

# Understanding Incentive Pay

## What it is:

Incentive pay is a cash payment given to employees in addition to their base pay as a reward for increasing performance and delivering measureable results.

## What Boeing is offering:

Boeing intends to introduce an incentive pay plan that rewards employees with a cash payment for their contributions to the company. The plan will pay out extra days of pay each year if targets are met in three areas:

1	2	3
Financial Performance	Quality	Safety
Economic profit is the standard metric BCA and IDS in Puget Sound, Portland and Wichita use to measure financial performance.	Cost of rework, repair, and scrap (CoRRS) is a standard used to measure the cost of unplanned manufacturing efforts.	Boeing will use the lost work day case rate (LWDCR) as a measure of safety. A lost work day can include an occupational illness or injury that results in time off from work.

## Why Boeing wants to offer an incentive pay plan:

Our continued success is greatly affected by productivity improvements. By offering an incentive plan that rewards for improvement in three important areas, employees are rewarded by receiving extra pay and Boeing benefits by becoming more productive. Continuous improvement requires all of us to work together. By working together, we all gain.

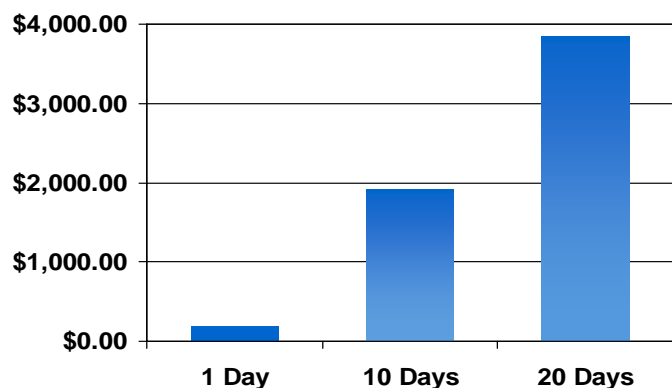
## How much will I get:

The incentive plan may pay up to 20 extra days of pay, depending on performance against targets that are set each year.

- Targets met: 10 extra days pay
- Targets exceeded: 11 to 20 extra days pay
- Targets not met: 0 to 9 extra days of pay

Exact payment is based on performance against all three targets, which are set, evaluated and adjusted each year as needed for the entire bargaining unit. The first payout opportunity would be in early 2011.

What's an extra day of pay worth?



Example is based on a Boeing employee earning \$50,000 per year