Who is Eligible?

To be eligible for the Steps Bonus Program, Employee must be full time, active, and completed the 90 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.

Examples of Hire Dates and Payments Earned:

Hire Date	90 Day Trial Period Ends	First Full Month Following Eligibility Date	Work to End of Quarter to remain eligible for payout	Quarter Paid Out	Months Earned
1/2/2014	4/1/2014	5/1/2014	6/30/2014	lul-14	2.00
1/2/2014	4/1/2014	5/ 1/2014	0/30/2014	001-1 4	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

Each Quarter



A total of all \$ contributions to the Pool are divided by the number of eligible people.

All eligible people get an equal share.

How is STEPS bohus determined?

- 4 elements:
- Scrap Reduction
- Supplies Cost Reduction
- •Profit
- Maintaining Quality External PPM's



Steps Pool Calculation



Scrap Reduction 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
- •10-15% reduction = 30% pooling
- •15-20% reduction = 35% pooling
- 20%+ reduction = 40% pooling







Examples: 8% Savings = ? Pooling

Employees





Examples: 12% Savings = ? Pooling

Employees

RFC



Examples: 25% Savings = ? Pooling

Step 1 – Determine % Actual Scrap

Step 2

– Determine Pooling %



Step 3

- Determine Bonus \$\$ for Pool

Step 1 – Determine % Actual Scrap

254,634 lbs 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

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 lbs saved Multiplied by 45.08¢ Steel Value = \$56,443 Total Saved

\$156,443 Total Saved multiplied by 40% Pooling = \$22,577 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% = \$11,809 Directly added to the pool



Assumption for a Quarterly Total Bonus Contribution

 491 Steps Bonus Check (normal payroll deductions)
 *STEPS Bonus checks have been over \$1600



External PPM from Customer Complaints

< 750 PPM = 100% of Pool •750-999 PPM = 95% of Pool •>1,000 PPM = 90% of Pool



•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)

•Questions

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