## Who is Eligible?

To be eligible for the Steps Bonus Program, Employee must be full time, active, and completed the $\mathbf{9 0}$ day trial period. Eligible employees will enter the Bonus Pool starting on the first day of the month following the 90th day and will receive pay for any full months worked to the end of the quarter. Must be employed and working until the end of the quarter to receive payment.

| Hire Date | 90 Day Trial Period Ends | First Full Month Following Eligibility Date | Work to End of Quarter to remain eligible for payout | Quarter <br> Paid Out | Months Earned |
| :---: | :---: | :---: | :---: | :---: | :---: |
| 1/2/2014 | 4/1/2014 | 5/1/2014 | 6/30/2014 | Jul-14 | 2.00 |
| 1/31/2014 | 4/30/2014 | 5/1/2014 | 6/30/2014 | Jul-14 | 2.00 |
| 3/1/2014 | 5/29/2014 | 6/1/2014 | 6/30/2014 | Jul-14 | 1.00 |
| 3/14/2014 | 6/11/2014 | 7/1/2014 | 9/30/2014 | Oct-14 | 3.00 |
| 6/30/2014 | 9/27/2014 | 10/1/2014 | 12/31/2014 | Jan-15 | 3.00 |
| 7/2/2014 | 9/29/2014 | 10/1/2014 | 12/31/2014 | Jan-15 | 3.00 |
| 9/3/2014 | 12/1/2014 | 1/1/2015 | 3/31/2015 | Apr-15 | 3.00 |

# A total of all \$ contributions to the 

 Pool are divided by the number of eligible people.All eligible people get an equal share.

4 elements:

- Scrap Reduction
- Supplies Cost Reduction
-Profit
-Maintaining Quality External PPM‘s



# steus 

## -Scrap Reduction <br> - Baseline of $8.6 \%$

-Supplies Cost Reduction
Baseline is $1.51 \%$ of net sales
Sliding Scale= The greater the amount saved, the greater the contribution to the bonus pool.

Profit

- 5\% of total Corporate Pre-Tax Profits

Quality

- Customer Quality External PPM must be maintained at 749 or less.

Scrap Reduction under 8.6\% Baseline Supplies Reduction under 1.51\% Baseline

- 0-10\% reduction = $25 \%$ pooling
$\cdot 10-15 \%$ reduction $=30 \%$ pooling
$\cdot 15-20 \%$ reduction $=35 \%$ pooling
- $20 \%+$ reduction $=40 \%$ pooling


## s scrap \& Supplies Pooling Chart

## Employees

RFC


## Examplest 8\% Savings = ? Pooling

## scrap <br> \& Sunplies

$\square$ Employees
RFC


Examples: 12\% Savings = ? Pooling

Bonus

## Step 1

- Determine \% Actual Scrap


## Step 2

- Determine Pooling \%


## Step 3



- Determine Bonus \$\$ for Pool


## Step 1

- Determine \% Actual Scrap

254,634 Ibs production Scrap
Divided by
4,416,740 lbs issued to
production
= 5.77\%

## Step 2

- Determine Pooling \%

Difference of Scrap Baseline
8.6\%-5.77\% = 2.83\% Difference Savings
2.33\% Divided by 8.6\% Baseline
= 33\% Actual Saved

## 

## Employees

$\square$ RFC


33\% Savings = ? Pooling

## Step 3

- Determine Bonus \$\$ for Pool

4,416,740 multiplied by 8.6\% Baseline
= 379,840 Baseline Scrap Total
379,840 Baseline Scrap Minus
254,634 lbs production Scrap
= 125,506 lbs saved

## Step 3

125,206 Ibs saved Multiplied by 45.08 $\phi$ Steel Value $=\$ 56,443$ Total Saved

\$156,443 Total Saved multiplied by 40\% Pooling<br>= $\mathbf{\$ 2 2 , 5 7 7 \text { Scrap Bonus Contribution }}$

## Same 3 Steps as Scrap Bonus

With a baseline of $1.51 \%$ Net Sales
to
Supplies Cost


## Supplies Examples:

oils, lubricants, chemicals, propane gas, drill bits, cutting blades, clean up, towels, disposable items, office supplies, paper products, toner cartridges, and other daily operating supplies.

Examples of what is not in this:
Gloves \& safety supplies, raw material, packing supplies, maintenance and repair supplies and tooling maintenance supplies, punches.

## Pre-Tax Profit * 5\% = Bonus Contribution

Pre-Tax Profit = \$236,192 Multiplied by 5\%<br>$$
=\$ 11,809
$$<br>Directly added to the pool

## Assumption for a Quarterly Total


*STEPS Bonus checks have been over \$1600

External PPM from Customer Complaints

$$
\begin{gathered}
\bullet<750 \text { PPM }=100 \% \text { of Pool } \\
\cdot 750-999 \text { PPM }=95 \% \text { of } \\
\text { Pool } \\
\cdot>1,000 \text { PPM }=90 \% \text { of Pool }
\end{gathered}
$$

## -Numbers are based on -Corporate totals.

-STEPS Checks paid out on the last pay period of the month following the quarter.

- (Apr, July, Oct, Jan)


