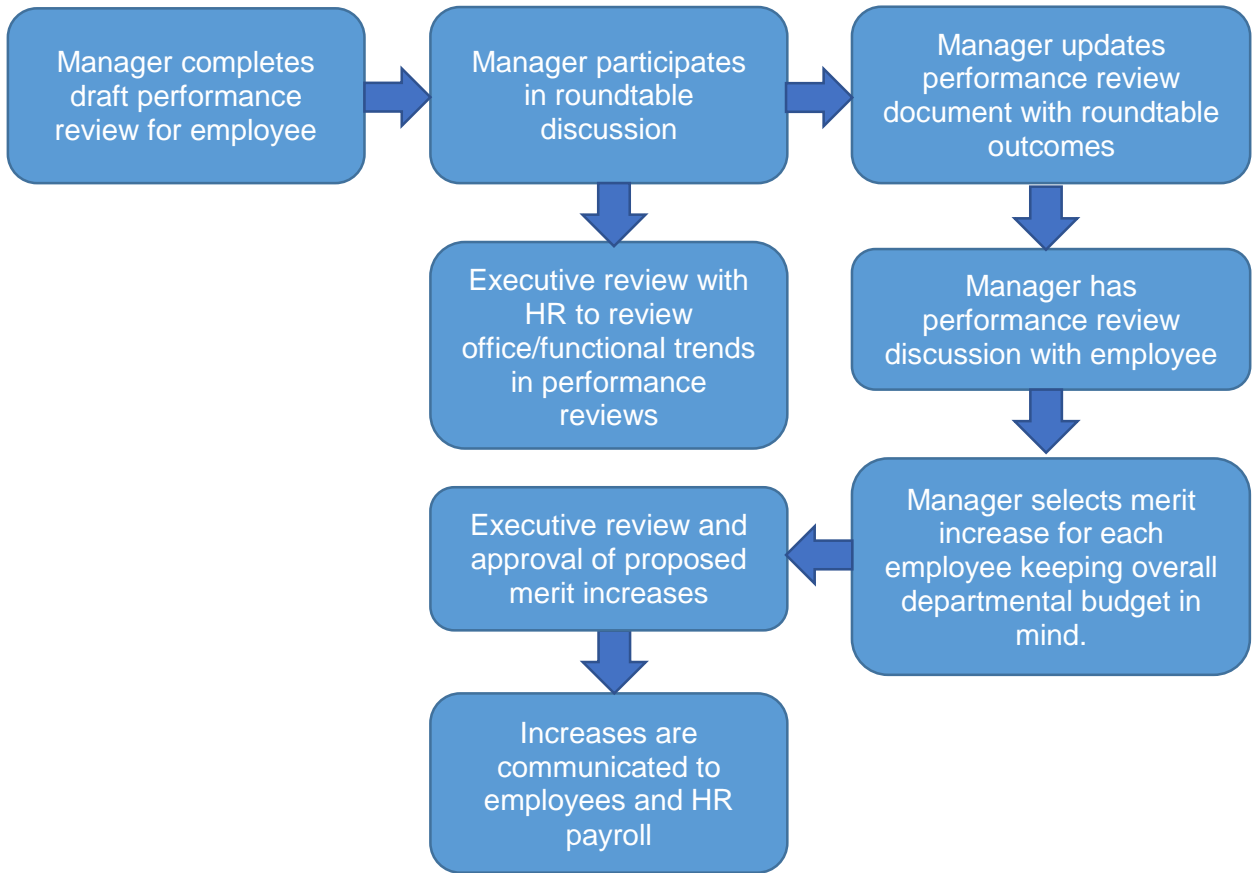


## Merit Increase Process and Performance Management

The performance review and merit increase process:



- The scale below is used for annual performance reviews by the manager and the outcome is discussed with the employee after the roundtable review to ensure peers are rated in a consistent manner across departments and geographically dispersed offices.

Rating	Level	Used When
Significantly Exceeded Expectations	Level 5	Employee regularly exceeded expectations for the position demonstrating extraordinary performance in major aspects of the position and going beyond the scope of the position, including achievement of objectives and/or responsibilities and mastery of competencies at current job level and above. Employee is a great example of behavior that is consistent with the company values.
Consistently Exceeded Expectations	Level 4	Employee exceeded expectations for the position on a consistent basis throughout the year, going beyond the job requirements and responsibilities in achievement of objectives in a manner consistent with company values.
Fully Met Expectations	Level 3	Employee solidly met all expectations for the position; overall achievement of objectives in a way that represents the values of the company.
Some Improvement Required	Level 2	Employee did not meet expectations for selected aspects of the position and requires some improvement. This rating requires a development plan and a 60-day review.

Rating	Level	Used When
Failed to Meet Expectations	Level 1	Employee did not meet the minimum expectations or requirements for the position. Improved performance is required for continuation in the position.

- After the manager has completed the draft performance review form for each employee reporting to him/her, preparation for the Performance Roundtable discussion takes place.
- Managers represent employees at Roundtable meetings that are comprised of other managers within the organization structure who manage employees of similar grade levels and types of jobs. The purpose of the Roundtables is to discuss performance ratings and to compare employees within the same organization to each other. Recommendations are made regarding overall performance ratings.
- No information is communicated to individual employees yet.
- An overall review takes place with the most senior manager at that location or of the function. HR provides a summary of the roundtable discussions and outcomes. Results obtained is compared to a normal distribution curve to identify any significant trends for the office or the function.
- Outcomes from roundtable discussions is used to update the draft performance reviews and managers then have discussions with employees who report to them, to communicate performance ratings.
- Merit increases are considered after performance outcomes are known per individual, for the office/location, the business unit etc. The following guideline may be useful in determining the % increase that should be considered for an employee given a certain overall performance rating. The merit increase should be seen separate from any other increases i.e. promotional increase or cost-of-living adjustment.
- The table below is based on midpoints per labor or job grade so it also takes into account where an employee's current salary lies with respect to the midpoint of the scale.

### MERIT INCREASE GUIDELINES

#### D r a f t

Performance	Below Midpoint of Salary Range	Above Midpoint of Salary Range
Significantly Exceeded or Consistently Exceeded Expectations	Above Market Increase 5.0% - 9.5%	Market Increase 3.0% - 5.0%
Consistently Exceeded or Fully Met Expectations	Market Increase 3.0% - 5.0%	Below Market Increase 1.0% – 3.0%
Some Improvement Required or Failed to Meet Expectations	No Salary Increase	No Salary Increase

NOTE: The increase percentages are subject to change based on the business performance results and economic environment at Company.

**Expectations**

- *Every* executive and manager will hold managers who report to them accountable for:
  - Providing periodic reviews of performance and accomplishments to all employees who report to them,
  - Participating in Roundtable discussions,
  - Assigning merit increases and communicating increase information to individual employees.