



## 2018 Annual Incentive Plan

### Introduction and Objectives

PacifiCorp's Annual Incentive Plan provides performance awards based on the following: achieving the goals of PacifiCorp, Pacific Power and Rocky Mountain Power; achieving individual goals; overall individual performance; company management of risk and safety; and success in addressing new issues and opportunities that may arise during the course of the year. Awards will be made based upon measurable achievement of results. This approach supports the philosophy of incentive compensation as pay at risk that is earned based on the company, business unit and individual performance.

### Plan Details

#### Eligibility

- ❑ All regular, full and part-time nonrepresented employees of PacifiCorp, in exempt jobs grade 14 and up, are eligible to participate in the Annual Incentive Plan (AIP). All non-exempt jobs are not eligible for participation in the Annual Incentive Plan.
- ❑ A participant must be employed in an incentive-eligible position prior to Sept. 1, 2018 to be eligible to receive an award. Any employee hired on or after Sept. 1, 2018 is not eligible.
- ❑ Employees who are employed for less than the plan term due to retirement (as defined by the company) or disability will be considered eligible and may receive a prorated award at the discretion of management, reflective of achievement of goals, company and individual performance, and other factors.
  - Employees who are on a qualified leave during the plan term will be eligible for participation in the plan.
- ❑ Employees who are employed for less than the plan term due to a termination for cause, voluntary resignation, reduction in force, are affiliated with the Hiring Hall, are contractors or are bargaining unit employees are ineligible for participation.
- ❑ For employees who are deceased during the plan year, the incentive award will be paid on the next available payroll. The amount will be prorated based on eligible earnings and will be paid at 85% of the employee's target.

#### **Please note:**

- Award recipients who are "inactive" but eligible (retirees/disability) can expect to receive their awards approximately two weeks after active employees.
- Bargaining unit and all non-exempt and exempt jobs through grade 13 employees who transfer into incentive-eligible positions must have been employed in their incentive-eligible positions prior to Sept. 1, 2018 in order to be eligible for participation.
- Those transferring from bargaining unit and non-exempt and exempt jobs through grade 13, to incentive-eligible positions will have their awards calculated based on eligible earnings while in incentive-eligible positions only. (Earnings accumulated while occupying bargaining unit jobs or non-eligible incentive positions will NOT be considered as eligible earnings for the purposes of incentive payment.)

#### Plan Term

The plan term is Jan. 1, 2018 through Dec. 31, 2018.

### **Plan Components**

Incentive awards are structured to achieve a target incentive payout. Target award percentages are based on job classification derived from competitive market data.

All participants will have an award opportunity based upon company, business unit and individual performance.

Company and business unit performance will be evaluated based on meeting objectives established in company scorecards and business plans, and the organization's success in responding to unexpected opportunities and events.

Individual performance will be evaluated based on achieving employee goals, safety targets, and development plans. An employee's contribution to additional assignments or unplanned events and initiatives will also be considered.

Recommended incentive awards will be reviewed by each president and a final decision made in collaboration with senior management prior to final award determination.

### **Eligible Earnings**

For full plan year participants, awards under the plan will be based on the greater of eligible earnings or annualized salary, as described below. For partial year participation and part-time employees, awards will be based on eligible earnings only.

- ☐ Regular pay
- ☐ Overtime pay

**Please note:**

- Pre-tax 401(k) employee deferrals, insurance plan contributions, and reimbursement account deductions are not subtracted from eligible earnings.
- Bonuses of any kind are not considered part of eligible earnings for the purposes of AIP calculation.

### **Payment of Awards**

Payment is targeted for the week of Dec. 17, 2018, pending approvals.

### **Term, Amendment and Termination of the Plan**

This plan is discretionary and can be terminated or modified by PacifiCorp with or without cause or notice.

This plan, and any award hereunder, is not a contract of employment and nothing in this document is intended to guarantee a fixed term of employment, a specific level of income, an award or any other terms or conditions of employment.