February 16, 2001

To: All Non-Represented MTA Staff

Fm: Julian Burke, Chief Executive Officer

Allan Lipsky, Chief Operating Officer

Subj: Performance-Based Compensation Program

As most of you know the MTA Board of Directors approved a Performance Based Compensation Program (PBC) for non-represented employees effective July 1, 2001. The plan presented to the Board included the same general salary increase which we are planning to budget for FY2002. The PBC program will provide us with <u>additional</u> money to reward employees based on their performance.

Based on suggestions from employees and managers we have agreed to continue using the existing five-tier performance appraisal instrument for year-end evaluations (June 30, 2001). Employees who are rated Commendable and Exceptional will receive additional performance based compensation.

A revised performance appraisal instrument is being developed for the new fiscal year so there will be adequate time for training in its use.

We recognize that to achieve the plan's goal evaluations must be fair and objective. The Office of the CEO and all of the Executive Officers are committed to that principle.

Human Resources will be distributing additional information on the PBC plan within the next few days.

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