



LOCAL UNION 338

April 4, 2019

Re: Incentive Compensation Plan

Dear Local 338 Member:

At our monthly union meetings we've discussed changes to the current Incentive Compensation Plan. Over the last 10 years many of our members have told us they don't see any connection between what they do and how the bonus pays out. They have also expressed concern about the fairness of the plan since it is based on W2 earnings and not hours worked. This economically impacts employees who work in lower job classes, aren't offered overtime, aren't asked to Temporary Supervise, or have the opportunity to hold a Working Leader bid.

Last year the Company opened discussions with our Local and the International Union over changes that would do a better job incentivizing employees. After several meetings we believe we are close to an agreement that is fairer and has the potential to pay more. If we go ahead and finalize the agreement, the old plan would shadow the new plan for the remainder of the year with the higher of the two plans paying out. There would be a true-up payment if needed at the end of the year. This would be a relatively low risk trial of the new plan. The new plan would use *Return On Net Asset* to determine the bonus pool rather than *Core Cash Flow*. This substantially increases the dollar value of the pool. The new plan would also add two new modifiers, "Vital Few" and "Efficiency" which also increases our opportunity to earn more. The new plan would pay monthly based on hours worked rather than once a year based on W-2 earnings.

In tracking the performance metrics over the last three months we predict the new plan will pay about 30% more than the old plan. If and when we do agree, the Company would make a catch-up payment for January, February, and March and then begin paying monthly after that.

Again the current plan would shadow the new plan for this year with little or no risk to our members. At the end of the year if we determine this plan is better we'll work to insert it into our next contract.

In Solidarity,

A handwritten signature in blue ink that reads "Dan Wilson".

Dan Wilson
UNITED STEELWORKERS
PRESIDENT - Local 338

cc: Local 338 Executive Board
Robert LaVenture – Director, USW District 12
Steve Powers – Sub District Director