (1) Reflects the grant date fair value with regard to each director's grant of 1,500 shares of restricted stock computed in accordance with FASB ASC Topic 718 awarded under the 1996 Nonemployee Directors Stock Incentive Plan. For the assumptions used in valuing stock awards under FASB ASC Topic 718, see Note 23 of the Consolidated Financial Statements in the Annual Report for the year ended December 31, 2010.
- (2) Reflects grant date fair value with regard to each director's grant of 2,000 stock options computed in accordance with FASB ASC Topic 718 related to the awards of stock options under the 1996 Nonemployee Directors Stock Incentive Plan. For the assumptions used in valuing option awards under FASB ASC Topic 718, see Note 23 of the Consolidated Financial Statements in the Annual Report for the year ended December 31, 2010.
- (3) The aggregate number of unvested restricted stock awards outstanding as of December 31, 2010 for each of the non-employee directors is as follows: Dr. Bontempo 3,000 shares, Mr. Constantakis 3,000 shares, General Foglesong 3,000 shares, Mr. Kaplan 3,000 shares, Dr. Murray 3,000 shares, Ms. Pierce 3,000 shares, Mr. Shaw 3,000 shares and Dr. Wormley 3,000 shares.
- (4) The aggregate number of stock options outstanding as of December 31, 2010 for each of the non-employee directors is as follows: Dr. Bontempo 20,000 shares, Mr. Constantakis 16,000 shares, General Foglesong 10,000 shares, Mr. Kaplan 6,000 shares, Dr. Murray 6,000 shares, Ms. Pierce 12,000 shares, Mr. Shaw 16,000 shares and Dr. Wormley 6,000 shares.

(5)

Includes a \$1,000 contribution made to Villanova University under Michael Baker's matching gift program by Mr. Constantakis.

- (6) Includes \$106,252 in annual compensation, \$45,038 in life insurance benefits and \$5,105 in medical and dental benefits paid to Mr. Shaw pursuant to his Consulting Agreement, as described below.

Along with the compensation paid to the above named non-employee directors of Michael Baker's Board of Directors, Michael Baker pays an annual retainer of \$17,000 to Mr. William Copeland, who serves as a director emeritus. As an emeritus director, Mr. Copeland may participate in board meetings as a non-voting member of the Board.

Mr. Shaw has a Consulting Agreement, which was amended and restated on April 25, 2001, upon his resignation as Chief Executive Officer, whereby he agreed to perform consulting services for Michael Baker for a two year term. The Consulting Agreement has been extended for a variety of two or one-year periods, most recently, through April 2012. The Consulting Agreement provides annual compensation of \$106,252. The Consulting Agreement also provides for a supplemental retirement benefit of \$5,000 per month for life, including the life of his surviving spouse, paid life insurance premiums for himself, and paid medical insurance premiums for himself and his spouse for life. These benefits are payable after his retirement if he is not consulting. If Mr. Shaw did not perform consulting services after December 31, 2010, the estimated value of this benefit is \$798,488.



**Table of Contents**

**RELATED PARTY TRANSACTIONS**

*Related Party Transaction Approval Policy.* It is Michael Baker's policy that the Governance and Nominating Committee review and approve, in advance, all related party transactions that are required to be disclosed pursuant to Item 404 of Regulation S-K promulgated by the Securities and Exchange Commission. If advance approval is not feasible, then the Governance and Nominating Committee must approve or ratify the transaction at the next scheduled meeting of the Governance and Nominating Committee. Transactions required to be disclosed pursuant to Item 404 include any transaction between Michael Baker and any officer, director or certain affiliates of Michael Baker that has a value in excess of \$120,000. In reviewing related party transactions, the Governance and Nominating Committee evaluates all material facts about the transaction, including the nature of the transaction, the benefit provided to Michael Baker, whether the transaction is on commercially reasonable terms that would have been available from an unrelated third party, and any other factors necessary to its determination that the transaction is fair to Michael Baker. Michael Baker's Board has adopted the written Statement of Policy with Respect to Related Party Transactions, a copy of which is available on Michael Baker's website at <http://www.mbakercorp.com> and is available in print to any stockholder upon request.

As discussed above, Mr. Shaw has entered into a Consulting Agreement through April 2012 which provides annual compensation of \$106,252. In addition, under the Consulting Agreement, Michael Baker pays the costs of health insurance and maintains life insurance for Mr. Shaw. The Consulting Agreement provides for a supplemental retirement benefit of \$5,000 per month for life, including the life of his surviving spouse, paid life insurance premiums for himself, and paid medical insurance premiums for himself and his spouse for life.

**PROPOSAL 2 APPROVAL OF AN ADVISORY RESOLUTION ON  
MICHAEL BAKER'S 2010 NAMED EXECUTIVE OFFICER COMPENSATION**

In accordance with the recently adopted amendments to Section 14A of the Securities Exchange Act of 1934, as amended (the Exchange Act), which was added as a result of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act), Michael Baker is providing the shareholders an advisory vote on the compensation arrangements of Michael Baker's named executive officers as described in the compensation discussion and analysis section above. This proposal, referred to as a Say on Pay proposal, permits the shareholders the opportunity to endorse or not endorse Michael Baker's 2010 named executive officer compensation.

As provided in the compensation discussion and analysis section above, the overall objectives of Michael Baker's compensation program are:

- to attract and retain executive officers and other key employees of outstanding ability, and to motivate all employees to achieve Michael Baker's financial and operational goals;
- to ensure that pay is competitive with other leading companies in Michael Baker's industries and local markets;
- to reward executive officers and other key employees for corporate, group and individual performance; and
- to ensure that total compensation to the executive officers as a group is reasonable and competitive when compared to Michael Baker's size, industry and local markets.

Shareholders are being asked to vote FOR the following advisory resolution:

RESOLVED, that the shareholders hereby approve the 2010 compensation of Michael Baker's named executive officers as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, the tabular disclosure regarding named executive officer compensation and the accompanying narrative disclosure, in the proxy statement.

While the above resolution is non-binding, the Board values the opinions that shareholders express in their votes and in any additional dialogue. The Board will consider the outcome of the vote and those opinions when making future compensation decisions.

**Table of Contents**

**Vote Required**

This proposal is adopted if it receives the affirmative vote of a majority of votes cast, in person or by proxy. Under the Pennsylvania Business Corporation Law, an abstention is not a vote cast and will not be counted in determining the number of votes required for approval.

**The Board recommends that you vote FOR the advisory resolution approving Michael Baker's 2010 named executive officer compensation.**

**PROPOSAL 3 ADVISORY VOTE ON THE FREQUENCY OF FUTURE SHAREHOLDER ADVISORY VOTES ON MICHAEL BAKER'S NAMED EXECUTIVE OFFICER COMPENSATION**

Pursuant to the recently adopted amendments to Schedule 14A of the Exchange Act, which was added as a result of the Dodd-Frank Act, Michael Baker is providing the shareholders an advisory vote on the frequency of future shareholder advisory votes on Michael Baker's named executive officer compensation. By voting on this proposal, shareholders may indicate whether they prefer an advisory vote on Michael Baker's named executive officer compensation once every year, two years or three years. This proposal on the frequency of future shareholder advisory votes on named executive officer compensation is required to be included in our proxy statement once every six years.

Michael Baker's Board recognizes the importance of receiving regular input from our shareholders into such matters as the named executive officer compensation program. The Board believes that any named executive officer compensation program meant to drive long-term shareholder value should include input from the shareholders. As a result, the Board recommends that shareholders vote for an annual advisory vote on named executive officer compensation.

Shareholders may cast their vote for their preferred voting frequency by choosing the option of one, two or three years, or by abstaining from the vote. Although the results of the advisory vote on the frequency of future shareholder advisory votes is non-binding on the Board, the Board values the regular input from the shareholders on such matters and will consider the results of the vote when deciding how frequently to conduct the future advisory votes on Michael Baker's named executive officer compensation.

**Vote Required**

The option of one, two or three years that receives the vote of the majority of the votes cast, in person or by proxy, on the matter will be the frequency for the advisory vote on Michael Baker's named executive officer compensation that has been selected by the shareholders. Under the Pennsylvania Business Corporation Law, an abstention is not a vote cast and will not be counted in determining the number of votes required for approval.

Unlike the other proposals included in this year's proxy statement, you have four choices as how to vote on this proposal. You may cast your vote on your preferred voting frequency by choosing the option of one, two, or three years, or abstain from voting when you vote in response to this proposal.

**The Board recommends that you vote to hold future shareholder advisory votes on Michael Baker's named executive officer compensation every ONE YEAR.**

**PROPOSAL 4 RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee of our Board has retained Deloitte & Touche LLP to serve as our independent registered public accounting firm for the fiscal year ending December 31, 2011. The Board expects that representatives of Deloitte & Touche LLP will be present at the annual meeting and, while the representatives do not currently plan to make a statement at the meeting, they will have the opportunity to do so if they so desire. They will also be available to respond to appropriate questions.

**Table of Contents**

**Reason for the proposal**

Selection of our independent registered public accounting firm is not required to be submitted for shareholder approval, but the Audit Committee of our Board is seeking ratification of its selection of Deloitte & Touche LLP from our shareholders as a matter of good corporate practice. If shareholders do not ratify this selection, the Audit Committee will reconsider its selection of Deloitte & Touche LLP, and will either continue to retain this firm or appoint a new independent registered public accounting firm. Even if the selection is ratified, the Audit Committee may, in its discretion, appoint a different independent registered public accounting firm at any time during the fiscal year if it determines that such a change would be in Michael Baker's best interest and the best interests of the shareholders.

**Vote Required**

Ratification of Deloitte & Touche LLP as our independent registered accounting firm for the fiscal year ending December 31, 2011, requires the affirmative vote of a majority of the votes cast on the proposal by the holders of Michael Baker common stock voting in person or by proxy at the Annual Meeting, with a quorum of a majority of the outstanding shares of Michael Baker common stock being present or represented. Under the Pennsylvania Business Corporation Law, an abstention or broker non-vote is not a vote cast and will not be counted in determining the number of votes required for approval, though it will be counted in determining the presence of a quorum.

**The Board recommends that you vote FOR Proposal 4.**

**Table of Contents****OTHER INFORMATION****Other Business**

Michael Baker does not expect any business to come before the meeting other than the election of directors, the proposals related to the advisory vote on Michael Baker's named executive officer compensation and the frequency of the advisory vote, and the ratification of the selection of Deloitte & Touche LLP. If other business is properly raised, your proxy authorizes its holder to vote according to his or her best judgment.

**Independent Registered Public Accounting Firm**

The Board of Directors expects that representatives of Deloitte & Touche LLP will be present at the annual meeting and, while the representatives do not currently plan to make a statement at the meeting, they will have the opportunity to do so if they so desire. They will also be available to respond to appropriate questions.

The Audit Committee of the Board of Directors of Michael Baker has selected Deloitte & Touche LLP as its independent registered public accounting firm for 2011.

**Audit Fees**

This table shows the aggregate fees for services provided by Deloitte & Touche LLP for the fiscal years ended December 31, 2010 and 2009:

	<b>2010</b>	<b>2009</b>
Audit Fees	\$ 728,220(1)	\$ 1,113,780(1)
Audit-Related Fees	\$ 436,165(2)	\$ 18,700(2)
Tax Fees	\$ 38,108(3)	\$ 6,000(3)
All Other Fees	\$ 22,154(4)	\$ 2,000(4)
<b>Total Fees</b>	<b>\$ 1,224,647</b>	<b>\$ 1,140,480</b>

- (1) Deloitte & Touche LLP's audit fees represent the aggregate fees billed for fiscal year 2010 or 2009, as indicated, for professional services rendered by Deloitte & Touche LLP for the audit of Michael Baker's annual financial statements and review of financial statements included in Michael Baker's Quarterly Reports on Form 10-Q. Included in the audit fees for fiscal year 2009 are \$455,000 of fees associated with the sale of the Energy segment including consultations regarding discontinued operations and tax accounting, as well as additional work related to the 2009 audit. Included in the audit fees for fiscal year 2010 are fees associated with the review of Michael Baker's registration statements on Forms S-3 and S-8, and work related to the integration of The LPA Group, Inc.
- (2) For fiscal year 2009 these amounts reflect services related to the Baker 401(k) Plan audit fees. For fiscal year 2010 these amounts reflect services related to the Baker 401(k) Plan audit fees, as well as fees associated with the due diligence of various potential acquisitions, including the acquisition of The LPA Group, Inc.

- (3) These amounts reflect services related to Nigerian corporate taxes, Nigerian PAYE taxes and Nigerian work-related VAT taxes.
- (4) These amounts reflect fees related to access to Deloitte & Touche LLP's online technical accounting library in 2010 and 2009. Also reflected in the amounts for 2010 are fees related to professional services rendered in connection with the certain tax structuring consultations.

#### **Audit Committee Pre-Approval Policies and Procedures**

The Audit Committee is responsible for the appointment, compensation and oversight of the work of the independent registered public accounting firm. As part of this responsibility, the Audit Committee is required to pre-approve the audit and non-audit services performed by the independent registered public accounting firm to assure that the provision of such services does not impair the registered public accounting firm's independence.

## **Table of Contents**

The annual audit services engagement terms and fees are subject to the specific pre-approval of the Audit Committee. All other permitted services must also be pre-approved by the Audit Committee.

The Chief Financial Officer determines whether services to be provided require pre-approval or are included within the list of pre-approved services.

All services provided by Deloitte & Touche LLP in fiscal years 2010 and 2009 were pre-approved by the Audit Committee.

## **Code of Ethics for Senior Officers**

Michael Baker has adopted a Code of Ethics for Senior Officers that includes the provisions required under applicable Securities and Exchange Commission regulations for a code of ethics. A copy of the Code of Ethics for Senior Officers is posted on Michael Baker's website at <http://www.mbakercorp.com> and is available in print to any shareholder who requests it. In the event that we make any amendments to or waivers from this Code, we will discuss the amendment or waiver and the reasons for such on Michael Baker's website.

The obligations of the Code of Ethics for Senior Officers supplement, but do not replace, the Code of Business Conduct applicable to Michael Baker's directors, officers and employees. A copy of the Code of Business Conduct is posted on Michael Baker's website at <http://www.mbakercorp.com> and is available in print to any shareholder who requests it.

## **Communications by Shareholders with the Board**

The Board provides a process for shareholders to send communications to the Board or to any of the directors of Michael Baker. Shareholder communications to the Board or any director should be sent c/o the Secretary of Michael Baker, Airside Business Park, 100 Airside Drive, Moon Township, PA 15108. All such communications will be compiled by the Secretary of Michael Baker and submitted to the Board or the individual director at the next regularly scheduled meeting of the Board.

## **Expenses of Solicitation**

Michael Baker pays the cost for proxy solicitation, including the cost of sending the Notice, providing the Internet site for our Proxy Materials, and mailing the Proxy Materials to any shareholder who requests them. For no additional compensation, officers, directors and other employees may, in a limited number of instances, solicit proxies in person, by telephone, electronic transmission and facsimile.

## **Shareholder Proposals for Next Year**

The 2012 annual meeting is currently expected to be held in May 2012. To be eligible for inclusion in next year's proxy for the 2012 annual meeting of shareholders, shareholder proposals must be made in accordance with Section 1.01.01 of Michael Baker's bylaws, which provides for, among other things, receipt of shareholder proposals by the Company's Secretary not less than 90 days nor more than 120 days prior to the one-year anniversary of the preceding year's annual meeting. Any shareholder intending to present a proposal for action by the shareholders at the 2012 annual meeting must give written notice of the matter or proposal to be considered on or before February 25, 2012.

By order of the Board of Directors,



H. JAMES MCKNIGHT  
*Executive Vice President,  
Chief Legal Officer and  
Secretary*

**Table of Contents****ANNUAL MEETING OF MICHAEL BAKER CORPORATION**

**Date:** May 25, 2011  
**Time:** 10:00 A.M. (Eastern Daylight Time)  
**Place:** Doubletree-Pittsburgh Airport  
 8402 University Blvd, Coraopolis, PA 15108

**Please make your marks like this: x Use dark black pencil or pen only**

Board of Directors recommends a vote FOR all nominees for director in proposal 1, FOR proposals 2 and 4 and for 1 YEAR on proposal 3.

**1: Election of Directors**

	<b>For</b>	<b>Withhold</b>	<b>Directors Recommend ê</b>
01 Robert N. Bontempo	<input type="radio"/>	<input type="radio"/>	<b>For</b>
02 Nicholas P. Constantakis	<input type="radio"/>	<input type="radio"/>	<b>For</b>
03 Mark E. Kaplan	<input type="radio"/>	<input type="radio"/>	<b>For</b>
04 Robert H. Foglesong	<input type="radio"/>	<input type="radio"/>	<b>For</b>
05 Bradley L. Mallory	<input type="radio"/>	<input type="radio"/>	<b>For</b>
06 John E. Murray, Jr.	<input type="radio"/>	<input type="radio"/>	<b>For</b>
07 Pamela S. Pierce	<input type="radio"/>	<input type="radio"/>	<b>For</b>
08 Richard L. Shaw	<input type="radio"/>	<input type="radio"/>	<b>For</b>
09 David N. Wormley	<input type="radio"/>	<input type="radio"/>	<b>For</b>

	<b>For</b>	<b>Against</b>	<b>Abstain</b>	
<b>2:</b> Approval of an advisory resolution on Michael Baker's 2010 named executive officer compensation.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<b>For</b>

	<b>1 year</b>	<b>2 years</b>	<b>3 years</b>	<b>Abstain</b>	
<b>3:</b> Act on an advisory vote on the frequency of future shareholder advisory votes on Michael Baker's named executive officer compensation.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<b>1 Year</b>

	<b>For</b>	<b>Against</b>	<b>Abstain</b>	
<b>4:</b> To ratify the selection of the Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2011.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<b>For</b>

**Authorized Signatures - This section must be completed for your Instructions to be executed.**

Please Sign Here

Please Date Above

Please Sign Here

Please Date Above

Please sign exactly as your name(s) appears on your stock certificate. If held in joint tenancy, all persons should sign. Trustees, administrators, etc., should include title and authority. Corporations should provide full name of corporation and title of authorized officer signing the proxy.

**Annual Meeting of Michael Baker Corporation to be  
held on Wednesday, May 25, 2011 for  
Holders as of April 5, 2011  
This proxy is being solicited on behalf of the Board of Directors  
VOTED BY:**

**INTERNET**

**TELEPHONE**  
Call 866-390-5399

Go To  
**www.proxypush.com/BKR**  
Cast your vote online.  
View Meeting Documents.

**OR**

Use any touch-tone telephone.  
**Have your Proxy Card/Voting Instruction Form ready.**  
Follow the simple recorded instructions.

**MAIL**

**OR** Mark, sign and date your Proxy Card/Voting Instruction Form.  
Detach your Proxy Card/Voting Instruction Form.  
Return your Proxy Card/Voting Instruction Form in the postage-paid  
envelope provided.

**By signing the proxy, you revoke all prior proxies and appoint Richard L. Shaw and Bradley L. Mallory with full power of substitution to vote your shares on matters shown on the Voting Instruction form and any other matters that may come before the Annual Meeting and all adjournments.**

THE SHARES REPRESENTED BY THIS PROXY WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS GIVEN, SHARES WILL BE VOTED FOR ALL NOMINEES FOR DIRECTOR IN ITEM 1, FOR PROPOSALS 2 AND 4, AND FOR 1 YEAR ON PROPOSAL 3.

**All votes must be received by 5:00 P.M., Eastern Time, MAY 24, 2011.**

**All votes for 401(k) participants must be received by 5:00 P.M., Eastern Time, MAY 23, 2011.**

**PROXY TABULATOR FOR**

**MICHAEL BAKER CORPORATION  
P.O. BOX 8016  
CARY, NC 27512-9903**

**EVENT #**

**CLIENT #**

**OFFICE #**

---

**Table of Contents**

**Proxy Michael Baker Corporation**

**Annual Meeting of Stockholders**

**May 25, 2011, 10:00 a.m. (Eastern Daylight Time)**

**This Proxy is Solicited on Behalf of the Board of Directors**

The undersigned hereby revokes all previous proxies for the Annual Meeting and appoints Richard L. Shaw and Bradley L. Mallory (the Named Proxies) as proxies for the undersigned, with full power of substitution, to vote the shares of common stock of Michael Baker Corporation, a Pennsylvania corporation (the Company). The undersigned is entitled to vote at the Annual Meeting of Stockholders of the Company to be held at the Doubletree-Pittsburgh Airport, 8402 University Blvd., Coraopolis, PA 15108 and all adjournments thereof.

The purpose of the Annual Meeting is to take action on the following:

1. Proposal 1: Election of Directors
2. Proposal 2: Approve an Advisory Resolution on Michael Baker's 2010 Named Executive Officer Compensation
3. Proposal 3: Act on an Advisory Vote on the Frequency of Future Shareholder Advisory Votes on Michael Baker's Named Executive Officer Compensation
4. Proposal 4: Ratification of the selection of Deloitte & Touche LLP as our Independent Registered Public Accounting firm for the fiscal year ending December 31, 2011

5. Transact such other Business as may properly come before the Annual Meeting or any adjournment thereof. The nine nominees for director are: Robert N. Bontempo, Nicholas P. Constantakis, Mark E. Kaplan, Robert H. Foglesong, Bradley L. Mallory, John E. Murray, Jr., Pamela S. Pierce, Richard L. Shaw, and David N. Wormley. The Board of Directors of the Company recommends a vote FOR all nominees for director in proposal 1, FOR proposals 2 and 4, and for 1 YEAR on proposal 3.

**This proxy, when properly executed, will be voted in the manner directed herein. If no direction is made, this proxy will be voted FOR all nominees for director in proposal 1, FOR proposals 2 and 4, and for 1 YEAR on proposal 3. In their discretion, the Named Proxies are authorized to vote upon such other matters that may properly come before the Annual Meeting or any adjournment or postponement thereof.**

**You are encouraged to specify your choice by marking the appropriate box (SEE REVERSE SIDE) but you need not mark any box if you wish to vote in accordance with the Board of Directors' recommendation. The Named Proxies cannot vote your shares unless you sign and return this card.**

**To attend the meeting and vote your shares  
in person, please mark this box.**

**o**

**Table of Contents**

**Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting  
to be held on May 25, 2011 for Michael Baker Corporation**

You are receiving this communication because you hold shares in the above named company. This communication is not a form for voting and presents only an overview of the more complete proxy materials that are available to you on the internet or by mail. We encourage you to access and review the proxy materials before voting. You may view the proxy materials online at [www.proxydocs.com/BKR](http://www.proxydocs.com/BKR) or easily request a paper or e-mail copy free of charge (see reverse side).

**YOUR VOTE IS IMPORTANT!**

**For a Convenient Way to VIEW Proxy Materials  
and**

**VOTE Online go to: [www.proxydocs.com/BKR](http://www.proxydocs.com/BKR)**

**Proxy Materials Available to View or Receive:**

**1. 2011 Proxy Statement**

**2. Annual Report for the year ended December 31, 2010 (which is not deemed to be part of the official proxy solicitations materials)**

**3. Proxy Card**

**4. Any amendments to the foregoing materials that are required to be furnished to shareholders.**

**A PAPER OR E-MAIL COPY OF THE PROXY MATERIALS CAN BE REQUESTED FREE OF CHARGE USING ANY OF THE METHODS LISTED ON THE BACK OF THIS LETTER.**

**You must use the 12 digit control number in the shaded gray box below and follow the instructions on the website.**



**ACCOUNT NO.**

**SHARES**

**Michael Baker Corporation Notice of Annual Meeting**

Date: Wednesday, May 25, 2011

Time: 10:00 A.M. (Eastern Daylight Time)

Place: Doubletree-Pittsburgh Airport

8402 University Blvd, Coraopolis, PA 15108

The purpose of the Annual Meeting is to take action on the following proposals:

**The Board of Directors recommends that you vote FOR the following.**

**1. Election of Directors**

**Nominees**

01 Robert N. Bontempo

04 Robert H. Foglesong

07 Pamela S. Pierce

Edgar Filing: MICHAEL BAKER CORP - Form DEF 14A

02 Nicholas P. Constantakis	05 Bradley L. Mallory	08 Richard L. Shaw
03 Mark E. Kaplan	06 John E. Murray, Jr.	09 David N. Wormley

**The Board of Directors recommends that you vote FOR proposals 2 and 4, and for 1 YEAR on proposal 3.**

2. Proposal 2: Approve an advisory resolution on Michael Baker's 2010 named executive officer compensation
  3. Proposal 3: Act on an advisory vote on the frequency of future shareholder advisory votes on Michael Baker's named executive officer compensation
  4. Proposal 4: Ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011
- Should you require directions to the annual meeting, please call the Doubletree-Pittsburgh Airport at 412-329-1400.
-

**Table of Contents**

**HOW TO VOTE**

**Vote in Person:** While we encourage shareholders to vote by the means indicated on the reverse, a shareholder is entitled to vote in person at the annual meeting. Additionally, a shareholder who has submitted a proxy before the meeting may revoke that proxy in person at the annual meeting.

**Vote Online:** To vote online, go to [www.proxydocs.com/BKR](http://www.proxydocs.com/BKR). Please have your 12 Digit Control Number available.

**Vote by Mail:** You can vote by mail by returning the proxy card that will be included in our subsequent mailing *if* you request a paper or e-mail copy of the material using the instructions described below.

**HOW TO REQUEST A PAPER OR E-MAIL COPY OF THE PROXY MATERIALS**

**INTERNET:**

**[www.investorelections.com/BKR](http://www.investorelections.com/BKR)**

**TELEPHONE:**

**(866) 648-8133**

**\*E-MAIL:**

**[paper@investorelections.com](mailto:paper@investorelections.com)**

- \* If requesting material by e-mail, please send a blank e-mail with the 12 digit control number (located below) in the subject line. No other requests, instructions or other inquiries should be included with your e-mail requesting material.

**\*\*\*A PAPER OR E-MAIL COPY OF THE MATERIAL CAN BE REQUESTED FREE OF CHARGE USING ANY OF THE ABOVE METHODS\*\*\***

*If you want to receive a paper or e-mail copy of the proxy materials, you must request one. There is no charge to you for requesting a copy. In order to receive a paper package in time for this year's annual meeting, please make this request on or before May 15, 2011.*