

DoD Senior Executive Service Pay-for-Performance Appraisals 2005 – 2009



***Prepared by
The Office of the Deputy Under Secretary of Defense
Civilian Personnel Policy***

April 2010

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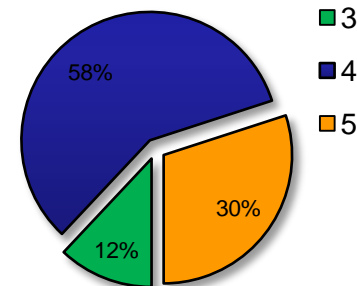
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FY09 Year in Review

- FY09 ratings distribution:
 - 12% rated got a 3; 58% rated got a 4 ; 30% rated got a 5

FY09 Ratings Distribution



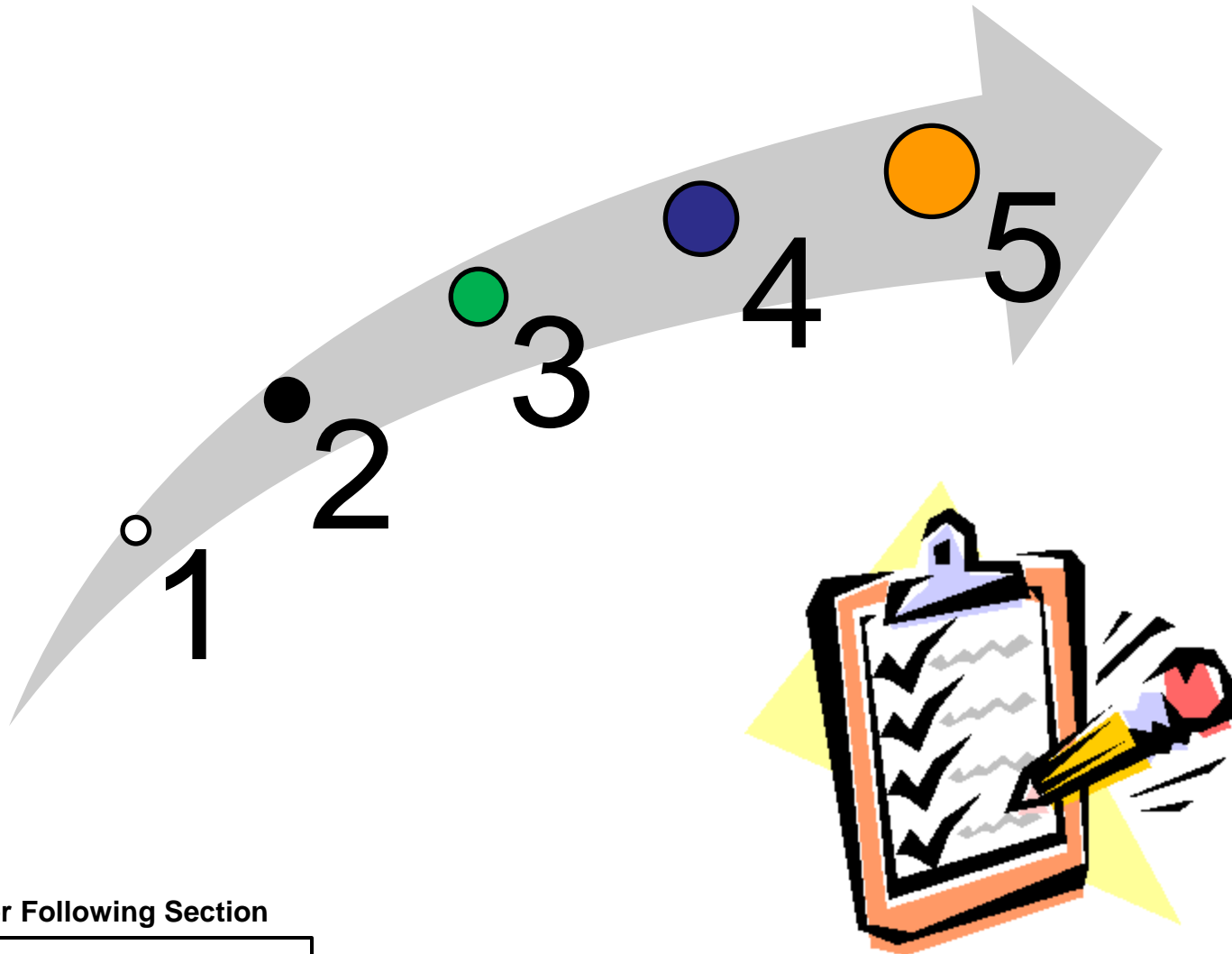
- The **FY09 PAEP of 1.5%** resulted in:
 - Total performance-based bonus payment was the same, but the allocation between salary adjustment and bonus was retroactively shifted by ~\$500.
 - Average Performance Pay Adjustment for SES **shifted down** from \$4,970 to \$4,454.
 - Average Performance Bonus for SES **shifted up** from \$14,773 to \$15,274.
- In FY09, **91.6% of SES received a bonus.**
 - DoD historically distributes a bonus payment that is approximately \$2,500 below the government-wide average to approximately 10% more SES than the government-wide average.
 - This is a **significant increase** from FY08's 84.5% and FY07's 82.9%.
 - Government-wide, 76% of SES received a bonus in FY08.
- **4 SES rated at Level 2 in FY09.**
 - Less than 5 SES rated at Level 2 annually since FY05.



FY09 Year in Review (cont'd)

- ❑ OIG was factored into this year's analysis, and all data contained here within, but per the **Inspector General Reform Act of 2008** (S.2324), OIG will report separately in all future years.
 - The Inspector General (IG) Reform Act of 2008 established the Offices of the IG (OIGs) as separate agencies with regard to all provisions related to the SES.
- ❑ Common Pay Pool Funding Factor remained steady from last year, FY08, to be up to 13% varied by tier level
 - Tier 1 – 11%; Tier 2 – 13%; Tier 3 – 17%
 - Remaining steady from last year shows the Department has acknowledged the current economic state as well as public sentiment toward executive pay.
- ❑ Individual **basic pay increase will not exceed 8% of basic pay**; exceptions may be approved by Authorizing Officials.
- ❑ Benchmark definitions for each performance rating level to help guide and inform rating decisions have been developed and distributed.

Ratings



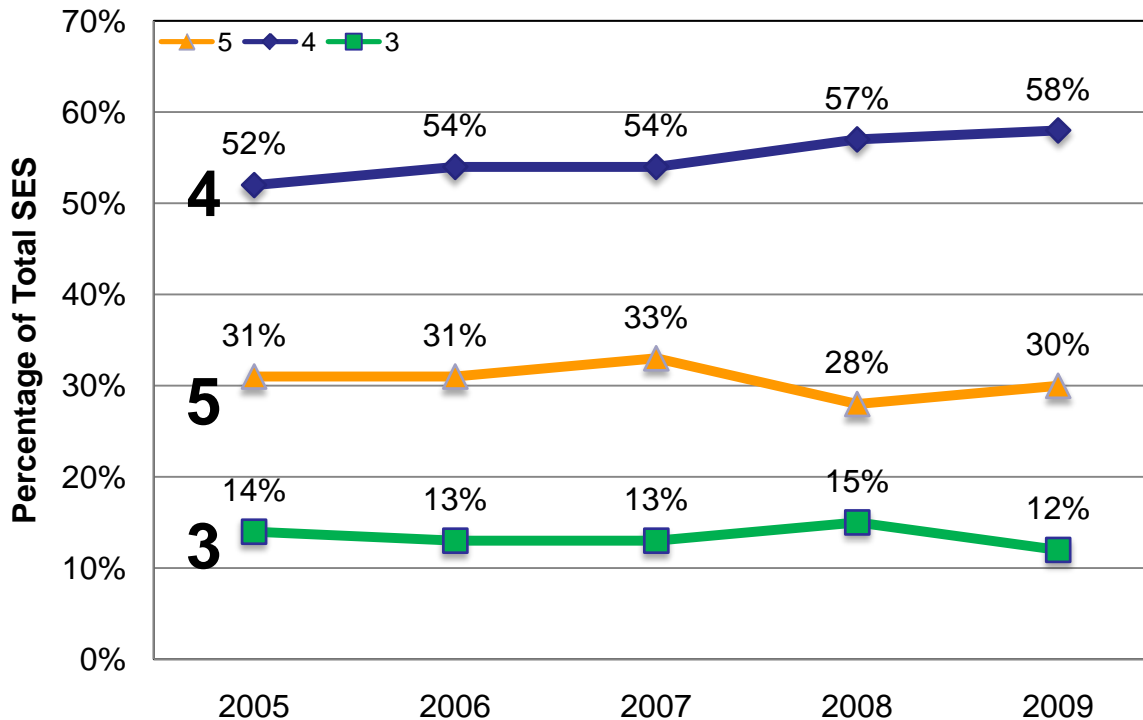
Legend For Following Section

2 3 4 5



Ratings Year-to-Year Trends, FY05 – FY09

DoD SES Ratings, FY05 – FY09



Level 3 Trends

- Generally trending slightly down
- Decreased from 15% in FY08 to 12% in FY09
- Average of 13.4% of DoD SES have been rated 3 since FY05
- Standard Deviation of 1.1%

Level 4 Trends

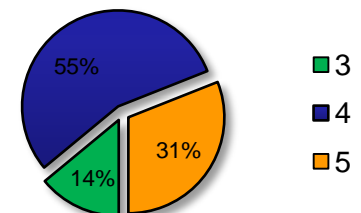
- Generally trending slightly up
- Increased from 57% in FY08 to 58% in FY09
- Average of 55.0% of DoD SES have been rated 4 since FY05
- Standard Deviation of 2.4%

Level 5 Trends

- Increased from 28% in FY08 to 30% in FY09
- Average of 30.6% of DoD SES have been rated 5 since FY05
- Standard Deviation of 1.8%

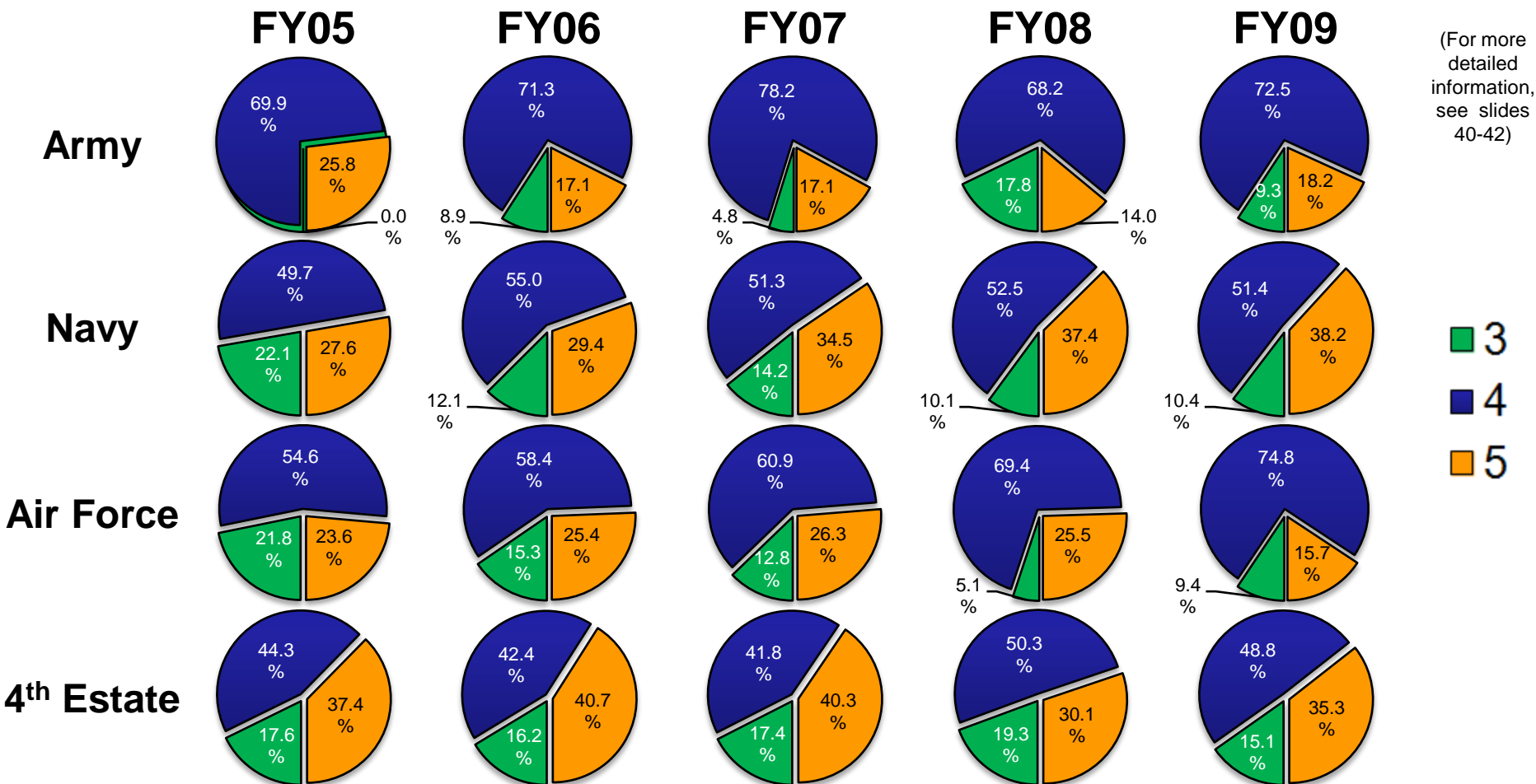
- ❑ Averaging the ratings since FY05, 55% of DoD SES typically are rated 4, 31% are rated 5, and 14% are rated 3.
- ❑ DoD has a continuous challenge to drive the culture towards making further meaningful distinctions in Performance.

Typical Ratings Distribution





Ratings by Component, FY05 – FY09

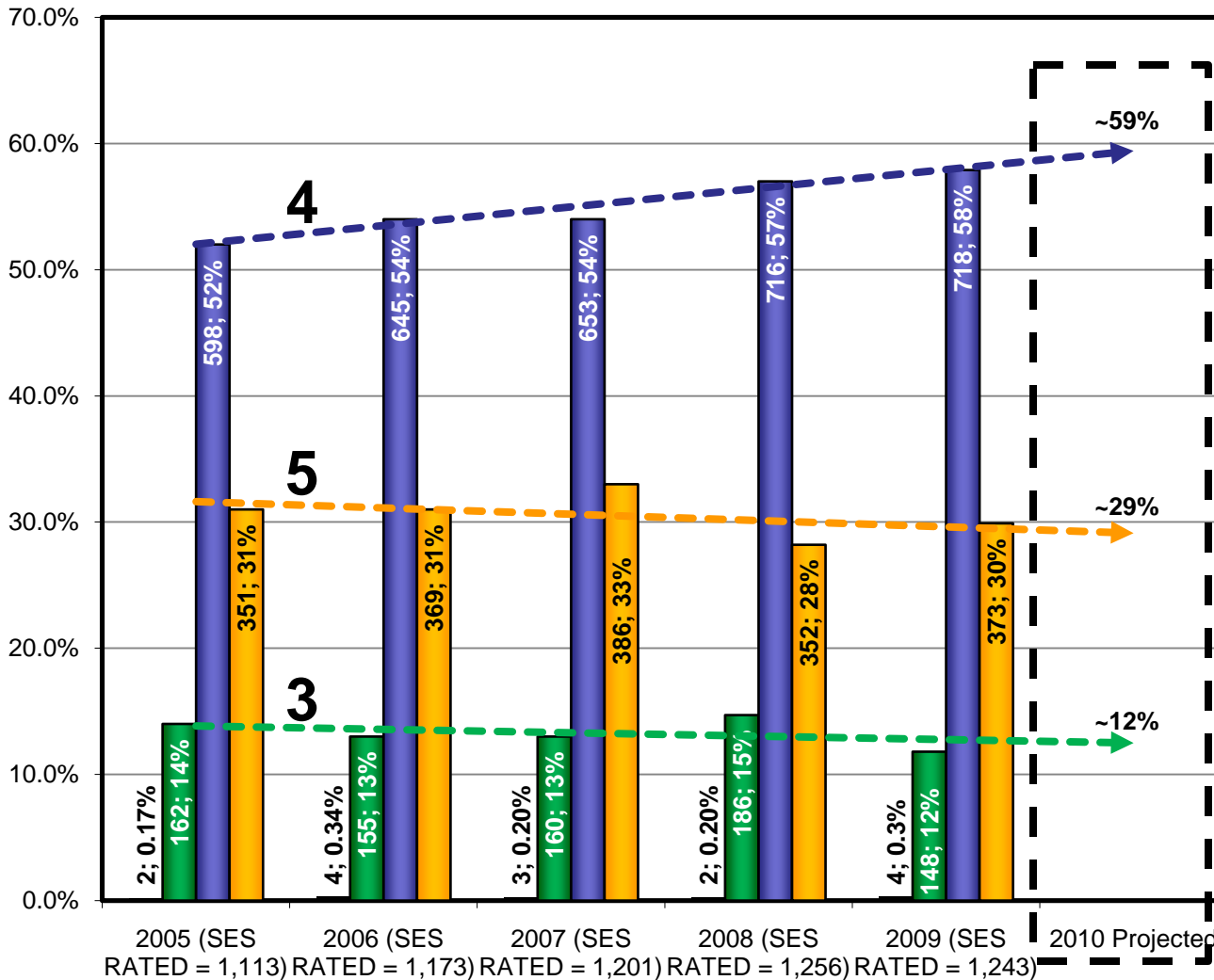


- ❑ There is **no consistent rating pattern**, particularly when comparing between Components.
- ❑ Ratings are not progressing toward a pattern of common value among the Components.
- ❑ On average, approximately 1/3 of SES are receiving the highest rating (5).
- ❑ **Level 3 as a presumptive rating is not happening.**

- **Army and Air Force** rate 15% - 25% at 5
- **Navy and 4th Estate** rate 30% - 40% at 5



Distribution of DoD SES Ratings Projected 1 Year Into Future, FY05 – FY10



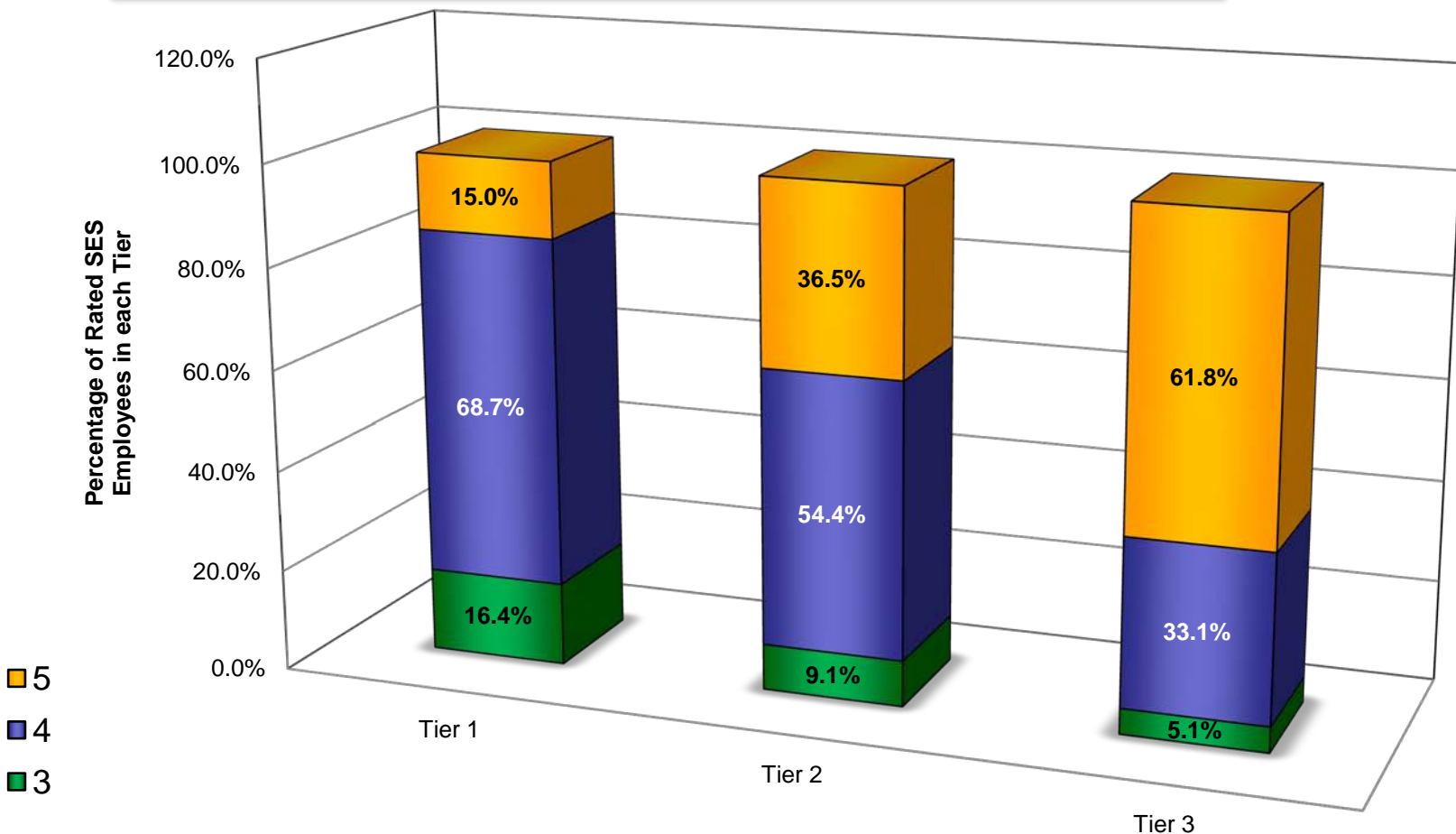
- ❑ Distribution of ratings is fairly consistent over last 5 years.
- ❑ 4s are trending slightly up, with a **6% increase in 5 years**.
- ❑ 3s and 5s are trending very slightly down.
- ❑ **We are trending away from a 5-level rating system.**
- ❑ Assuming this trend continues:
 - In **~10 years**, **75% SES** will receive a 4, and **less than 10%** will receive a 3.
 - In **~50 years**, there will be zero 3s, and only 7% 5s.



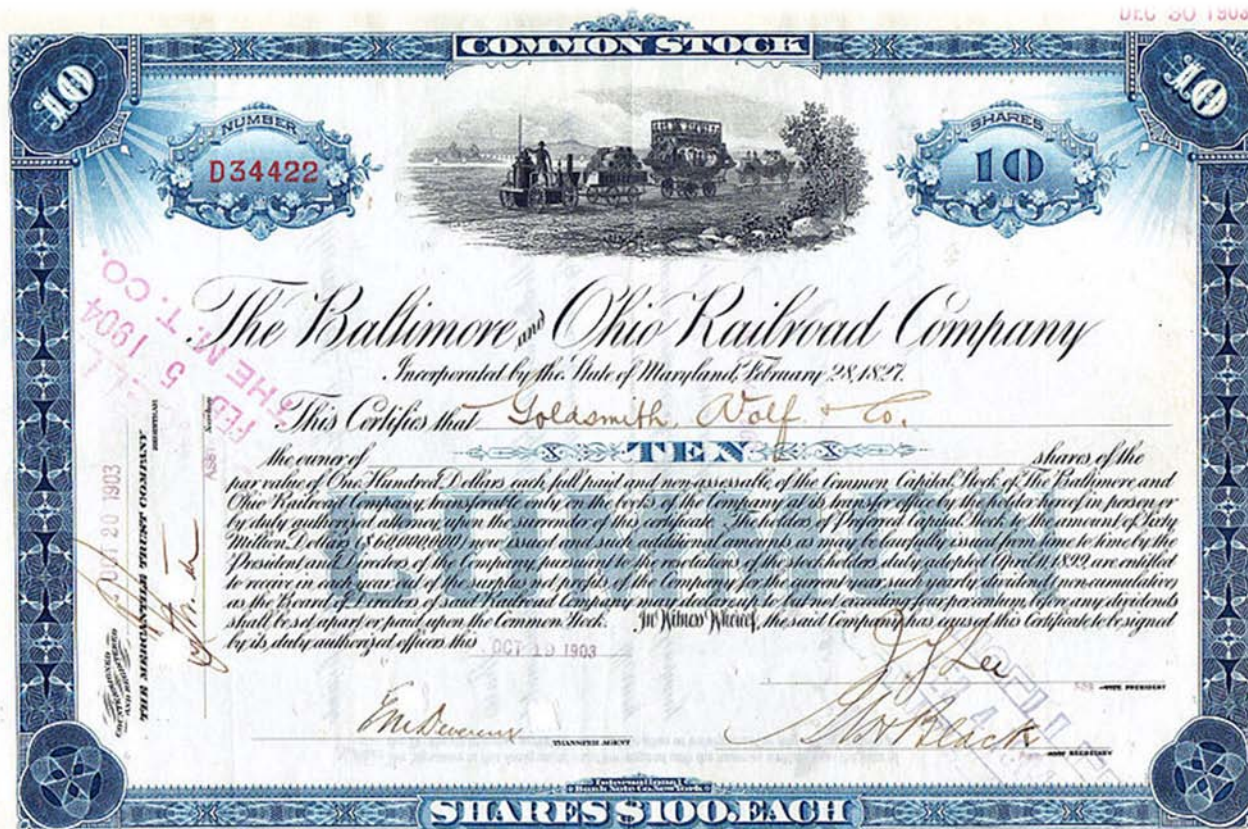
DoD-wide SES Ratings by Tier, FY09

- ❑ FY09's results are consistent with prior years' Tier/Rating stratification
- ❑ Is it a disturbing trend that so few Tier 1s are rated 5 compared to Tier 3s?
 - Are Tier 3s the only ones doing the best work?
 - Is this an indictment on the quality of work from a Tier 1, or simply the result of reserving the highest ratings to executives paid above EX-III?

• **15% of Tier 1s** receive a 5, compared to **62% of Tier 3s.**



Share Distribution

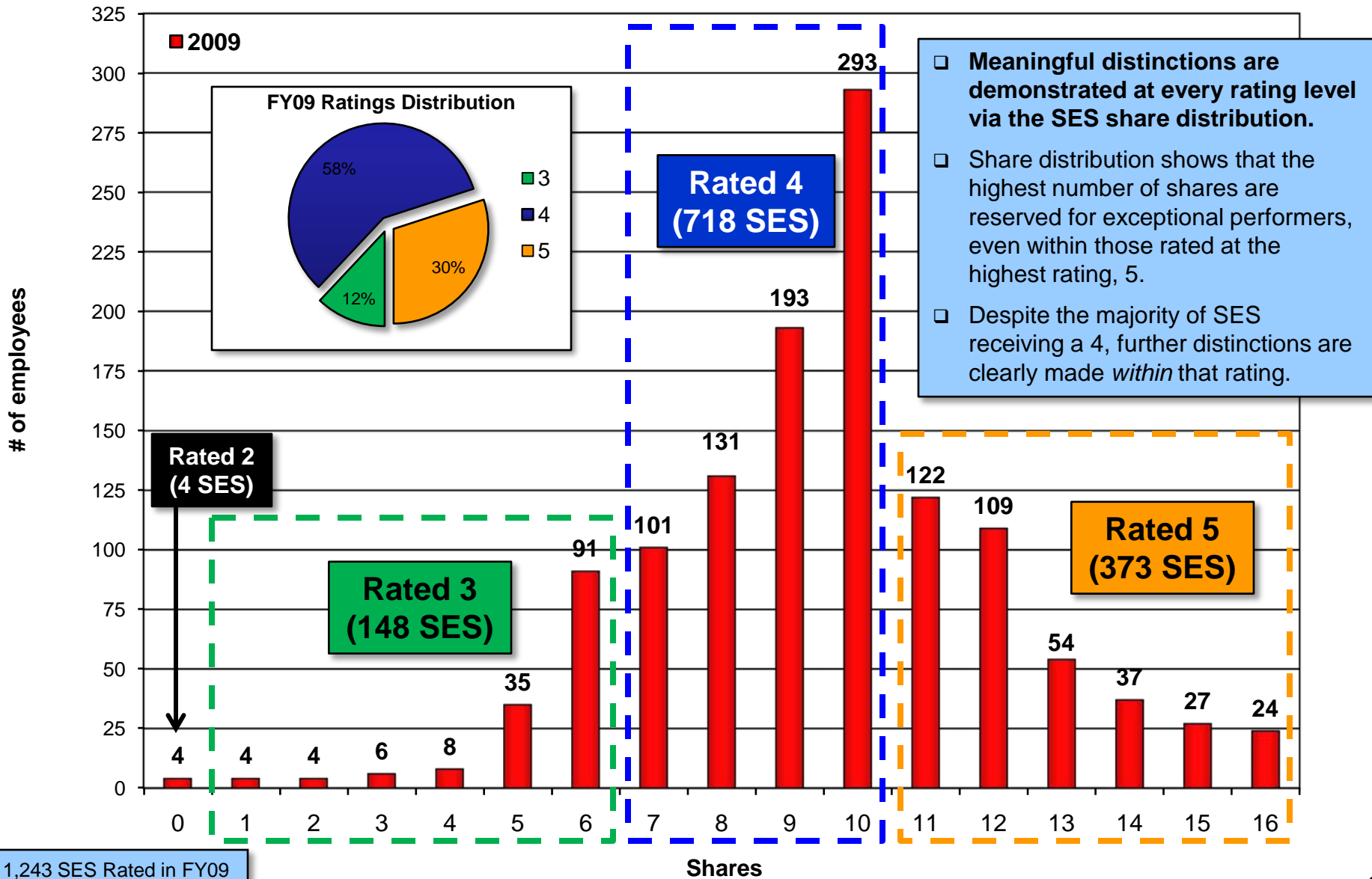


Legend For Following Section

■ 2005 ■ 2006 ■ 2007 ■ 2008 ■ 2009



SES Share Distribution by Rating, FY09



FY09 Salaries

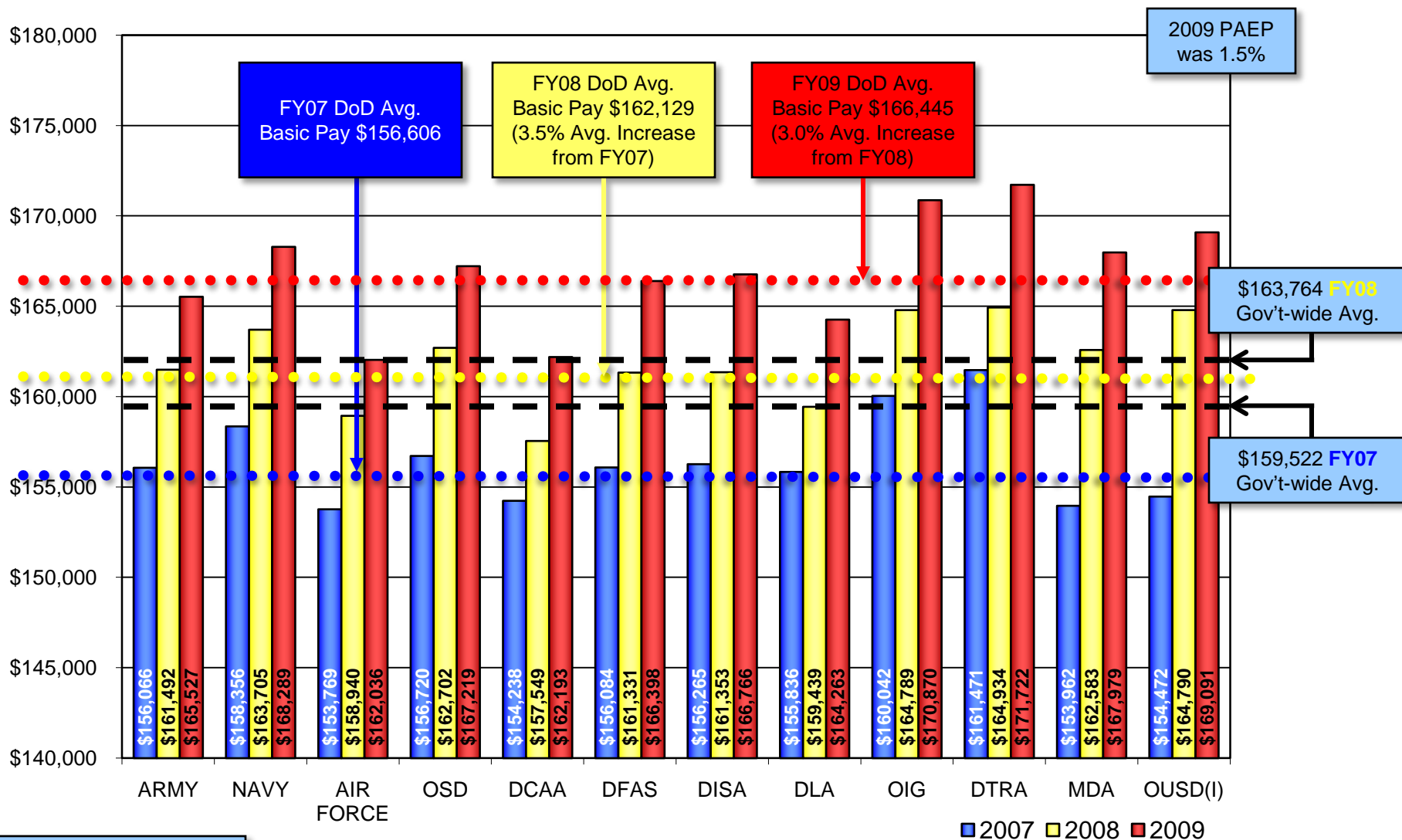


Legend For Following Section

■ 2005	■ 2006	■ 2007	■ 2008	■ 2009
■ Tier1	■ Tier2	■ Tier3		



DoD All Rated SES Average Basic Pay After Adjustment by Component, FY07 – FY09

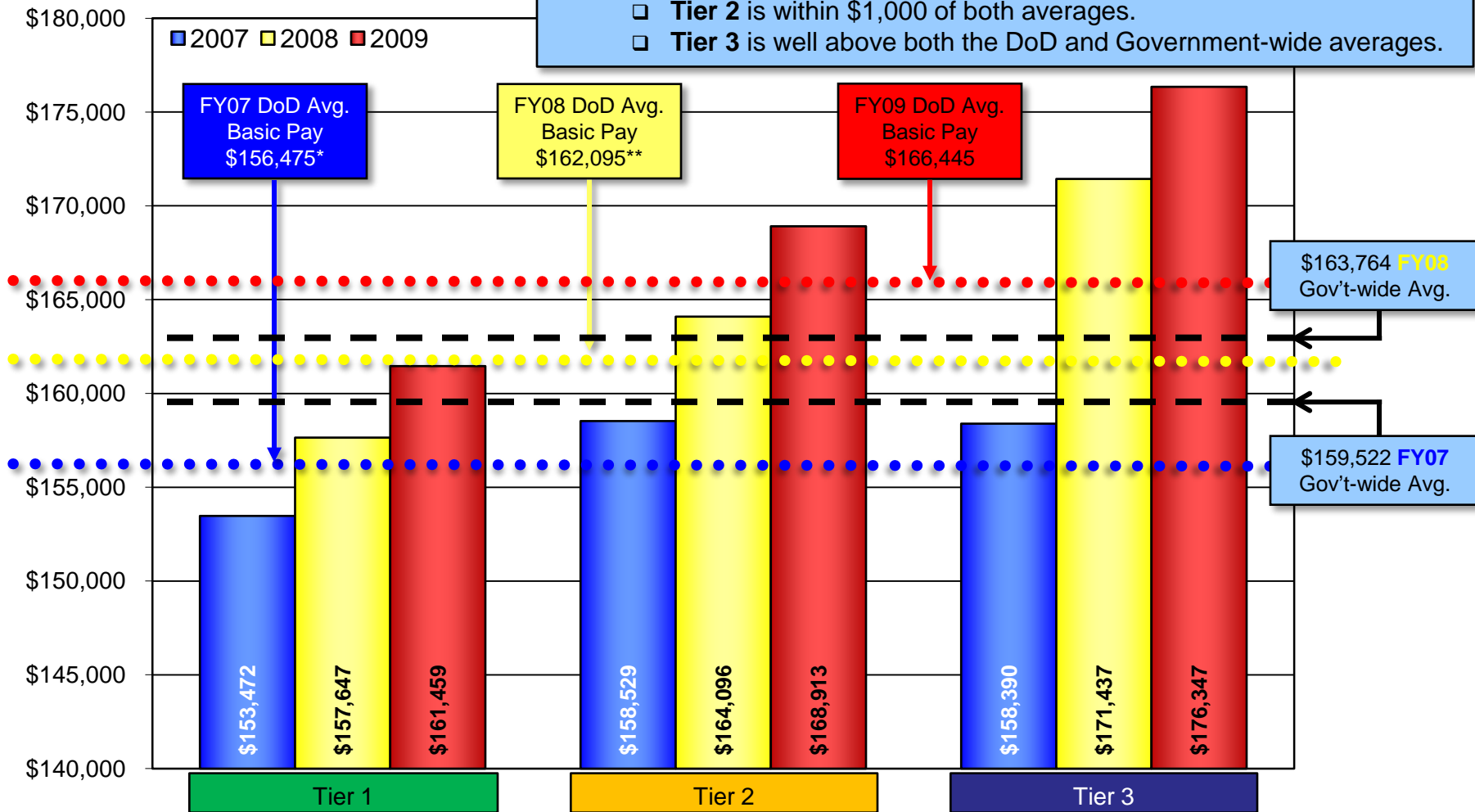


1,243 SES Rated in FY09



DoD SES Average Basic Pay After Adjustment by Tier, FY07 – FY09

- ❑ Overall, DoD is below the government-wide average.
- ❑ When looked at by Tier from FY07 to FY09:
 - ❑ Tier 1 is well below both the DoD and Government-wide averages.
 - ❑ Tier 2 is within \$1,000 of both averages.
 - ❑ Tier 3 is well above both the DoD and Government-wide averages.

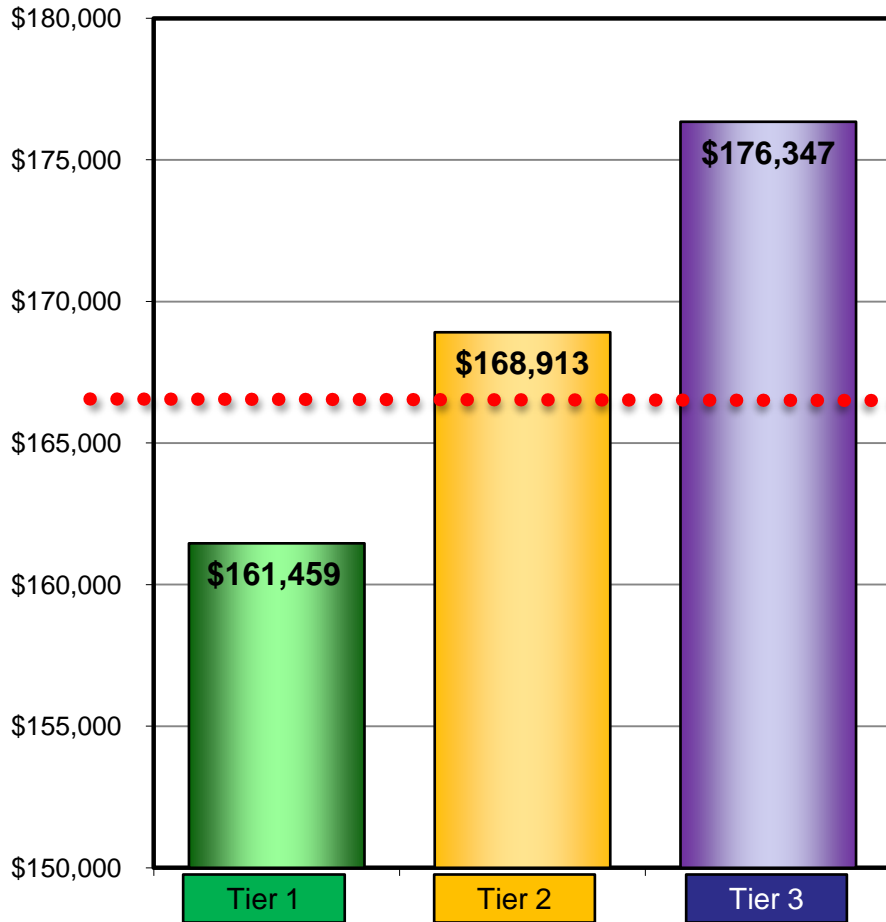


* 1100 SES were in Tiers in FY07 out of 1201 Rated SES. ** 16 OUSD(I) were not in Tiers in FY08. All other 1240 Rated SES were in Tiers.

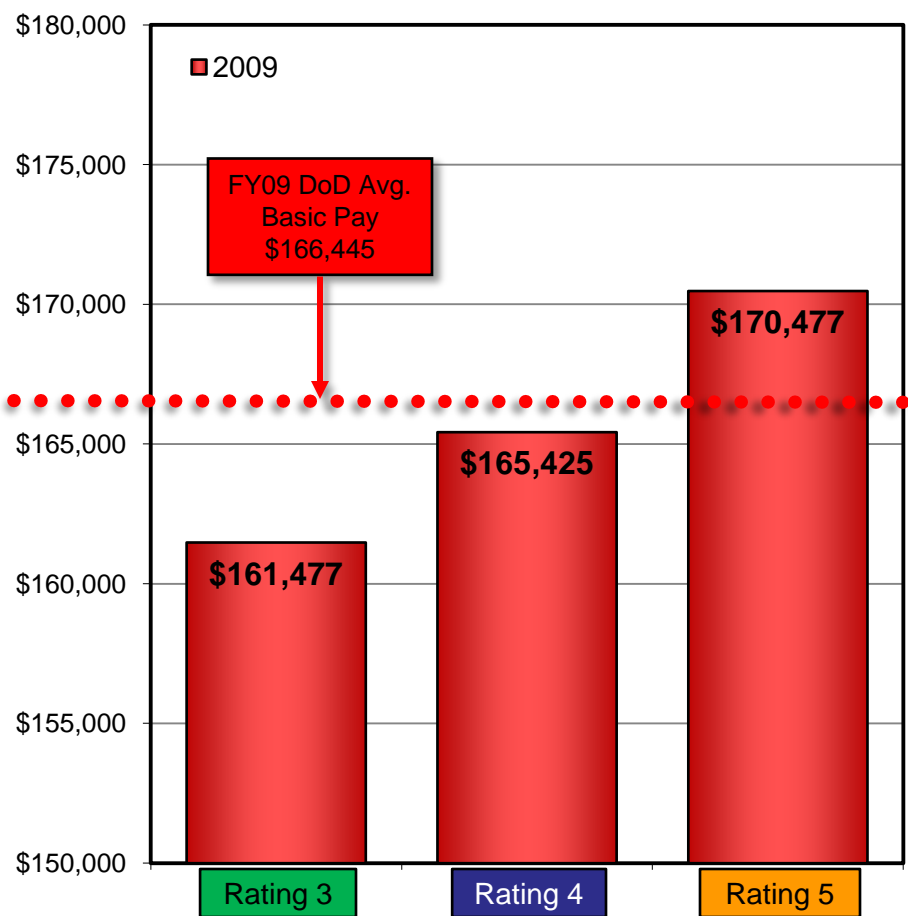


DoD SES Average Salary After Adjustment, by Tier & Rating, FY09

Average FY09 Salary by Tier



Average FY09 Salary by Rating Level



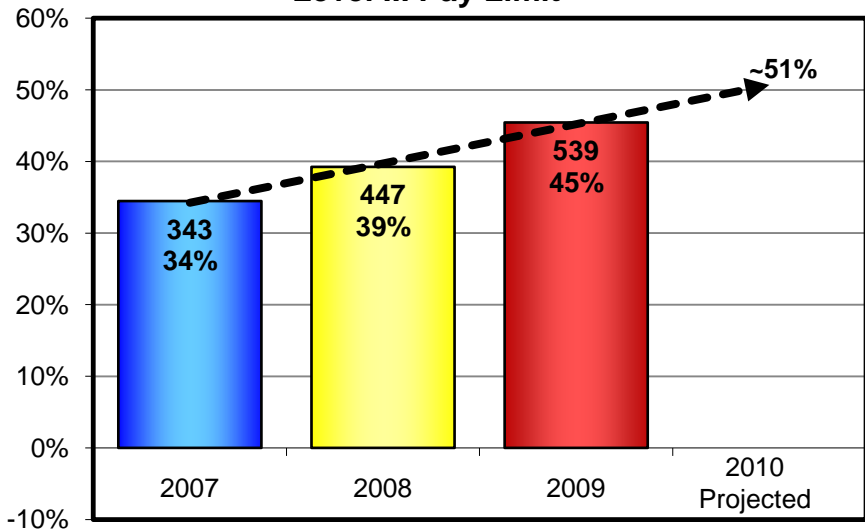
□ Tier 3 and Rated 5 Total Compensation is very similar due to the fact that the majority of 5s are in Tier 3.



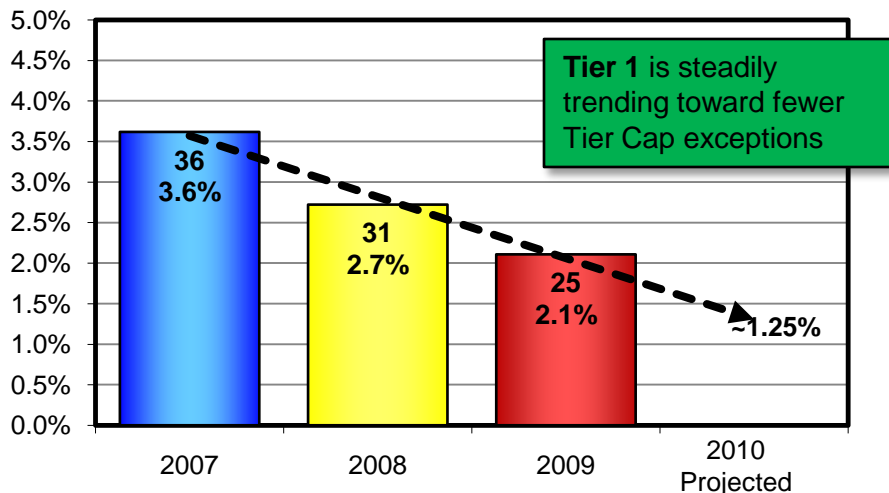
DoD SES Average Basic Pay After Adjustment Trends, FY07 – FY09

- ❑ Tier 1 Caps need to be watched closely
 - ❑ Pay above T1 Caps requires exception from the Authorizing Official
 - ❑ As NSPS transitions out of DoD, we should see these exceptions continuing to decrease.
- ❑ As the Department continues to trend toward fewer Tier Cap exceptions, it is reinforcing that our Tier Caps are set appropriately.

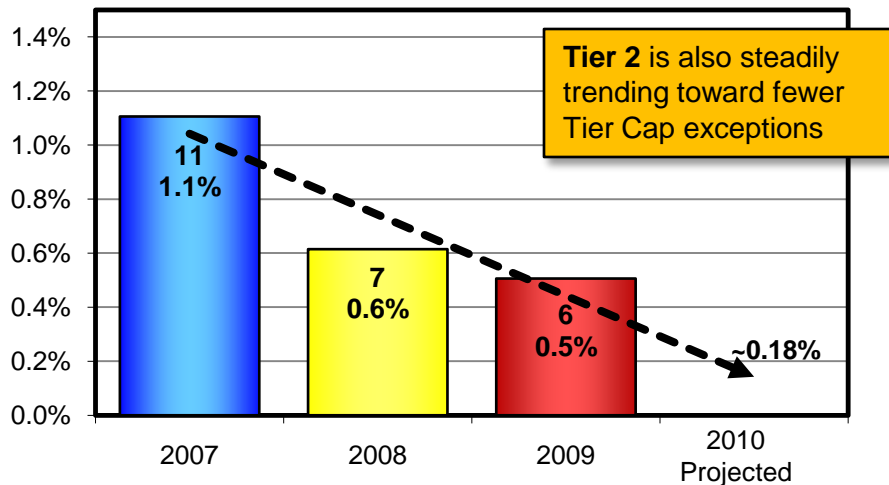
Career SES Salaries Above Exec. Level III Pay Limit



Tier 1, Career SES Over Tier 1 Cap (EX- III)



Tier 2, Career SES over Tier 2 Cap



1,243 SES Rated in FY09
1,186 Career Only

■ 2005 ■ 2006 ■ 2007 ■ 2008 ■ 2009

Performance Pay Adjustments

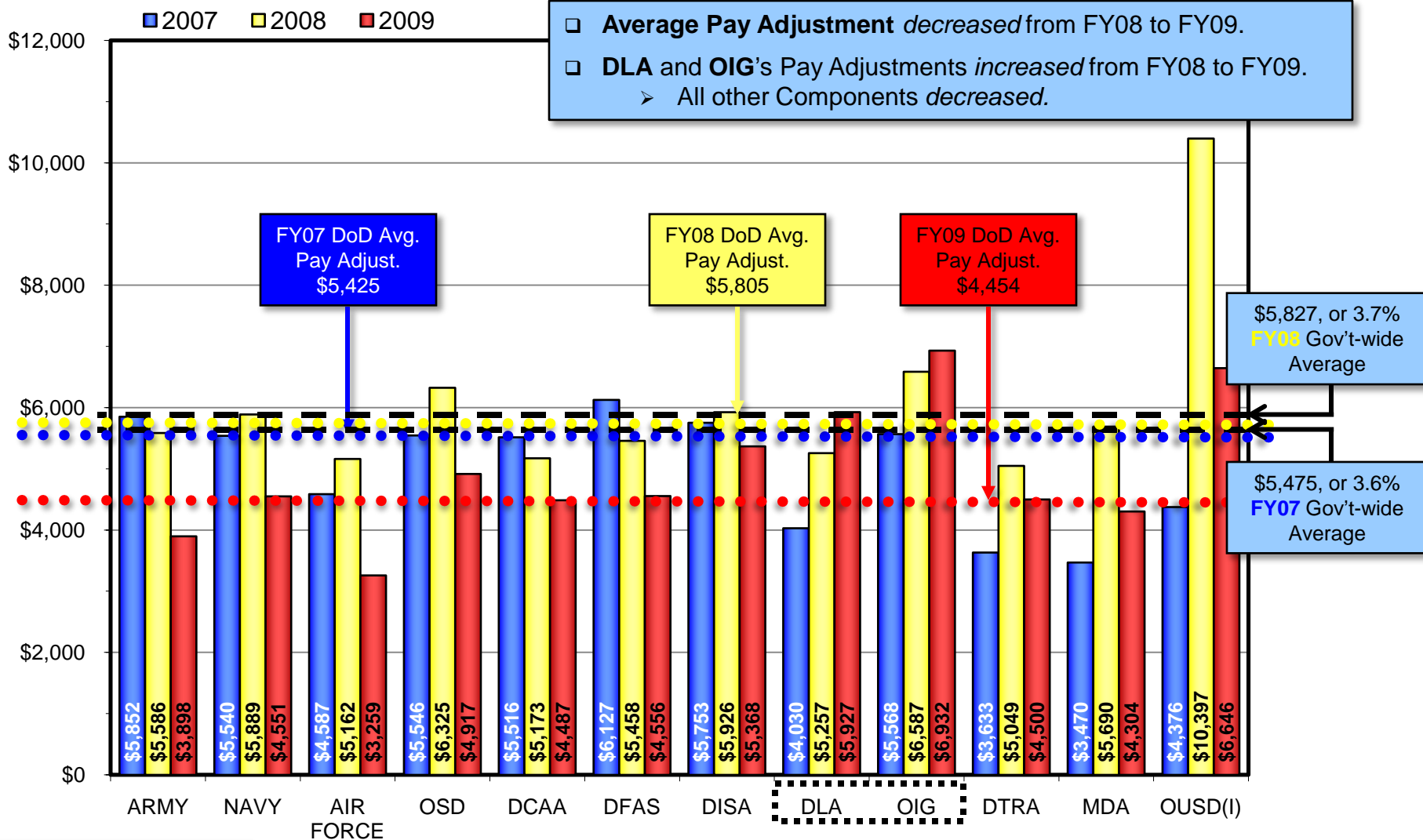


Legend For Following Section

■ 2005	■ 2006	■ 2007	■ 2008	■ 2009
■ Tier1	■ Tier2	■ Tier3		



DoD SES Average Performance Pay Adjustment by Component, FY07 – FY09

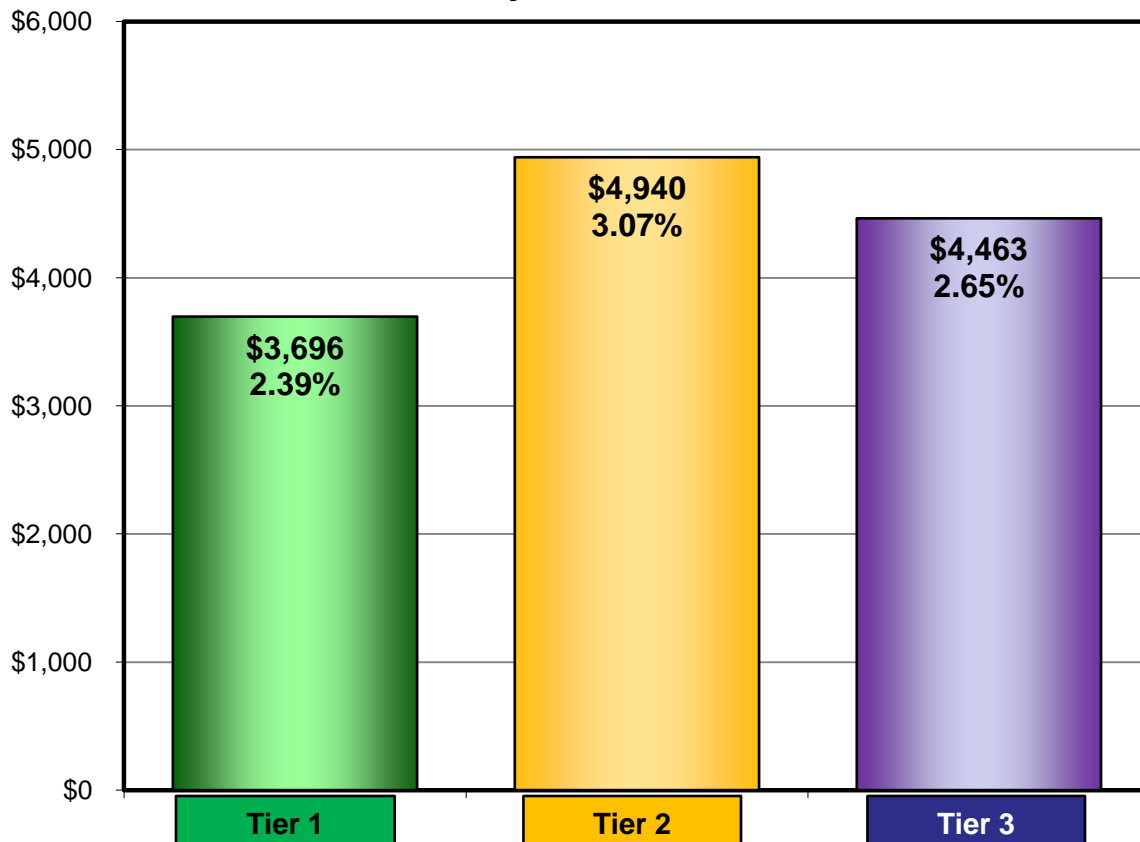


1,243 SES Rated in FY09



DoD SES Average Performance Pay Adjustment By Tier, FY09

FY09 Performance Pay Adjustment by Tier Level



Totals

- 1,243 Rated SES were in Tiers in FY09
- 1,186 Rated Career SES in Tiers FY09

US Dollars (\$) per Tier

- Tier 1: \$3,696
- Tier 2 \$4,940
- Tier 3 \$4,463

Percent of Basic Pay

- Tier 1: 2.39%
- Tier 2 3.07%
- Tier 3 2.65%

- ❑ Tier 1s' and Tier 3s' total pay out are typically allocated with a higher bonus, as seen on slide 24.
- ❑ Percentage of total payout in the form of Performance Pay Adjustment:
 - ❑ Tier 1s receive 22% and Tier 3s receive 18% of their total payout as a salary adjustment.
 - ❑ Tier 2s receive 25% of their total payout as a salary adjustment.



DoD SES Average Performance Pay Adjustment by Rating, FY07 – FY09

2007 Performance Pay Adjustments

- 1201 Rated SES
- DoD average was \$5,425
- Those rated 4 received a **51%** larger pay adjustment than those rated 3
- Those rated 5 received a **21%** larger pay adjustment than those rated 4

2008 Performance Pay Adjustments

- 1256 Rated SES
- DoD average was \$5,805
- Those rated 4 received a **44%** larger pay adjustment than those rated 3
- Those rated 5 received a **12%** larger pay adjustment than those rated 4

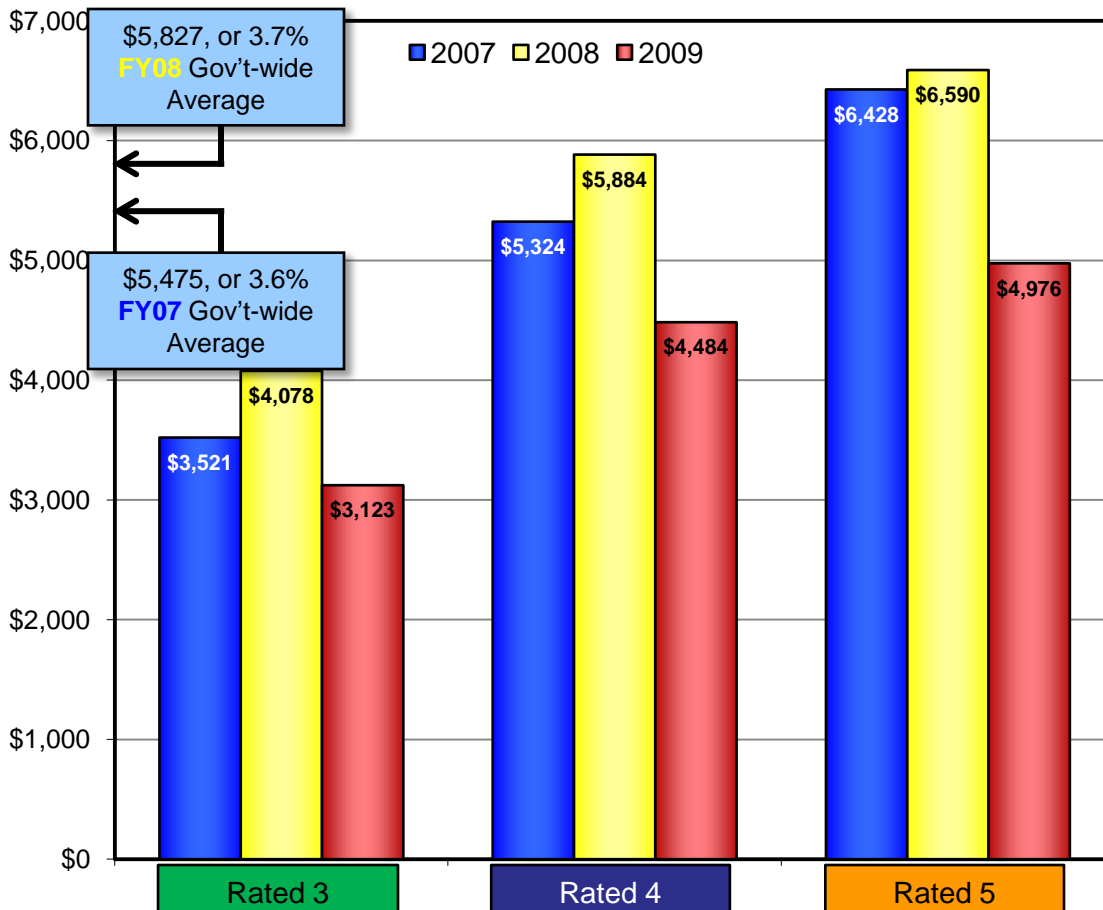
2009 Performance Pay Adjustments

- 1243 Rated SES
- DoD average is \$4,454
- Those rated 4 received a **44%** larger pay adjustment than those rated 3
- Those rated 5 received a **11%** larger pay adjustment than those rated 4
- 2009 Pay Adjustments are approximately 30% lower than 2008 Pay Adjustments.

1,243 SES Rated in FY09
1,186 Career Only

□ The difference in Performance Pay Adjustment dollar amounts among the different ratings has been decreasing since FY07.

Average Performance Pay Adjustment by Rating Level





DoD SES Average Performance Pay Adjustment Trends, FY05 – FY09

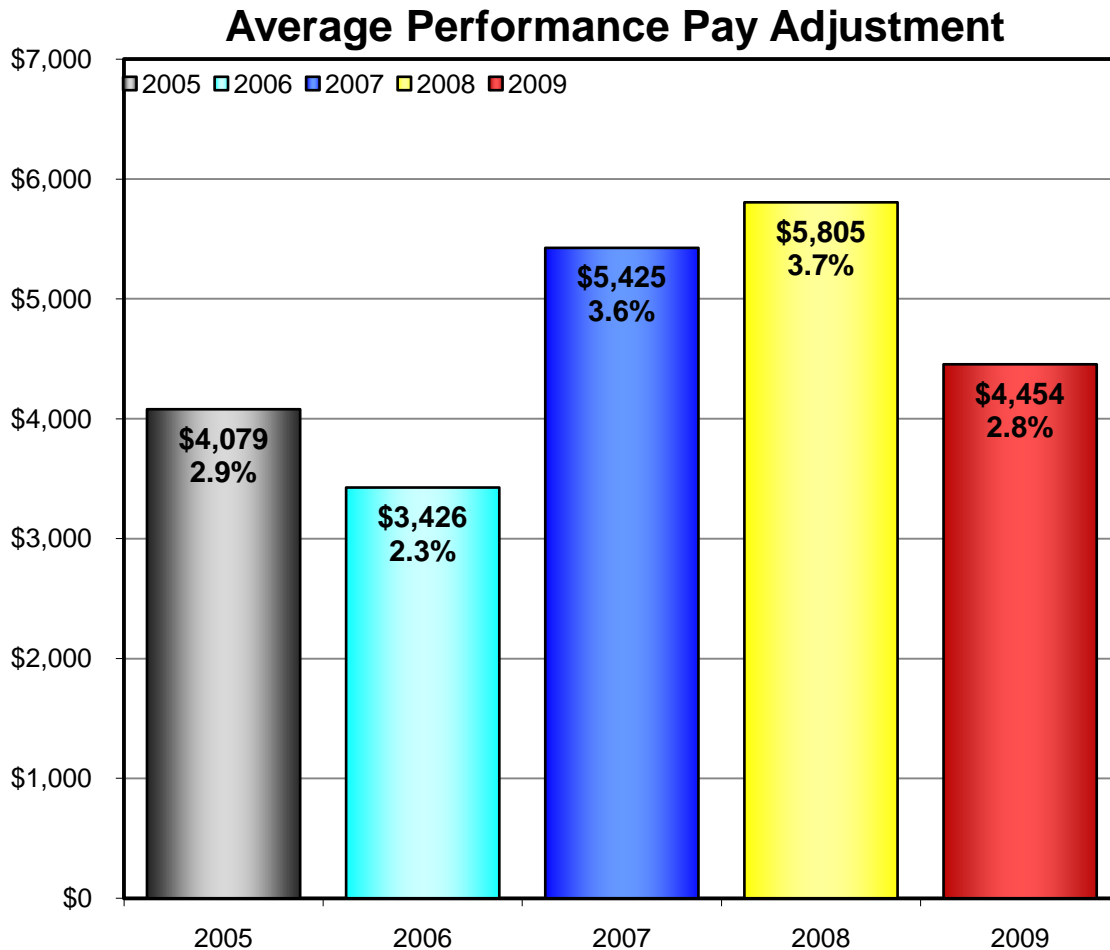
FY05 & 06 data assumed accurate

1,243 SES Rated in FY09
1,186 Career Only Rated in FY09

Lower Pay Adjustment than previous years due to 1.5% PAEP

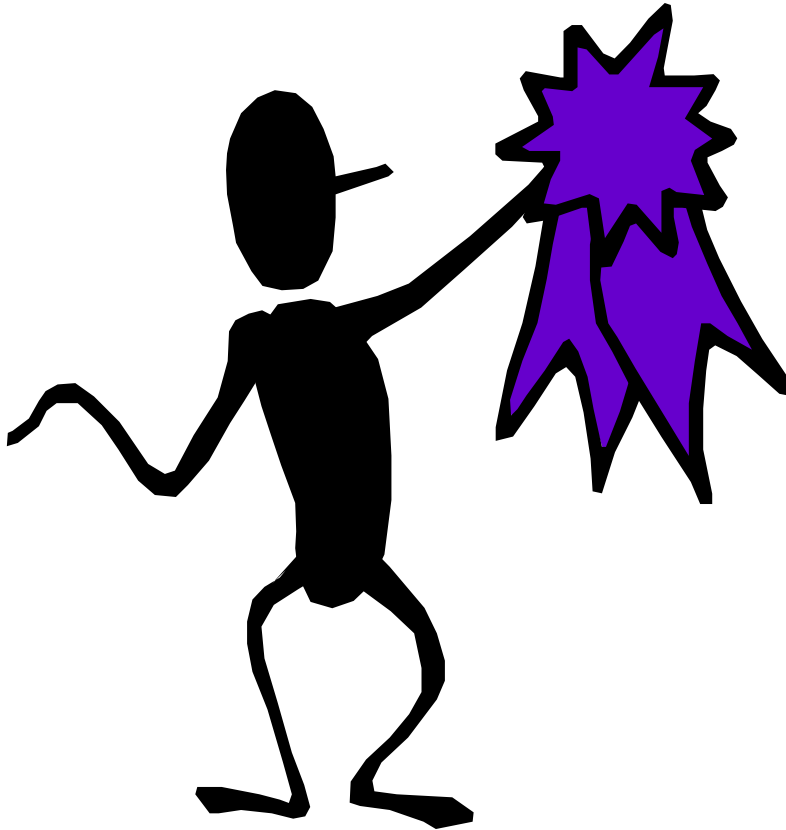
94.6% of Rated SES received a Pay Increase in FY09

FY09 Career Only Avg. Pay Adjustment \$4,397, or 2.75%



- ❑ The **FY09 PAEP of 1.5%** resulted in:
 - Total performance-based bonus payment was the same, but the allocation between salary adjustment and bonus was retroactively shifted by ~\$500.
 - **Average Performance Pay Adjustment for SES shifted down from \$4,970 to \$4,454.**
 - **Average Performance Bonus for SES shifted up from \$14,773 to \$15,274.**

Performance Bonuses

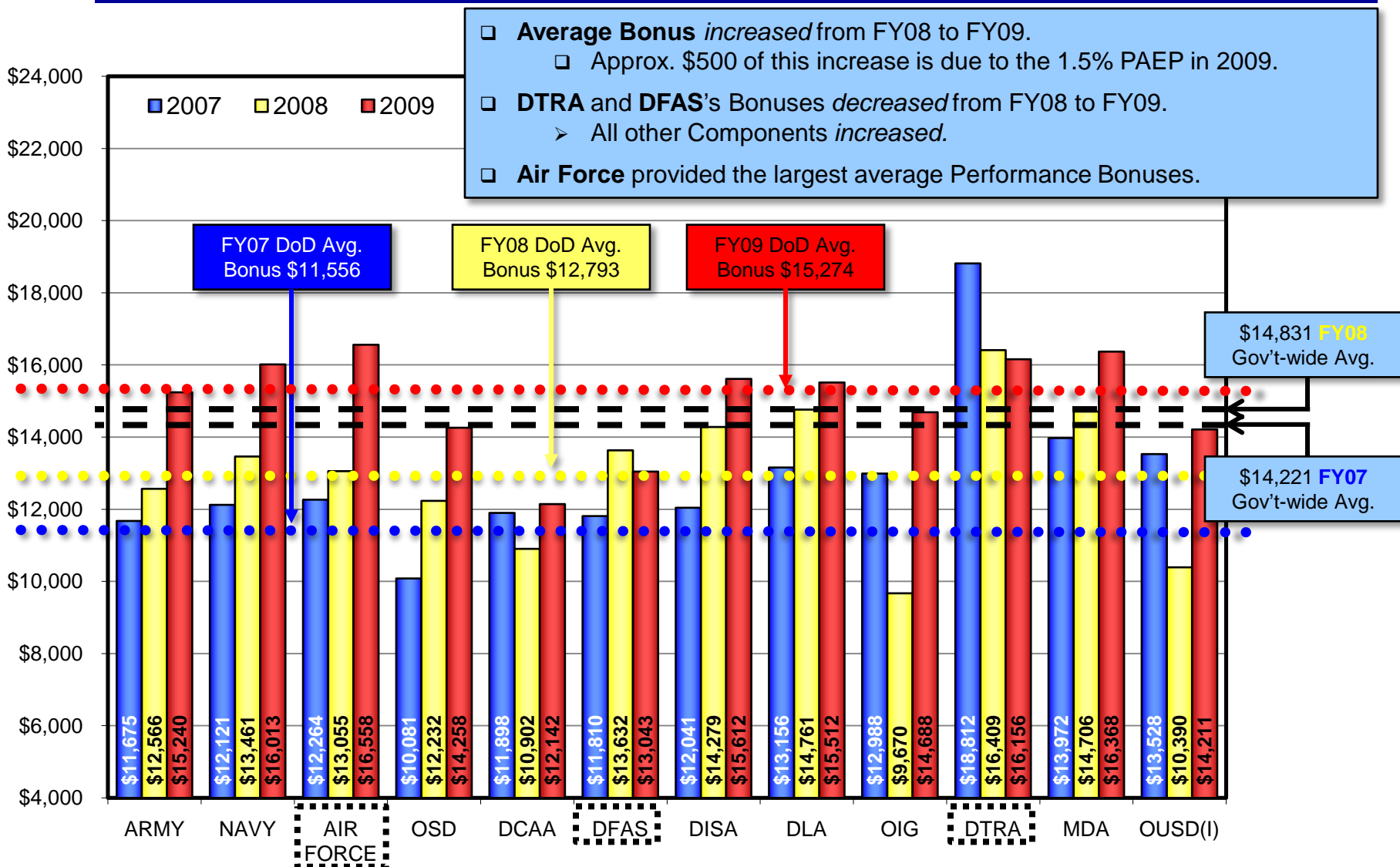


Legend For Following Section

■ 2005	■ 2006	■ 2007	■ 2008	■ 2009
■ Tier1	■ Tier2	■ Tier3		



DoD SES Average Bonus by Component, FY07 – FY09



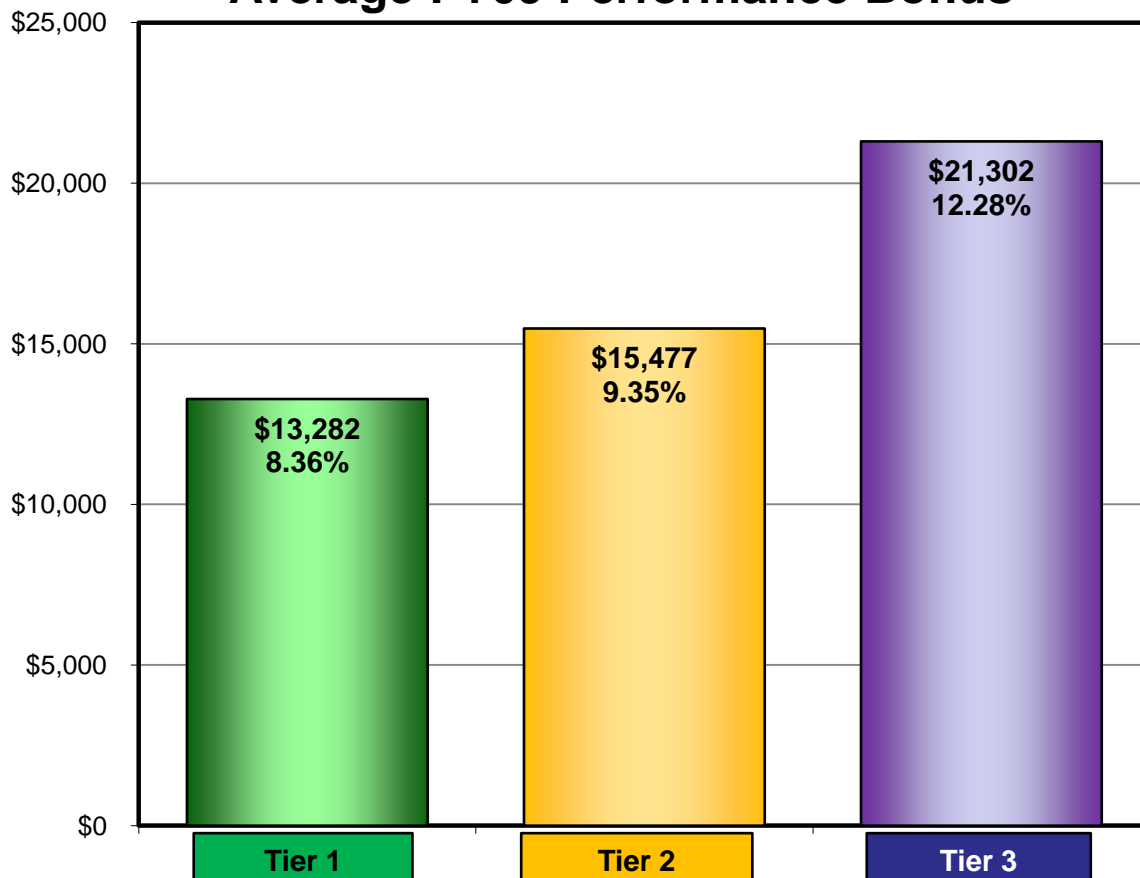
- **Average Bonus** increased from FY08 to FY09.
 - Approx. \$500 of this increase is due to the 1.5% PAEP in 2009.
- **DTRA** and **DFAS's** Bonuses *decreased* from FY08 to FY09.
 - All other Components *increased*.
- **Air Force** provided the largest average Performance Bonuses.

1,243 SES Rated in FY09



DoD SES Average Bonus by Tier, FY09

Average FY09 Performance Bonus



Totals

- 1,241 Rated SES were in Tiers in FY09
- 1,182 Rated Career SES in Tiers FY09

US Dollars (\$) per Tier

- Tier 1: \$13,282
- Tier 2 \$15,477
- Tier 3 \$21,302

Percentage of Basic Pay

- Tier 1: 8.36%
- Tier 2 9.35%
- Tier 3 12.28%

- ❑ Tier 1s' and Tier 3s' total pay out are typically allocated with a lower performance pay adjustment, as seen on slide 19.
- ❑ Percentage of total payout in the form of Bonus:
 - ❑ Tier 1s receive 78% and Tier 3s receive 82% of their total payout as a bonus.
 - ❑ Tier 2s receive 75% of their total pay out as a bonus.



DoD SES Average Performance Bonus by Rating, FY07 – FY09

2007 Bonuses

- 1201 Rated SES
- DoD average was \$11,556
- Those rated 4 received a **122%** larger bonus that those rated 3
- Those rated 5 received a **57%** larger bonus that those rated 4

2008 Bonuses

- 1256 Rated SES
- DoD average was \$12,793
- Those rated 4 received a **83%** larger bonus that those rated 3
- Those rated 5 received a **53%** larger bonus that those rated 4

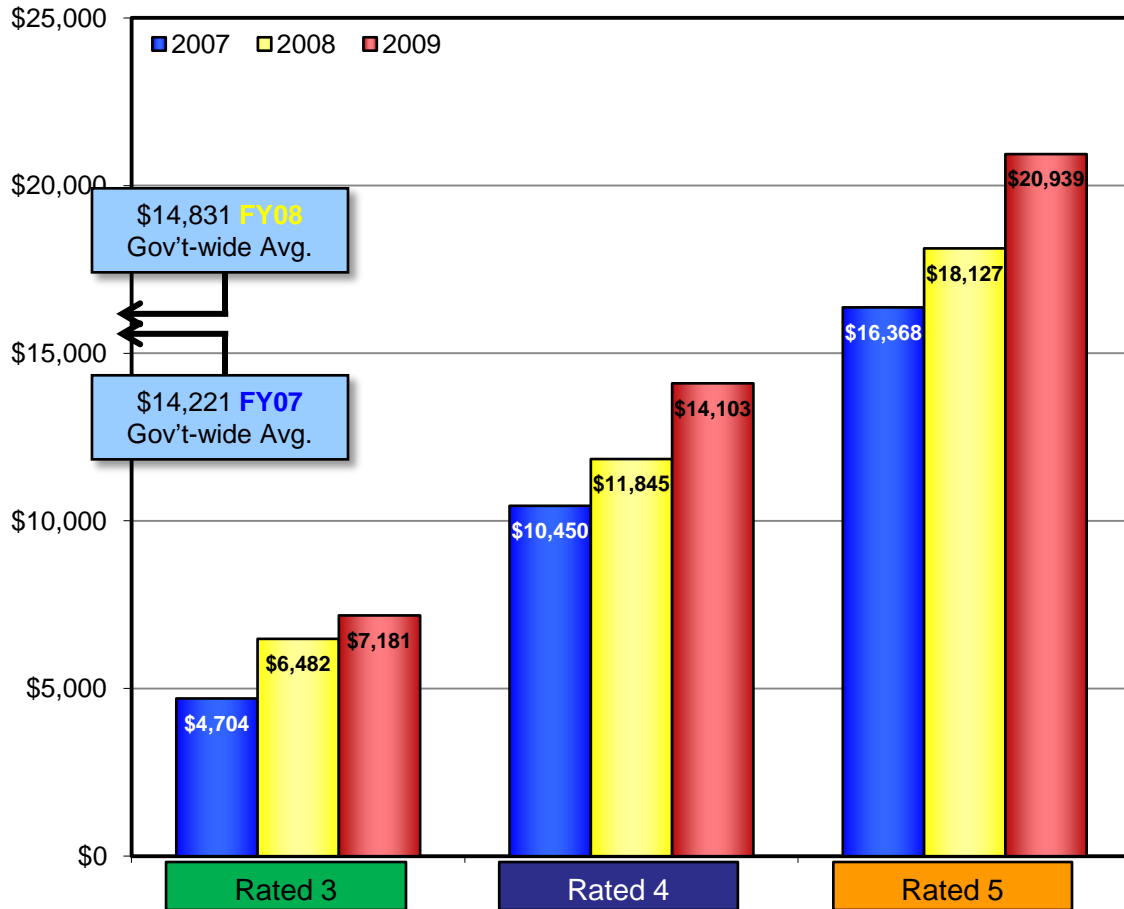
2009 Bonuses

- 1243 Rated SES
- DoD average is \$15,274
- Those rated 4 received a **96%** larger bonus that those rated 3
- Those rated 5 received a **48%** larger bonus that those rated 4
- **Average FY09 bonuses are approximately 20% higher than 2008 bonuses**

1,243 SES Rated in FY09
1,186 Career Only

□ The difference in Performance Bonus dollar amounts among the different ratings has been decreasing since FY07.

Average Performance bonus by Rating Level





DoD SES Average Bonus Trends, FY05 – FY09

1,243 SES Rated in FY09
1,186 Career Only Rated in FY09

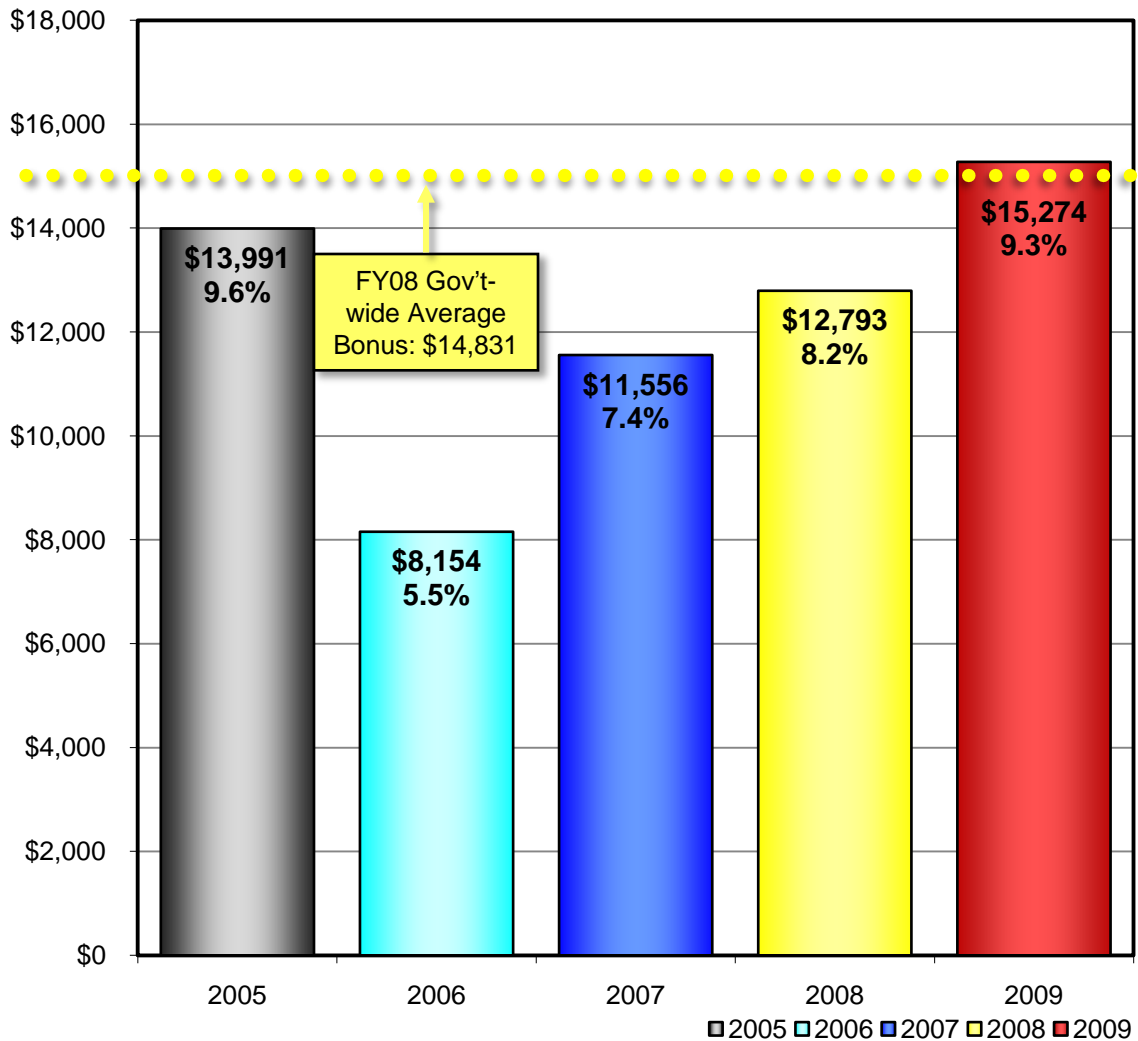
FY09 Bonus is approximately 19% higher than FY08 Bonus

91.6% of Rated SES received a Bonus in FY09

FY09 Career Only Average Bonus: \$16,008, or 9.75%

- ❑ Government-wide, in FY08, **76%** of SES received bonus payments and the **average was \$14,831**
- ❑ Within DoD, **91.6%** SES receiving a bonus in FY09 is **significantly higher** than **84.5% in FY08** and **82.9% in FY07**.
- ❑ DoD is consistently higher than the government-wide average number of SES employees receiving bonuses.

Average Performance Bonus



Total Performance Payout



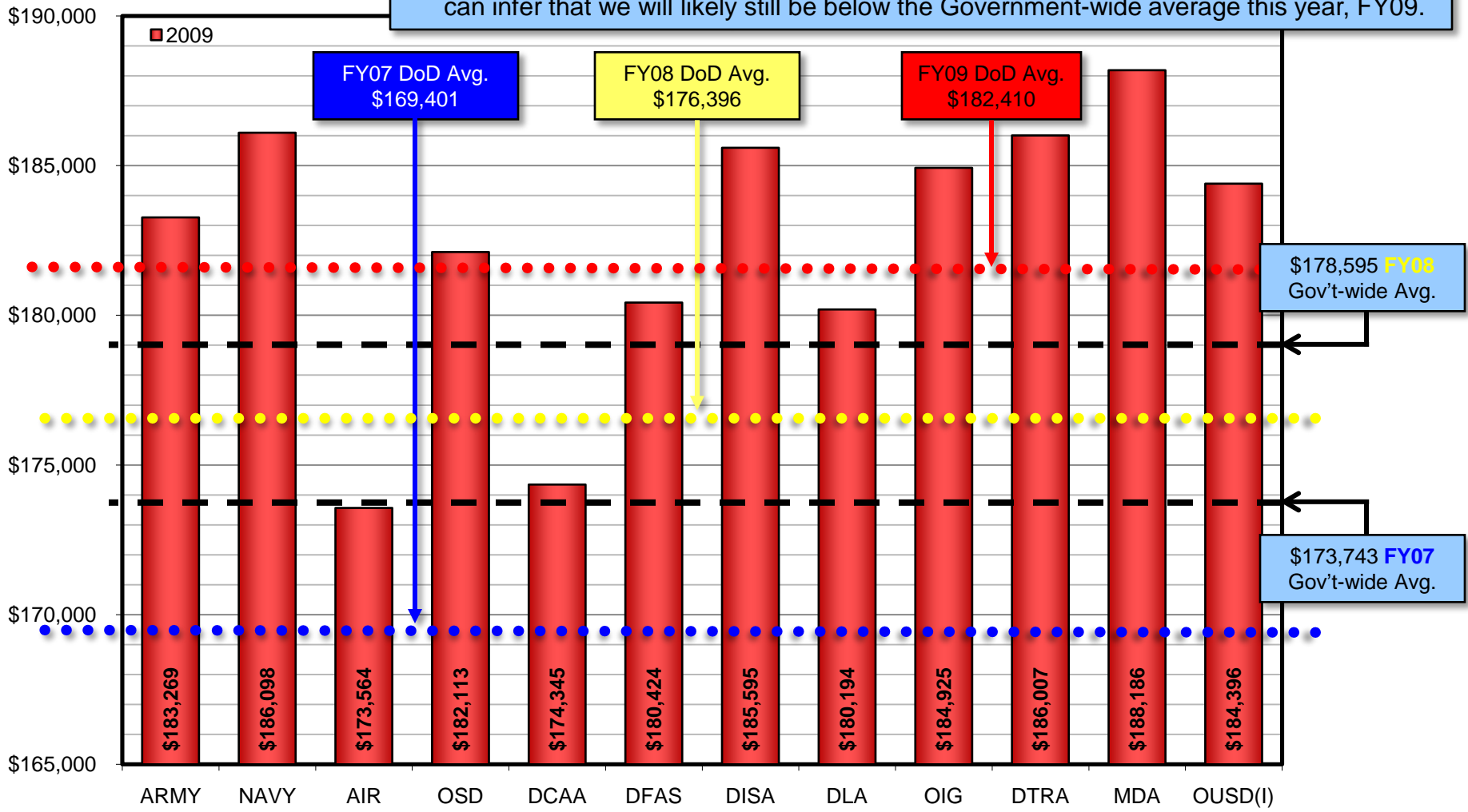
Legend For Following Section

■ 2005	■ 2006	■ 2007	■ 2008	■ 2009
■ Tier1	■ Tier2	■ Tier3		



DoD SES Total Compensation* by Component, FY09

Given that DoD was below the Government-wide average for both FY07 and FY08, we can infer that we will likely still be below the Government-wide average this year, FY09.



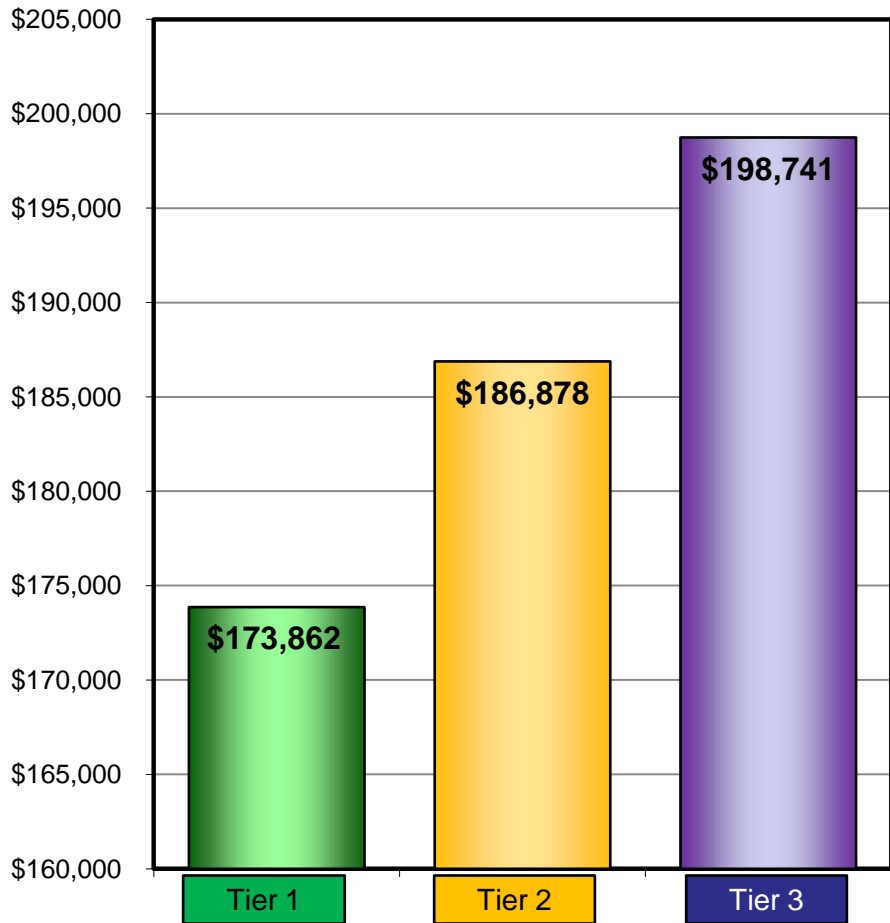
1,243 SES Rated in FY09

*Total Compensation = Base Pay Salary + Performance Pay Adjustment + Performance Bonus + All Other Awards

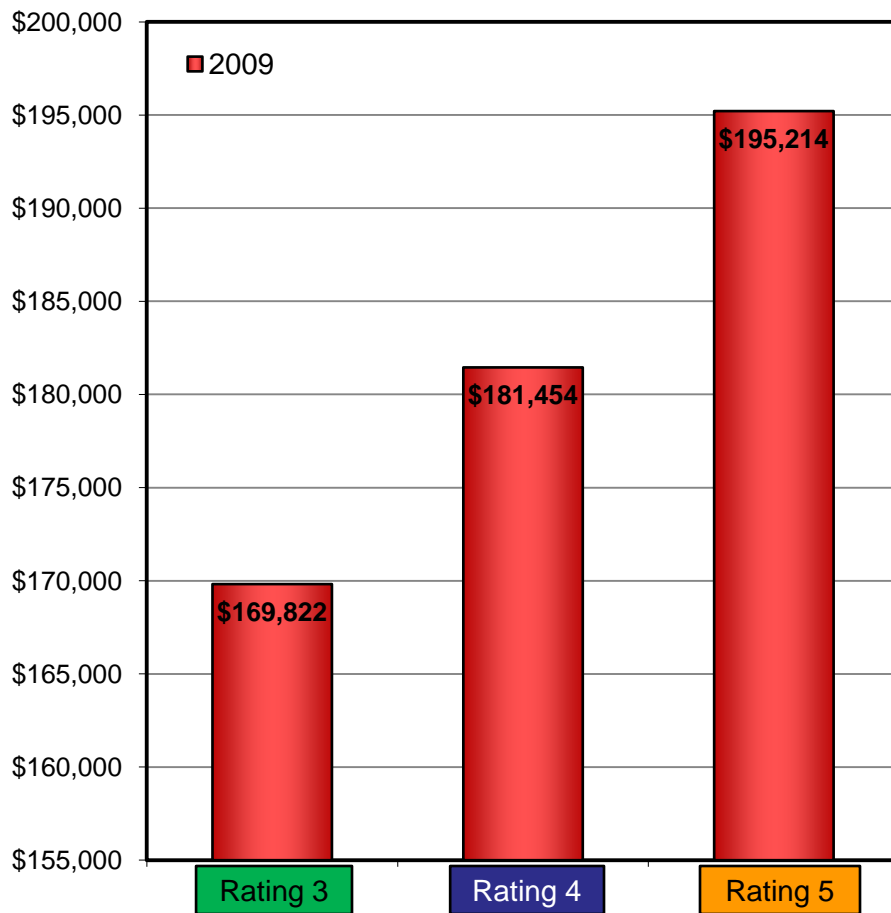


DoD SES Average Total Compensation* by Tier & Rating, FY09

Average FY09 Total Compensation



Average Total Compensation by Rating Level

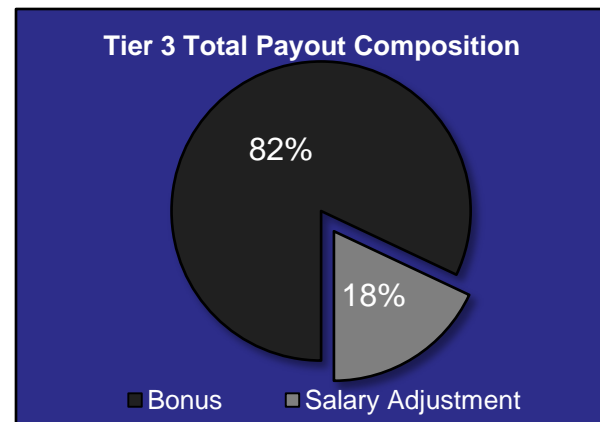
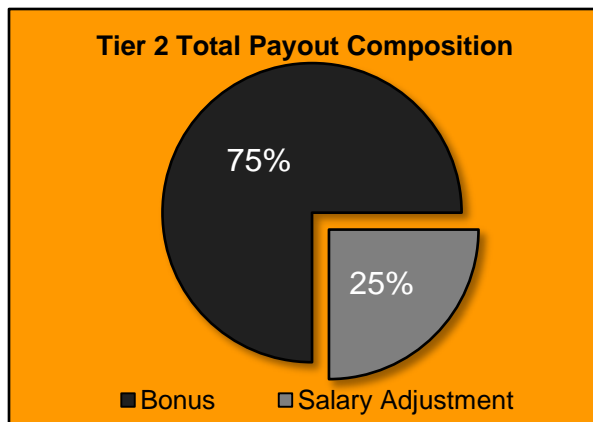
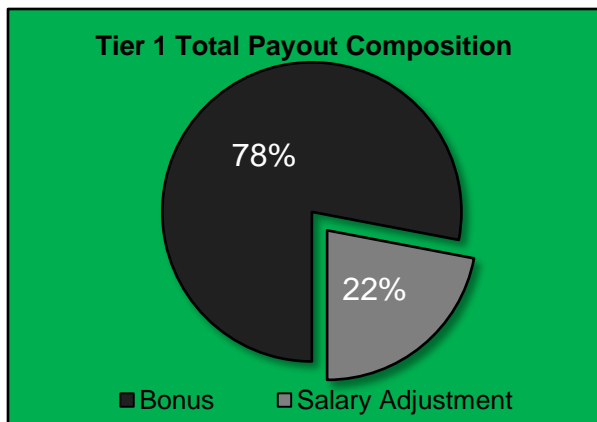


□ Tier 3 and Rated 5 Total Compensation is very similar due to the fact that the majority of 5s are in Tier 3.

*Total Compensation = Base Pay Salary + Performance Pay Adjustment + Performance Bonus + All Other Awards



DoD SES Total Payout Composition by Tier, FY09



- ❑ As shown previously on Slides 19 and 24:
 - ❑ **Tier 1s and Tier 3s receive a larger portion of their total payout via Bonus than Tier 2s.**
 - ❑ The FY09 PAEP 1.5% pushed approximately an additional \$500 from the Salary Adjustments to Bonuses.
- ❑ Percentage of total payout in the form of Performance Pay Adjustment:
 - ❑ Tier 1s receive 22% and Tier 3s receive 18% of their total payout as a salary adjustment.
 - ❑ Tier 2s receive 25% of their total payout as a salary adjustment.
- ❑ Percentage of total payout in the form of Bonus:
 - ❑ Tier 1s receive 78% and Tier 3s receive 82% of their total payout as a bonus.
 - ❑ Tier 2s receive 75% of their total pay out as a bonus.

FY08 Federal-Wide Salary Comparison



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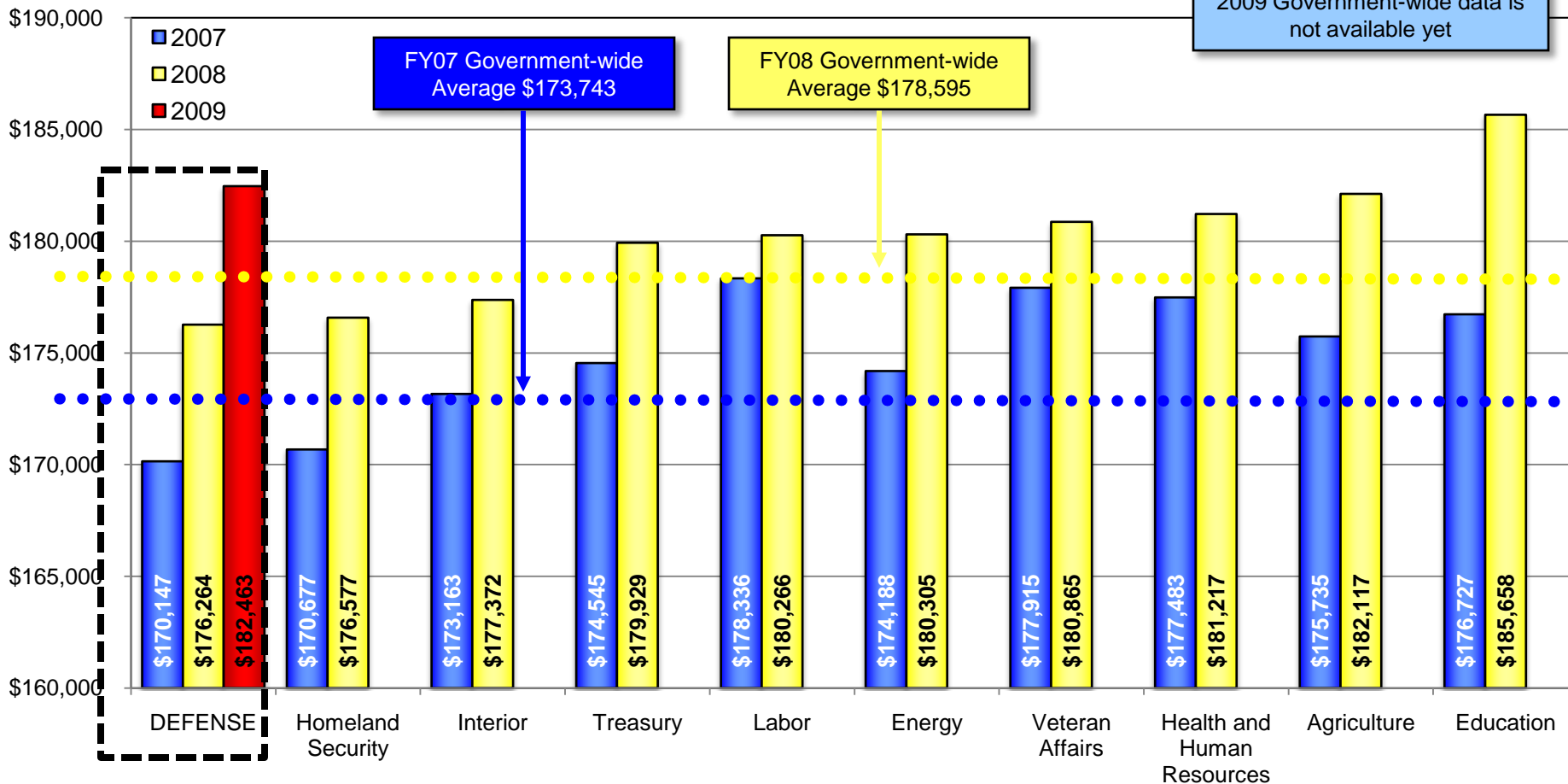
■ 2005 ■ 2006 ■ 2007 ■ 2008 ■ 2009



SES Total Compensation Government-Wide, FY07 & FY08

- DoD has the lowest average Total Compensation among government agencies shown in both FY07 & FY08
- DoD is approximately \$3,000 below the government-wide average in both FY07 and FY08

SES Total Compensation Government-Wide



Non-Career SES Results

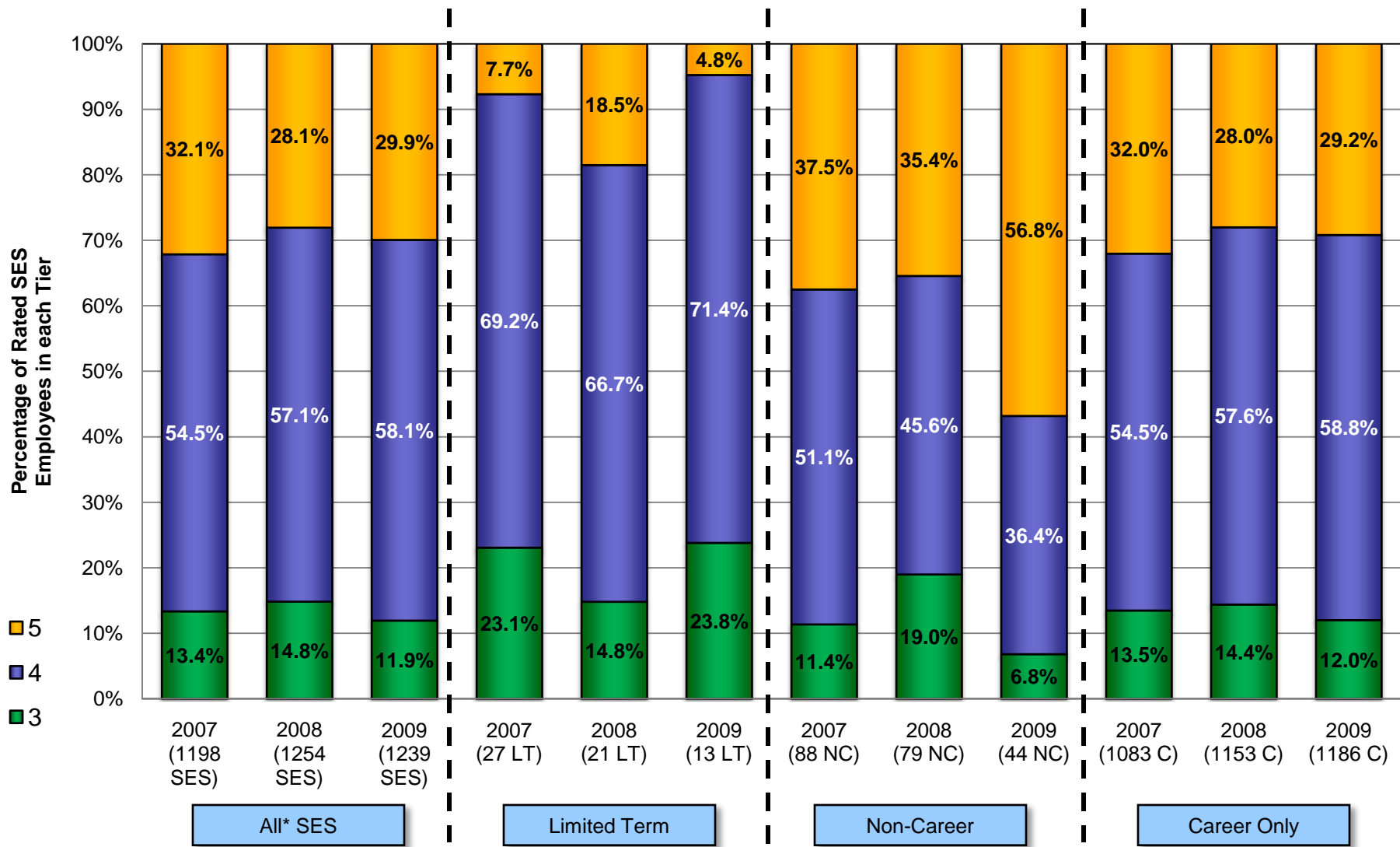


Legend For Following Section





SES Ratings by Appointment Type, FY07 - FY09



*Slight differences in total numbers from other slides is due to not including those rated at 2 on this slide.



Distribution of SES Ratings DoD-Wide by Appointment Type and Tier, FY09

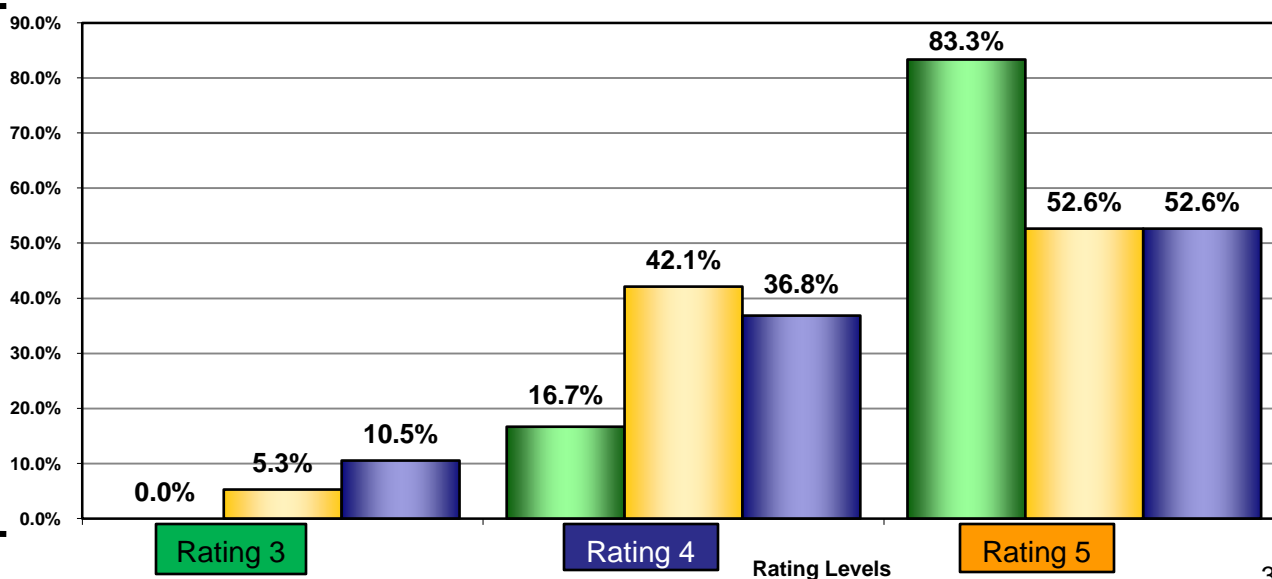
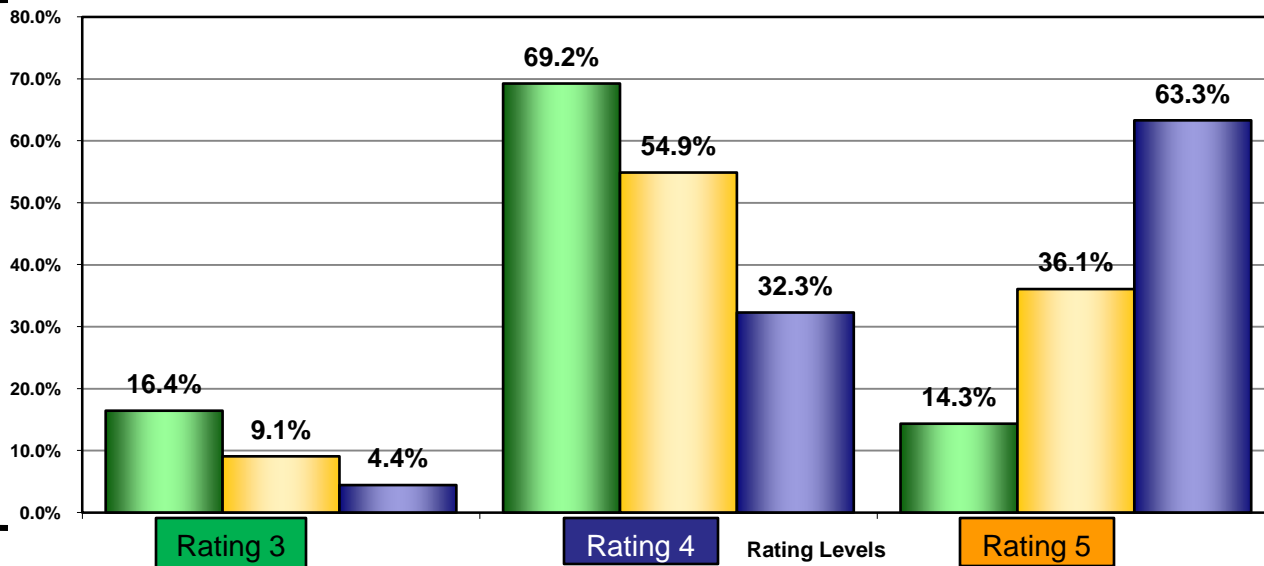
Tier 1 (SES RATED = 572)
 Tier 2 (SES RATED = 452)
 Tier 3 (SES RATED = 158)
TOTAL TIERED/RATED SES CAREER = 1,186

Data only for **CAREER APPOINTEES**

- It would be misleading to make an even comparison between Non-Career and Career SES because the NC represent such a small number of people.
- Positions designated as NC are generally so classified due to the confidential or policy-determining nature of duties. This generally demands a higher level of performance, which results in a disproportionate number of higher ratings as compared to career executives.

Data only for **NON-CAREER SES**

Tier 1 (SES RATED = 6)
 Tier 2 (SES RATED = 19)
 Tier 3 (SES RATED = 19)
TOTAL TIERED/RATED SES NON-CAREER = 44

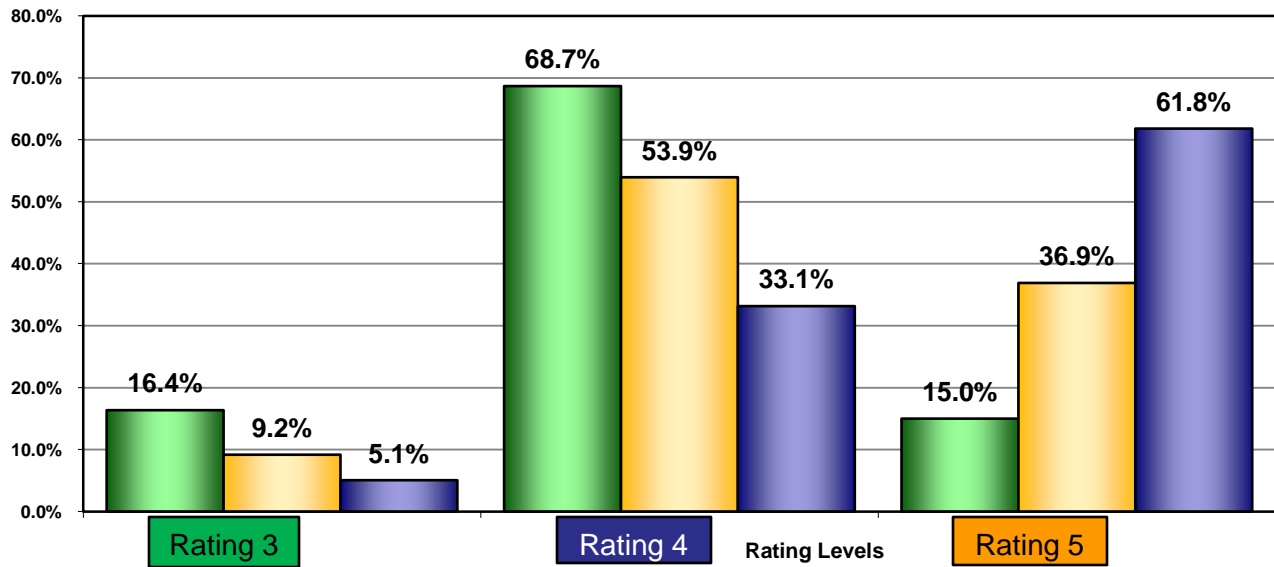




Distribution of SES Ratings DoD-Wide by Appointment Type and Tier, FY09

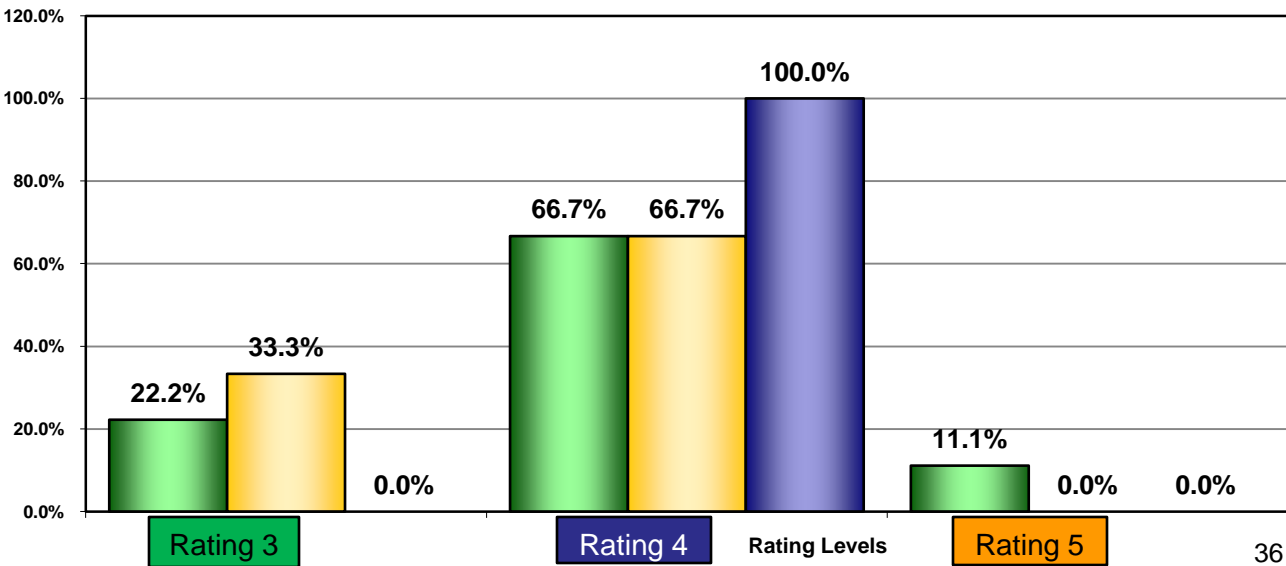
Tier 1 (SES RATED = 595)
 Tier 2 (SES RATED = 467)
 Tier 3 (SES RATED = 179)
TOTAL TIERED/RATED SES = 1,243

Data for ALL RATED SES



Tier 1 (SES RATED = 9)
 Tier 2 (SES RATED = 3)
 Tier 3 (SES RATED = 1)
TOTAL TIERED/RATED SES LIMITED TERM = 13

Data only for LIMITED TERM APPOINTEES



FY09 Back-Up Analyses



Legend For Following Section

■ 2 ■ 3 ■ 4 ■ 5

■ Tier1 ■ Tier2 ■ Tier3

■ 2005 ■ 2006 ■ 2007 ■ 2008 ■ 2009



SES Performance Payout Results, FY05 – FY09

Results at a Glance (For Rated SES, unless otherwise noted):	FY05	FY06	FY07	FY08	FY09
Total Number (#) of SES/DISES Leaders	1,144	1,192	1,257	1,313	1,296
Total # Rated SES/DISES (career, non-career and limited term)	1,113	1,173	1,201	1,256	1,243
Number of Executives Rated/Not Rated	1,113 / 31	1,173 / 19	1,201 / 56	1,256 / 57	1,243 / 53
Performance Rating Levels	Level 2 (0.2%) Level 3 (14%) Level 4 (52%) Level 5 (31%)	Level 2 (0.3%) Level 3 (13%) Level 4 (54%) Level 5 (31%)	Level 2 (0.2%) Level 3 (13%) Level 4 (54%) Level 5 (33%)	Level 2 (0.16%) Level 3 (14.8%) Level 4 (57%) Level 5 (28%)	Level 2 (0.3%) Level 3 (11.9%) Level 4 (57.9%) Level 5 (29.8%)
Total Salaries ALL SES	\$164,645,422	\$176,384,924	\$189,718,199	\$204,996,465	\$209,976,599
Pay Pool Funding Factor (Pay Progression + PAEP + Performance Budget)	~14%	10%	12%	Tier 1 – 11% Tier 2 – 13% Tier 3 – 17% DISES – 13%	Tier 1 – 11% Tier 2 – 13% Tier 3 – 17% DISES – 13%
Pay Pool Value (Pay Pool Funding Factor X Total Salaries of all covered executives)	\$23,050,359	\$17,638,492	\$22,766,184	\$26,649,540	\$27,296,958
Unspent Pay Pool	\$4,963,601	\$1,223,894	\$2,372,688	\$3,253,946	\$2,768,189
Unspent Pay Pool (as % of Total Salaries)	3.01%	0.694%	1.25%	1.59%	1.32%
Total Performance (Basic) Pay Increase Payouts	\$4,289,948	\$4,786,514	\$6,514,918	\$7,291,163	\$5,544,373
Avg. Performance (Basic) Pay Increase	\$3,854	\$4,029	\$5,434	\$5,805	\$4,278
Average Salary (after Performance Adjustments) (“New Basic Pay”)	\$147,492	\$151,989	\$156,606	\$162,129	\$165,586
Number of Executives Paid Above Executive Level III	N/A	348 (29.19%)	807 (67%)	929 (74%)	950 (73%)
Total Performance Pay Increase Payouts (as % of Total Salaries)	2.61%	2.7%	3.4%	3.6%	2.6%
Total Performance Bonus Payouts	\$13,796,810	\$11,628,084	\$13,878,578	\$16,104,431	\$18,984,396
Avg. Bonus in dollars (\$)	\$14,788	\$11,988	\$11,556	\$12,793	\$14,648
Total Performance Bonus (as % of Total Salaries)	9.6%	5.5%	7.3%	7.9%	9.0%
Percent of Rated SES Members Receiving a Bonus	85.3%	91.0%	82.9%	84.5%	91.6%



Information about Data

- ❑ Validation of prior years' data
 - ❑ FY05 and FY06 data were assumed accurate.
 - ❑ FY07 and FY08 data were validated against each year's final OPM data call submission.
 - *FY07 and FY08 data in this presentation were then updated to accurately reflect the OPM submission data.*
 - ❑ FY09 data came from each Component's final OPM submission.

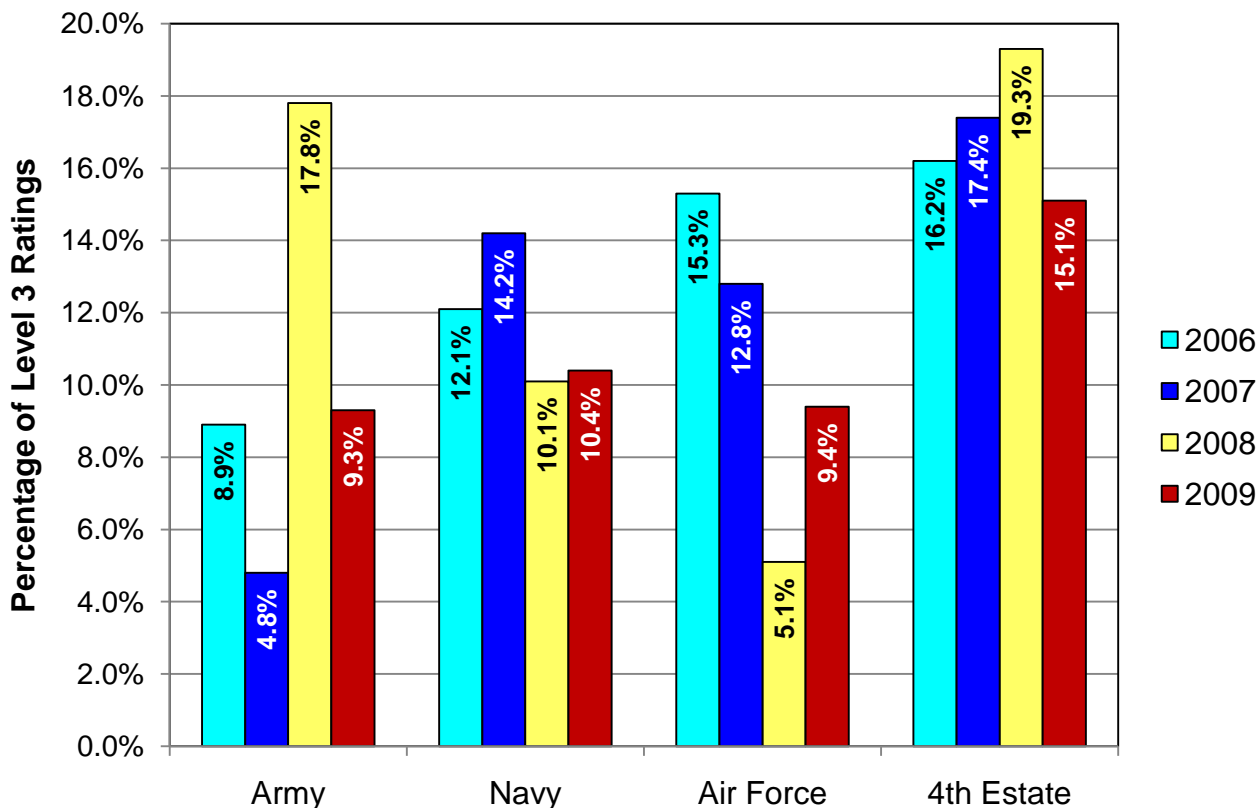
- ❑ OIG
 - ❑ The Inspector General (IG) Reform Act of 2008 established the Offices of the IG (OIGs) as separate agencies, and 2009 is the first year that OIG will submit their performance data separately to OPM.
 - ❑ However, the Department validated the results of OIG for FY09, and for the purpose of consistently comparing year-over-year changes, OIG has been included in this year's data.
 - ❑ In future years, OIG's data will be excluded in this analysis.
 - ❑ When OIG's data (18 people) was removed, after a spot-check of affected slides, all percentages stayed exactly the same. At the DoD-wide level (1200+ people), any changes from removing/including these 18 people are not statistically significant.

- ❑ Unless otherwise noted, all calculated numbers follow the below guidelines:
 - ❑ All rated, SES members' data was used.
 - ❑ Zeros have been included in all averages.
 - ❑ Most calculations were rounded to the nearest whole number. If any set of percentages don't add up to *exactly* 100%, is due to rounding.
 - ❑ All currency figures are in US Dollars (\$).



Level 3 Rating Trends, FY06 – FY09

Percentage of Level 3 Ratings, by Component



Analysis from FY08 to FY09

Army

- Decreased by 100% from 18% to 9%

Navy

- Consistently around 10%

Air Force

- Increased by approx. 85% from 5% to 9.4%

Fourth Estate

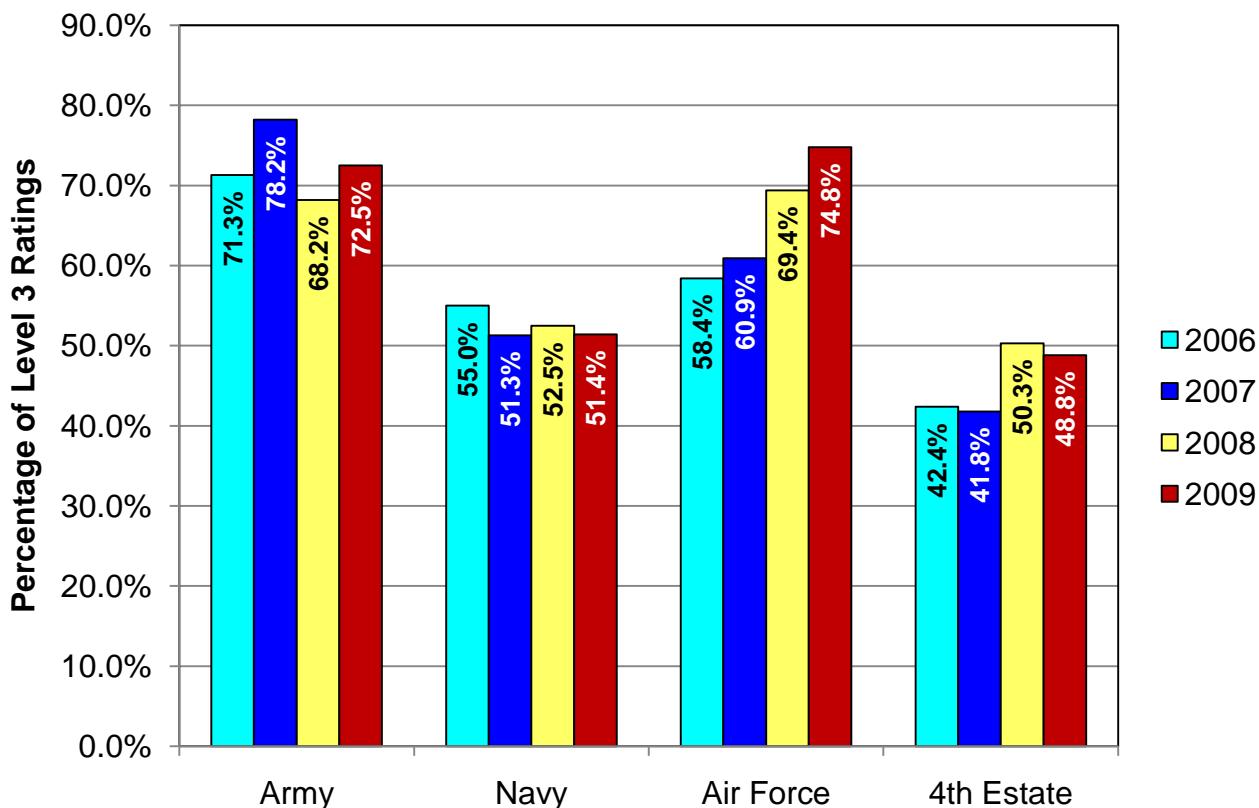
- Decreased by approx. 25% from 19% to 15%

- ❑ **Fourth Estate** had the highest percentage of Level 3 Ratings for the last four years.
- ❑ Both **Army** and **Air Force's** Level 3 Ratings have fluctuated significantly over the last four years.



Level 4 Rating Trends, FY06 – FY09

Percentage of Level 4 Ratings, by Component



Analysis from FY08 to FY09

Army

- Increased by approx. 6% from 68.2% to 72.5%

Navy

- Consistently around 52%

Air Force

- Increased by approx. 8% from 69.4% to 74.8%

Fourth Estate

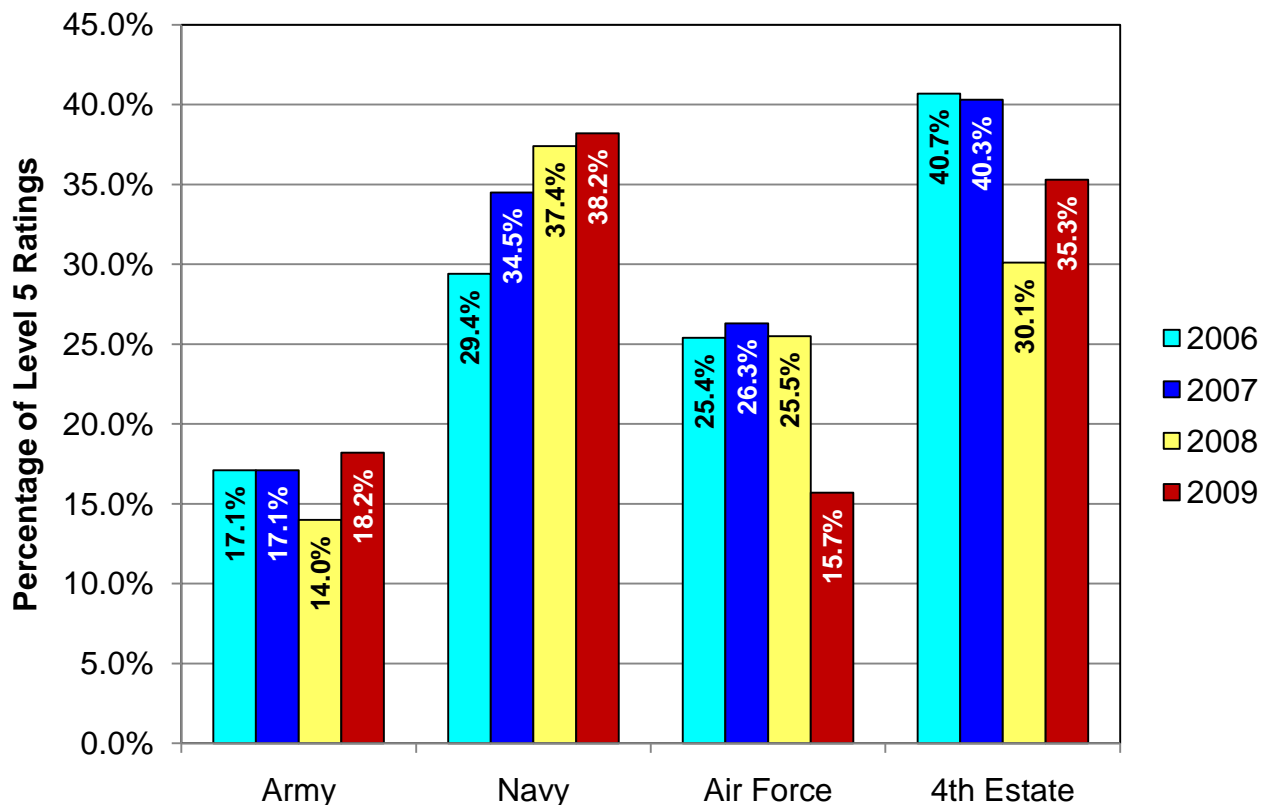
- Decreased by approx. 3% from 50.3% to 48.8%

- ❑ The number of 4s has remained almost constant for **Army**, **Navy**, and **Fourth Estate**.
- ❑ The number of **Air Force's** 4s has increased steadily since 2006, rising nearly 30% since 2006.



Level 5 Rating Trends, FY06 – FY09

Percentage of Level 5 Ratings, by Component



Analysis from FY08 to FY09

Army

- Increased by approx. 25% from 14% to 18%

Navy

- Consistently around 38%

Air Force

- Decreased by approx. 65% from 25% to 15%

Fourth Estate

- Increased by approx. 15% from 30.5% to 35.7%

Fourth Estate and Navy have had significantly more Level 5 Ratings than **Army** or **Air Force** over the last four years.



SES Performance Ratings By Component, FY05 – FY09

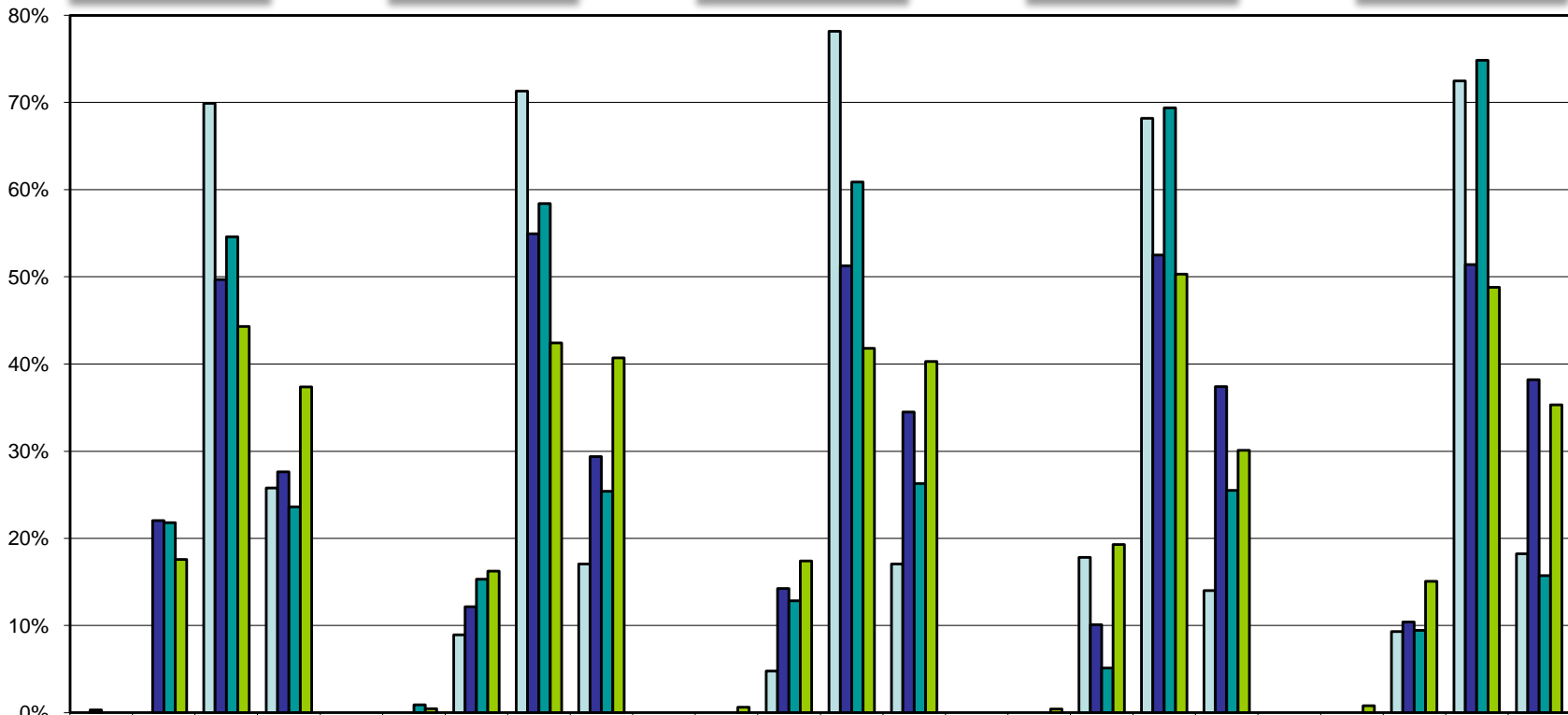
FY05 RATINGS
1,173 Rated/19 Not Rated *

FY06 RATINGS
1,173 Rated/19 Not Rated

FY07 RATINGS
1,219 Rated/55 Not Rated

FY08 RATINGS
1,246 Rated/57 Not Rated

FY09 RATINGS
1,243 Rated/53 Not Rated



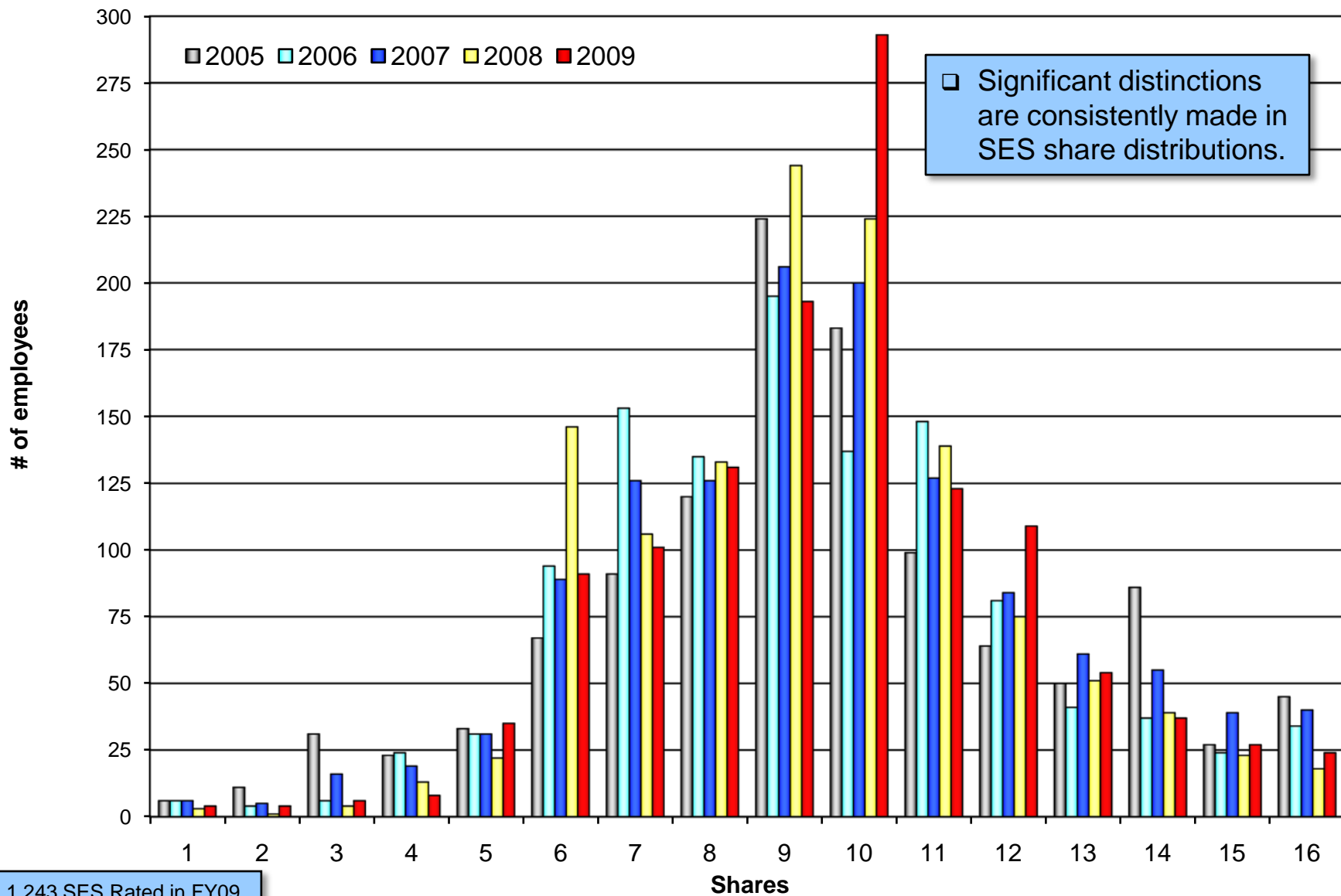
	FY05				FY06				FY07				FY08				FY09			
	2	3	4	5	2	3	4	5	2	3	4	5	2	3	4	5	2	3	4	5
ARMY	0.0%	0.0%	69.9%	25.8%	0.0%	8.9%	71.3%	17.1%	0.0%	4.8%	78.2%	17.1%	0.0%	17.8%	68.2%	14.0%	0.0%	9.3%	72.5%	18.2%
NAVY	0.3%	22.1%	49.7%	27.6%	0.0%	12.1%	55.0%	29.4%	0.0%	14.2%	51.3%	34.5%	0.0%	10.1%	52.5%	37.4%	0.0%	10.4%	51.4%	38.2%
AIR FORCE	0.0%	21.8%	54.6%	23.6%	0.9%	15.3%	58.4%	25.4%	0.0%	12.8%	60.9%	26.3%	0.0%	5.1%	69.4%	25.5%	0.0%	9.4%	74.8%	15.7%
4TH ESTATE	0.0%	17.6%	44.3%	37.4%	0.4%	16.2%	42.4%	40.7%	0.6%	17.4%	41.8%	40.3%	0.4%	19.3%	50.3%	30.1%	0.8%	15.1%	48.8%	35.3%

This analysis includes career, non-career and limited appointment SES leaders.

* SES leaders not rated are those who were on board for less than 90 days before the end of the appraisal period.



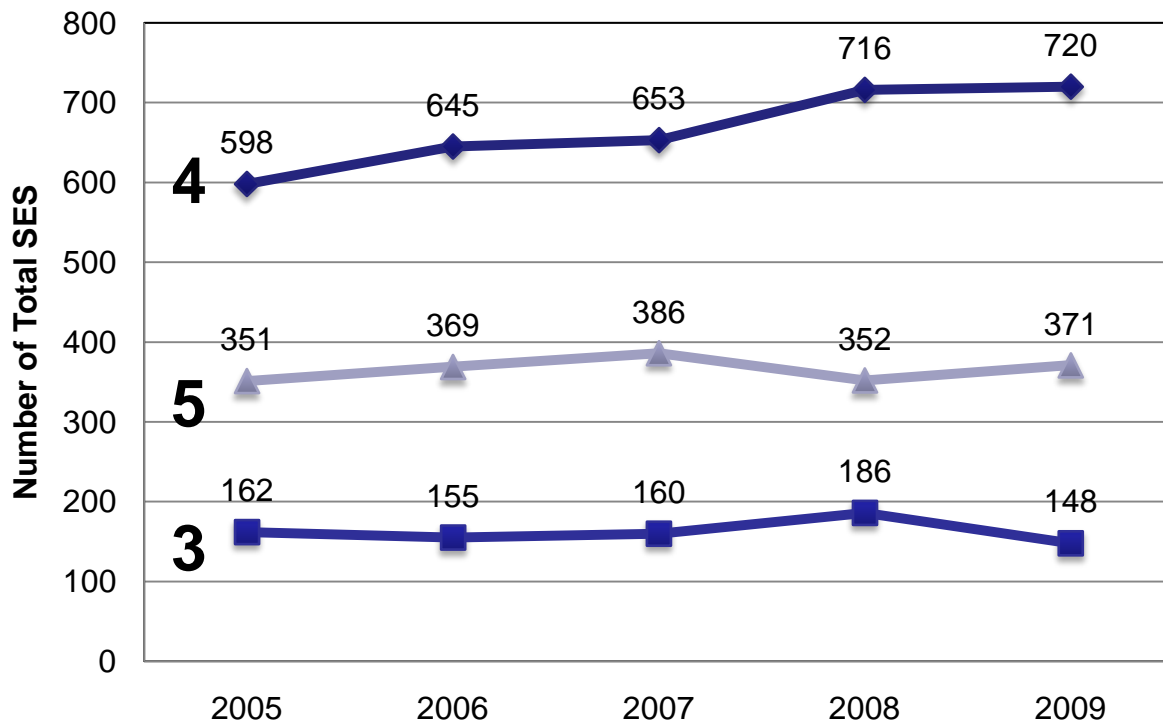
DoD SES Distribution of Shares, FY05 – FY09





Making Meaningful Distinctions in Performance

SES Rating Trends, FY05 – FY09

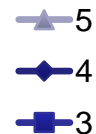


Level 3s for Total SES

- Decreased from 15% to 12%

Level 5s for Total SES

- Increased from 28% to 30%



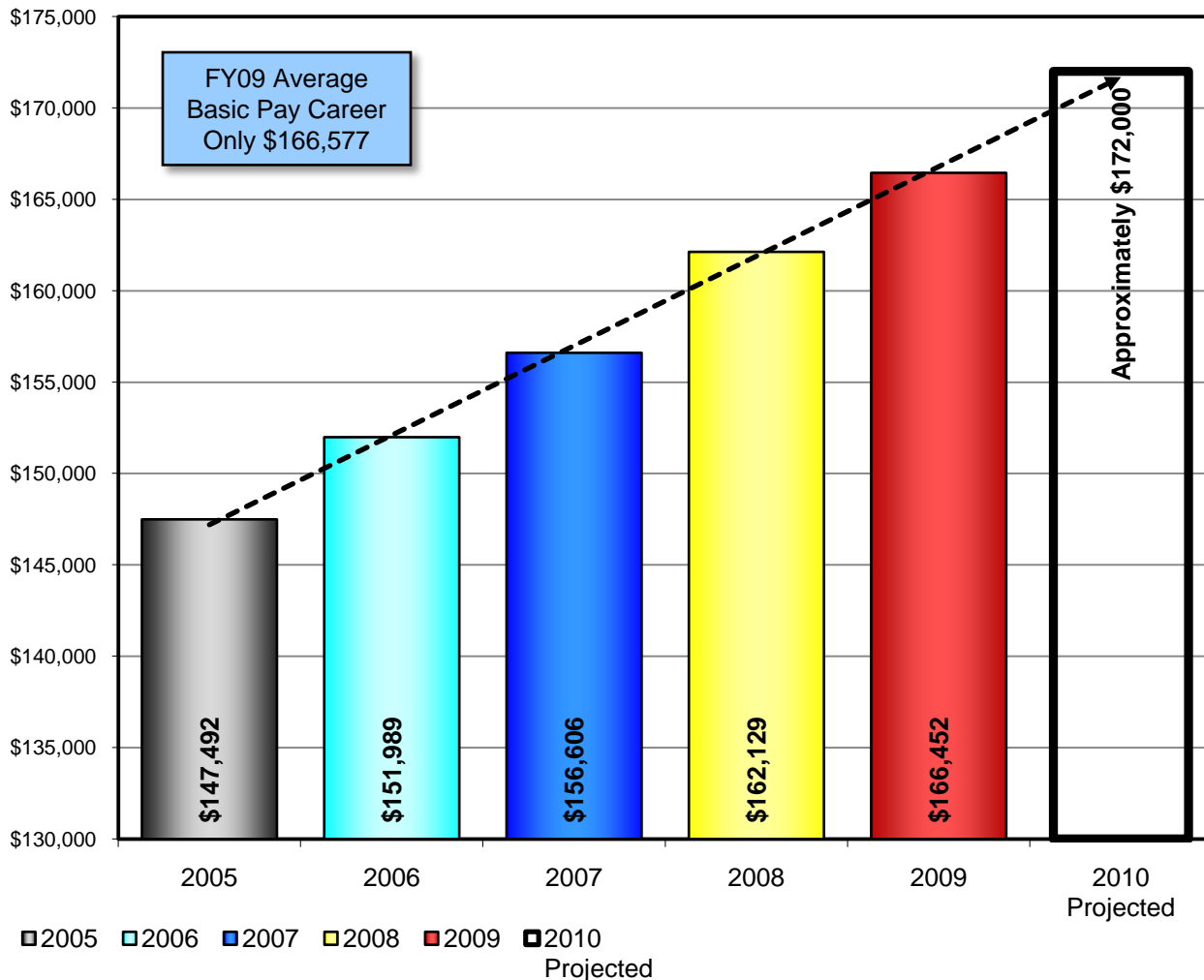
- This is the same data as on slide 6.
- Slide 6 is in percentages, and this slide is the raw numbers.

1,243 SES Rated in FY09



DoD SES Average Basic Pay After Adjustments Trend Analysis

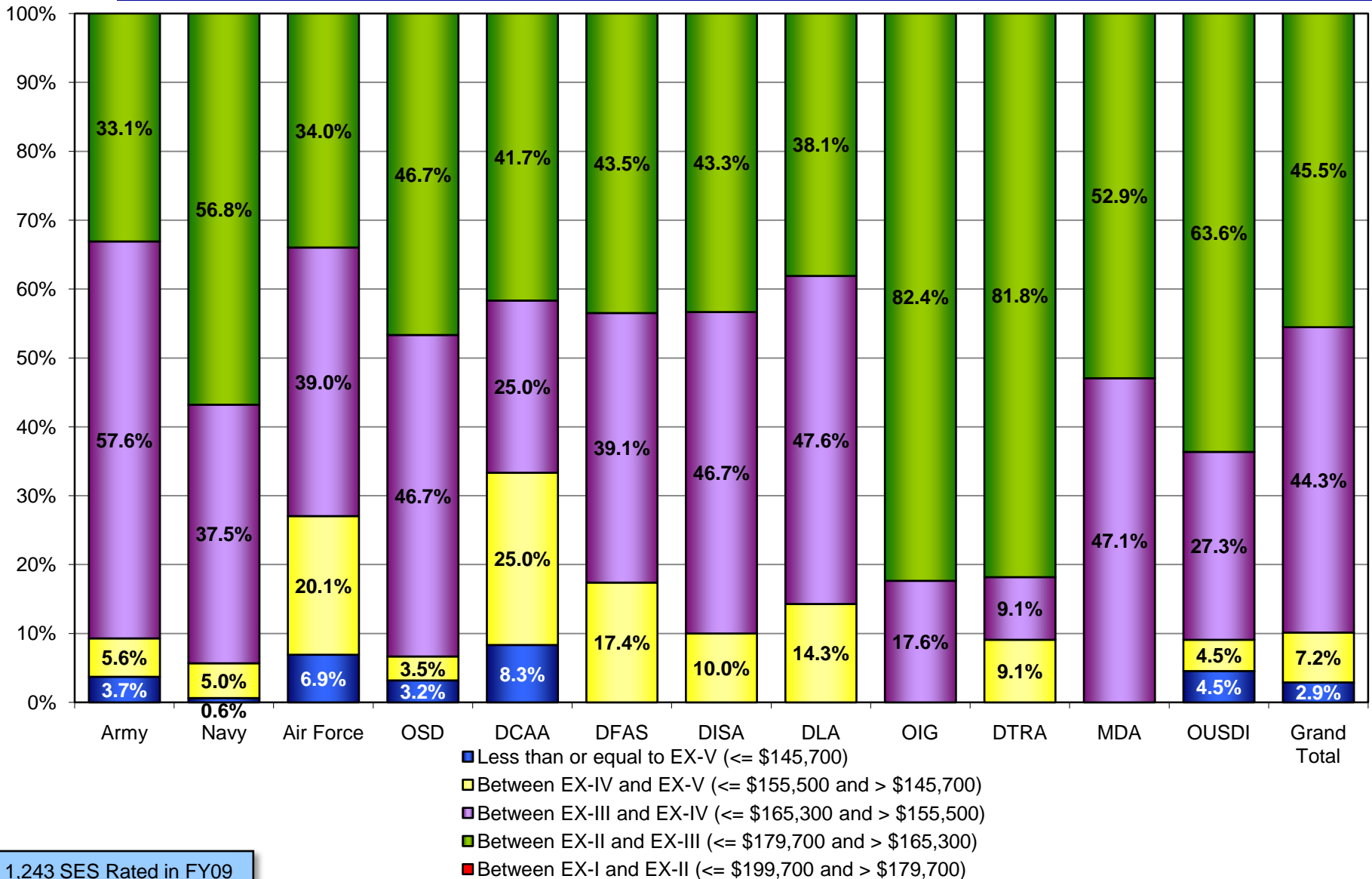
Total DoD SES Average Basic Pay (After FY09 Pay Adjustments)



This was pulled from slide 12.

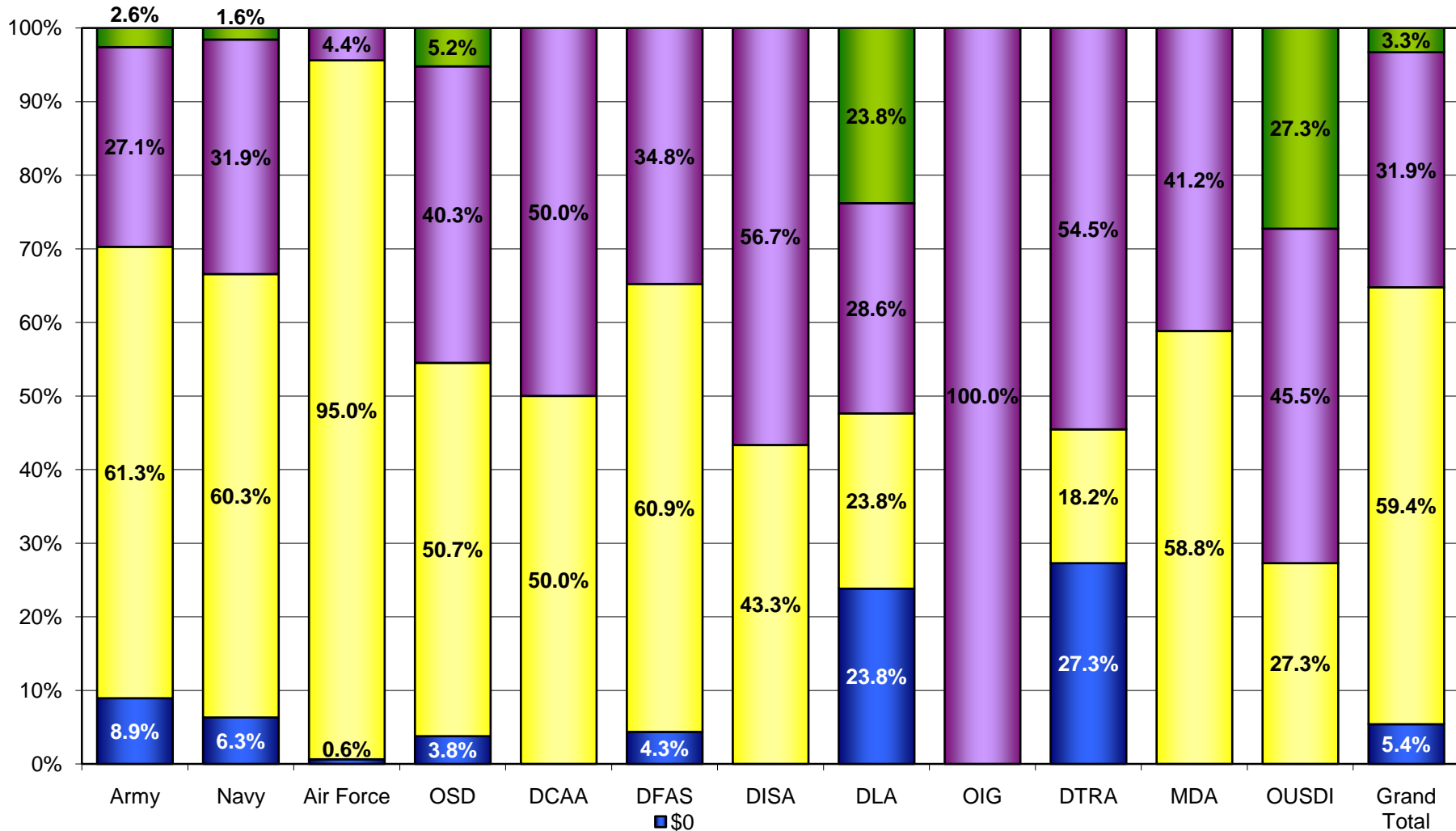


DoD-Wide SES Basic Pay After Adjustment In Pay Ranges, By Component, FY09





DoD-Wide SES Pay Adjustments In Pay Ranges, By Component, FY09

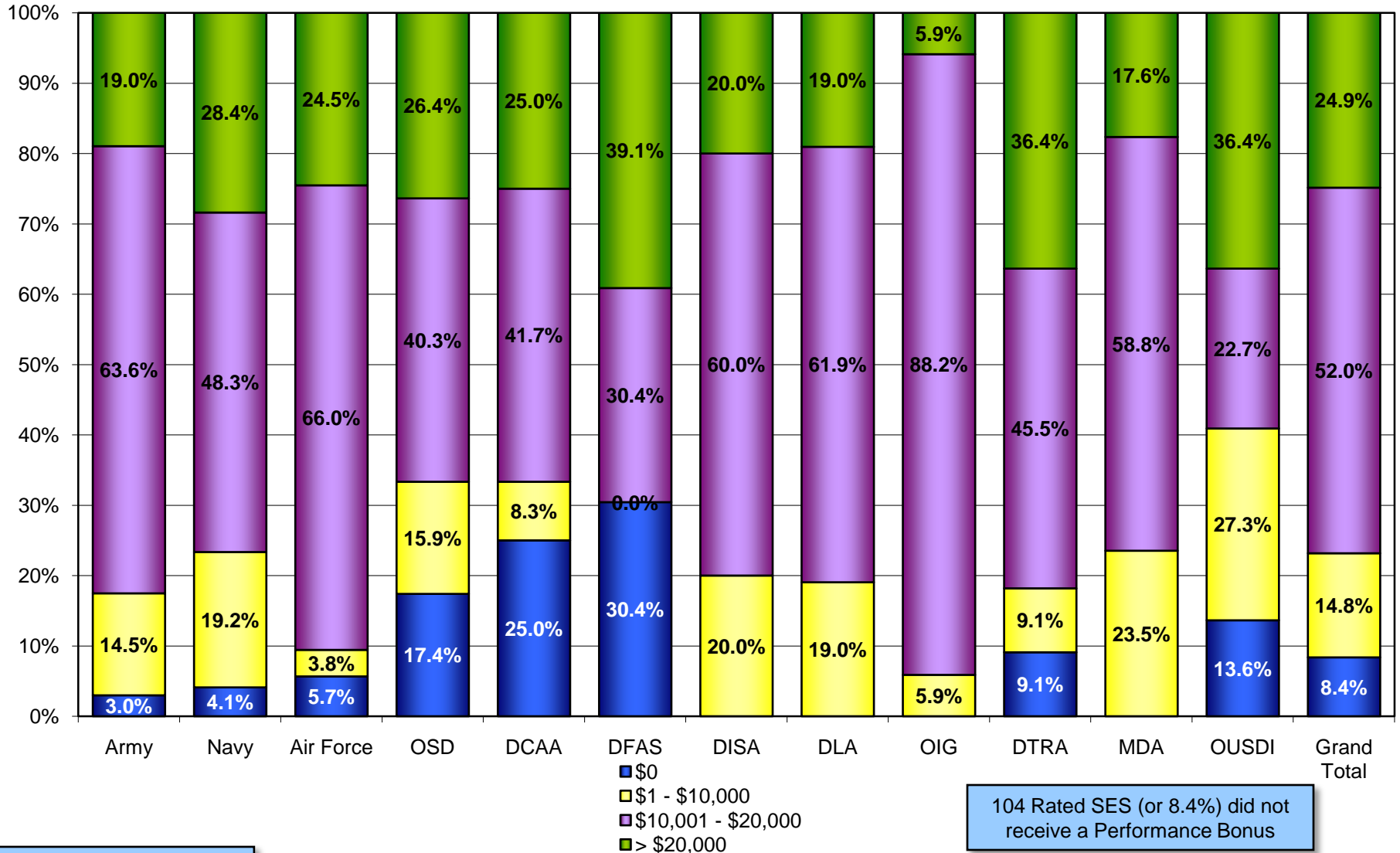


1,243 SES Rated in FY09

67 Rated SES (or 5.4%) did not receive a Performance Pay Adjustment

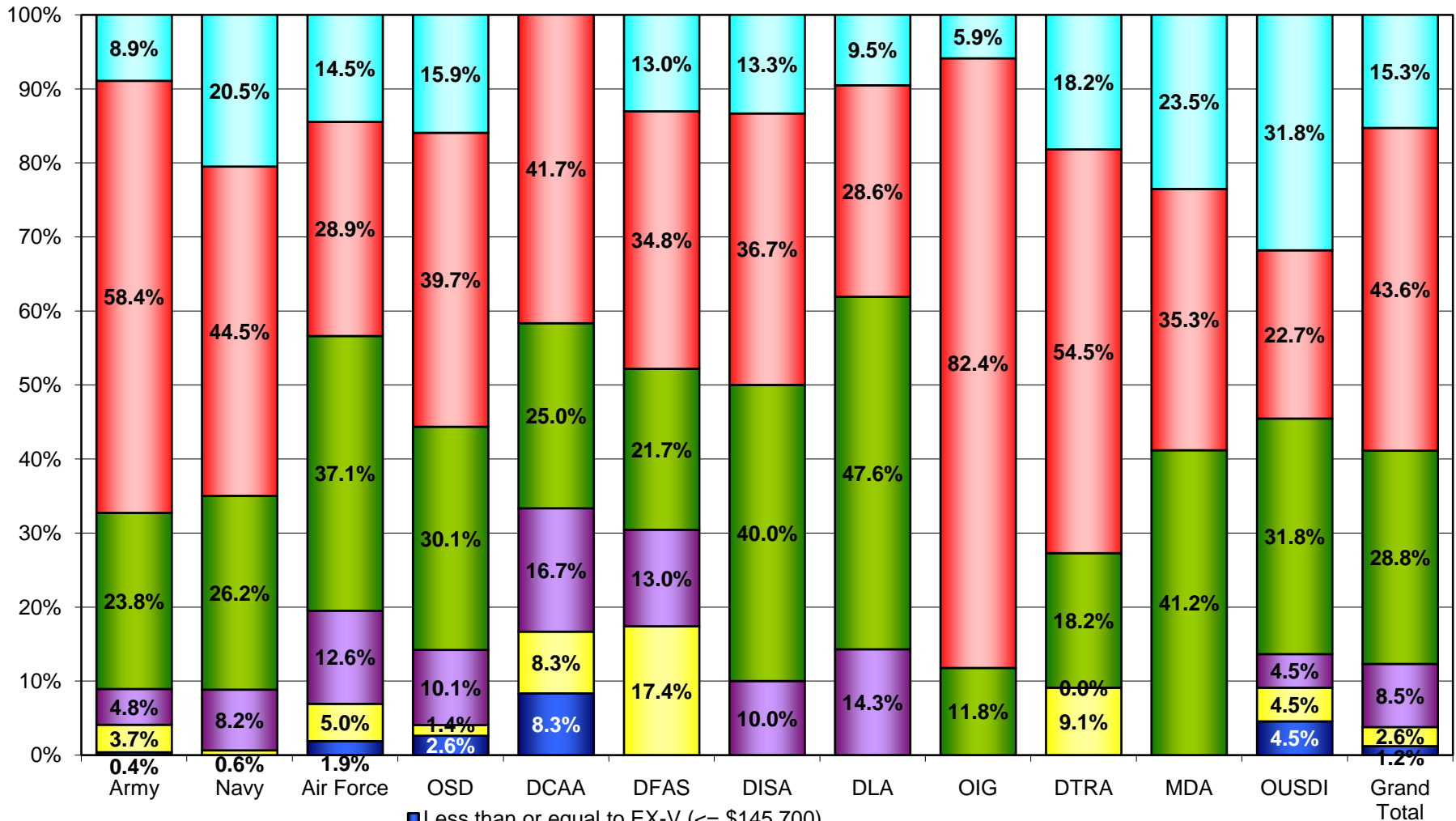


DoD-Wide SES Performance Bonuses In Pay Ranges, By Component, FY09





DoD-Wide SES Total Aggregate Pay In Pay Ranges, By Component, FY09



- Less than or equal to EX-V (<= \$145,700)
- Between EX-IV and EX-V (<= \$155,500 and > \$145,700)
- Between EX-III and EX-IV (<= \$165,300 and > \$155,500)
- Between EX-II and EX-III (<= \$179,700 and > \$165,300)
- Between EX-I and EX-II (<= \$199,700 and > \$179,700)
- Greater than EX-I (> \$199,700)

Total Aggregate Compensation for all Executives under VP's salary cap of \$230,700

1,243 SES Rated in FY09

FY09 SES Component Appendices DoD Components and Defense Agencies



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ART10051.001



(96 slides of Component-specific Appendices follow this)

Air Force



Legend For Following Section

■ 2 ■ 3 ■ 4 ■ 5

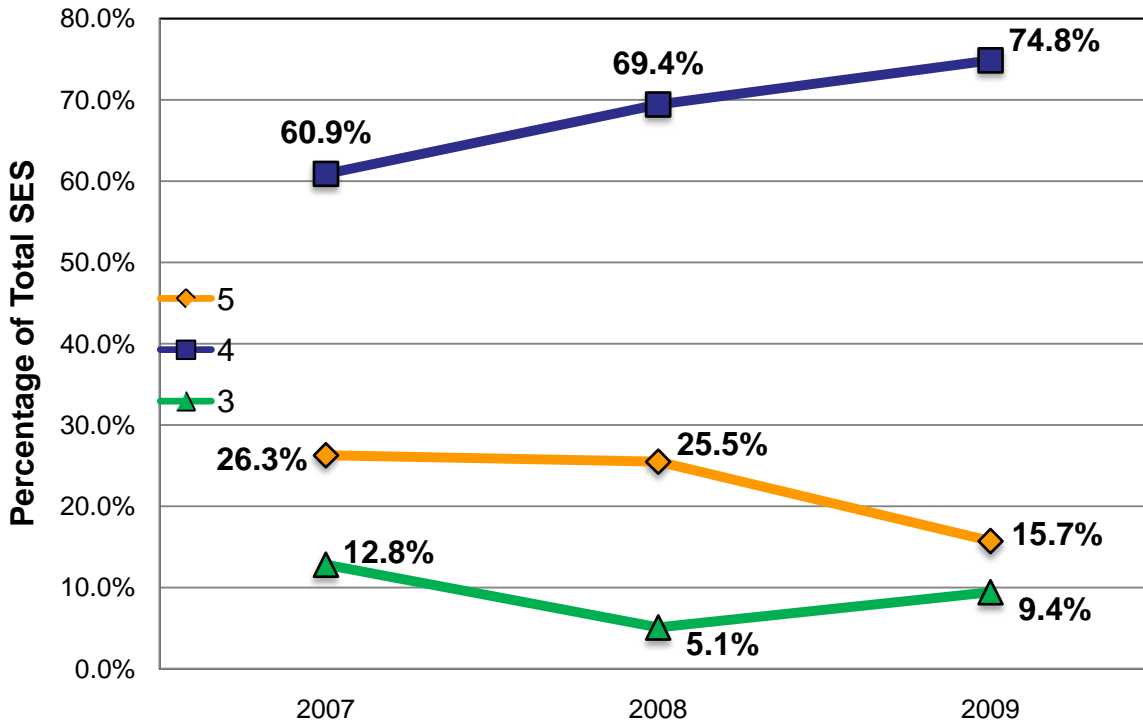
■ Tier1 ■ Tier2 ■ Tier3

■ 2005 ■ 2006 ■ 2007 ■ 2008 ■ 2009



Air Force Ratings Year-to-Year Trends, FY07 – FY09

Air Force SES Ratings, FY07 – FY09



Level 3 Trends

- No clear trend
- Increased from 5% in FY08 to 9% in FY09
- Average of 9% of Air Force SES have been rated 3 since FY07
- Standard Deviation of 3.9%

Level 4 Trends

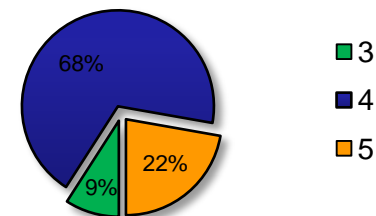
- Trending strongly up
- Increased from 69% in FY08 to 75% in FY09
- Average of 68.4% of Air Force SES have been rated 4 since FY07
- Standard Deviation of 7.0%

Level 5 Trends

- Trending down
- Decreased from 25% in FY08 to 16% in FY09
- Average of 22.5% of Air Force SES have been rated 5 since FY07
- Standard Deviation of 5.9%

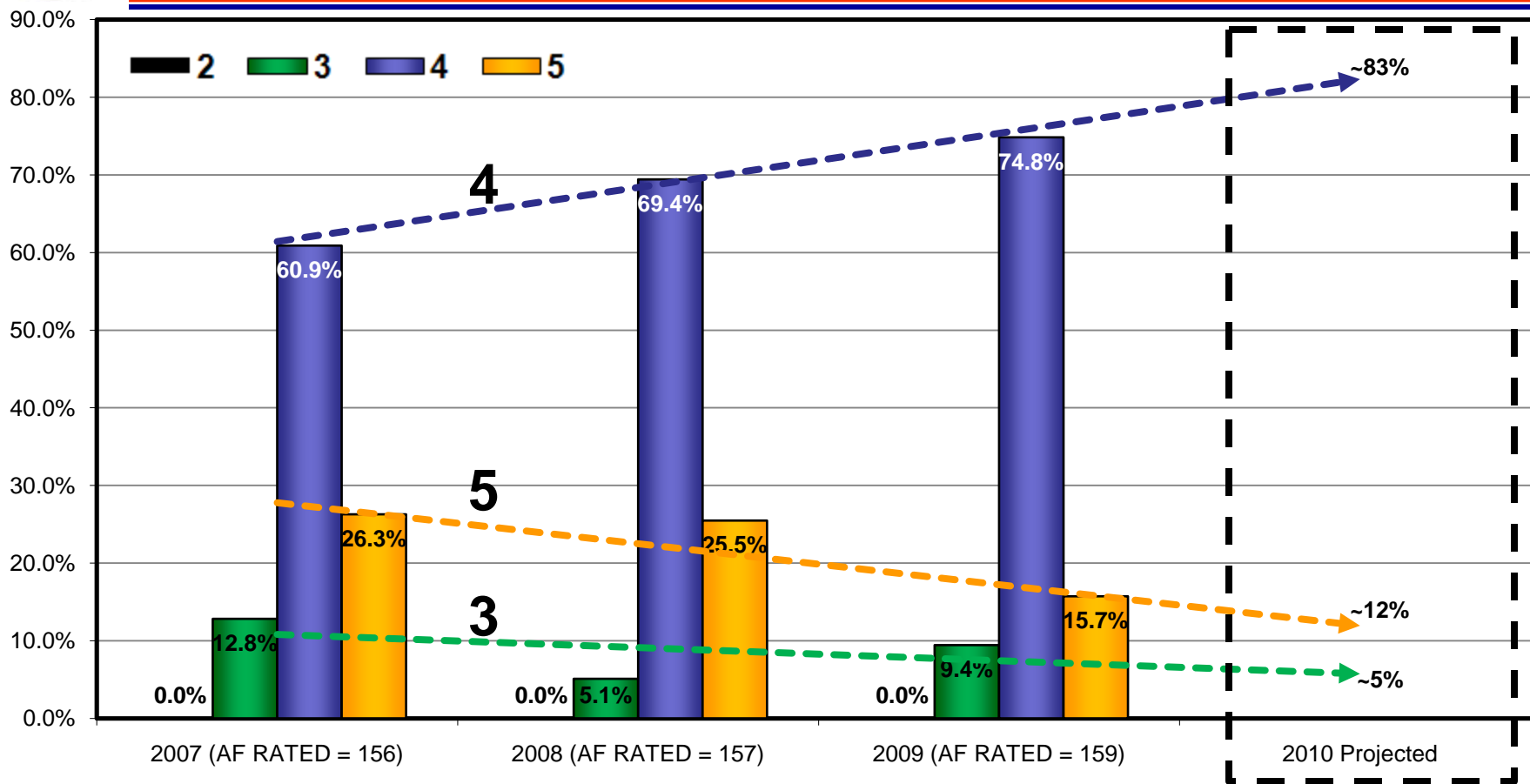
On average for the last 3 years, **68%** of AF SES got a 4, **22%** got a 5, and the remaining **9%** got a 3.

Average AF Ratings Distribution





Distribution of Air Force SES Ratings Projected 1 Year Into Future, FY07 – FY10

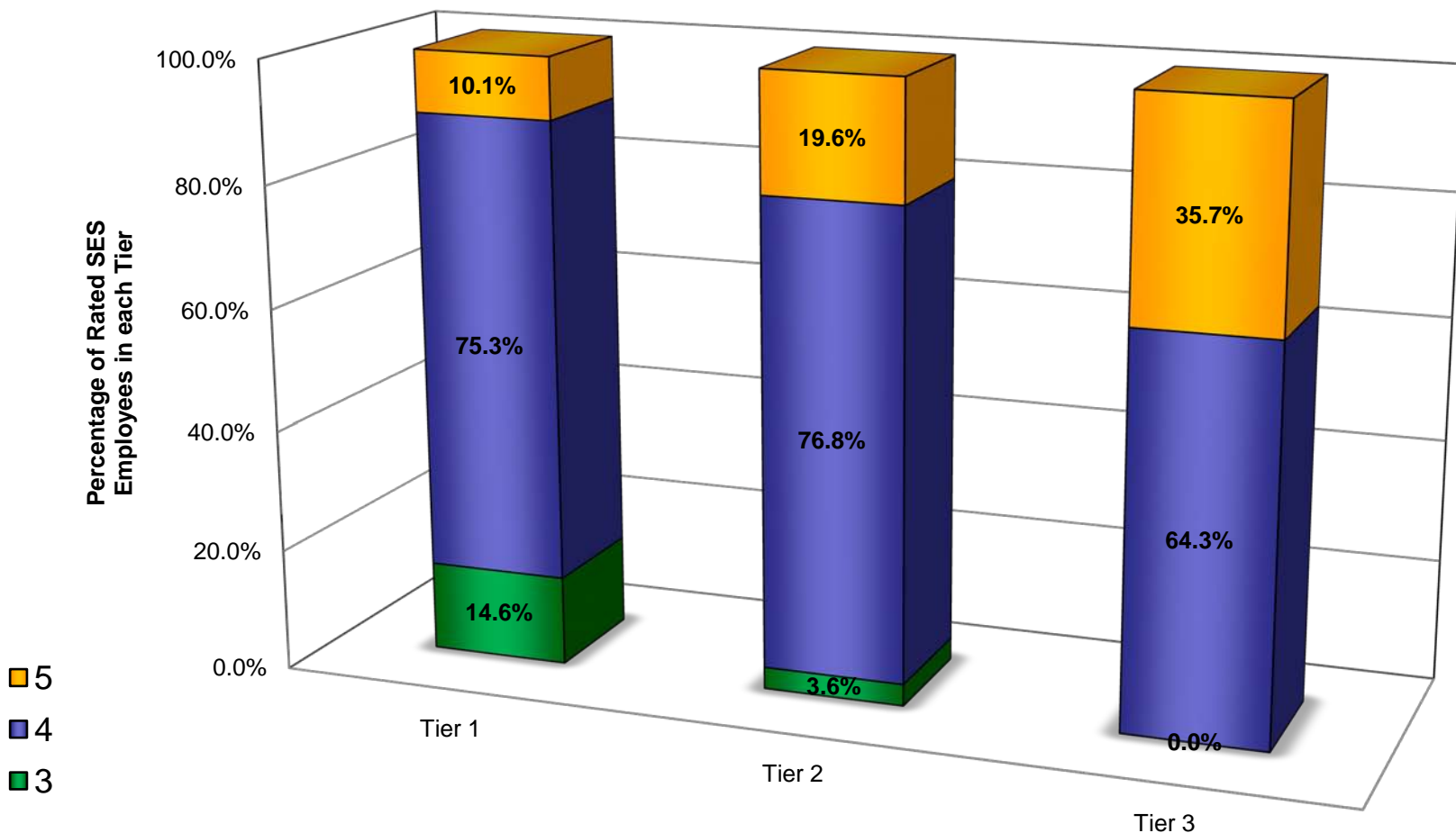


- Projection of ratings in FY10 shows a pretty clear trend:
 - 4s are trending very strongly up, while 3s and 5s are trending down.



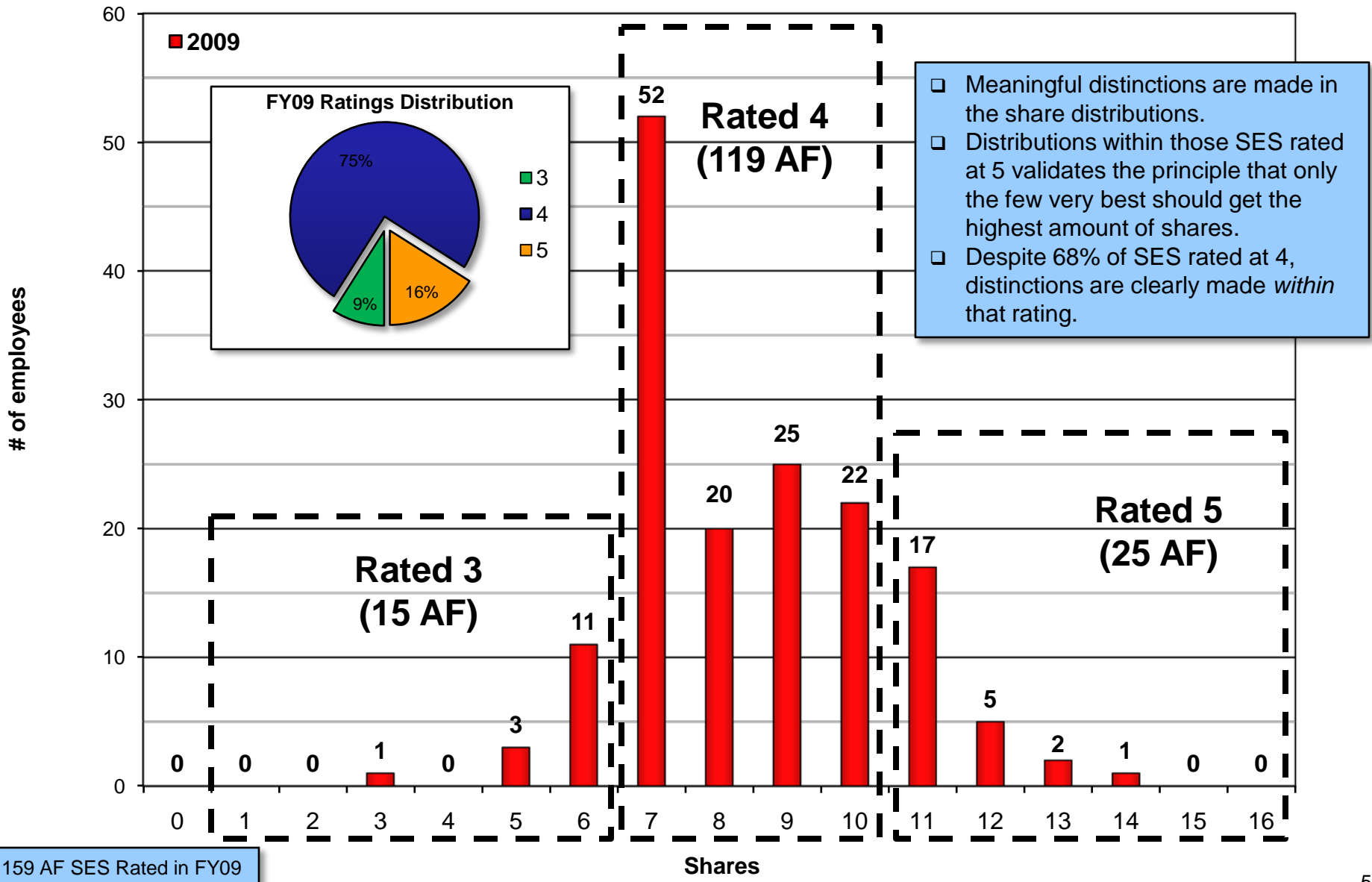
Air Force SES Ratings by Tier, FY09

- ❑ Why are so many fewer Tier 1s rated 5 than Tier 3s?
 - Are Tier 3s the only ones doing the best work?
 - Is this an indictment on the quality of work from a Tier 1?





Air Force SES Share Distribution by Rating, FY09

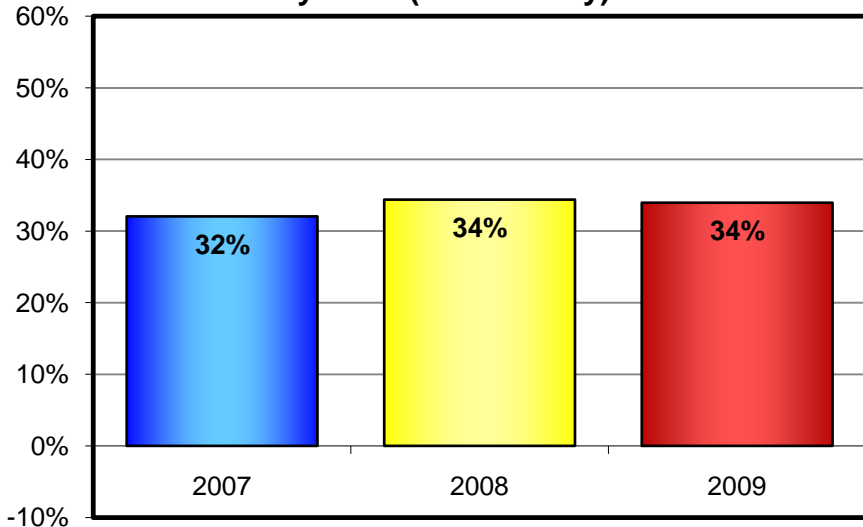




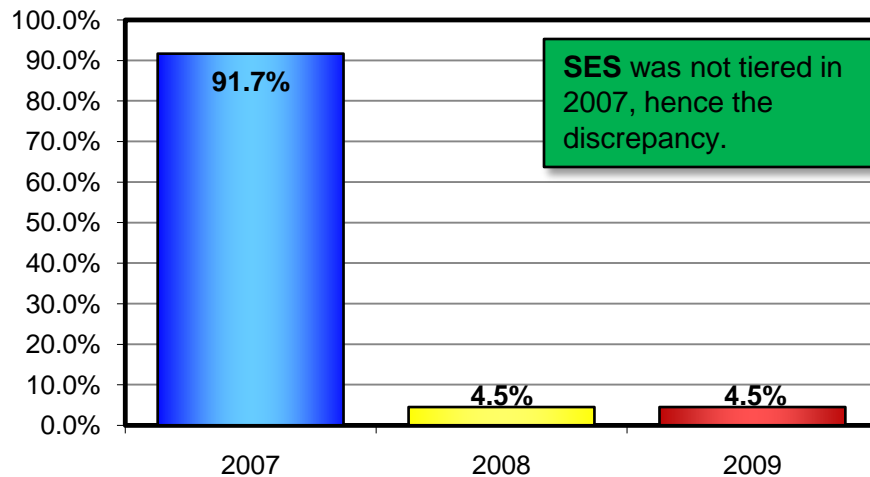
Air Force SES Average Basic Pay After Adjustment Trends, FY07 – FY09

- As shown in the graphs to the right of Tier 1s, the majority of SES above Exec. Level III are clearly in Tier 3.
- Shift from NSPS forces some employees to have artificially inflated salaries.

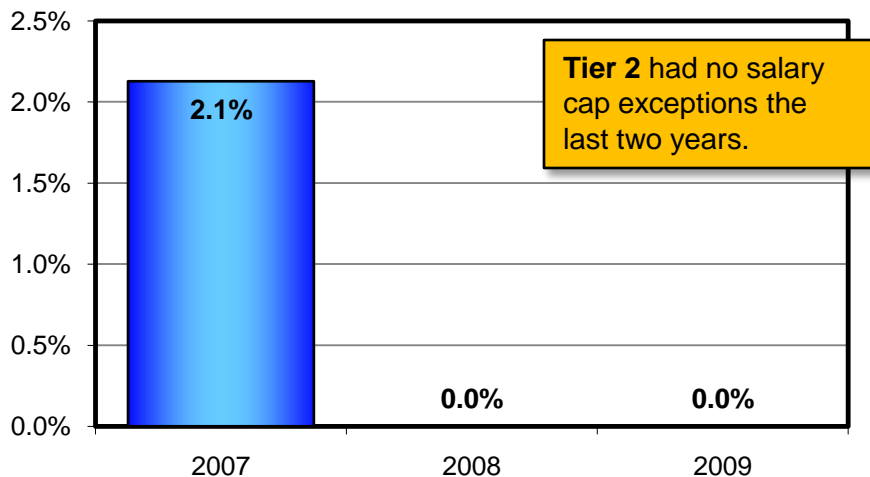
SES Salaries Above Exec. Level III Pay Limit (Career Only)



Tier 1, Over Exec. III Pay Limit (Career Only)



Tier 2, Over Tier 2 Pay Limit (Career Only)



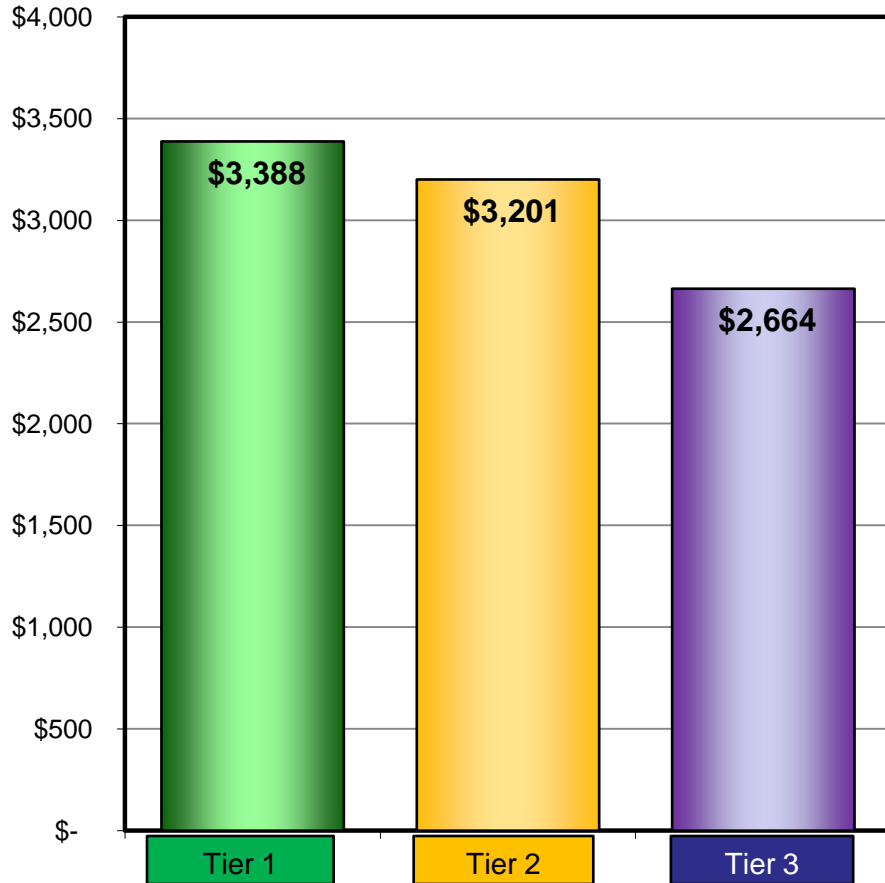
159 AF SES Rated in FY09

■ 2007 ■ 2008 ■ 2009

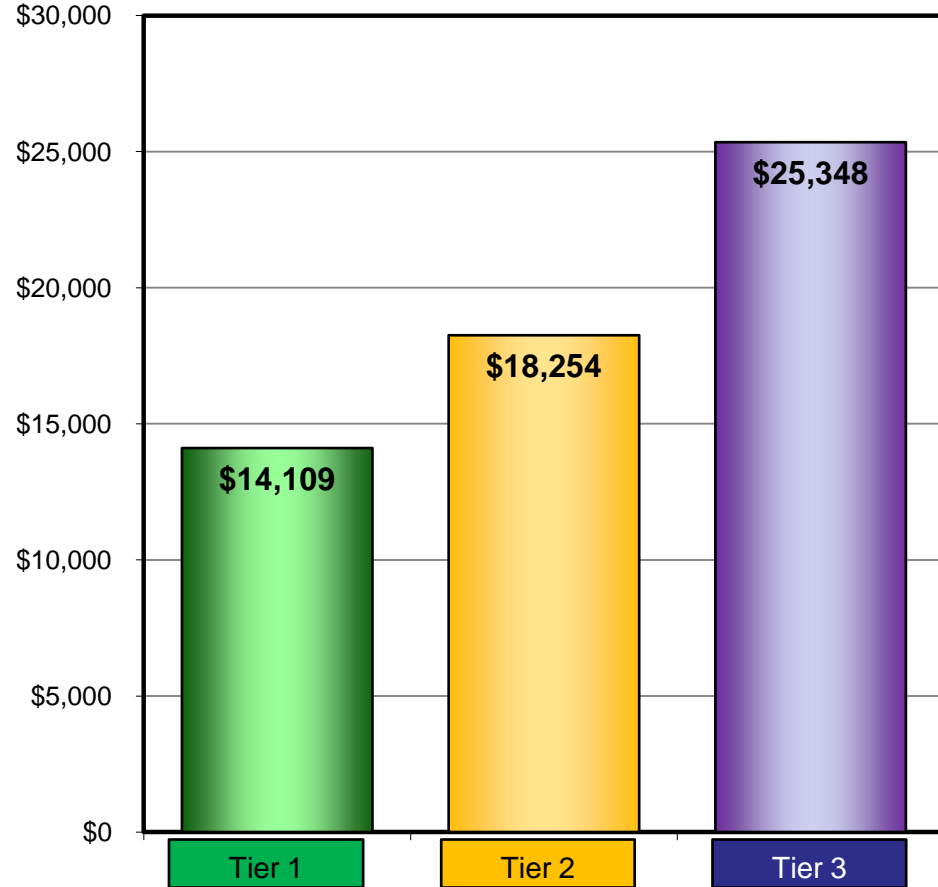


Air Force SES Average Performance Pay Adjustment and Bonus By Tier, FY09

Avg. FY09 Performance Pay Adjustment by Tier Level



Avg. FY09 Performance Bonus by Tier Level



□ **Tiers 2 and 3 tend to receive higher Performance Bonuses and lower Pay Adjustments.**



Air Force Performance Payout Results at a Glance, FY07 – FY09

Results at a Glance (For Rated SES, unless otherwise noted):	FY07	FY08	FY09
Total Number (#) of SES/DISES Leaders	170	165	166
Total # Rated SES/DISES (career, non-career and limited term)	156	157	159
Number of Executives Rated/Not Rated	156 / 14	157 / 8	159 / 7
Performance Rating Levels	Level 2 (0%) Level 3 (13%) Level 4 (61%) Level 5 (26%)	Level 2 (0%) Level 3 (5%) Level 4 (69%) Level 5 (25%)	Level 2 (0%) Level 3 (9%) Level 4 (75%) Level 5 (16%)
Total Salaries ALL SES	\$23,307,134	\$25,364,670	\$26,316,522
Pay Pool Funding Factor (Pay Progression + PAEP + Performance Budget)	12%	Tier 1 – 11% Tier 2 – 13% Tier 3 – 17% DISES – 13%	Tier 1 – 11% Tier 2 – 13% Tier 3 – 17% DISES – 13%
Pay Pool Value (Pay Pool Funding Factor X Total Salaries of all covered executives)	\$3,036,856	\$3,130,412	\$3,226,739
Unspent Pay Pool	\$408,120	\$270,260	\$71,582
Unspent Pay Pool (as % of Total Salaries)	1.6%	1.1%	0.3%
Total Performance (Basic) Pay Increase Payouts	\$715,615	\$810,476	\$522,388
Avg. Performance (Basic) Pay Increase	\$4,868	\$5,403	\$3,285
Average Salary (after Performance Adjustments) (“New Basic Pay”)	\$156,105	\$158,637	\$162,036
Number of Executives Paid Above Executive Level III	51	56	54
Total Performance Pay Increase Payouts (as % of Total Salaries)	2.8%	3.2%	2.0%
Total Performance Bonus Payouts	\$1,913,121	\$2,049,676	\$2,632,769
Avg. Bonus in dollars (\$)	\$14,604	\$14,641	\$17,552
Total Performance Bonus (as % of Total Salaries)	7.6%	8.1%	10.0%
Percent of Rated SES Members Receiving a Bonus	84.0%	89.2%	94.3%

Army



Legend For Following Section

■ 2 ■ 3 ■ 4 ■ 5

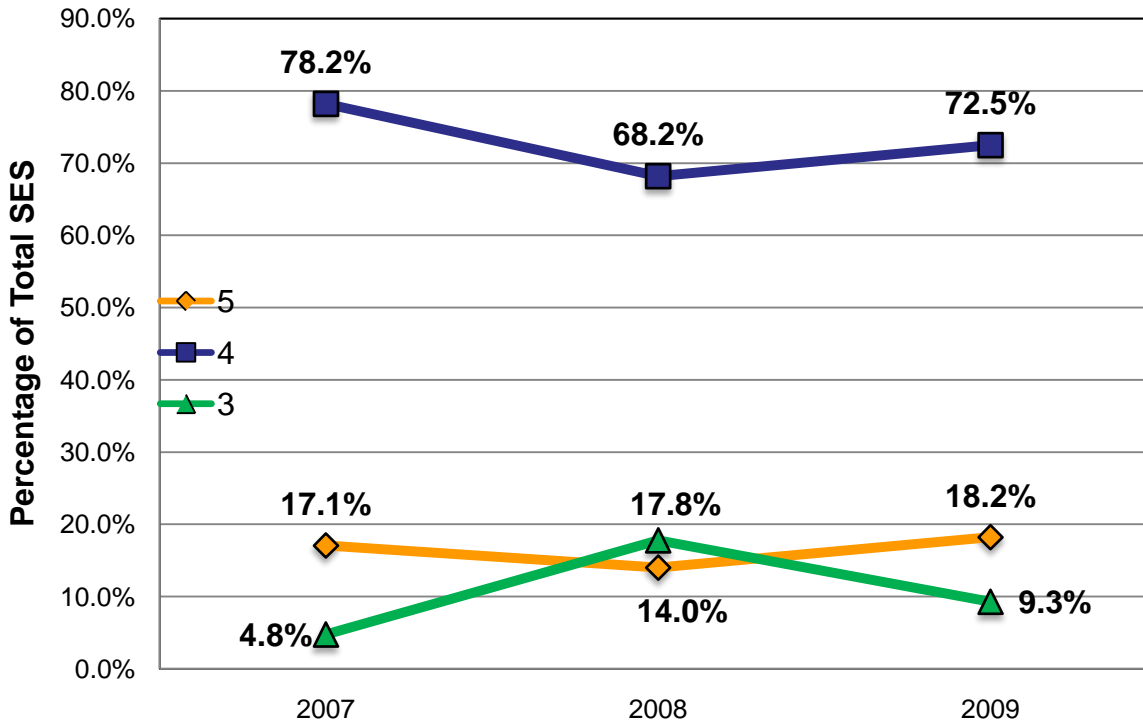
■ Tier1 ■ Tier2 ■ Tier3

■ 2005 ■ 2006 ■ 2007 ■ 2008 ■ 2009



Army Ratings Year-to-Year Trends, FY07 – FY09

Army SES Ratings, FY07 – FY09



Level 3 Trends

- No clear trend
- Decreased from 18% in FY08 to 9% in FY09
- Average of 10.6% of Army SES have been rated 3 since FY07
- Standard Deviation of 6.6%

Level 4 Trends

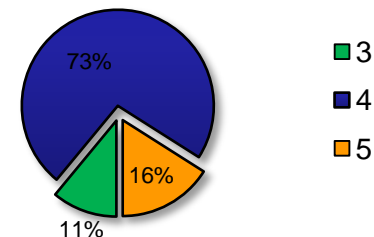
- Consistently high, around 75%
- Increased from 68% in FY08 to 72% in FY09
- Average of 73.0% of Army SES have been rated 4 since FY07
- Standard Deviation of 5.0%

Level 5 Trends

- Consistently around 17%
- Increased from 14% in FY08 to 18% in FY09
- Average of 16.4% of Army SES have been rated 5 since FY07
- Standard Deviation of 2.2%

On average for the last 3 years, **73% of Army SES got a 4**, 16% got a 5, and the remaining 11% got a 3.

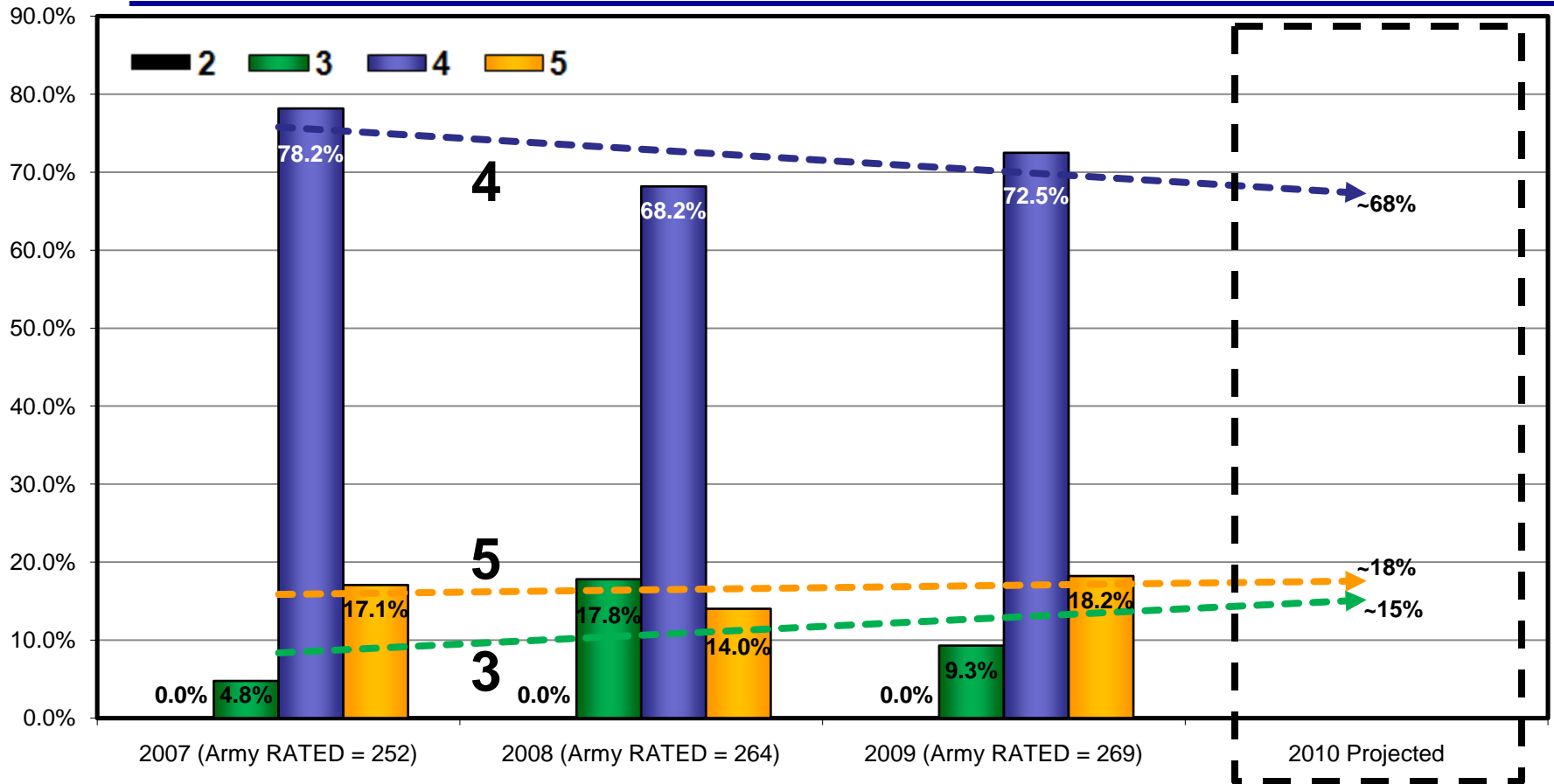
Avg. Army Ratings Distribution



269 Army SES Rated in FY09



Distribution of Army SES Ratings Projected 1 Year Into Future, FY07 – FY10

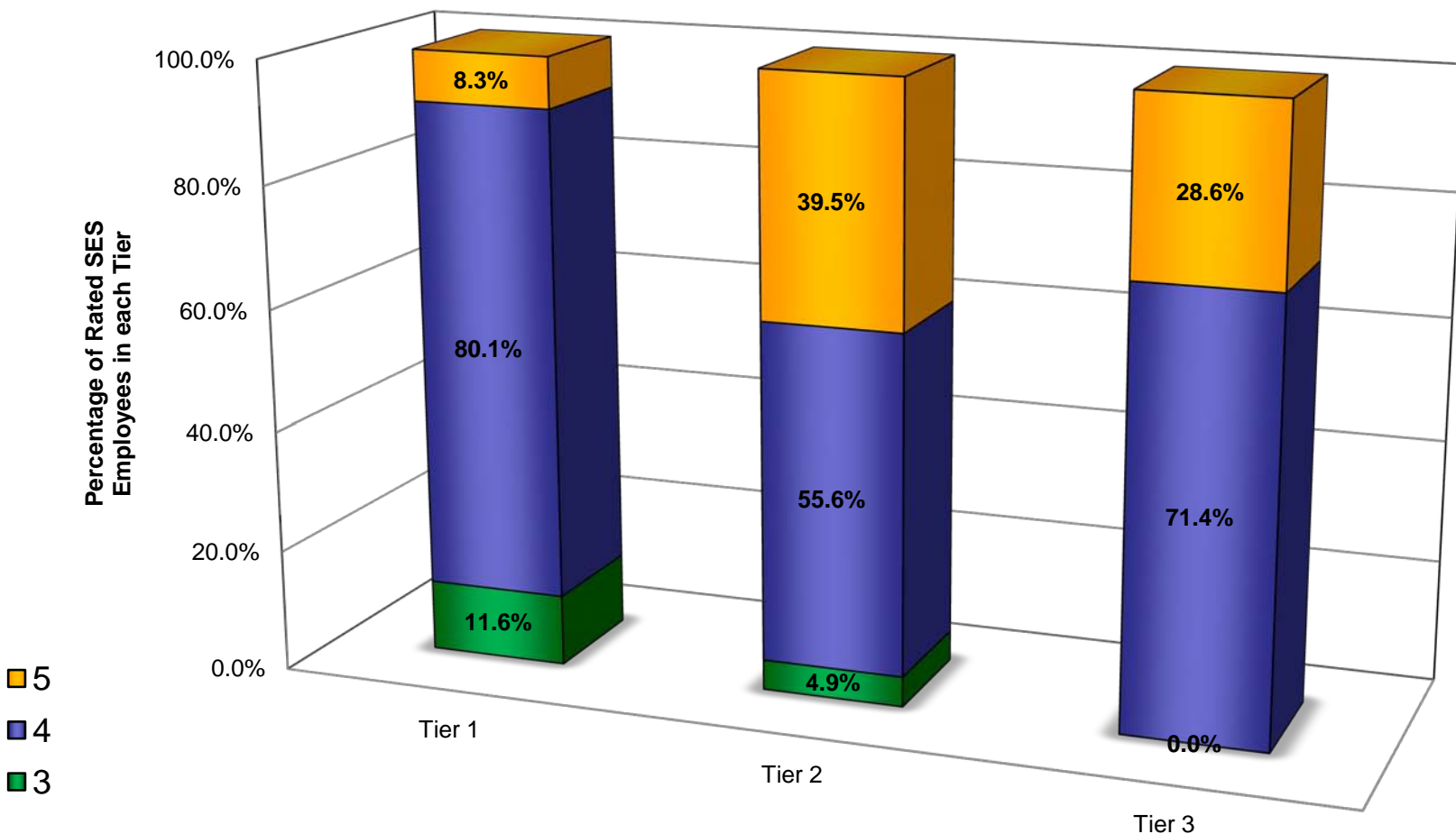


❑ Distribution of ratings is inconsistent over the last 3 years, so trend lines are only rough projections.



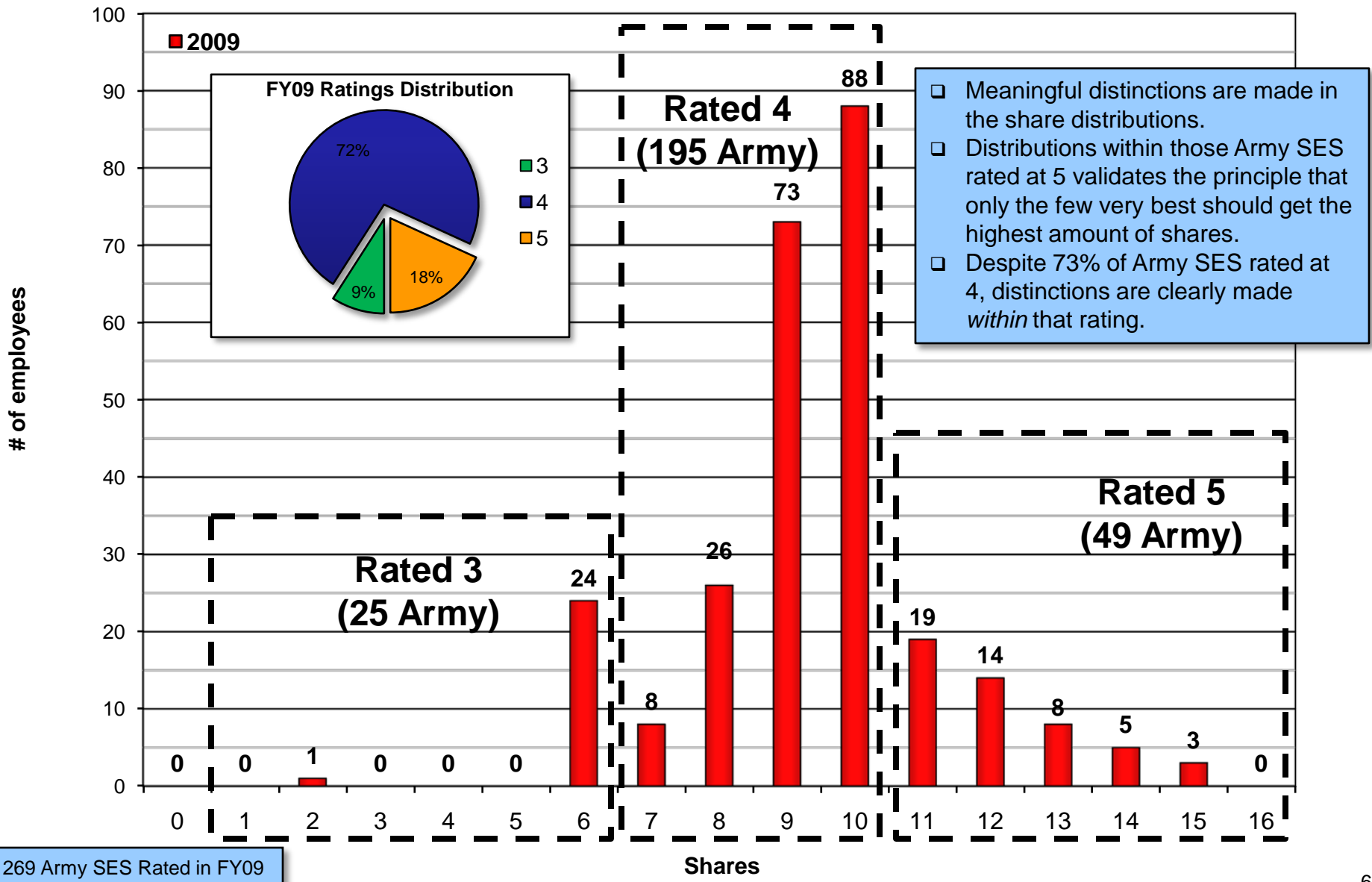
Army SES Ratings by Tier, FY09

- ❑ Why are so many fewer Tier 1s rated 5 than Tier 3s?
 - Are Tier 3s the only ones doing the best work?
 - Is this an indictment on the quality of work from a Tier 1?





Army SES Share Distribution by Rating, FY09

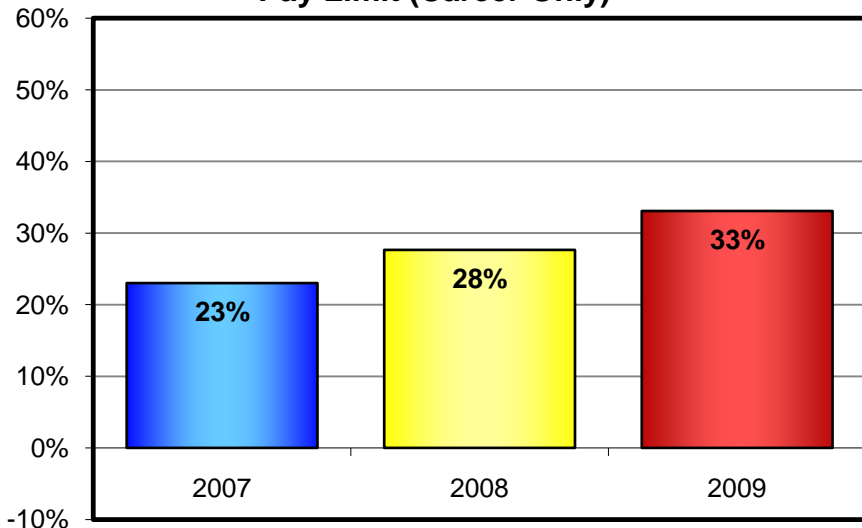




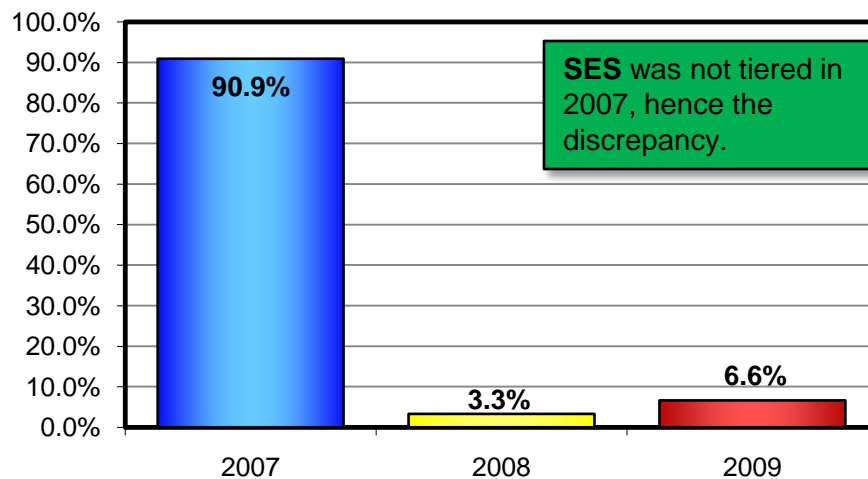
Army SES Average Basic Pay After Adjustment Trends, FY07 – FY09

- As shown in the graphs to the right of Tier 1s, the majority of SES above Exec. Level III are clearly in Tier 3.
- Shift from NSPS forces some employees to have artificially inflated salaries.

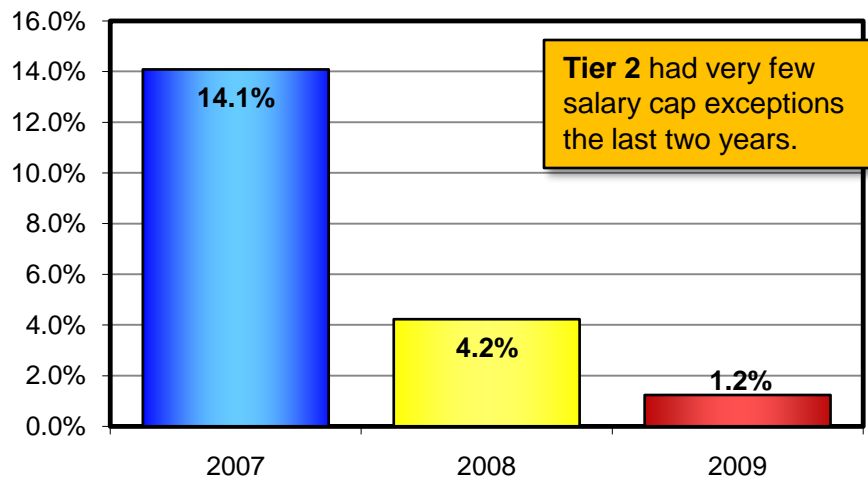
SES Salaries Above Exec. Level III Pay Limit (Career Only)



Tier 1, Over Exec. III Pay Limit (Career Only)



Tier 2, Over Tier 2 Pay Limit (Career Only)



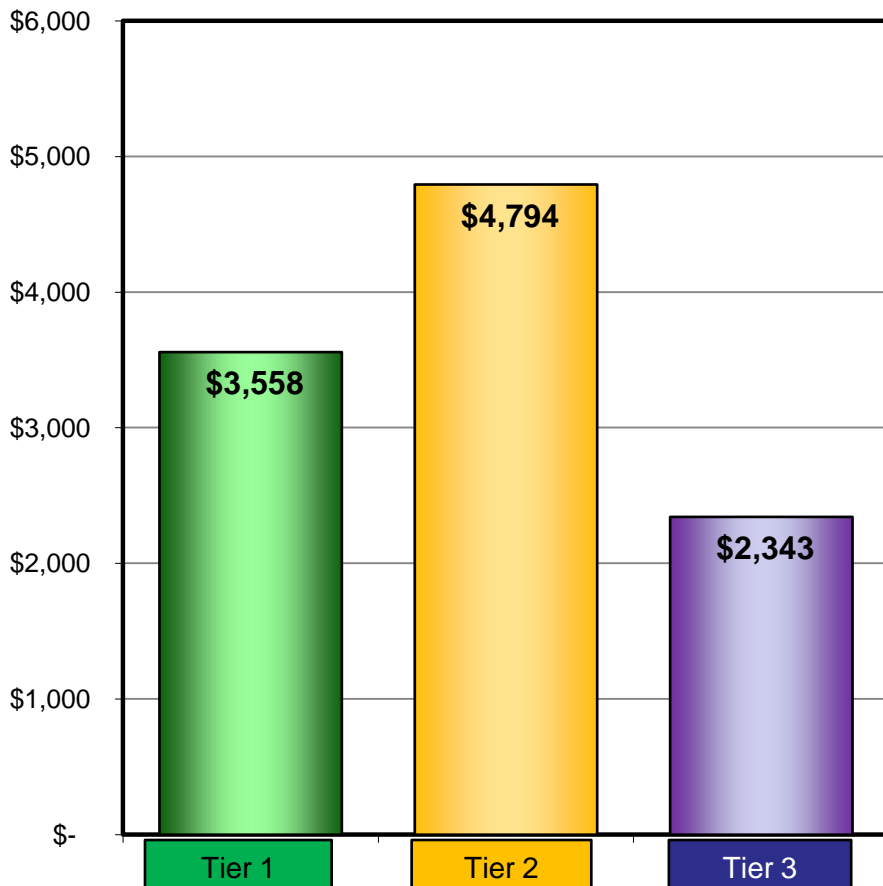
269 Army SES Rated in FY09

■ 2007 ■ 2008 ■ 2009

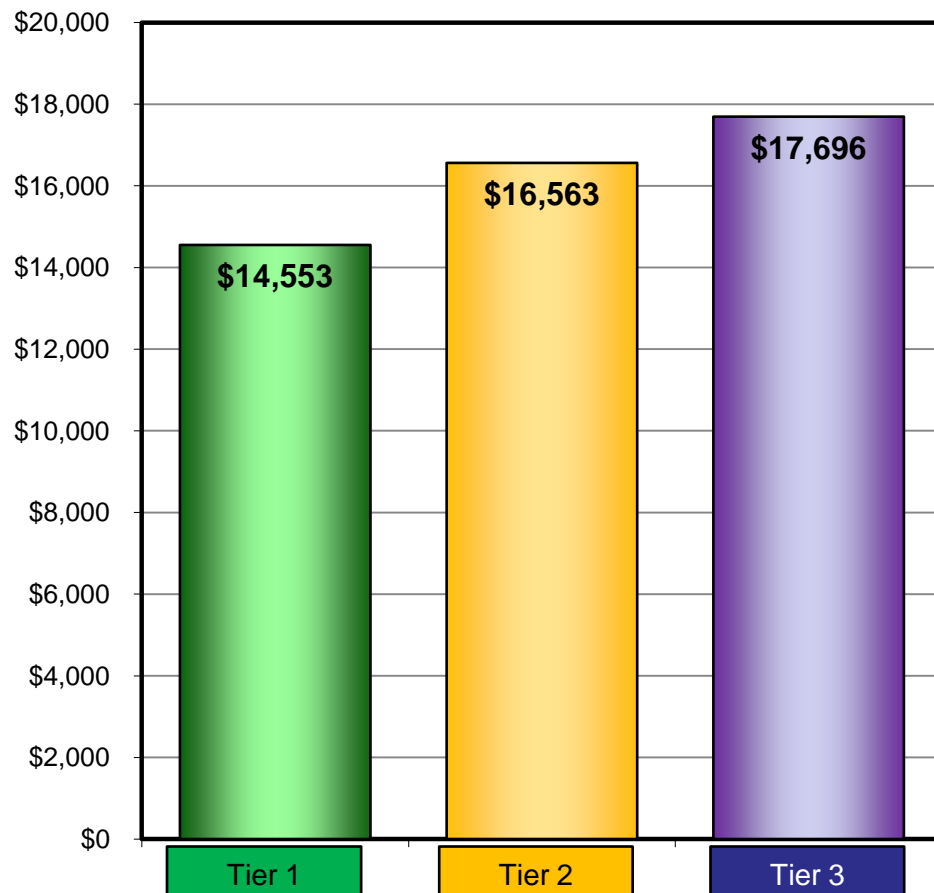


Army SES Average Performance Pay Adjustment and Bonus By Tier, FY09

Avg. FY09 Performance Pay Adjustment by Tier Level



Avg. FY09 Performance Bonus by Tier Level



□ **Tiers 2 and 3 tend to receive higher Performance Bonuses and lower Pay Adjustments.**



Army Performance Payout Results at a Glance, FY07 – FY09

Results at a Glance (For Rated SES, unless otherwise noted):	FY07	FY08	FY09
Total Number (#) of SES/DISES Leaders	261	271	277
Total # Rated SES/DISES (career, non-career and limited term)	252	264	269
Number of Executives Rated/Not Rated	252 / 9	264 / 7	269 / 8
Performance Rating Levels	Level 2 (0%) Level 3 (5%) Level 4 (78%) Level 5 (17%)	Level 2 (0%) Level 3 (18%) Level 4 (68%) Level 5 (14%)	Level 2 (0%) Level 3 (9%) Level 4 (72%) Level 5 (18%)
Total Salaries ALL SES	\$39,186,931	\$42,274,522	\$44,760,796
Pay Pool Funding Factor (Pay Progression + PAEP + Performance Budget)	12%	Tier 1 – 11% Tier 2 – 13% Tier 3 – 17% DISES – 13%	Tier 1 – 11% Tier 2 – 13% Tier 3 – 17% DISES – 13%
Pay Pool Value (Pay Pool Funding Factor X Total Salaries of all covered executives)	\$4,702,432	\$4,997,030	\$5,280,219
Unspent Pay Pool	\$285,565	\$168,081	\$132,032
Unspent Pay Pool (as % of Total Salaries)	0.7%	0.4%	0.3%
Total Performance (Basic) Pay Increase Payouts	\$1,474,751	\$1,474,600	\$1,048,691
Avg. Performance (Basic) Pay Increase	\$6,119	\$5,650	\$4,280
Average Salary (after Performance Adjustments) (“New Basic Pay”)	\$155,782	\$161,436	\$165,377
Number of Executives Paid Above Executive Level III	58	75	93
Total Performance Pay Increase Payouts (as % of Total Salaries)	3.8%	3.5%	2.3%
Total Performance Bonus Payouts	\$2,942,116	\$3,354,349	\$4,099,496
Avg. Bonus in dollars (\$)	\$12,792	\$13,364	\$15,707
Total Performance Bonus (as % of Total Salaries)	7.5%	7.9%	9.2%
Percent of Rated SES Members Receiving a Bonus	91.3%	95.1%	97.0%

DCAA



Legend For Following Section

■ 2 ■ 3 ■ 4 ■ 5

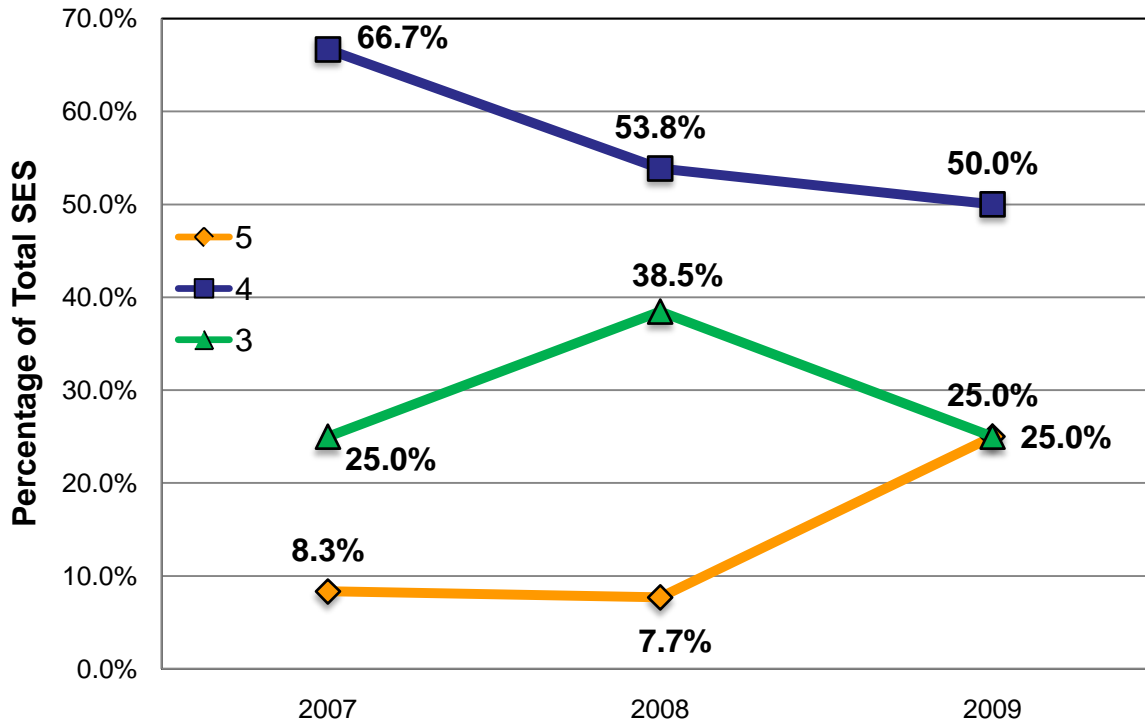
■ Tier1 ■ Tier2 ■ Tier3

■ 2005 ■ 2006 ■ 2007 ■ 2008 ■ 2009



DCAA Ratings Year-to-Year Trends, FY07 – FY09

DCAA SES Ratings, FY07 – FY09



Level 3 Trends

- Trending around 25% - 30%
- Decreased from 39% in FY08 to 25% in FY09
- Average of 29.5% of DCAA SES have been rated 3 since FY07
- Standard Deviation of 7.8%

Level 4 Trends

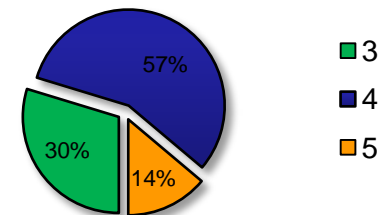
- Decreasing
- Decreased from 54% in FY08 to 50% in FY09
- Average of 56.8% of DCAA SES have been rated 4 since FY07
- Standard Deviation of 8.7%

Level 5 Trends

- Increased significantly in FY09
- Increased from 8% in FY08 to 25% in FY09
- Average of 13.7% of DCAA SES have been rated 5 since FY07
- Standard Deviation of 9.8%

On average for the last 3 years, **57%** of DCAA SES got a 4, **14%** got a 5, and **30%** got a 3.

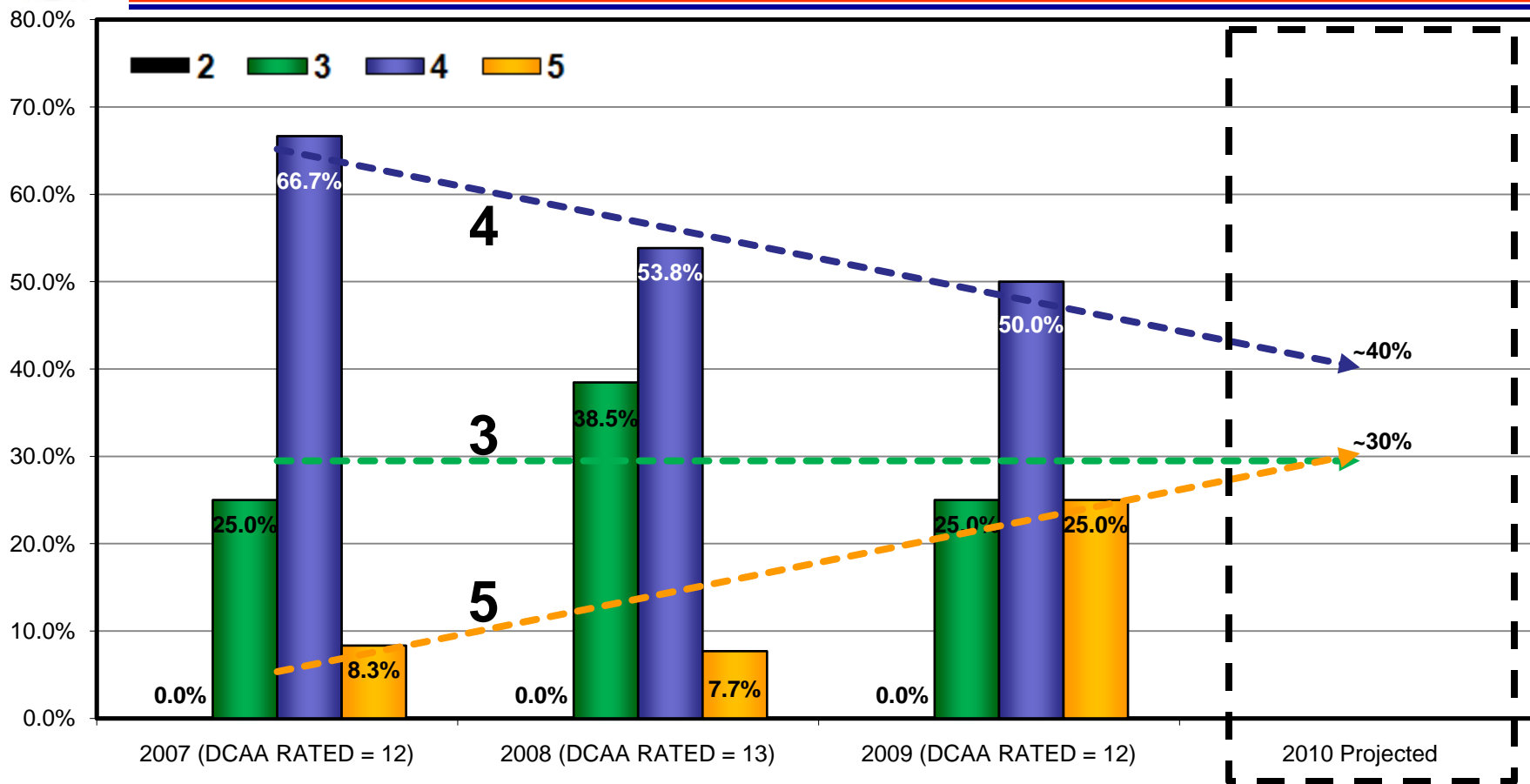
Avg. DCAA Ratings Distribution



12 DCAA SES Rated in FY09



Distribution of DCAA SES Ratings Projected 1 Year Into Future, FY07 – FY10

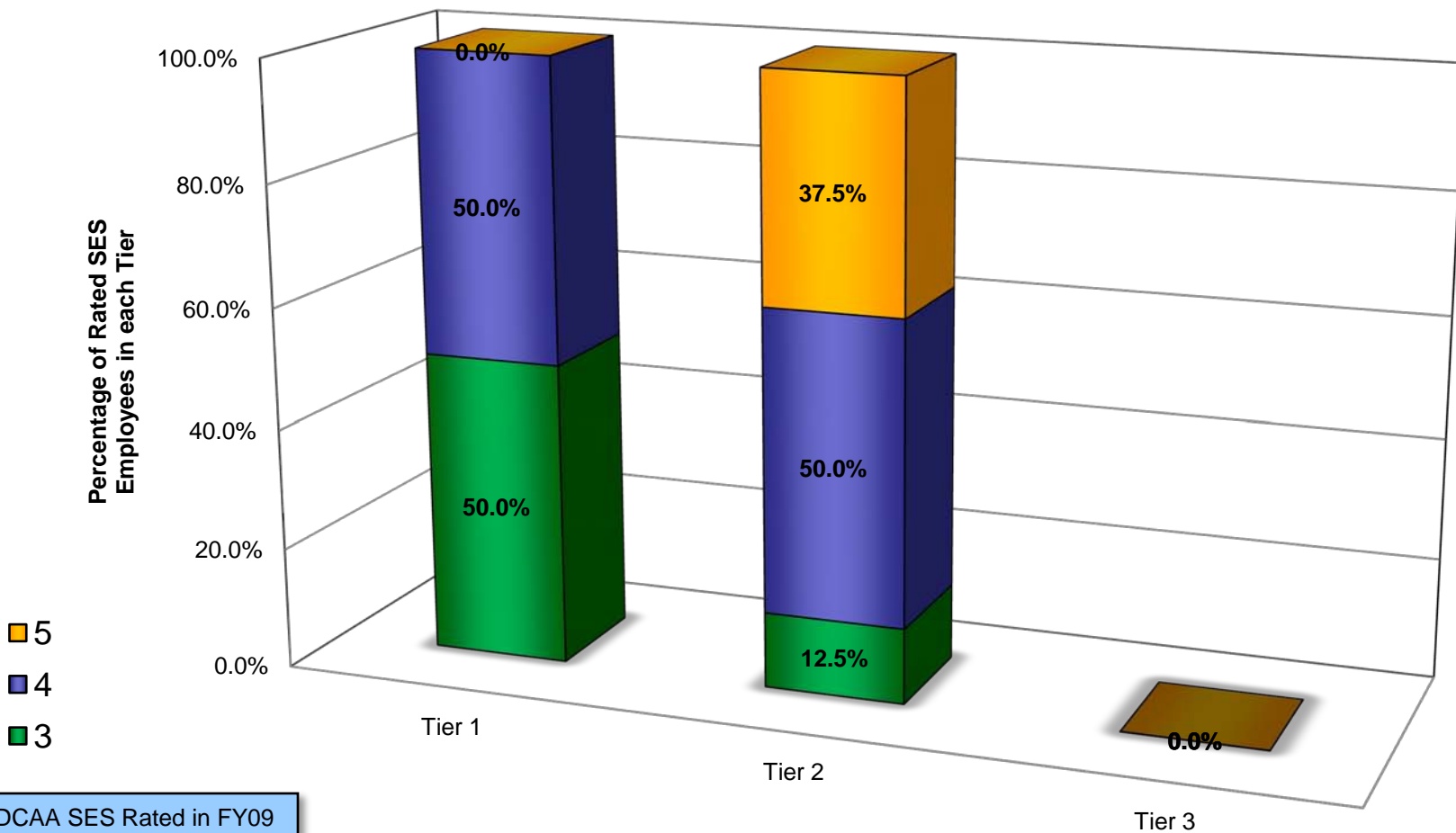


□ Distribution of ratings is inconsistent over the last 3 years, so trend lines are only rough projections.



DCAA SES Ratings by Tier, FY09

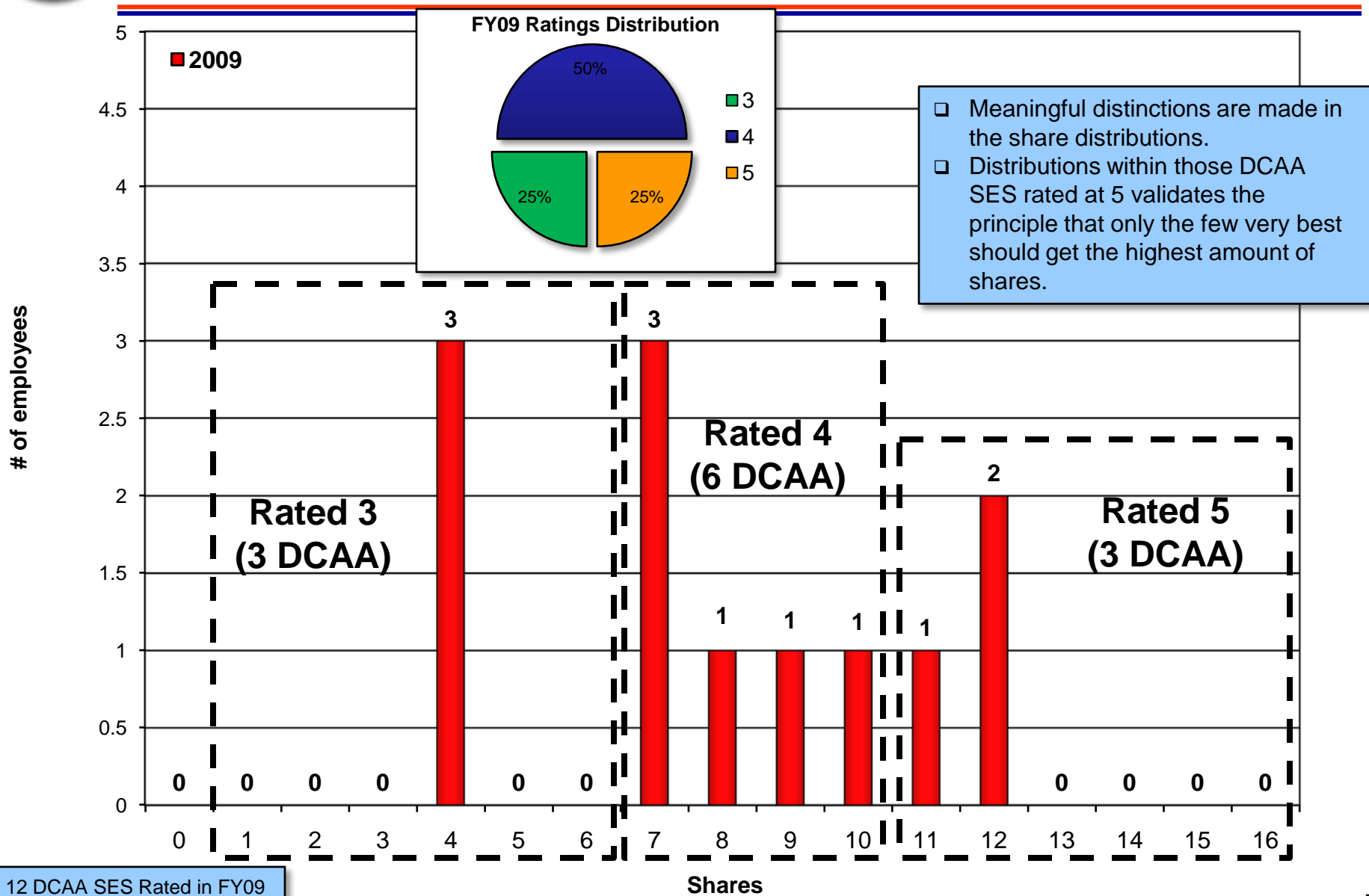
- ❑ DCAA has no Tier 3s
- ❑ Why are so many fewer Tier 1s rated 5 than Tier 2s?
 - Are Tier 2s the only ones doing the best work?
 - Is this an indictment on the quality of work from a Tier 1?



12 DCAA SES Rated in FY09



DCAA SES Share Distribution by Rating, FY09

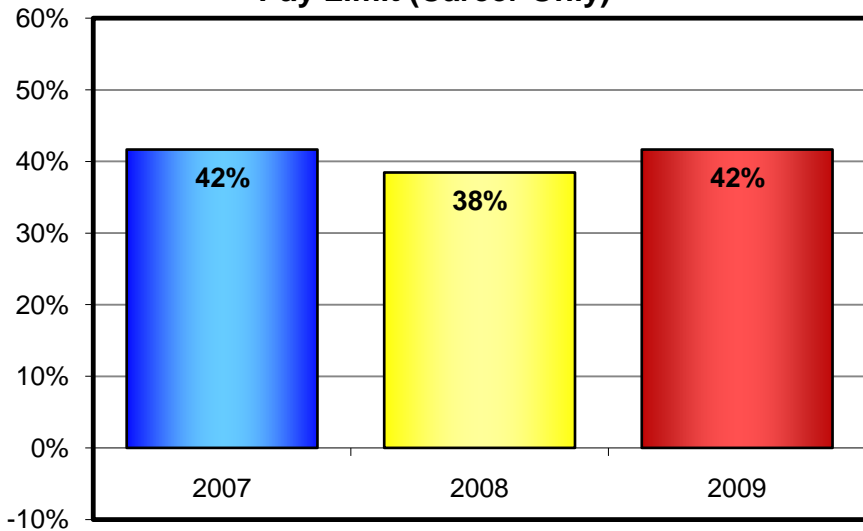




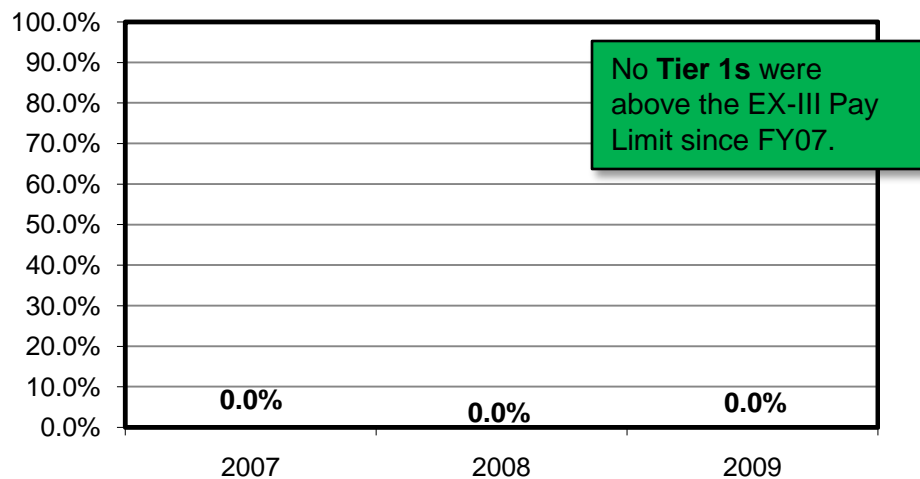
DCAA SES Average Basic Pay After Adjustment Trends, FY07 – FY09

- ❑ As shown in the graphs to the right of Tier 1s, the majority of SES above Exec. Level III are clearly in Tier 3.
- ❑ Shift from NSPS forces some employees to have artificially inflated salaries.

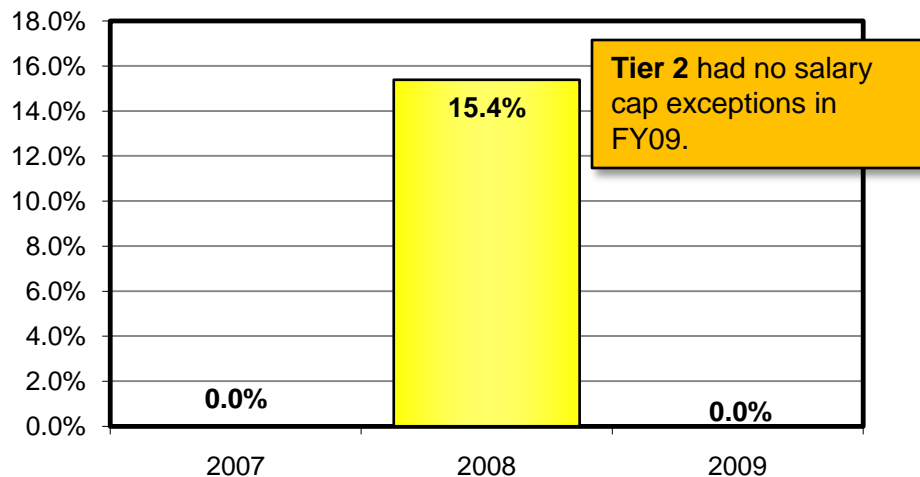
SES Salaries Above Exec. Level III Pay Limit (Career Only)



Tier 1, Over Exec. III Pay Limit (Career Only)



Tier 2, Over Tier 2 Pay Limit (Career Only)



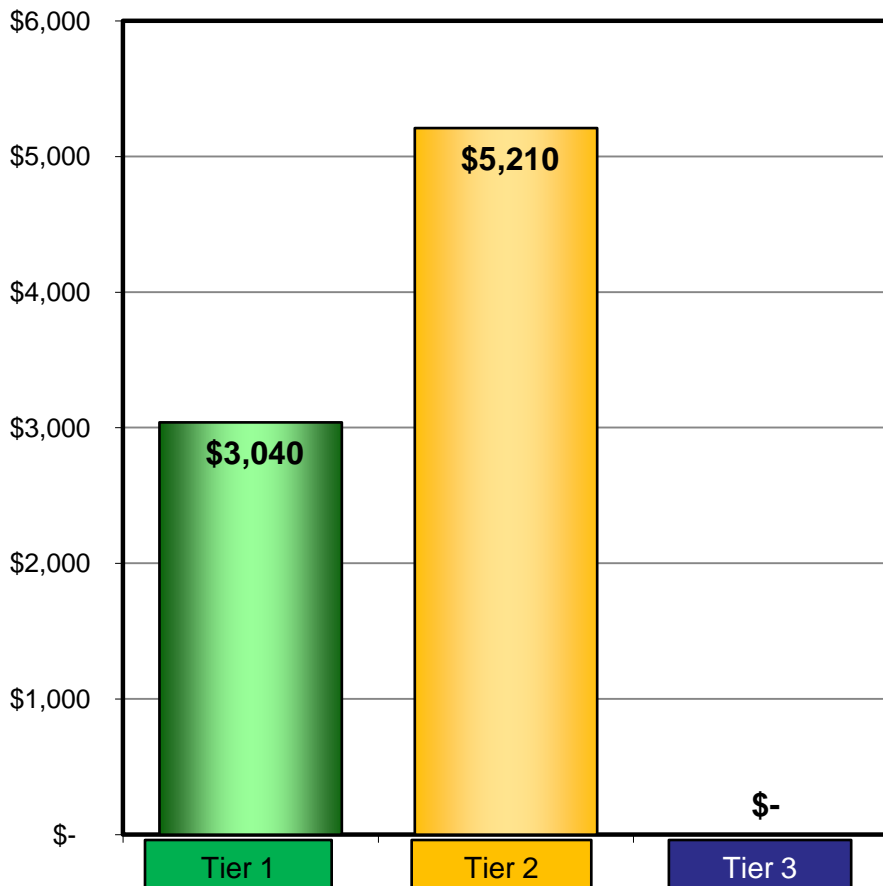
12 DCAA SES Rated in FY09

■ 2007 ■ 2008 ■ 2009

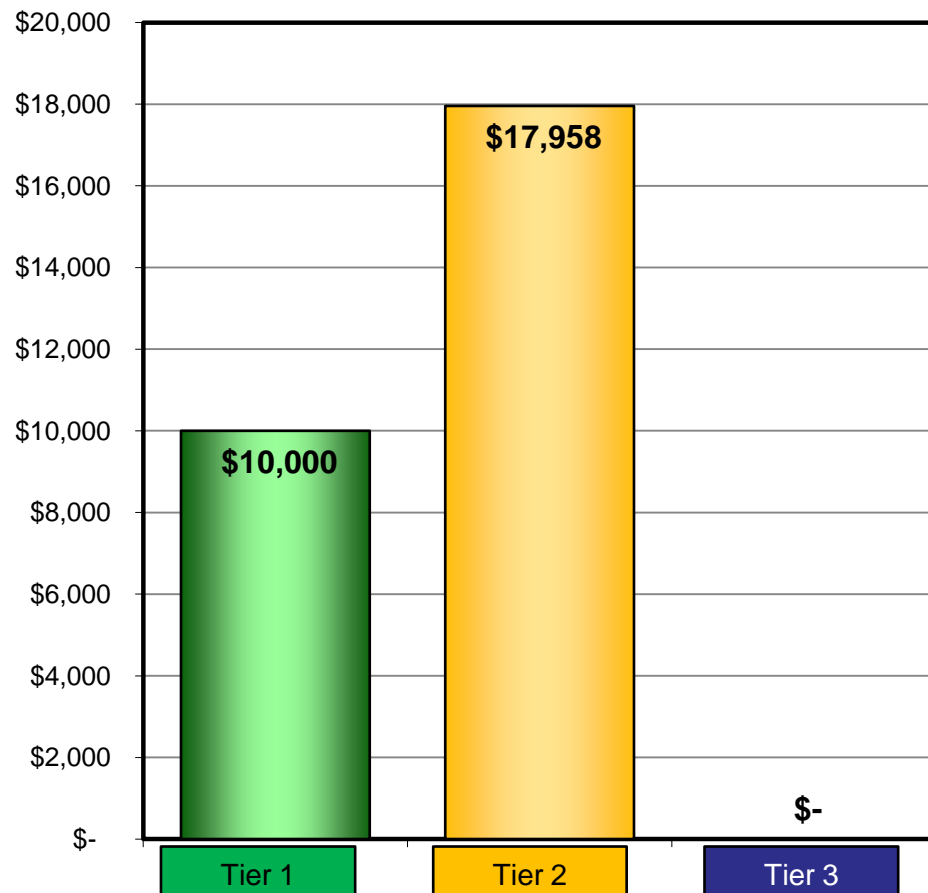


DCAA SES Average Performance Pay Adjustment and Bonus By Tier, FY09

Avg. FY09 Performance Pay Adjustment by Tier Level



Avg. FY09 Performance Bonus by Tier Level



- ❑ DCAA has no Tier 3s.
- ❑ Tier 2s tend to receive higher Performance Bonuses and lower Pay Adjustments.



DCAA Performance Payout Results at a Glance, FY07 – FY09

Results at a Glance (For Rated SES, unless otherwise noted):	FY07	FY08*	FY09
Total Number (#) of SES/DISES Leaders	12	13	12
Total # Rated SES/DISES (career, non-career and limited term)	12	13	12
Number of Executives Rated/Not Rated	12 / 0	13 / 0	12 / 0
Performance Rating Levels	Level 2 (0%) Level 3 (25%) Level 4 (67%) Level 5 (8%)	Level 2 (0%) Level 3 (39%) Level 4 (54%) Level 5 (8%)	Level 2 (0%) Level 3 (25%) Level 4 (50%) Level 5 (25%)
Total Salaries ALL SES	\$1,784,665	\$1,981,891	\$1,892,475
Pay Pool Funding Factor (Pay Progression + PAEP + Performance Budget)	12%	Tier 1 – 11% Tier 2 – 13% Tier 3 – 17% DISES – 13%	Tier 1 – 11% Tier 2 – 13% Tier 3 – 17% DISES – 13%
Pay Pool Value (Pay Pool Funding Factor X Total Salaries of all covered executives)	\$214,160	\$242,896	\$233,924
Unspent Pay Pool	\$5,198	\$33,922	\$34,380
Unspent Pay Pool (as % of Total Salaries)	0.3%	1.7%	1.8%
Total Performance (Basic) Pay Increase Payouts	\$66,189	\$67,243	\$53,839
Avg. Performance (Basic) Pay Increase	\$5,516	\$5,173	\$4,487
Average Salary (after Performance Adjustments) (“New Basic Pay”)	\$154,238	\$157,549	\$162,193
Number of Executives Paid Above Executive Level III	5	5	5
Total Performance Pay Increase Payouts (as % of Total Salaries)	3.7%	3.4%	2.8%
Total Performance Bonus Payouts	\$142,773	\$141,731	\$145,705
Avg. Bonus in dollars (\$)	\$15,864	\$17,716	\$16,189
Total Performance Bonus (as % of Total Salaries)	8.0%	7.2%	7.7%
Percent of Rated SES Members Receiving a Bonus	75.0%	61.5%	75.0%

*FY08 Tier data in OPM spreadsheet might be inaccurate.

DFAS



Legend For Following Section

■ 2 ■ 3 ■ 4 ■ 5

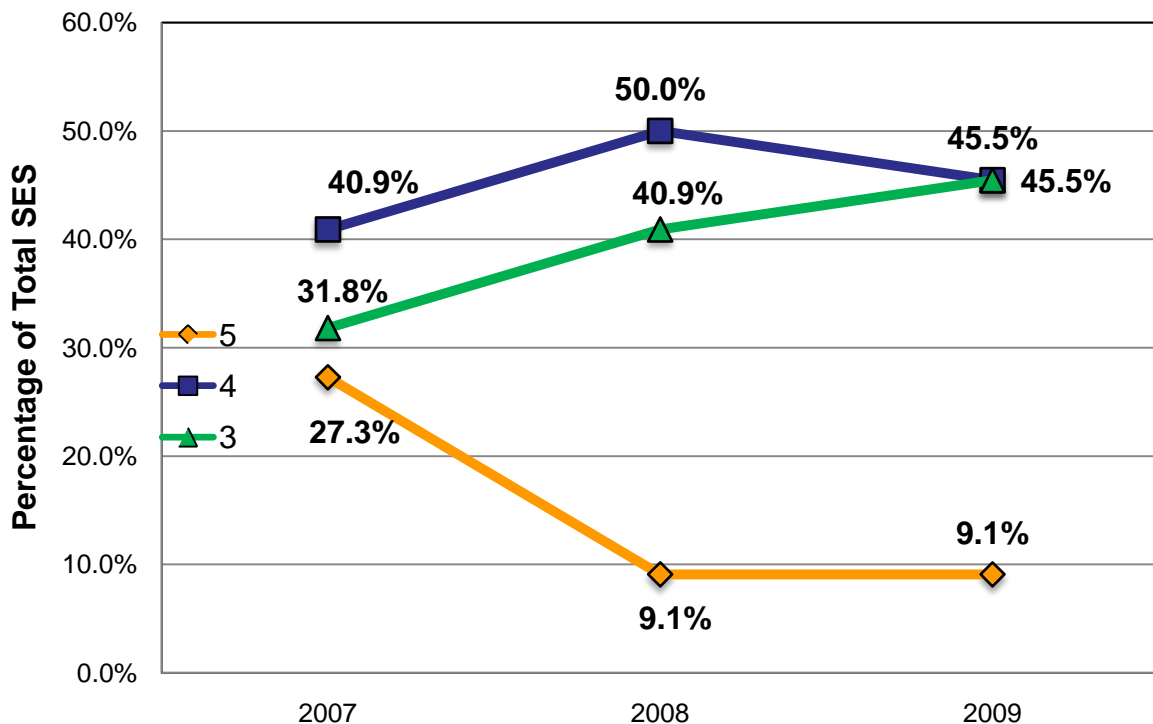
■ Tier1 ■ Tier2 ■ Tier3

■ 2005 ■ 2006 ■ 2007 ■ 2008 ■ 2009



DFAS Ratings Year-to-Year Trends, FY07 – FY09

DFAS SES Ratings, FY07 – FY09



Level 3 Trends

- Steadily increasing
- Increased from 41% in FY08 to 46% in FY09
- Average of 39.4% of DFAS SES have been rated 3 since FY07
- Standard Deviation of 6.9%

Level 4 Trends

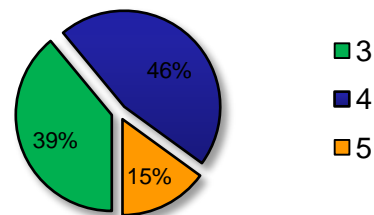
- Consistently around 45%
- Decreased from 50% in FY08 to 46% in FY09
- Average of 45.5% of DFAS SES have been rated 4 since FY07
- Standard Deviation of 4.6%

Level 5 Trends

- Steady since last year, FY08
- Stayed constant at 9.1%
- Average of 15.2% of DFAS SES have been rated 5 since FY07
- Standard Deviation of 10.5%

On average for the last 3 years, 46% of DFAS SES got a 4, 39% got a 3, and the remaining 15% got a 5.

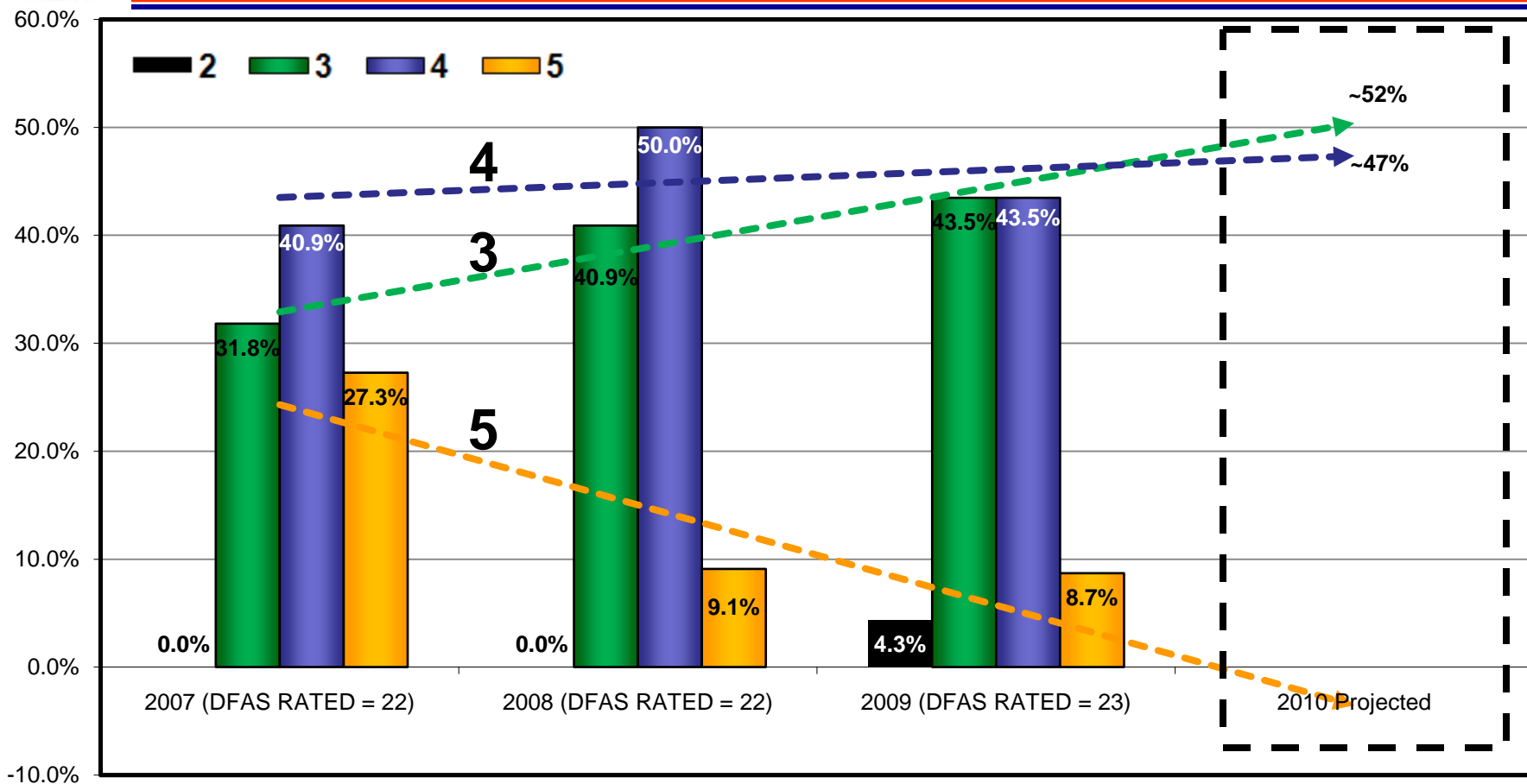
Avg. DFAS Ratings Distribution



23 DFAS SES Rated in FY09



Distribution of DFAS SES Ratings Projected 1 Year Into Future, FY07 – FY10

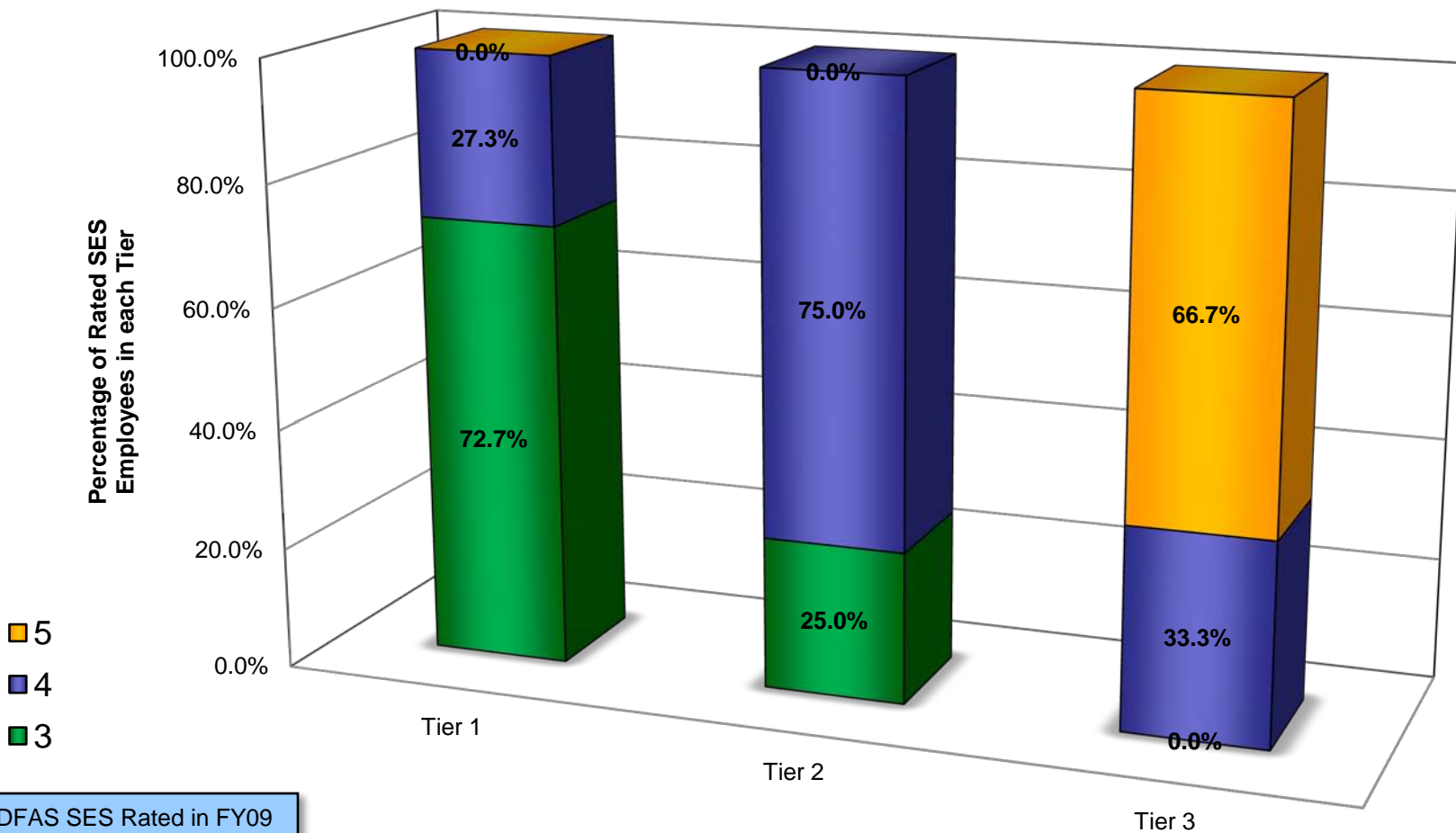


□ Distribution of ratings is inconsistent over the last 3 years, so trend lines are likely inaccurate predictions of FY10



DFAS SES Ratings by Tier, FY09

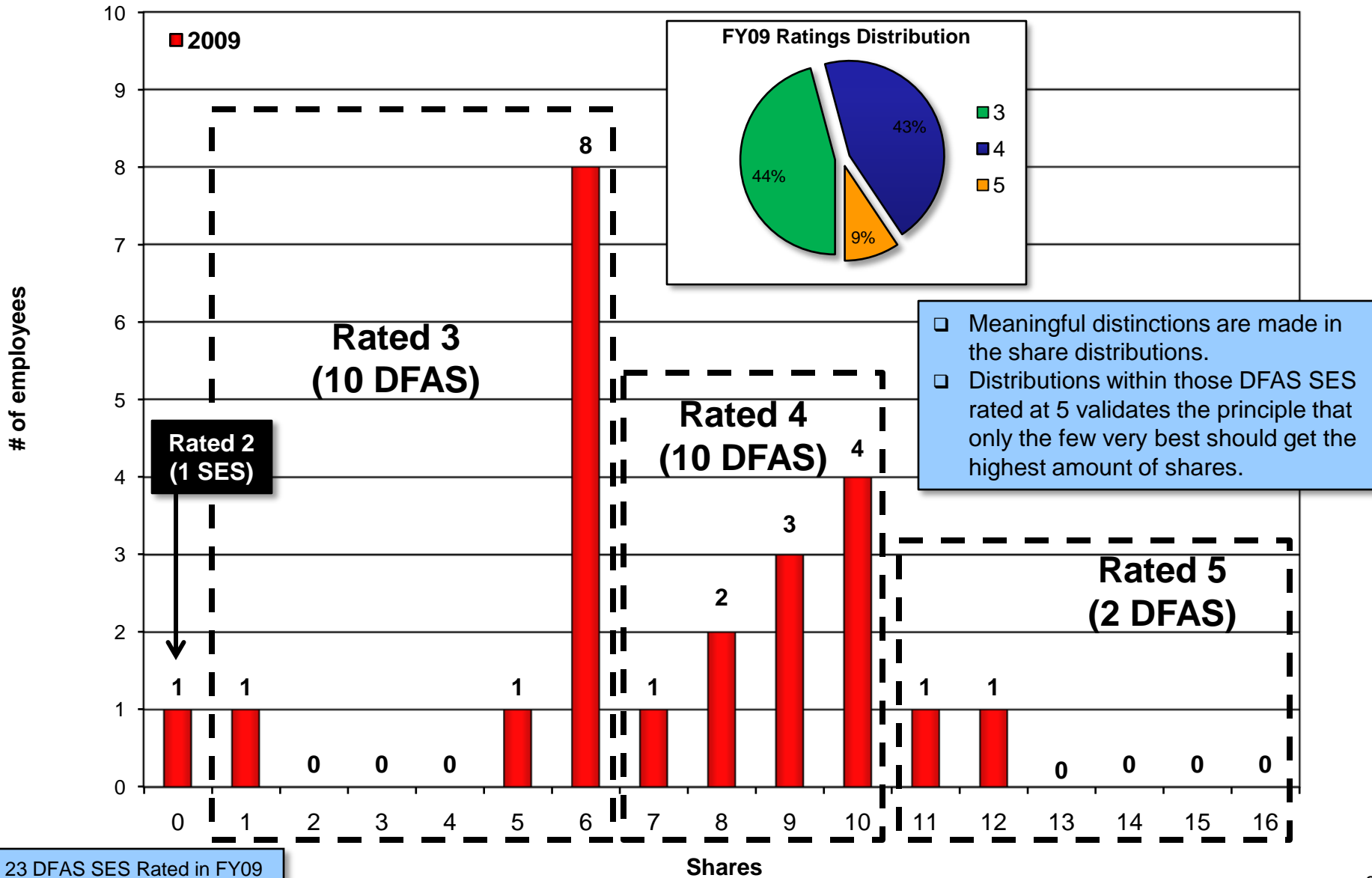
- ❑ Why are so many fewer Tier 1s rated 5 than Tier 3s?
 - Are Tier 3s the only ones doing the best work?
 - Is this an indictment on the quality of work from a Tier 1?



23 DFAS SES Rated in FY09



DFAS SES Share Distribution by Rating, FY09

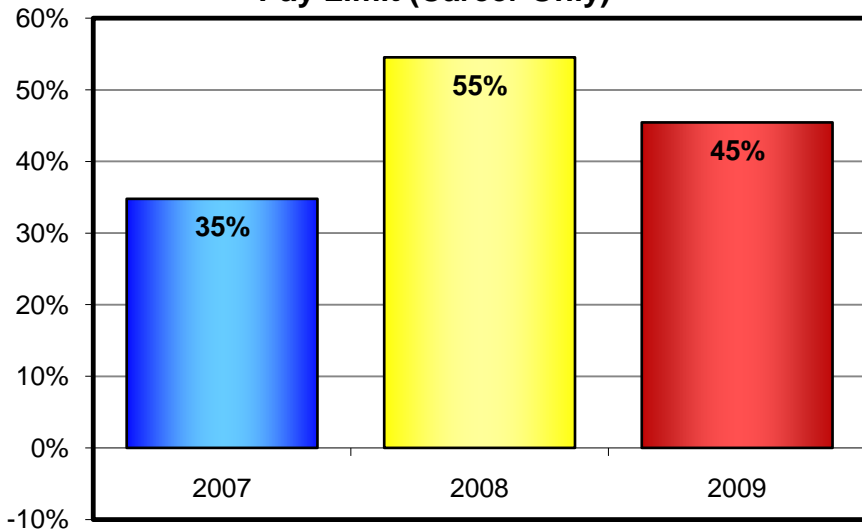




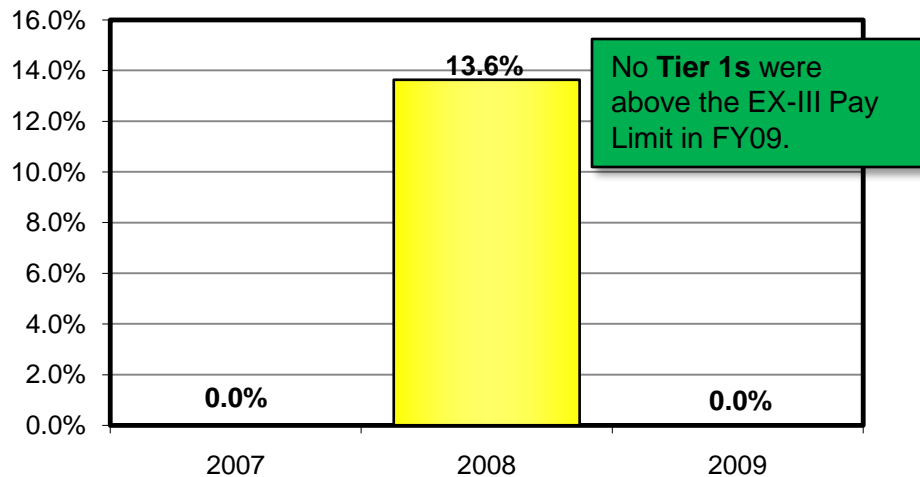
DFAS SES Average Basic Pay After Adjustment Trends, FY07 – FY09

- ❑ As shown in the graphs to the right of Tier 1s, the majority of SES above Exec. Level III are clearly in Tier 3.
- ❑ Shift from NSPS forces some employees to have artificially inflated salaries.

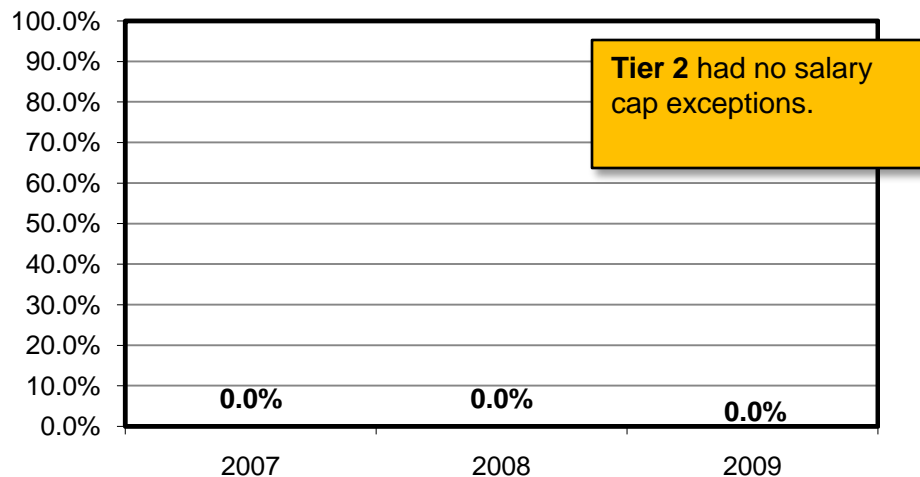
SES Salaries Above Exec. Level III Pay Limit (Career Only)



Tier 1, Over Exec. III Pay Limit (Career Only)



Tier 2, Over Tier 2 Pay Limit (Career Only)



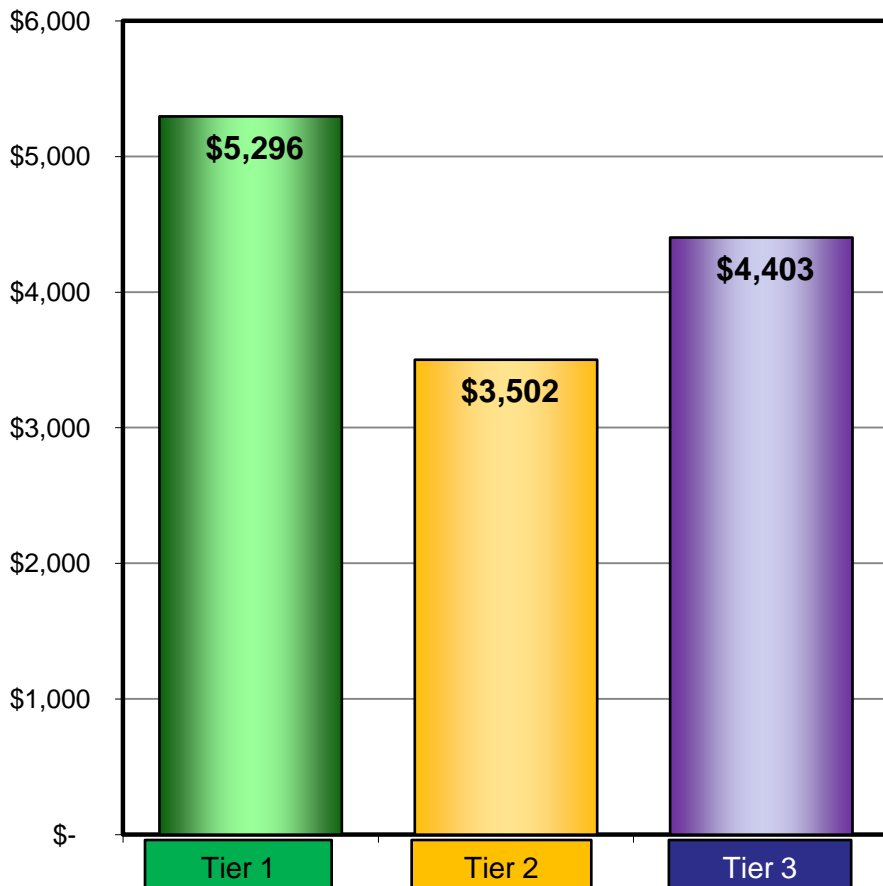
23 DFAS SES Rated in FY09

■ 2007 ■ 2008 ■ 2009

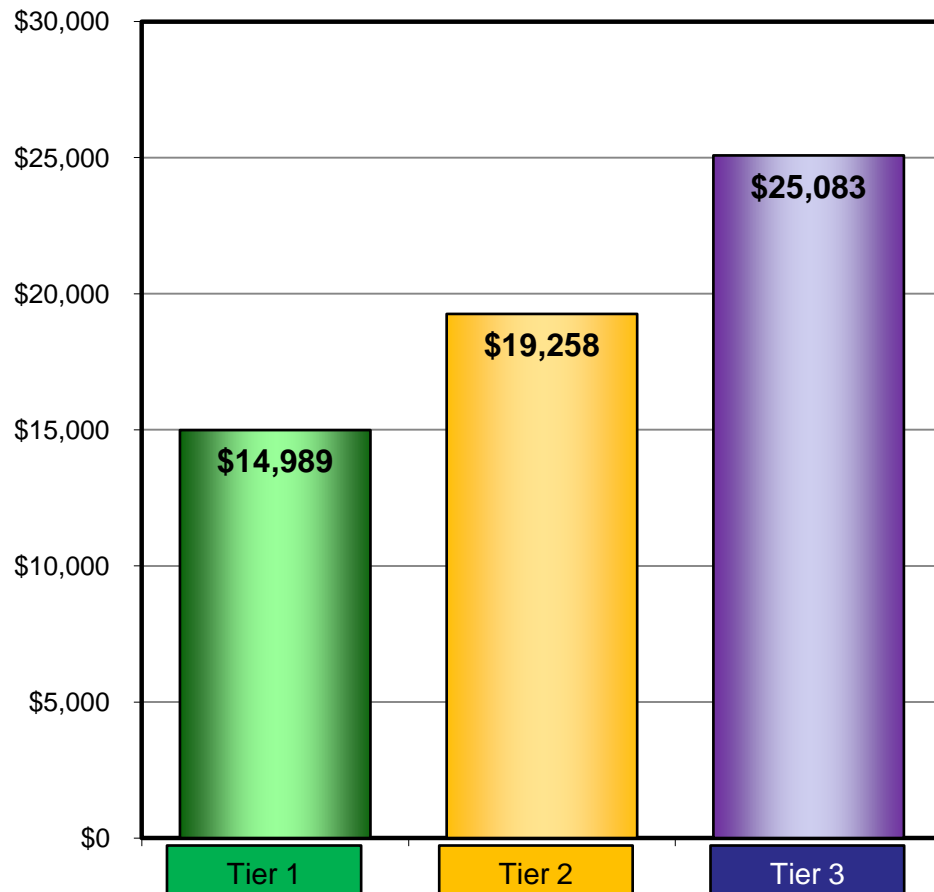


DFAS SES Average Performance Pay Adjustment and Bonus By Tier, FY09

Avg. FY09 Performance Pay Adjustment by Tier Level



Avg. FY09 Performance Bonus by Tier Level



□ Tier 2s tend to receive higher Performance Bonuses and lower Pay Adjustments.



DFAS Performance Payout Results at a Glance, FY07 – FY09

Results at a Glance (For Rated SES, unless otherwise noted):	FY07	FY08	FY09
Total Number (#) of SES/DISES Leaders	23	22	23
Total # Rated SES/DISES (career, non-career and limited term)	22	22	23
Number of Executives Rated/Not Rated	22 / 1	22 / 0	23 / 0
Performance Rating Levels	Level 2 (0%) Level 3 (32%) Level 4 (41%) Level 5 (27%)	Level 2 (0%) Level 3 (41%) Level 4 (50%) Level 5 (9%)	Level 2 (4%) Level 3 (44%) Level 4 (43%) Level 5 (9%)
Total Salaries ALL SES	\$3,299,265	\$3,429,209	\$3,711,015
Pay Pool Funding Factor (Pay Progression + PAEP + Performance Budget)	12%	Tier 1 – 11% Tier 2 – 13% Tier 3 – 17% DISES – 13%	Tier 1 – 11% Tier 2 – 13% Tier 3 – 17% DISES – 13%
Pay Pool Value (Pay Pool Funding Factor X Total Salaries of all covered executives)	\$395,912	\$422,797	\$466,106
Unspent Pay Pool	\$1,310	\$2,807	\$61,334
Unspent Pay Pool (as % of Total Salaries)	0.04%	0.1%	1.7%
Total Performance (Basic) Pay Increase Payouts	\$134,791	\$120,077	\$104,781
Avg. Performance (Basic) Pay Increase	\$7,094	\$6,004	\$4,763
Average Salary (after Performance Adjustments) (“New Basic Pay”)	\$156,084	\$161,331	\$165,904
Number of Executives Paid Above Executive Level III	8	12	10
Total Performance Pay Increase Payouts (as % of Total Salaries)	4.1%	3.5%	2.8%
Total Performance Bonus Payouts	\$259,811	\$299,913	\$299,991
Avg. Bonus in dollars (\$)	\$15,283	\$13,632	\$18,749
Total Performance Bonus (as % of Total Salaries)	7.9%	8.7%	8.1%
Percent of Rated SES Members Receiving a Bonus	77.3%	100%	69.6%

DISA



Legend For Following Section

■ 2 ■ 3 ■ 4 ■ 5

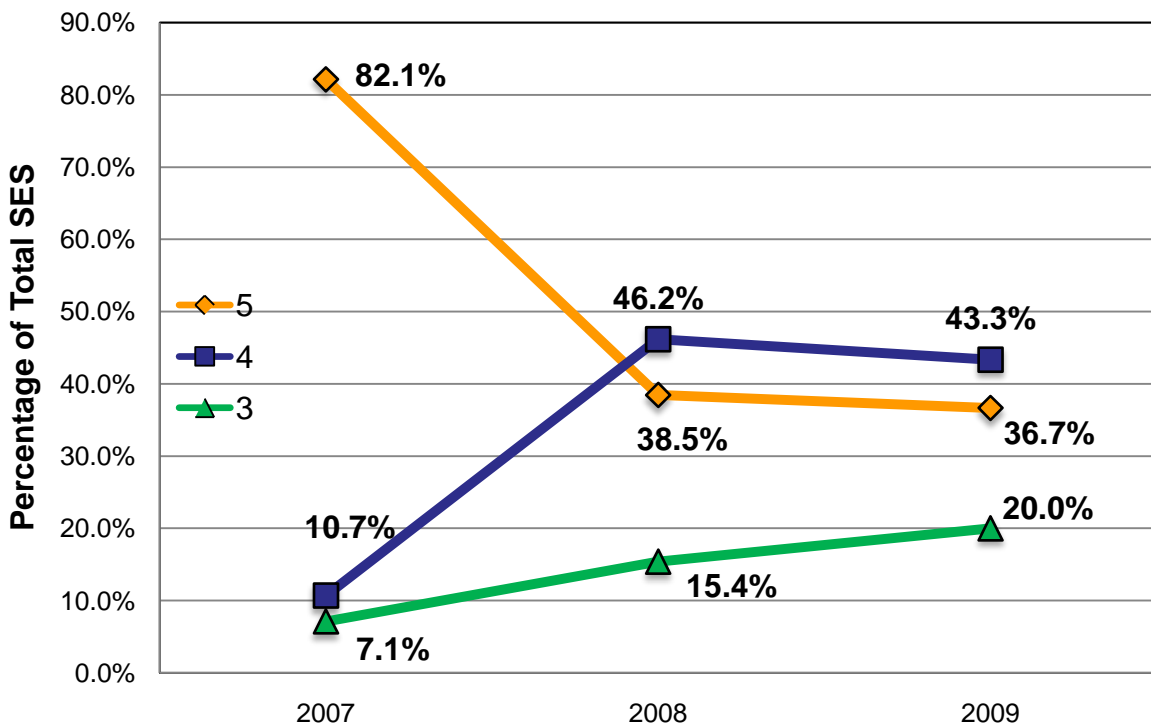
■ Tier1 ■ Tier2 ■ Tier3

■ 2005 ■ 2006 ■ 2007 ■ 2008 ■ 2009



DISA Ratings Year-to-Year Trends, FY07 – FY09

DISA SES Ratings, FY07 – FY09



Level 3 Trends

- Steadily increasing
- Increased from 15% in FY08 to 20% in FY09
- Average of 14.2% of DISA SES have been rated 3 since FY07
- Standard Deviation of 6.5%

Level 4 Trends

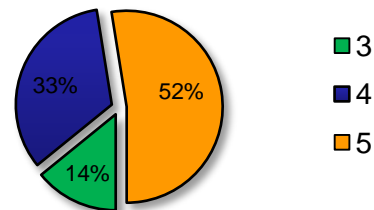
- Consistently around 45% since FY08
- Decreased from 46% in FY08 to 43% in FY09
- Average of 33.4% of DISA SES have been rated 4 since FY07
- Standard Deviation of 19.7%

Level 5 Trends

- Steadily decreasing
- Decreased from 39% in FY08 to 37% in FY09
- Average of 52.4% of DISA SES have been rated 5 since FY07
- Standard Deviation of 25.8%

On average for the last 3 years, **33%** of DISA SES got a 4, **14%** got a 3, and the remaining **52%** got a 5.

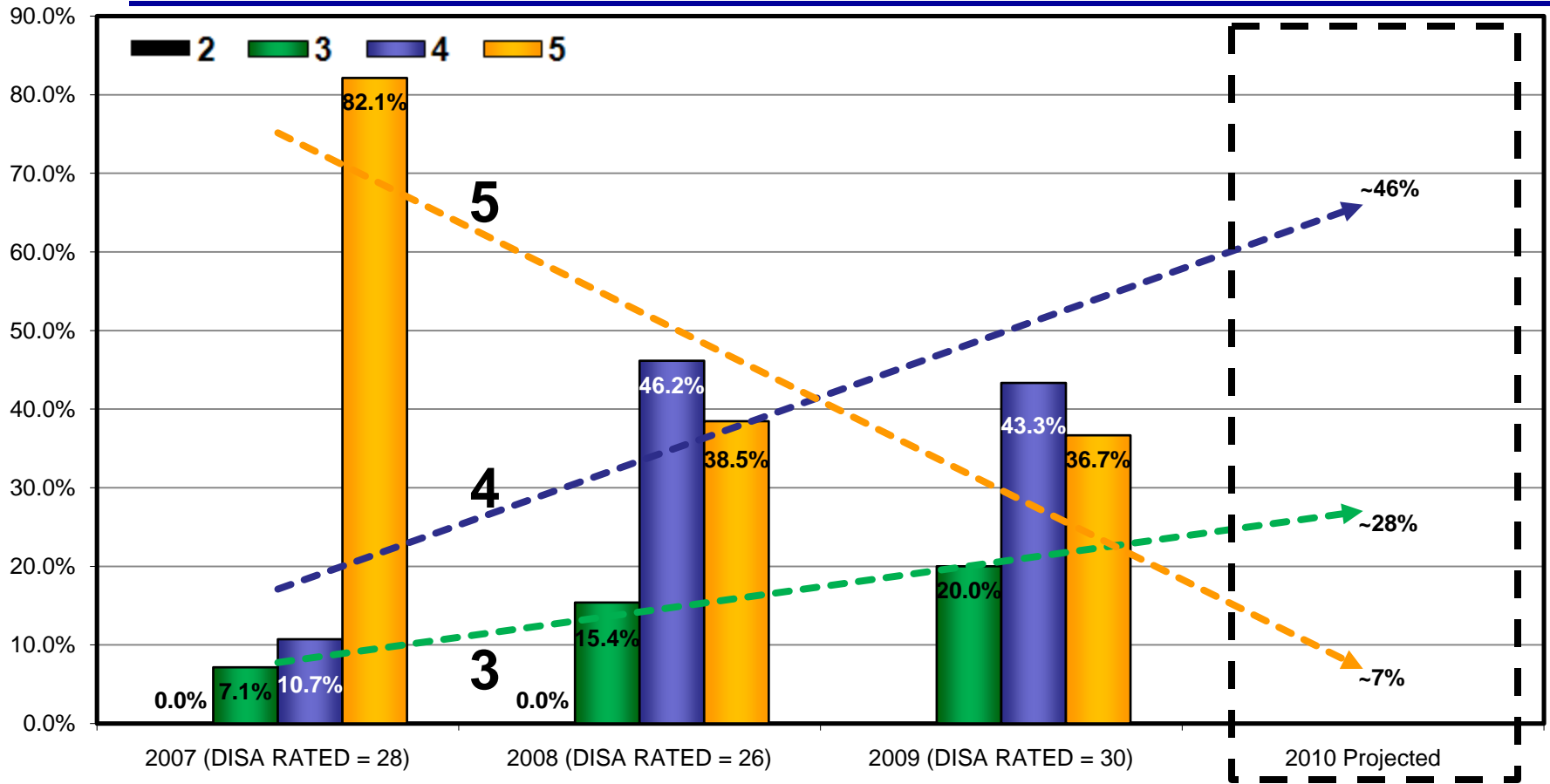
Avg. DISA Ratings Distribution



30 DISA SES Rated in FY09



Distribution of DISA SES Ratings Projected 1 Year Into Future, FY07 – FY10

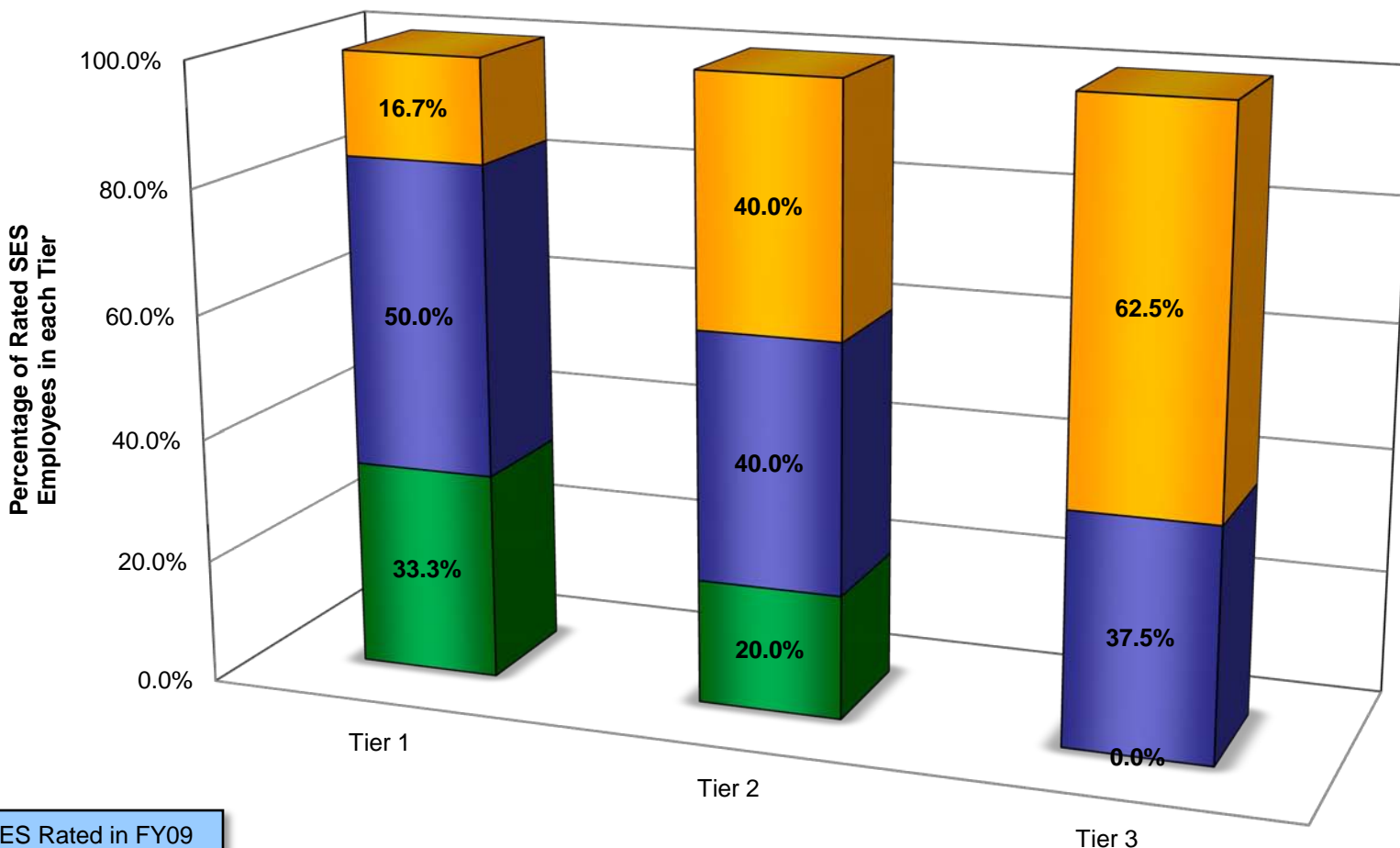


❑ Distribution of ratings is inconsistent over the last 3 years, so trend lines are not necessarily accurate predictions of 2010



DISA SES Ratings by Tier, FY09

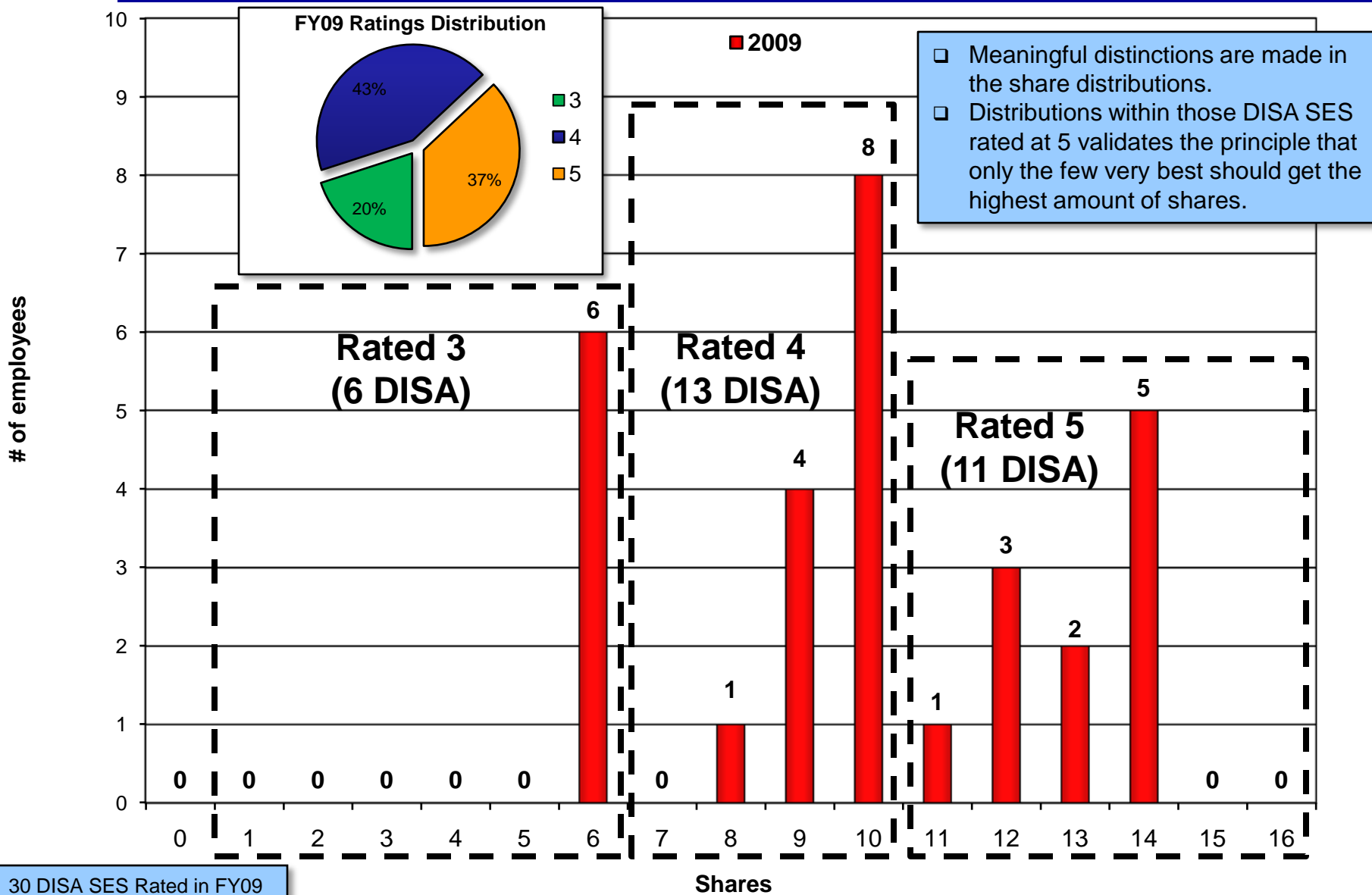
- ❑ Why are so many fewer Tier 1s rated 5 than Tier 3s?
 - Are Tier 3s the only ones doing the best work?
 - Is this an indictment on the quality of work from a Tier 1?



30 DISA SES Rated in FY09



DISA SES Share Distribution by Rating, FY09

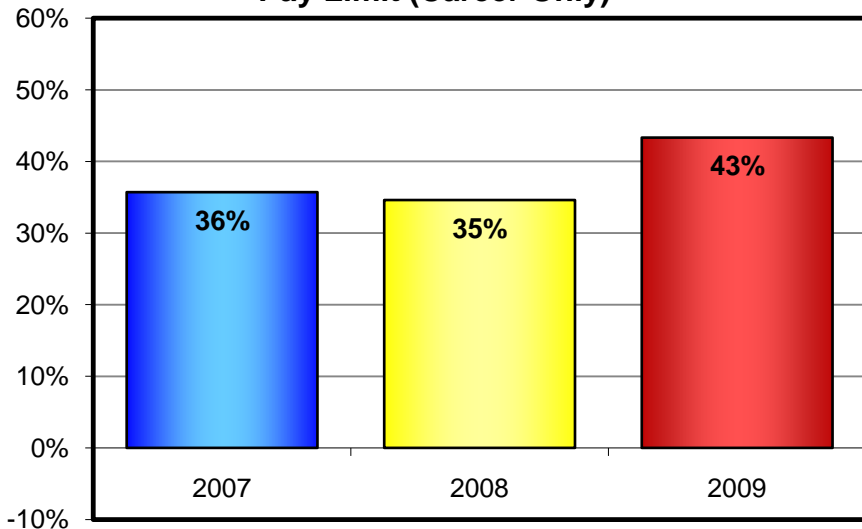




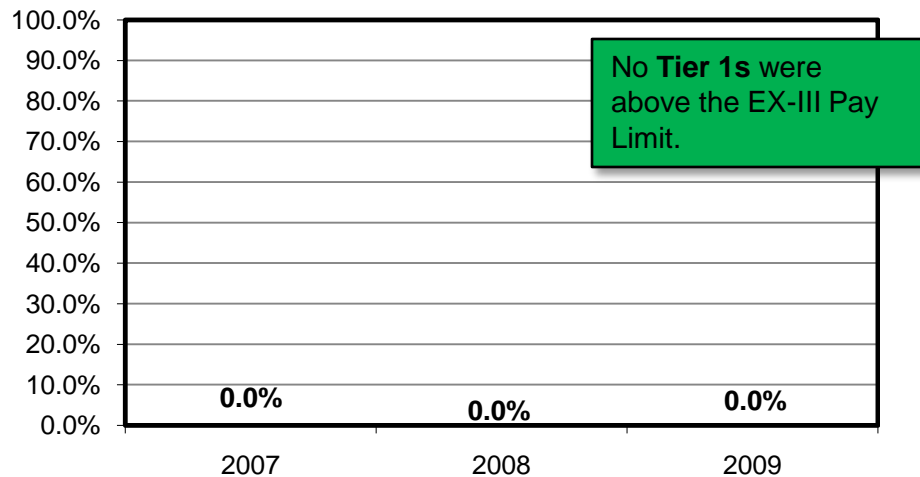
DISA SES Average Basic Pay After Adjustment Trends, FY07 – FY09

- ❑ As shown in the graphs to the right of Tier 1s, the majority of SES above Exec. Level III are clearly in Tier 3.
- ❑ Shift from NSPS forces some employees to have artificially inflated salaries.

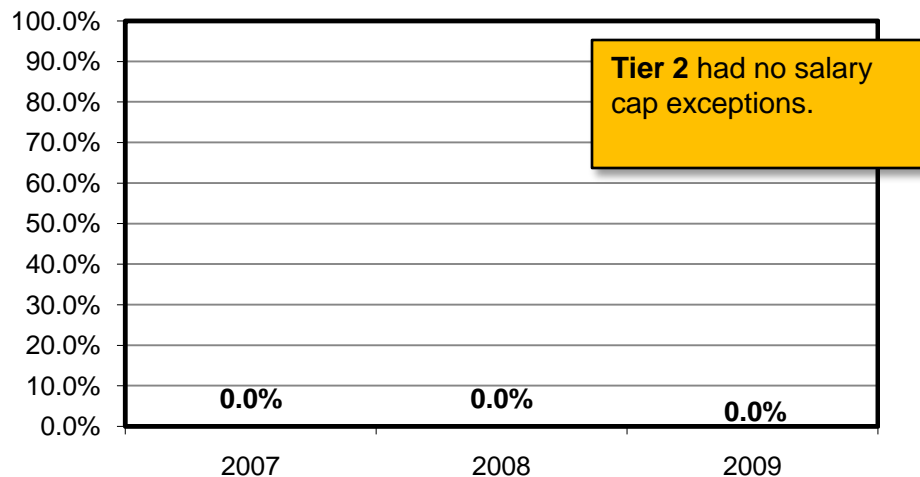
SES Salaries Above Exec. Level III Pay Limit (Career Only)



Tier 1, Over Exec. III Pay Limit (Career Only)



Tier 2, Over Tier 2 Pay Limit (Career Only)



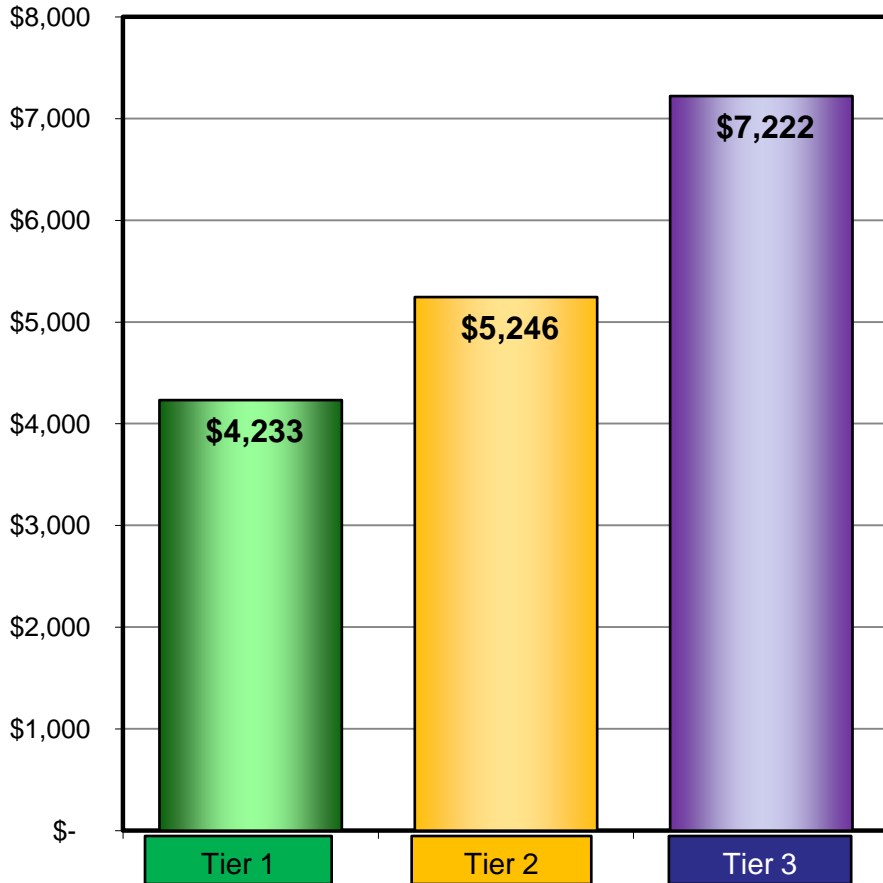
30 DISA SES Rated in FY09

■ 2007 ■ 2008 ■ 2009

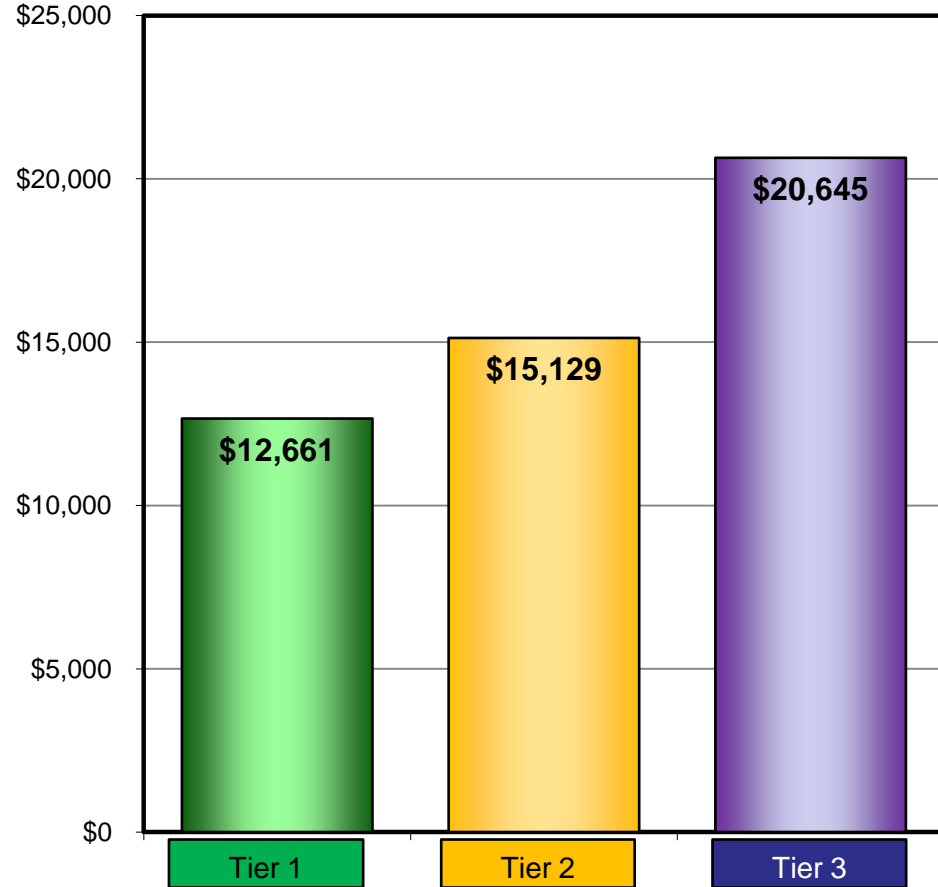


DISA SES Average Performance Pay Adjustment and Bonus By Tier, FY09

Avg. FY09 Performance Pay Adjustment by Tier Level



Avg. FY09 Performance Bonus by Tier Level



□ Tier 2s tend to receive higher Performance Bonuses and lower Pay Adjustments.



DISA Performance Payout Results at a Glance, FY07 – FY09

Results at a Glance (For Rated SES, unless otherwise noted):	FY07	FY08	FY09
Total Number (#) of SES/DISES Leaders	28	26	30
Total # Rated SES/DISES (career, non-career and limited term)	28	26	30
Number of Executives Rated/Not Rated	28 / 0	26 / 0	30 / 0
Performance Rating Levels	Level 2 (0%) Level 3 (7%) Level 4 (11%) Level 5 (82%)	Level 2 (0%) Level 3 (15%) Level 4 (46%) Level 5 (39%)	Level 2 (0%) Level 3 (20%) Level 4 (43%) Level 5 (37%)
Total Salaries ALL SES	\$4,214,326	\$4,041,113	\$4,841,938
Pay Pool Funding Factor (Pay Progression + PAEP + Performance Budget)	12%	Tier 1 – 11% Tier 2 – 13% Tier 3 – 17% DISES – 13%	Tier 1 – 11% Tier 2 – 13% Tier 3 – 17% DISES – 13%
Pay Pool Value (Pay Pool Funding Factor X Total Salaries of all covered executives)	\$505,719	\$546,523	\$645,502
Unspent Pay Pool	\$7,486	\$21,200	\$16,099
Unspent Pay Pool (as % of Total Salaries)	0.2%	0.5%	0.3%
Total Performance (Basic) Pay Increase Payouts	\$161,087	\$154,068	\$161,031
Avg. Performance (Basic) Pay Increase	\$6,196	\$6,163	\$5368
Average Salary (after Performance Adjustments) (“New Basic Pay”)	\$156,265	\$161,353	\$166,766
Number of Executives Paid Above Executive Level III	10	9	13
Total Performance Pay Increase Payouts (as % of Total Salaries)	3.8%	3.8%	3.3%
Total Performance Bonus Payouts	\$337,146	\$371,255	\$468,372
Avg. Bonus in dollars (\$)	\$12,041	\$14,279	\$15,612
Total Performance Bonus (as % of Total Salaries)	8.0%	9.2%	9.7%
Percent of Rated SES Members Receiving a Bonus	100%	100%	100%

DLA



Legend For Following Section

■ 2 ■ 3 ■ 4 ■ 5

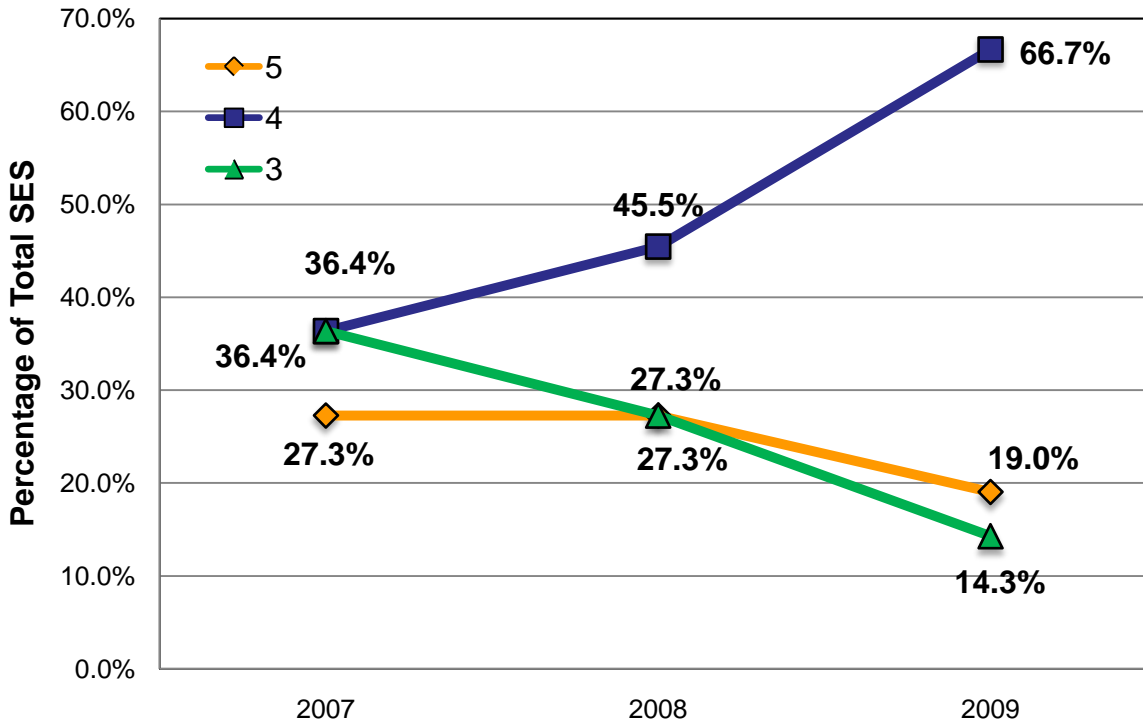
■ Tier1 ■ Tier2 ■ Tier3

■ 2005 ■ 2006 ■ 2007 ■ 2008 ■ 2009



DLA Ratings Year-to-Year Trends, FY07 – FY09

DLA SES Ratings, FY07 – FY09



Level 3 Trends

- Decreased from 27% in FY08 to 14% in FY09
- Average of 26.0% of DLA SES have been rated 3 since FY07
- Standard Deviation of 11.1%

Level 4 Trends

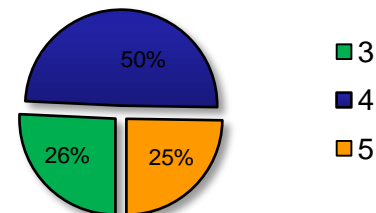
- Steadily increasing
- Increased from 46% in FY08 to 76% in FY09
- Average of 49.5% of DLA SES have been rated 4 since FY07
- Standard Deviation of 15.6%

Level 5 Trends

- Steadily decreasing
- Decreased from 27% in FY08 to 19% in FY09
- Average of 24.5% of DLA SES have been rated 5 since FY07
- Standard Deviation of 4.8%

On average for the last 3 years, **50%** of DLA SES got a 4, **26%** got a 3, and the remaining **25%** got a 5.

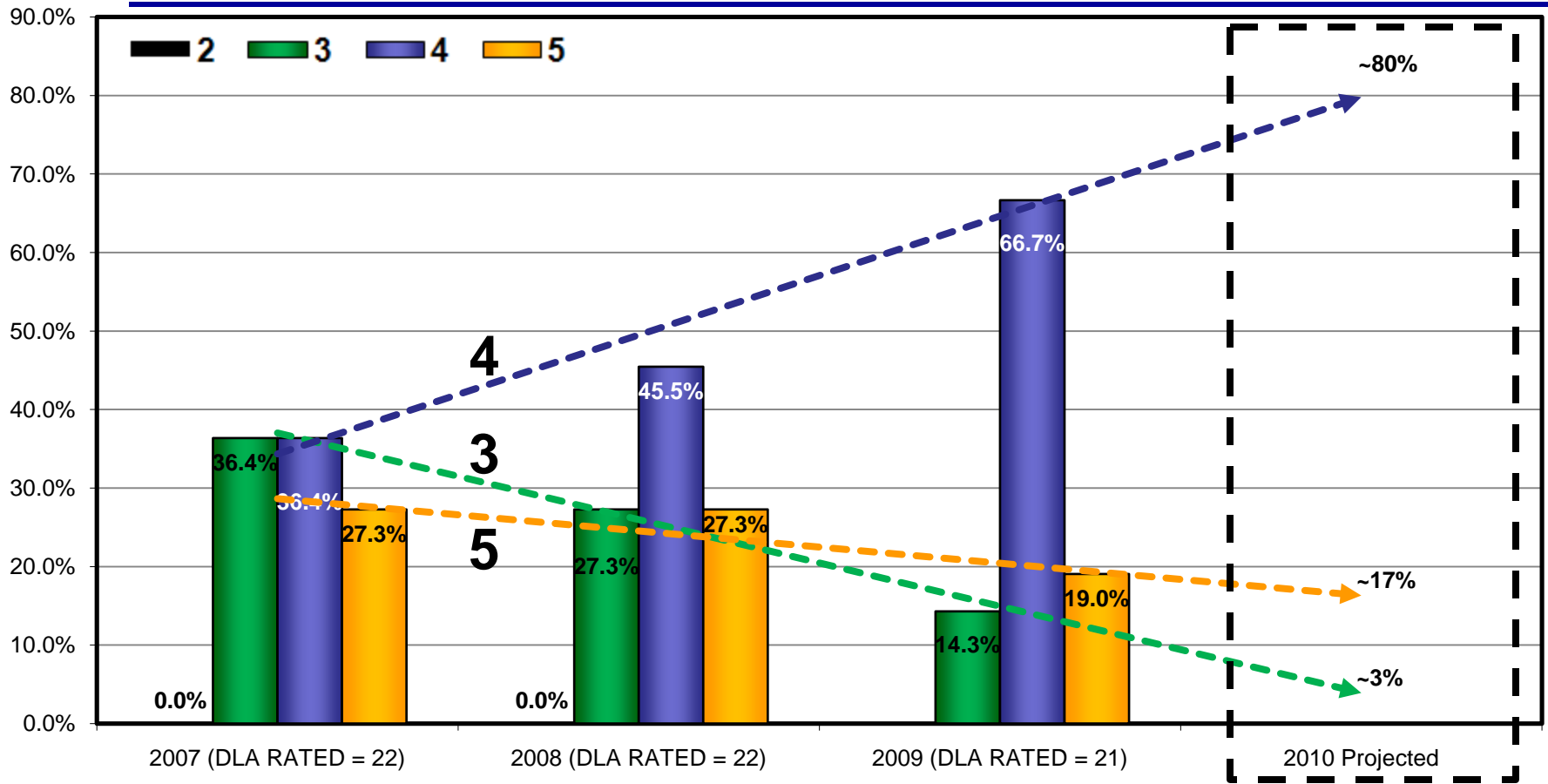
Avg. DLA Ratings Distribution



22 DLA SES Rated in FY09



Distribution of DLA SES Ratings Projected 1 Year Into Future, FY07 – FY10

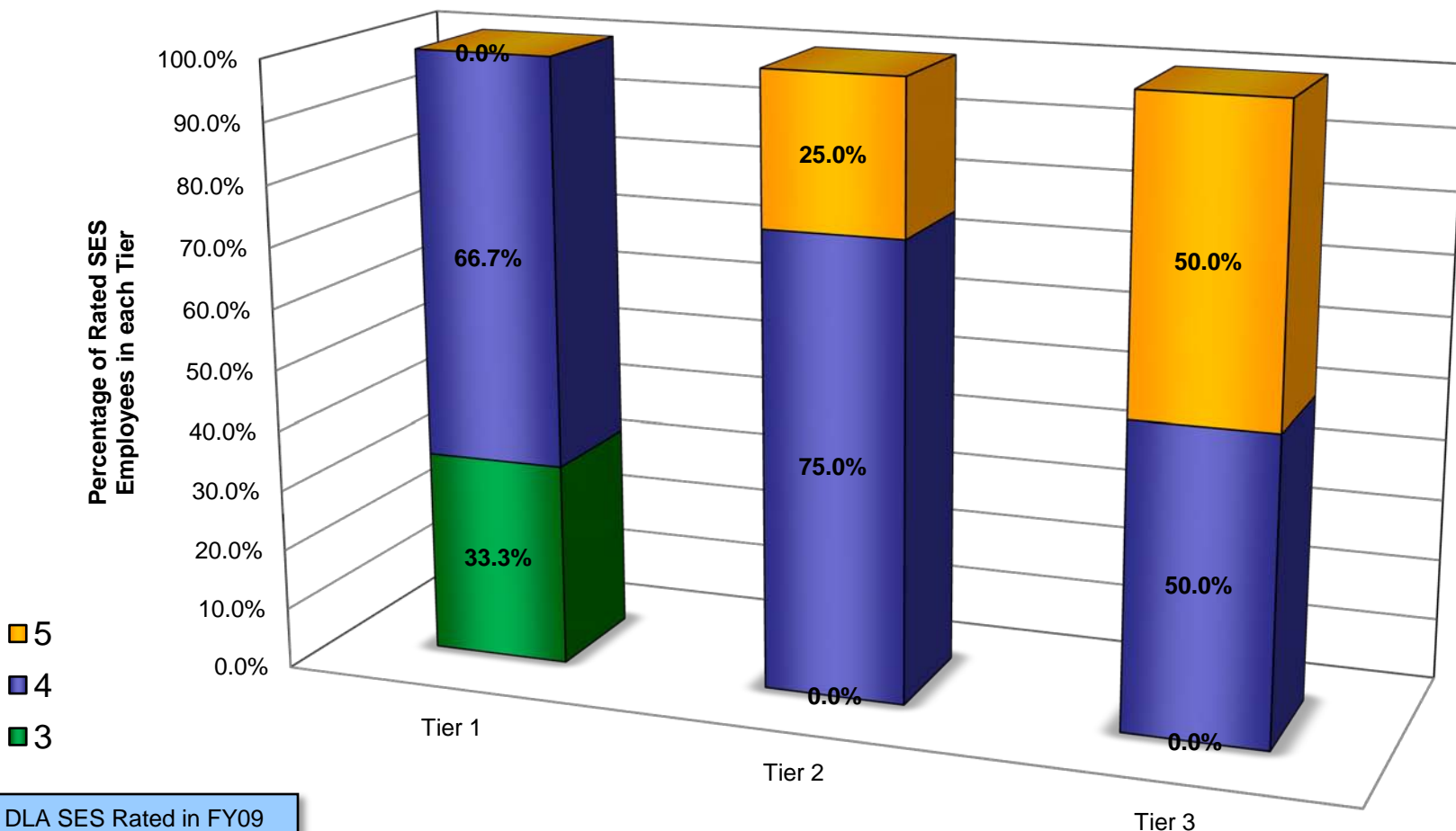


❑ Distribution of ratings is inconsistent over the last 3 years, so trendlines are not necessarily accurate predictions of 2010.



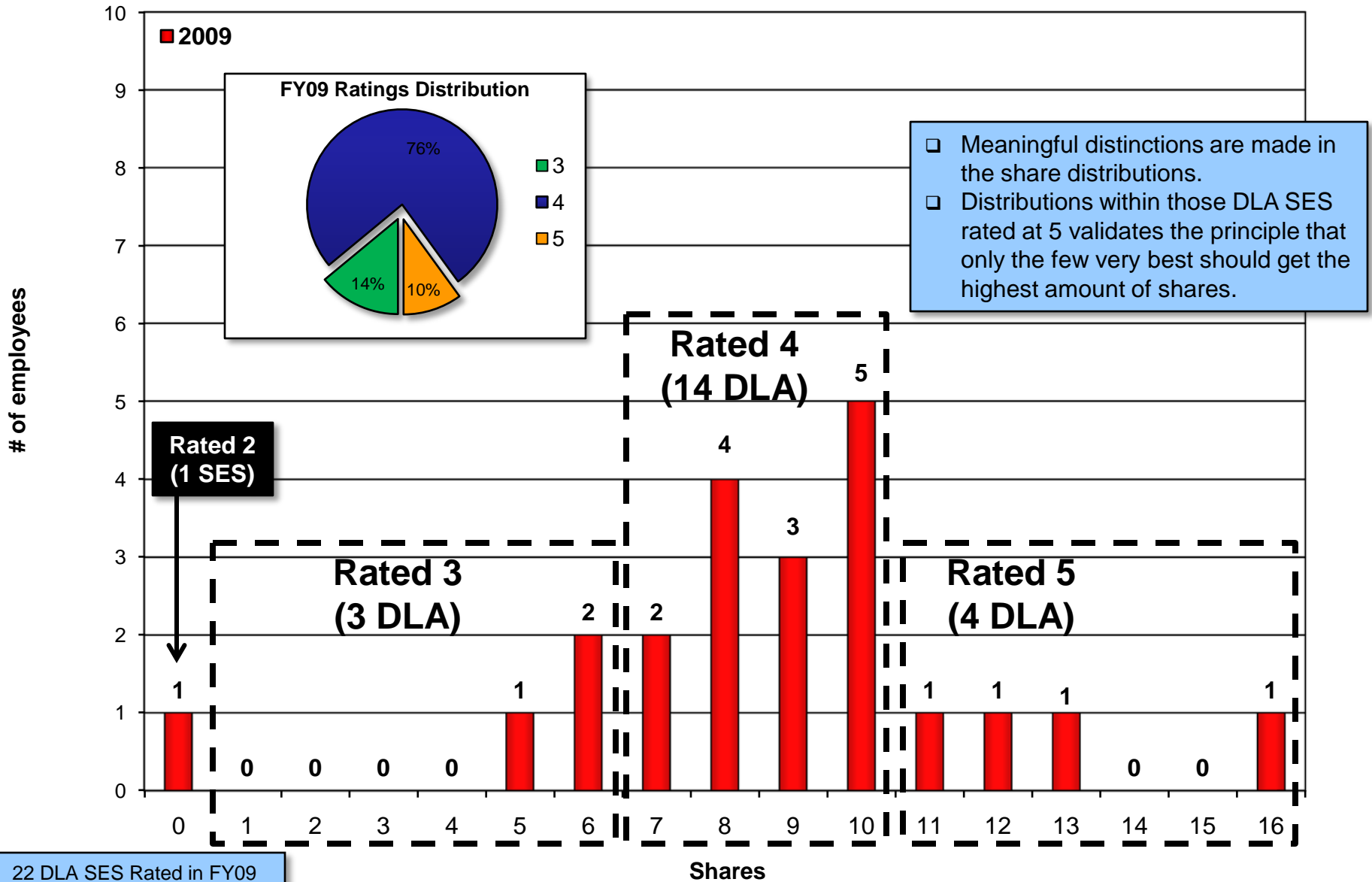
DLA SES Ratings by Tier, FY09

- ❑ Why are so many fewer Tier 1s rated 5 than Tier 3s?
 - Are Tier 3s the only ones doing the best work?
 - Is this an indictment on the quality of work from a Tier 1?





DLA SES Share Distribution by Rating, FY09

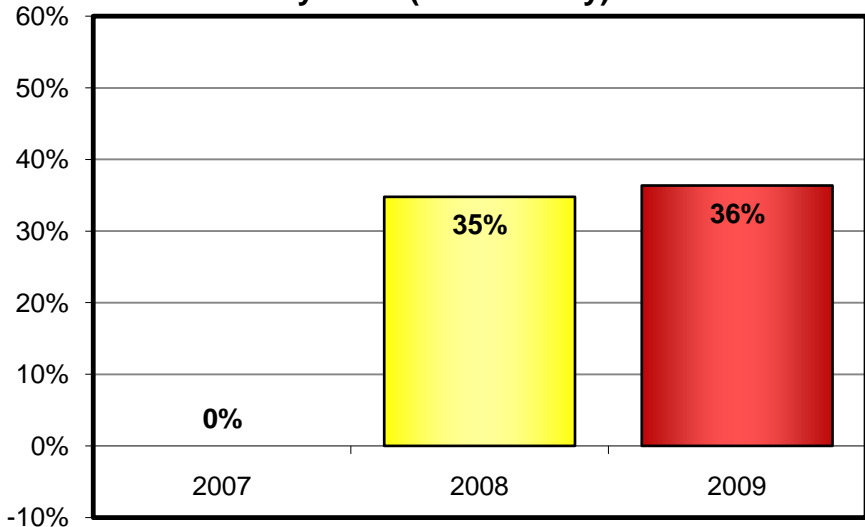




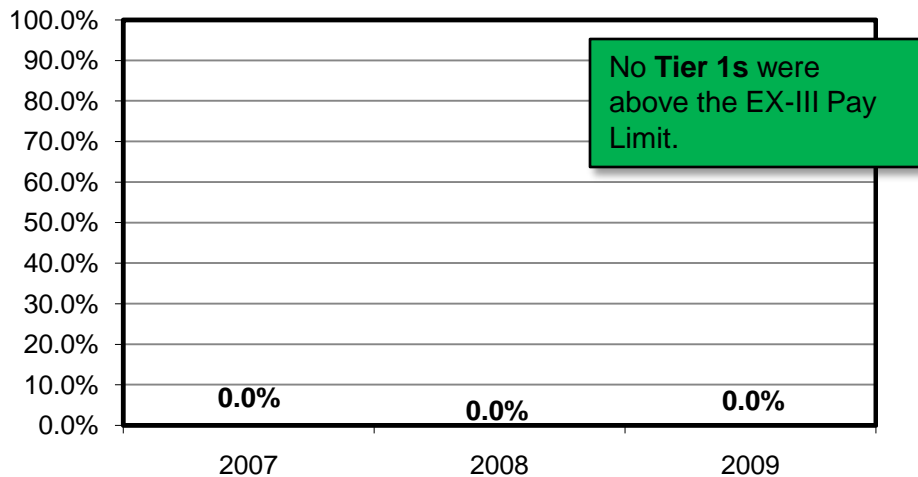
DLA SES Average Basic Pay After Adjustment Trends, FY07 – FY09

- ❑ As shown in the graphs to the right of Tier 1s, the majority of SES above Exec. Level III are clearly in Tier 3.
- ❑ Shift from NSPS forces some employees to have artificially inflated salaries.

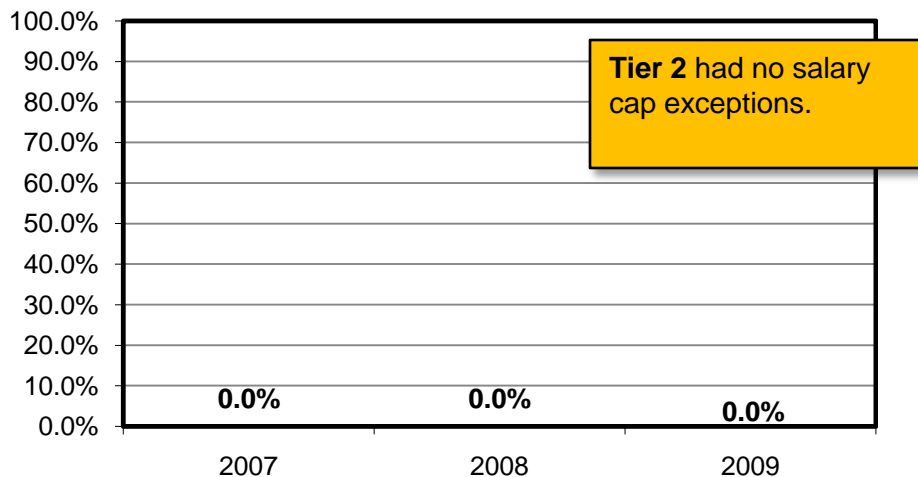
SES Salaries Above Exec. Level III Pay Limit (Career Only)



Tier 1, Over Exec. III Pay Limit (Career Only)



Tier 2, Over Tier 2 Pay Limit (Career Only)



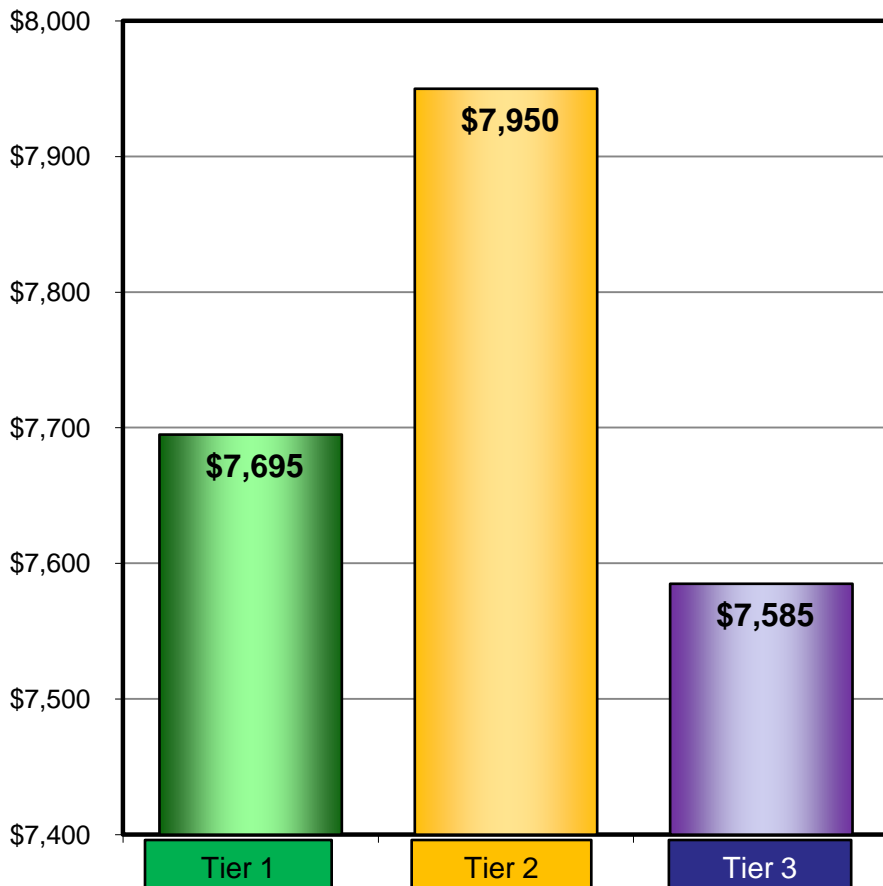
22 DLA SES Rated in FY09

■ 2007 ■ 2008 ■ 2009

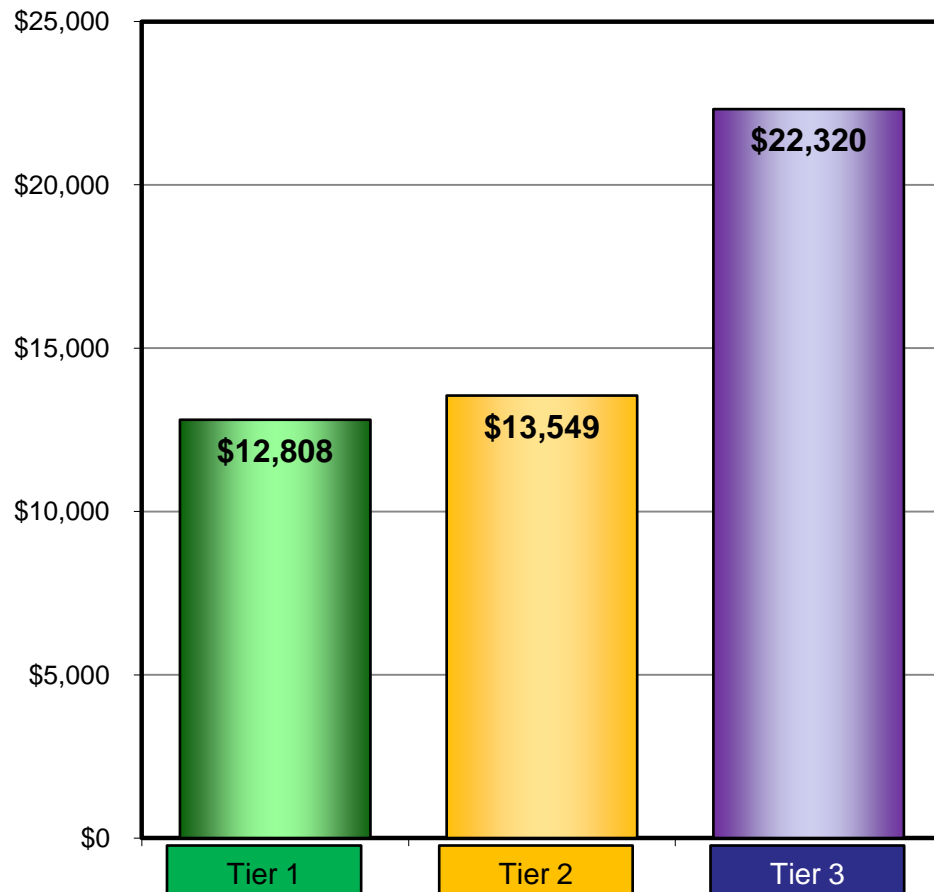


DLA SES Average Performance Pay Adjustment and Bonus By Tier, FY09

Avg. FY09 Performance Pay Adjustment by Tier Level



Avg. FY09 Performance Bonus by Tier Level



□ Tier 2s tend to receive **higher Performance Bonuses** and **lower Pay Adjustments**.



DLA Performance Payout Results at a Glance, FY07 – FY09

Results at a Glance (For Rated SES, unless otherwise noted):	FY07	FY08	FY09
Total Number (#) of SES/DISES Leaders	22	23	22
Total # Rated SES/DISES (career, non-career and limited term)	22	22	21
Number of Executives Rated/Not Rated	22 / 0	22 / 1	21 / 1
Performance Rating Levels	Level 2 (0%) Level 3 (36%) Level 4 (36%) Level 5 (27%)	Level 2 (0%) Level 3 (27%) Level 4 (46%) Level 5 (27%)	Level 2 (0%) Level 3 (14%) Level 4 (67%) Level 5 (19%)
Total Salaries ALL SES	\$3,339,751	\$3,542,000	\$3,480,050
Pay Pool Funding Factor (Pay Progression + PAEP + Performance Budget)	12%	Tier 1 – 11% Tier 2 – 13% Tier 3 – 17% DISES – 13%	Tier 1 – 11% Tier 2 – 13% Tier 3 – 17% DISES – 13%
Pay Pool Value (Pay Pool Funding Factor X Total Salaries of all covered executives)	\$400,770	\$464,284	\$448,654
Unspent Pay Pool	\$22,692	\$23,897	\$-1,557
Unspent Pay Pool (as % of Total Salaries)	0.7%	0.7%	-0.04%
Total Performance (Basic) Pay Increase Payouts	\$88,649	\$115,650	\$124,463
Avg. Performance (Basic) Pay Increase	\$4,221	\$5,783	\$7,779
Average Salary (after Performance Adjustments) (“New Basic Pay”)	\$155,836	\$159,028	\$163,842
Number of Executives Paid Above Executive Level III	6	8	8
Total Performance Pay Increase Payouts (as % of Total Salaries)	2.7%	3.3%	3.6%
Total Performance Bonus Payouts	\$289,429	\$324,737	\$325,747
Avg. Bonus in dollars (\$)	\$20,674	\$17,091	\$15,512
Total Performance Bonus (as % of Total Salaries)	8.7%	9.2%	9.4%
Percent of Rated SES Members Receiving a Bonus	63.9%	86.4%	100%

DTRA



Legend For Following Section

■ 2 ■ 3 ■ 4 ■ 5

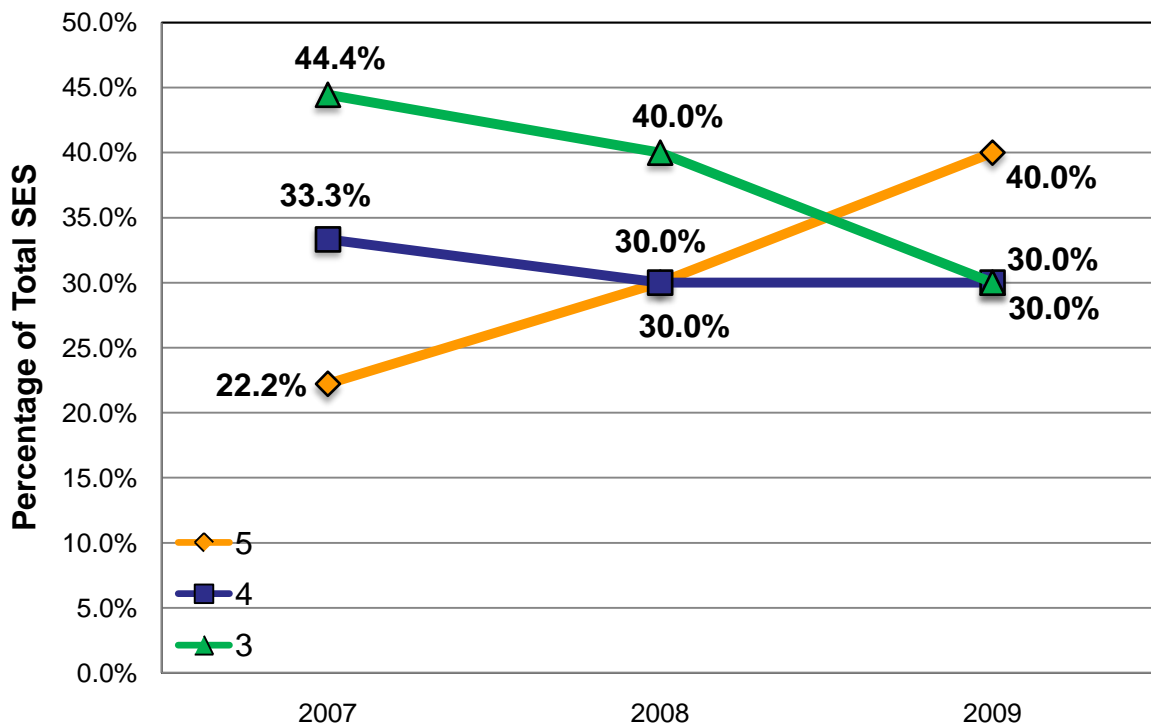
■ Tier1 ■ Tier2 ■ Tier3

■ 2005 ■ 2006 ■ 2007 ■ 2008 ■ 2009



DTRA Ratings Year-to-Year Trends, FY07 – FY09

DTRA SES Ratings, FY07 – FY09



Level 3 Trends

- Steadily decreasing
- Decreased from 40% in FY08 to 30% in FY09
- Average of 38.2% of DTRA SES have been rated 3 since FY07
- Standard Deviation of 7.4%

Level 4 Trends

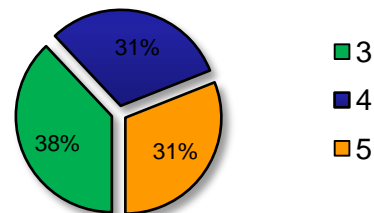
- Steady around 30%
- Stayed constant at 30%
- Average of 31.1% of DTRA SES have been rated 4 since FY07
- Standard Deviation of 1.9%

Level 5 Trends

- Steadily increasing
- Increased from 30% in FY08 to 40% in FY09
- Average of 30.7% of DTRA SES have been rated 5 since FY07
- Standard Deviation of 8.9%

On average for the last 3 years, 31% of DTRA SES got a 4, 38% got a 3, and the remaining 31% got a 5.

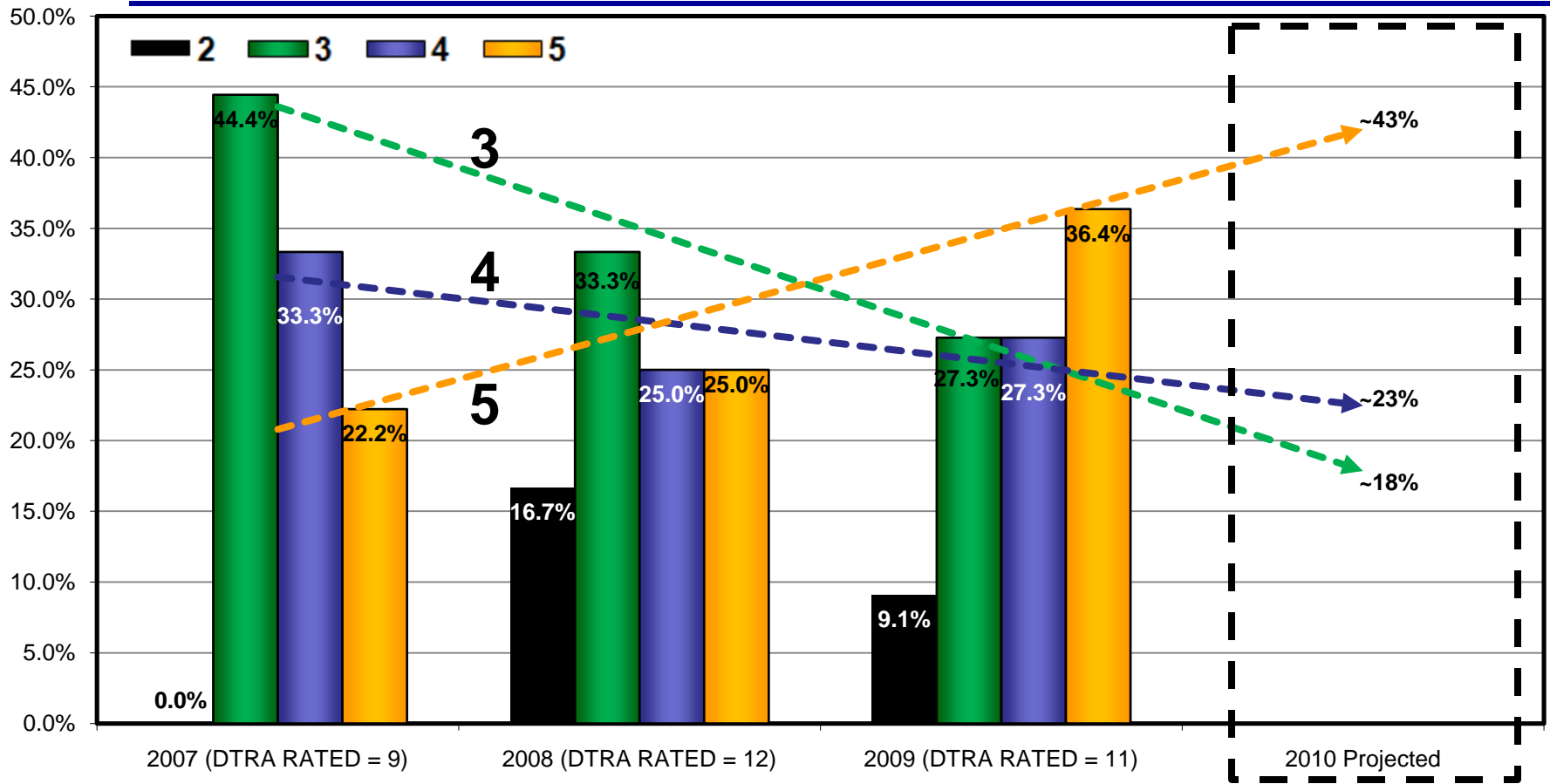
Avg. DTRA Ratings Distribution



11 DTRA SES Rated in FY09



Distribution of DTRA SES Ratings Projected 1 Year Into Future, FY07 – FY10

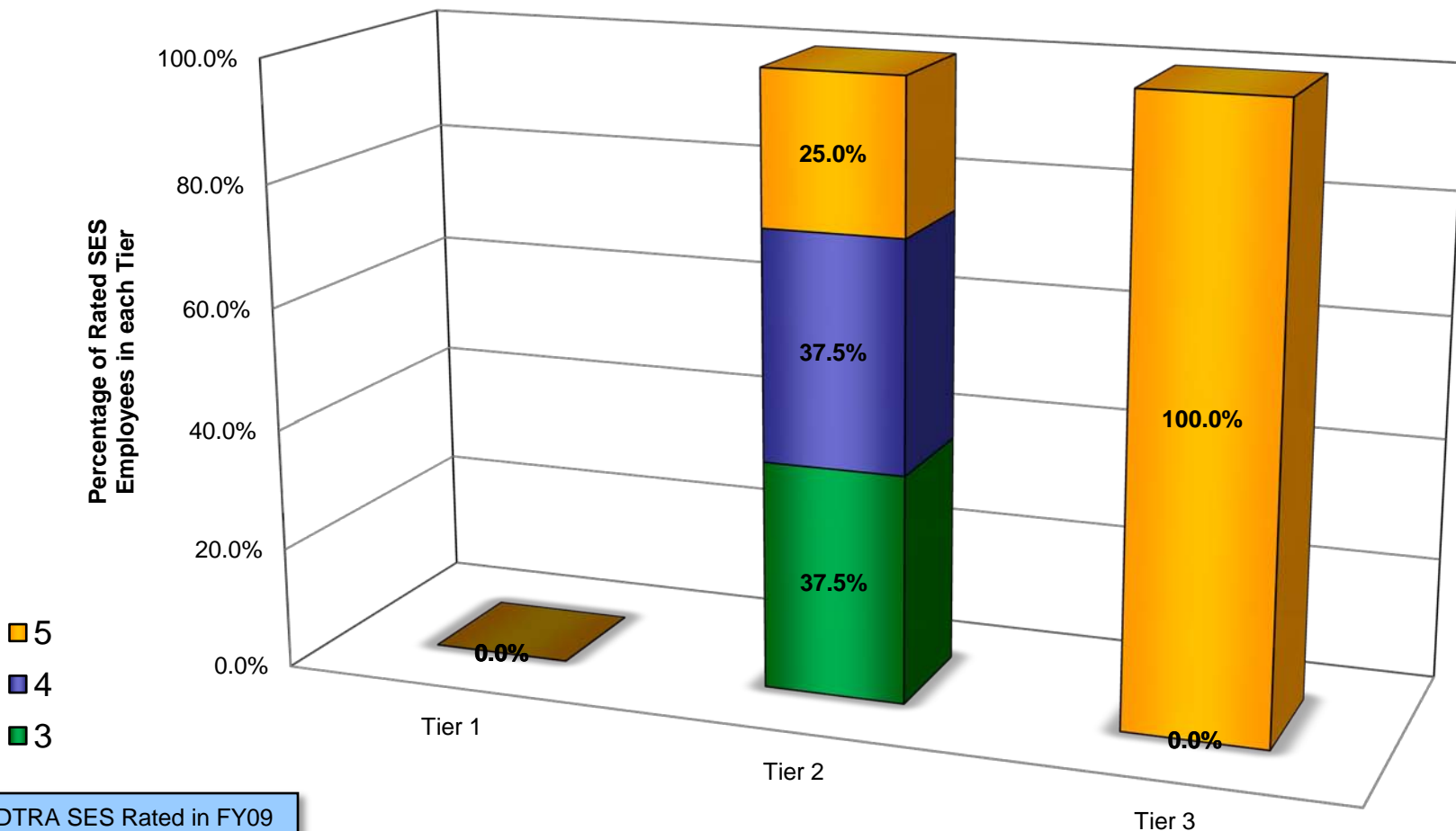


□ 3s are trending steadily down while 5s are trending steadily up



DTRA SES Ratings by Tier, FY09

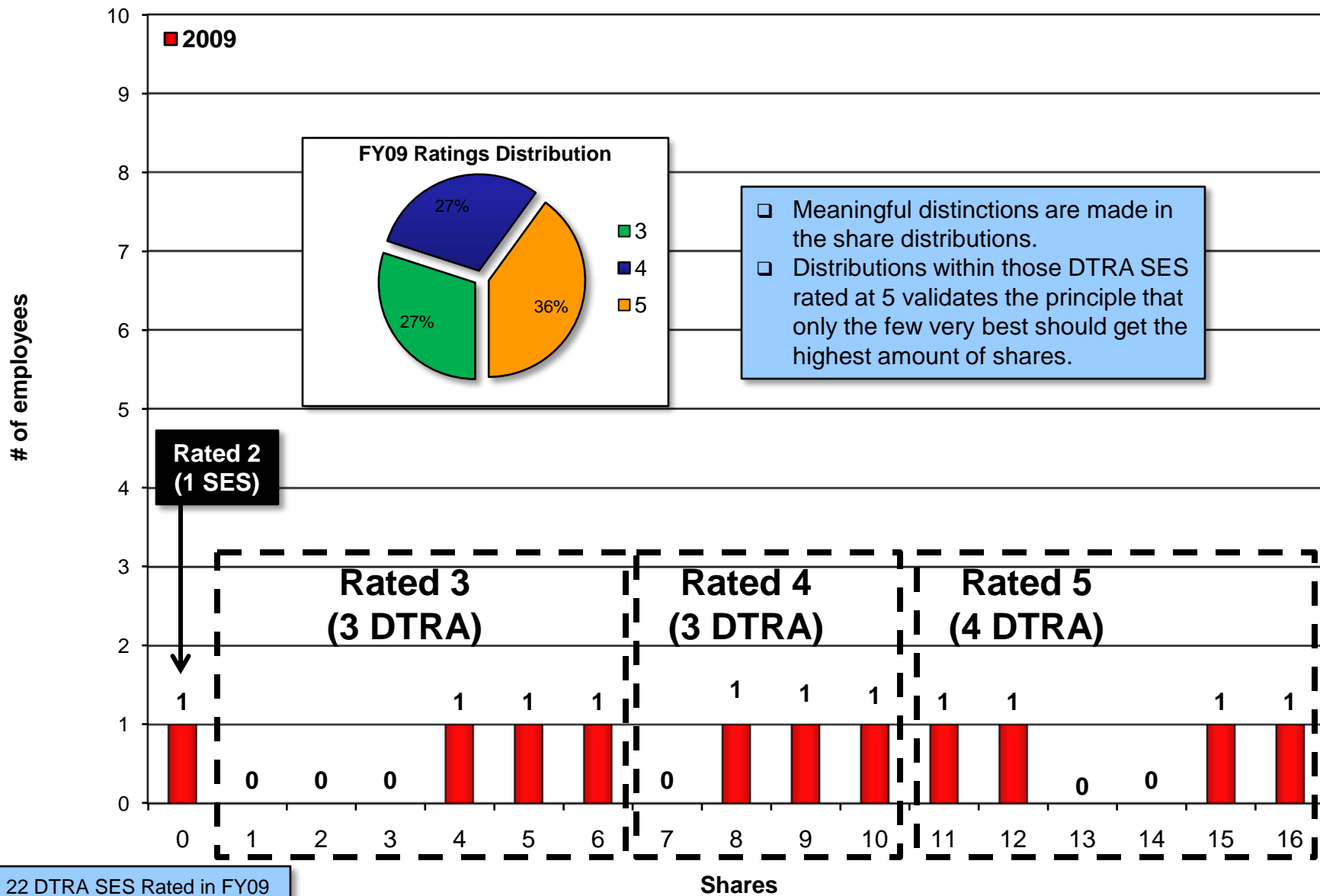
- ❑ The only Tier 1 DTRA SES was rated at a 2
- ❑ Why are so many fewer Tier 2s rated 5 than Tier 3s?
 - Are Tier 3s the only ones doing the best work?
 - Is this an indictment on the quality of work from a Tier 1?



11 DTRA SES Rated in FY09



DTRA SES Share Distribution by Rating, FY09

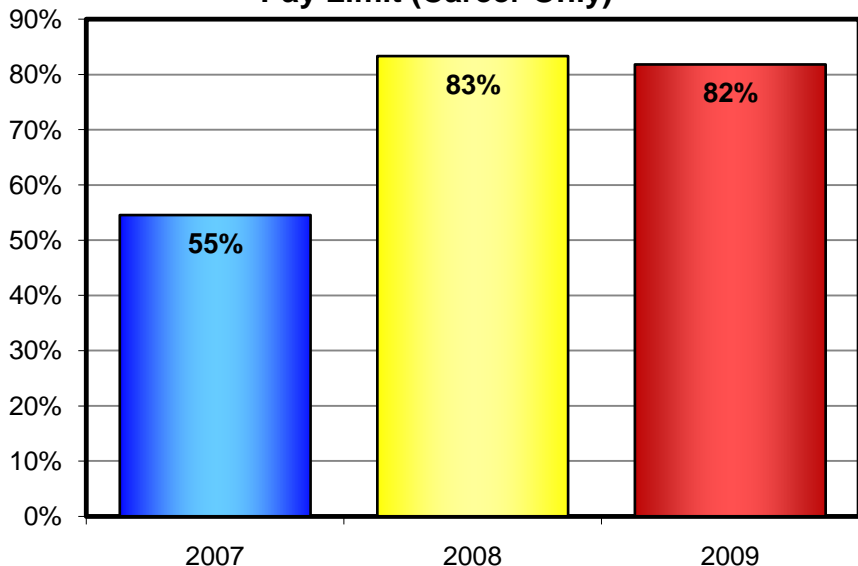




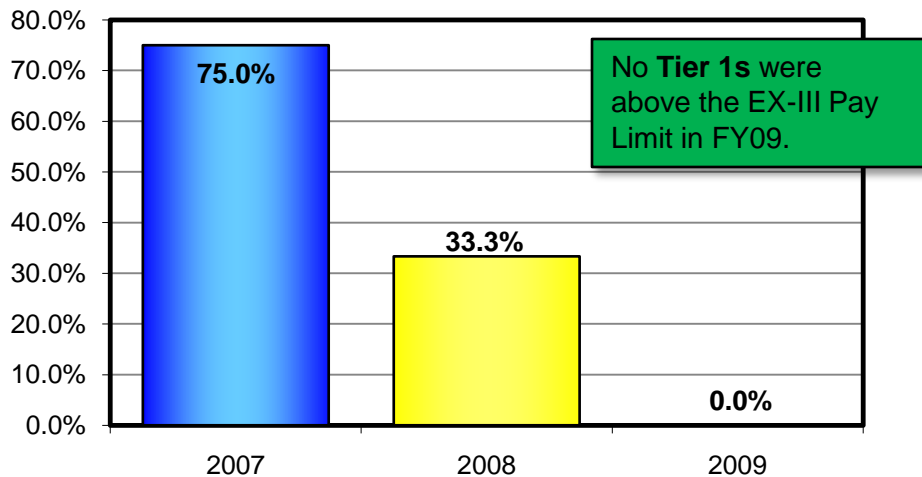
DTRA SES Average Basic Pay After Adjustment Trends, FY07 – FY09

- As shown in the graphs to the right of Tier 1s, the majority of SES above Exec. Level III are clearly in Tier 3.
- Shift from NSPS forces some employees to have artificially inflated salaries.

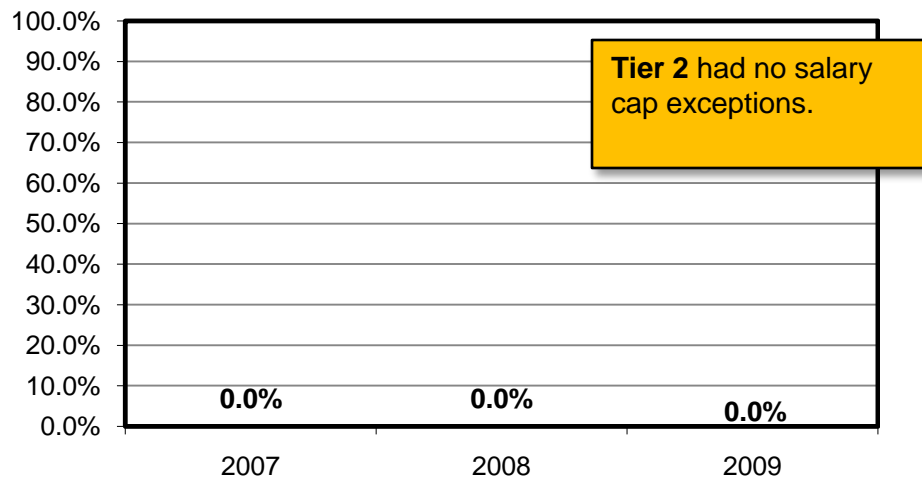
SES Salaries Above Exec. Level III Pay Limit (Career Only)



Tier 1, Over Exec. III Pay Limit (Career Only)



Tier 2, Over Tier 2 Pay Limit (Career Only)



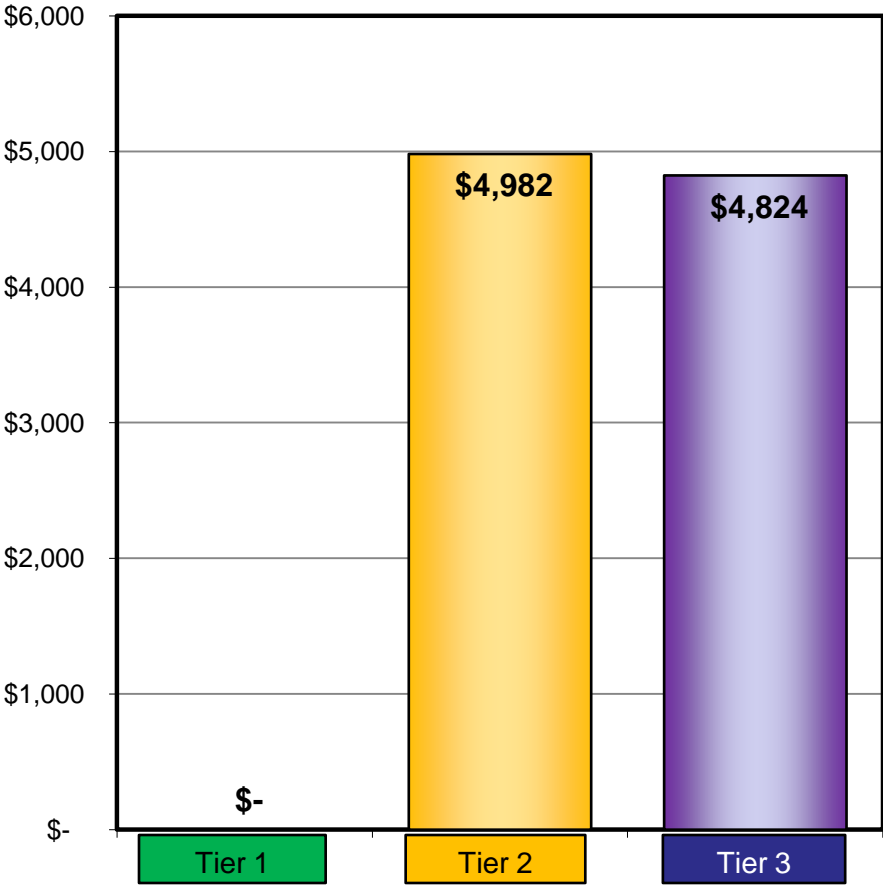
11 DTRA SES Rated in FY09

■ 2007 ■ 2008 ■ 2009

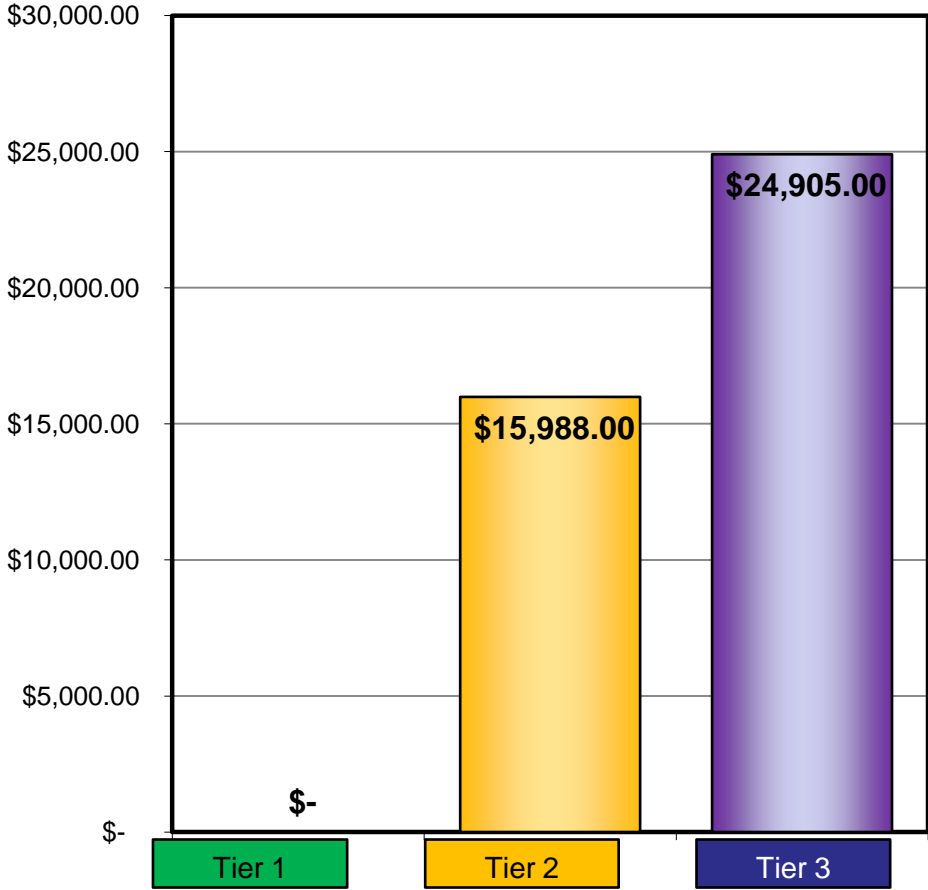


DTRA SES Average Performance Pay Adjustment and Bonus By Tier, FY09

Avg. FY09 Performance Pay Adjustment by Tier Level



Avg. FY09 Performance Bonus by Tier Level



❑ Only 1 Tier 1, and he/she did not receive a bonus or pay adjustment.
❑ **Tier 3s** tend to receive **higher Performance Bonuses** and **lower Pay Adjustments**.



DTRA Performance Payout Results at a Glance, FY07 – FY09

Results at a Glance (For Rated SES, unless otherwise noted):	FY07	FY08	FY09
Total Number (#) of SES/DISES Leaders	11	12	11
Total # Rated SES/DISES (career, non-career and limited term)	9	12	11
Number of Executives Rated/Not Rated	9 / 2	12 / 0	11 / 0
Performance Rating Levels	Level 2 (0%) Level 3 (44%) Level 4 (33%) Level 5 (22%)	Level 2 (17%) Level 3 (33%) Level 4 (25%) Level 5 (25%)	Level 2 (9%) Level 3 (27%) Level 4 (27%) Level 5 (36%)
Total Salaries ALL SES	\$1,738,543	\$1,918,623	\$1,818,866
Pay Pool Funding Factor (Pay Progression + PAEP + Performance Budget)	12%	Tier 1 – 11% Tier 2 – 13% Tier 3 – 17% DISES – 13%	Tier 1 – 11% Tier 2 – 13% Tier 3 – 17% DISES – 13%
Pay Pool Value (Pay Pool Funding Factor X Total Salaries of all covered executives)	\$208,625	\$260,161	\$247,420
Unspent Pay Pool	\$6,615	\$74,671	\$20,208
Unspent Pay Pool (as % of Total Salaries)	0.4%	3.9%	1.1%
Total Performance (Basic) Pay Increase Payouts	\$32,700	\$60,583	\$49,500
Avg. Performance (Basic) Pay Increase	\$4,088	\$6,731	\$6,188
Average Salary (after Performance Adjustments) (“New Basic Pay”)	\$161,022	\$164,934	\$169,851
Number of Executives Paid Above Executive Level III	6	10	9
Total Performance Pay Increase Payouts (as % of Total Salaries)	1.9%	3.2%	2.7%
Total Performance Bonus Payouts	\$169,310	\$124,907	\$177,712
Avg. Bonus in dollars (\$)	\$18,812	\$12,491	\$17,771
Total Performance Bonus (as % of Total Salaries)	9.7%	6.5%	9.8%
Percent of Rated SES Members Receiving a Bonus	100%	83.3%	90.9%

OUSD(I) DISES



Legend For Following Section

■ 2 ■ 3 ■ 4 ■ 5

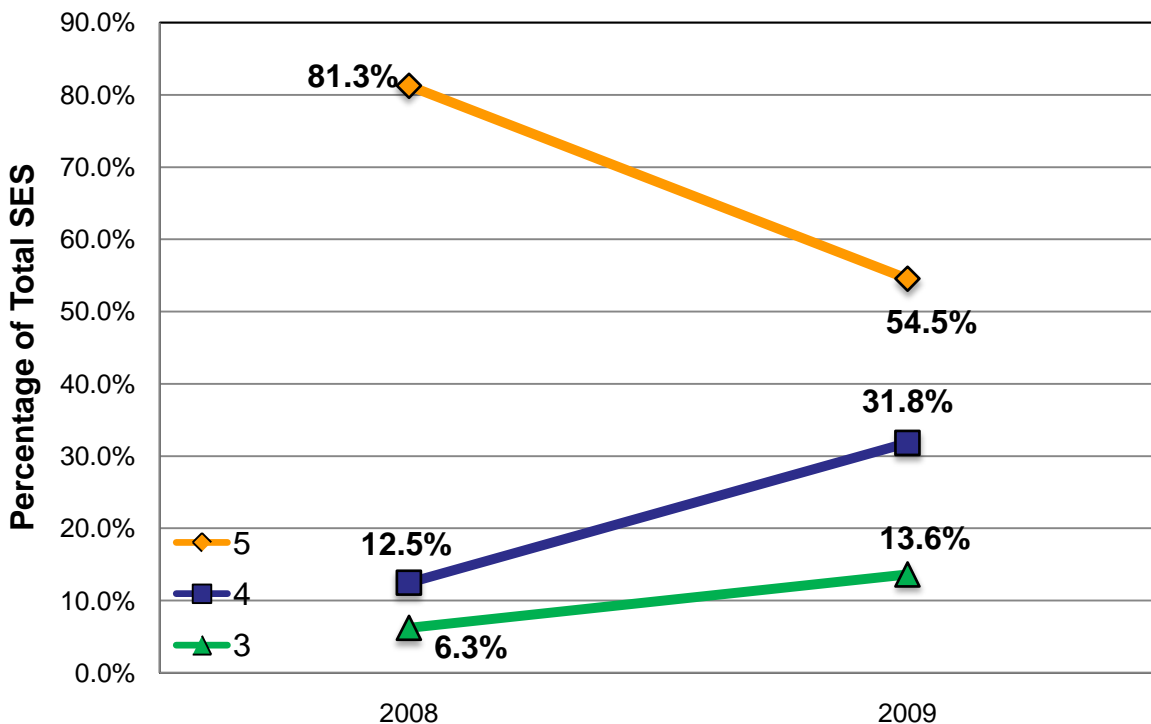
■ Tier1 ■ Tier2 ■ Tier3

■ 2005 ■ 2006 ■ 2007 ■ 2008 ■ 2009



OUSD(I) Ratings Year-to-Year Trends, FY08 – FY09

OUSD(I) SES Ratings, FY08 – FY09



Level 3 Trends

- Increased from 6.3% in FY08 to 13.6% in FY09
- Average of 9.9% of OUSD(I) SES have been rated 3 since FY08
- Standard Deviation of 5.2%

Level 4 Trends

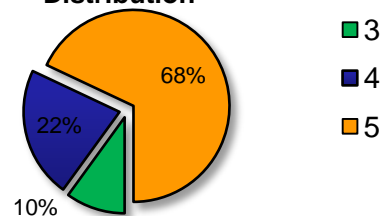
- More than doubled from 12.5% in FY08 to 31.8% in FY09
- Average of 22.2% of OUSD(I) SES have been rated 4 since FY08
- Standard Deviation of 13.7%

Level 5 Trends

- Decreased from 81% in FY08 to 55% in FY09
- Average of 67.9% of OUSD(I) SES have been rated 5 since FY08
- Standard Deviation of 18.9%

On average for the last 2 years, 22% of OUSD(I) SES got a 4, 10% got a 3, and 68% got a 5.

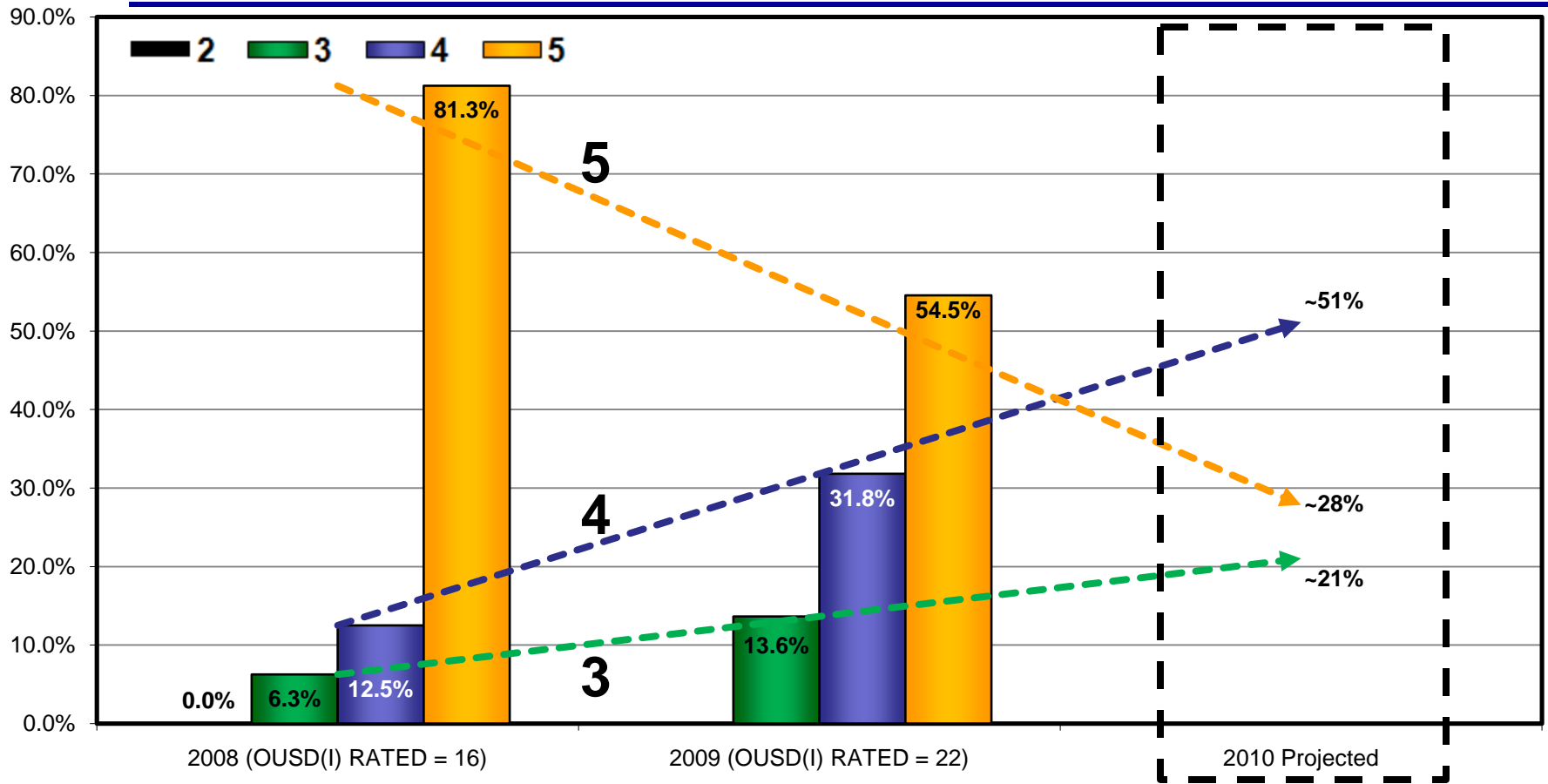
Avg. OUSD(I) Ratings Distribution



24 OUSD(I) SES Rated in FY09



Distribution of OUSD(I) SES Ratings Projected 1 Year Into Future, FY07 – FY10

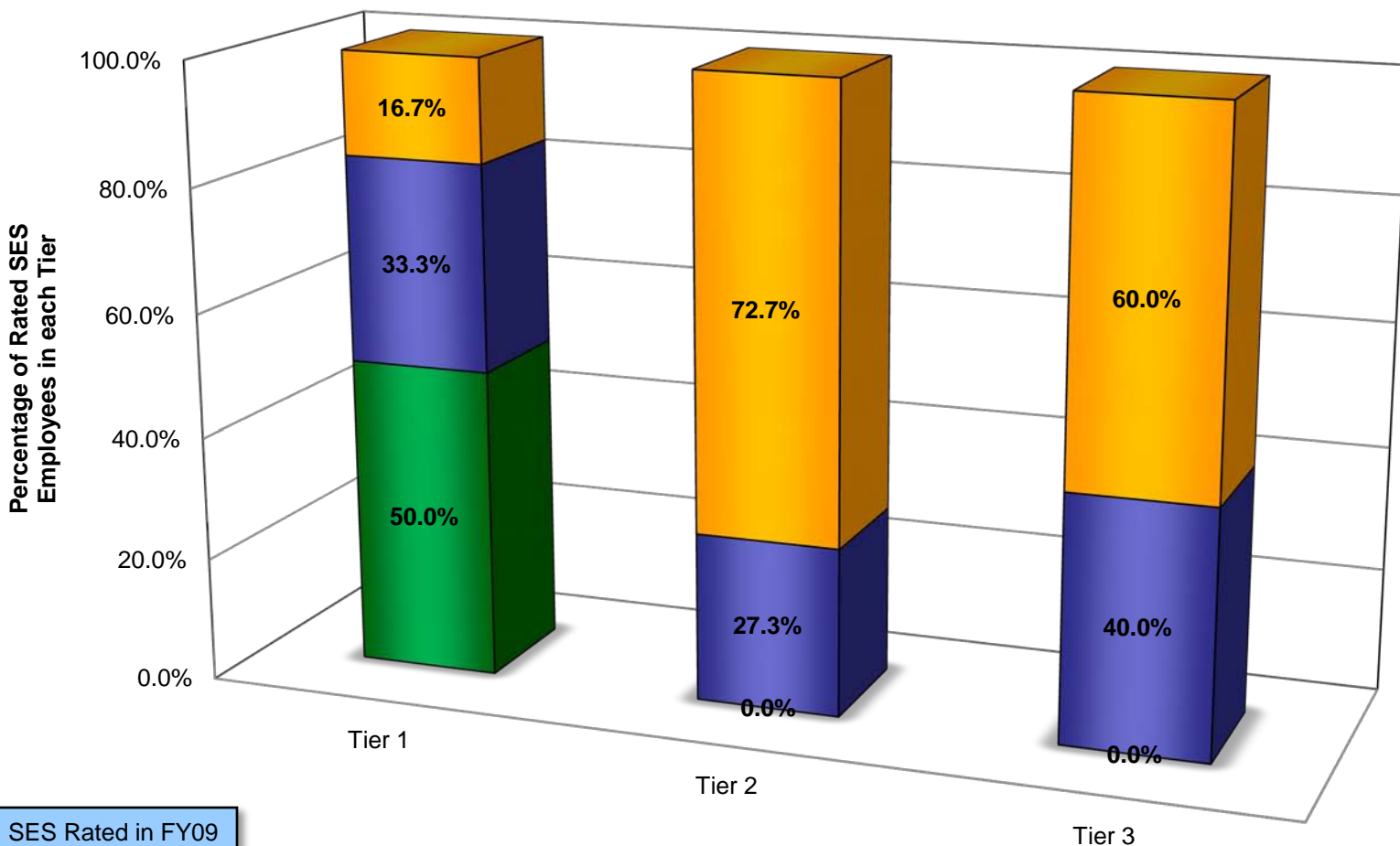


□ 5s are trending steadily down while 3s and 4s are trending steadily up



OUSD(I) SES Ratings by Tier, FY09

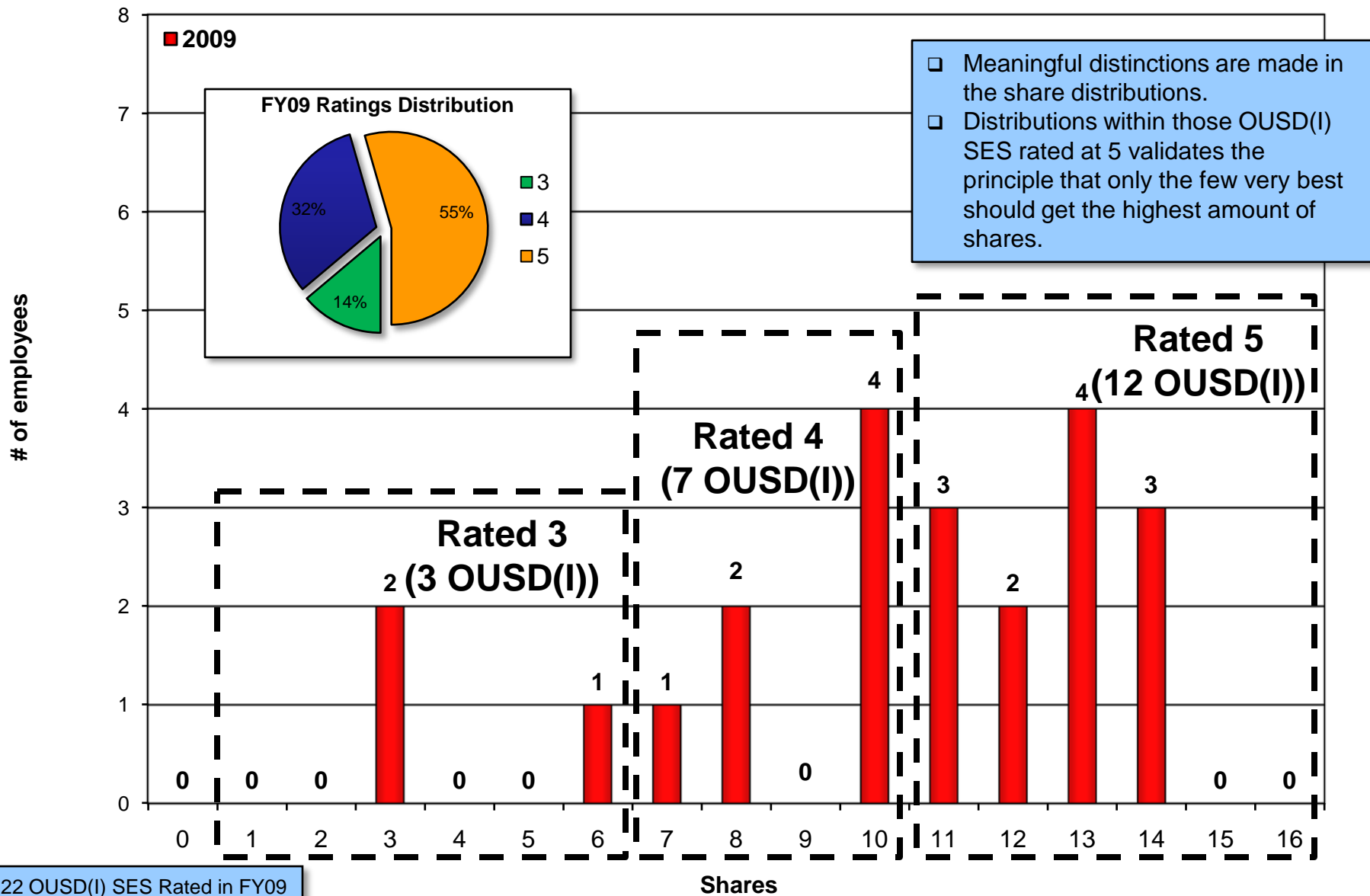
- ❑ Why are so many fewer Tier 1s rated 5 than Tier 2s and 3s?
 - Are Tier 3s the only ones doing the best work?
 - Is this an indictment on the quality of work from a Tier 1?



22 OUSD(I) SES Rated in FY09



OUSD(I) SES Share Distribution by Rating, FY09

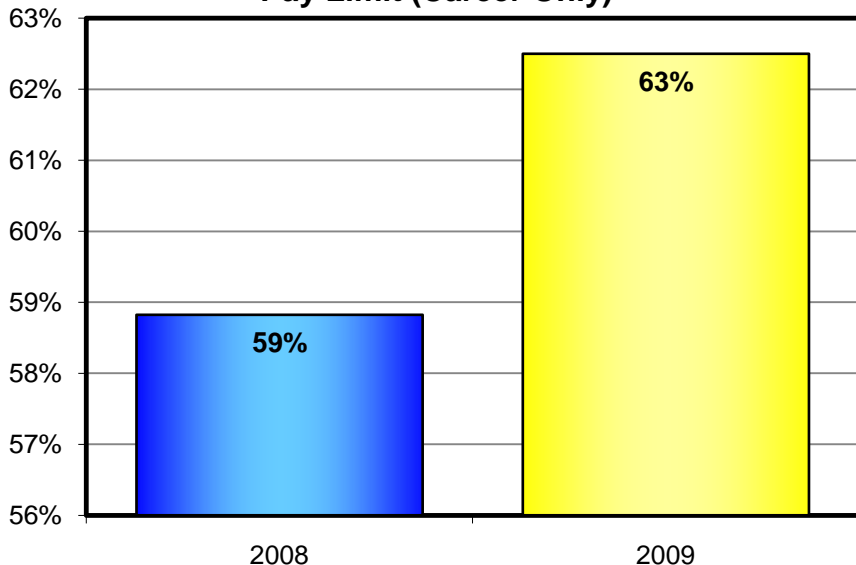




OUSD(I) SES Average Basic Pay After Adjustment Trends, FY07 – FY09

- ❑ There is no data at all for FY07, and there is no Tier data for FY08.
- ❑ FY09 is the only year for which Tier data on OUSD(I) exists.

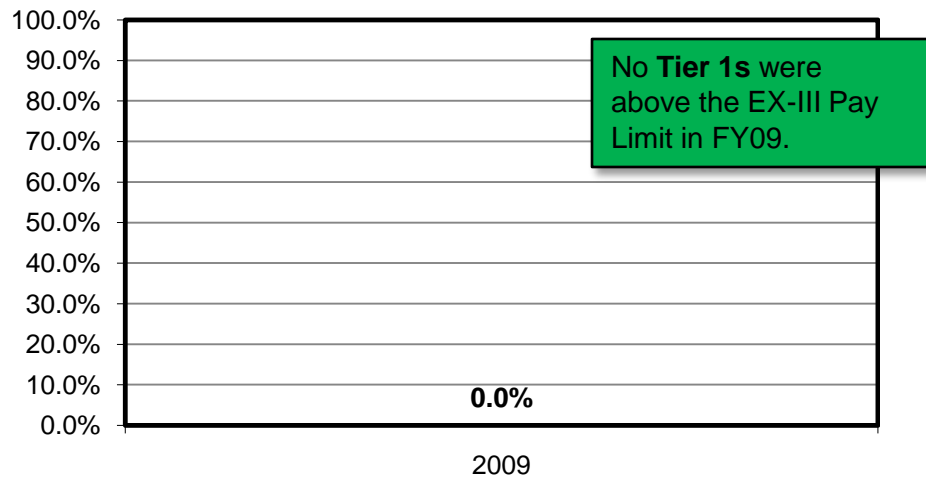
SES Salaries Above Exec. Level III Pay Limit (Career Only)



22 OUSD(I) SES Rated in FY09

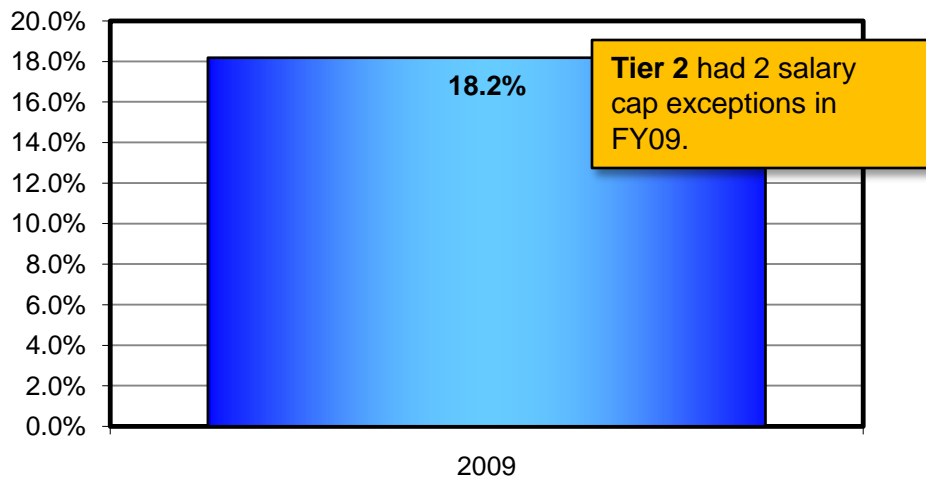
■ 2007 ■ 2008 ■ 2009

Tier 1, Over Exec. III Pay Limit (Career Only)



No Tier 1s were above the EX-III Pay Limit in FY09.

Tier 2, Over Tier 2 Pay Limit (Career Only)

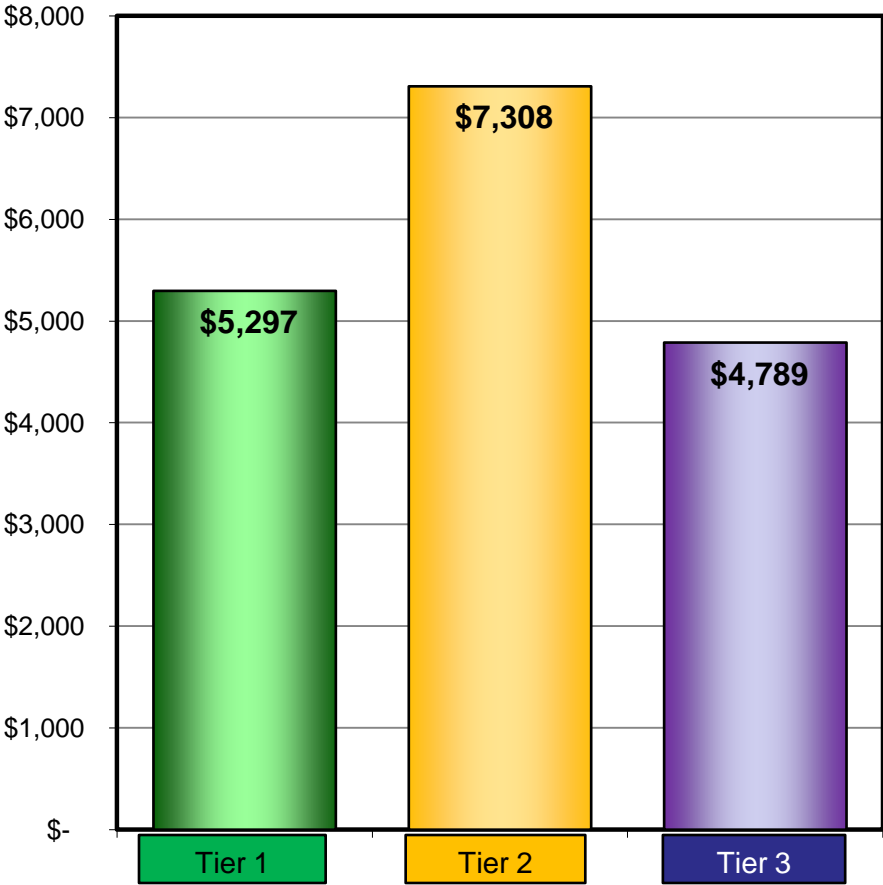


Tier 2 had 2 salary cap exceptions in FY09.

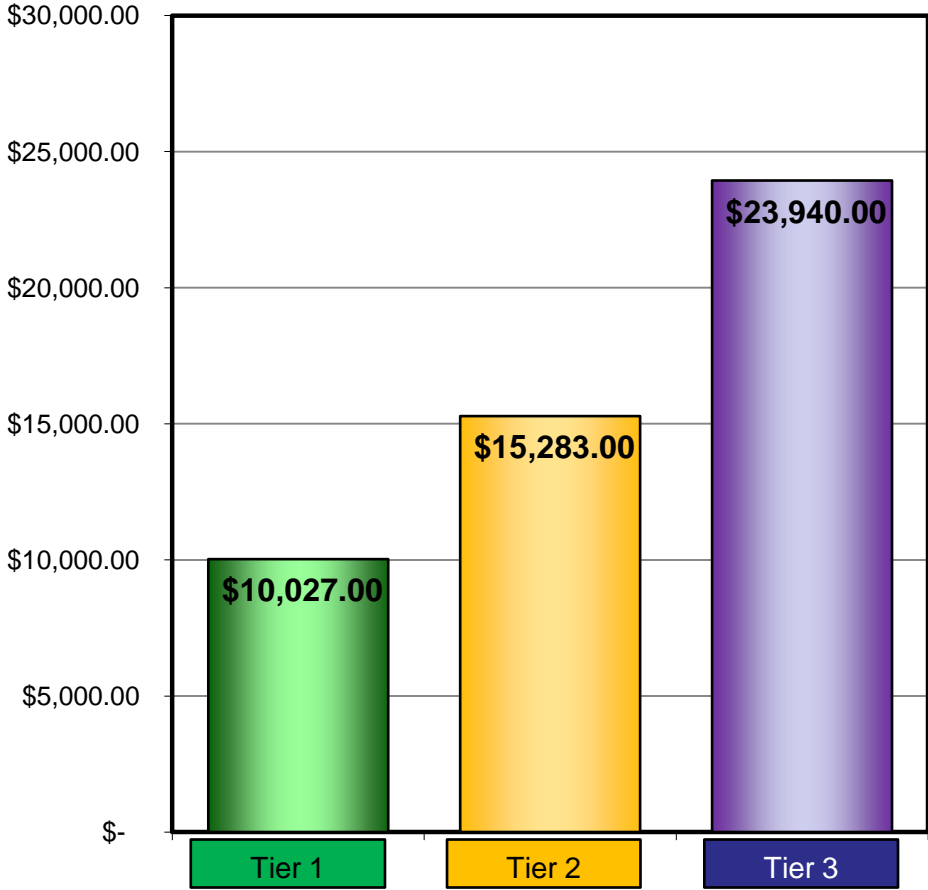


OUSD(I) SES Average Performance Pay Adjustment and Bonus By Tier, FY09

Avg. FY09 Performance Pay Adjustment by Tier Level



Avg. FY09 Performance Bonus by Tier Level



□ Tier 2s tend to receive higher Performance Bonuses and lower Pay Adjustments.



OUSD(I) Performance Payout Results at a Glance, FY07 – FY09

Results at a Glance (For Rated SES, unless otherwise noted):	FY08	FY09
Total Number (#) of SES/DISES Leaders	17	24
Total # Rated SES/DISES (career, non-career and limited term)	16	22
Number of Executives Rated/Not Rated	16 / 1	22 / 2
Performance Rating Levels	Level 2 (0%) Level 3 (6%) Level 4 (13%) Level 5 (81%)	Level 2 (0%) Level 3 (14%) Level 4 (32%) Level 5 (55%)
Total Salaries ALL SES	\$2,628,797	\$3,900,803
Pay Pool Funding Factor (Pay Progression + PAEP + Performance Budget)	Tier 1 – 11% Tier 2 – 13% Tier 3 – 17% DISES – 13%	Tier 1 – 11% Tier 2 – 13% Tier 3 – 17% DISES – 13%
Pay Pool Value (Pay Pool Funding Factor X Total Salaries of all covered executives)	\$341,744	\$527,629
Unspent Pay Pool	\$9,161	\$68,785
Unspent Pay Pool (as % of Total Salaries)	0.3%	1.8%
Total Performance (Basic) Pay Increase Payouts	\$166,346	\$146,204
Avg. Performance (Basic) Pay Increase	\$11,090	\$6,646
Average Salary (after Performance Adjustments) (“New Basic Pay”)	\$164,420	\$168,625
Number of Executives Paid Above Executive Level III	10	15
Total Performance Pay Increase Payouts (as % of Total Salaries)	6.3%	3.7%
Total Performance Bonus Payouts	\$166,237	\$312,640
Avg. Bonus in dollars (\$)	\$11,874	\$16,455
Total Performance Bonus (as % of Total Salaries)	6.3%	8.0%
Percent of Rated SES Members Receiving a Bonus	87.5%	86.4%

*OUSD(I) data does not exist for FY07.

MDA



Legend For Following Section

■ 2 ■ 3 ■ 4 ■ 5

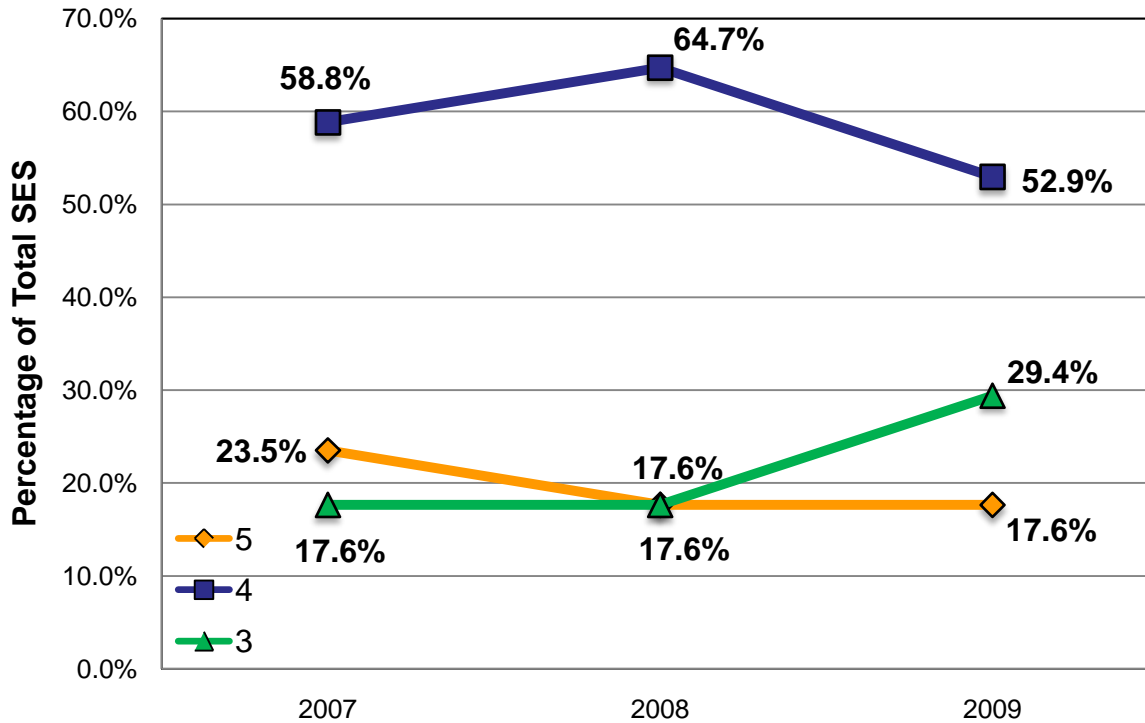
■ Tier1 ■ Tier2 ■ Tier3

■ 2005 ■ 2006 ■ 2007 ■ 2008 ■ 2009



MDA Ratings Year-to-Year Trends, FY07 – FY09

MDA SES Ratings, FY07 – FY09



Level 3 Trends

- Increasing slightly
- Increased from 17.6% in FY08 to 29.4% in FY09
- Average of 21.6% of MDA SES have been rated 3 since FY07
- Standard Deviation of 6.8%

Level 4 Trends

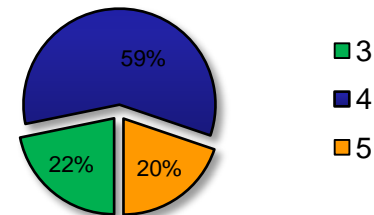
- Steady around 58%
- Decreased from 64.7% in FY08 to 52.9% in FY09
- Average of 58.8% of MDA SES have been rated 4 since FY07
- Standard Deviation of 5.9%

Level 5 Trends

- Decreasing slightly
- Stayed constant at 17.6% from FY08 to FY09
- Average of 19.6% of MDA SES have been rated 5 since FY07
- Standard Deviation of 3.4%

□ On average for the last 3 years, **59%** of MDA SES got a 4, **22%** got a 3, and the remaining **20%** got a 5.

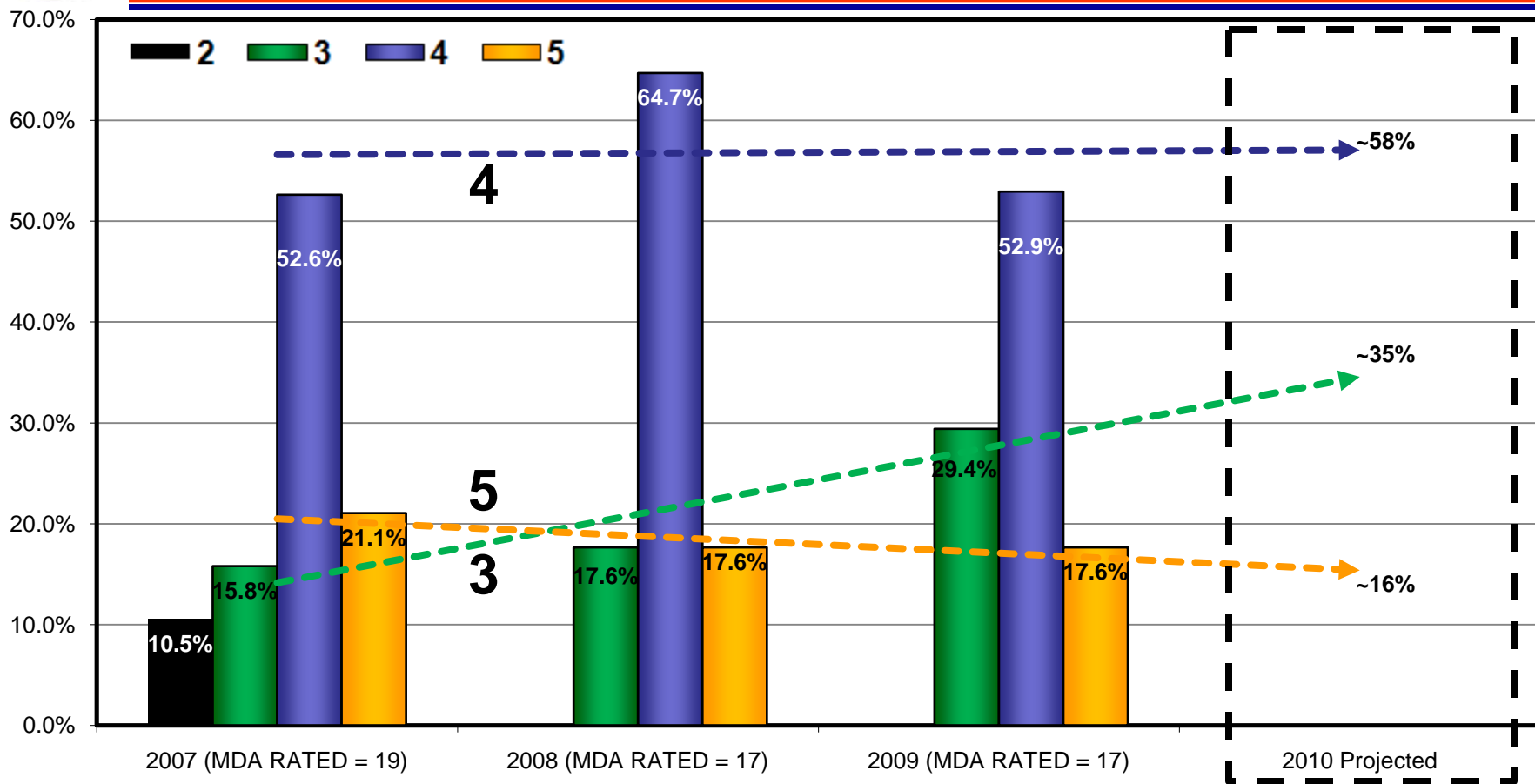
Avg. MDA Ratings Distribution



17 MDA SES Rated in FY09



Distribution of MDA SES Ratings Projected 1 Year Into Future, FY07 – FY10

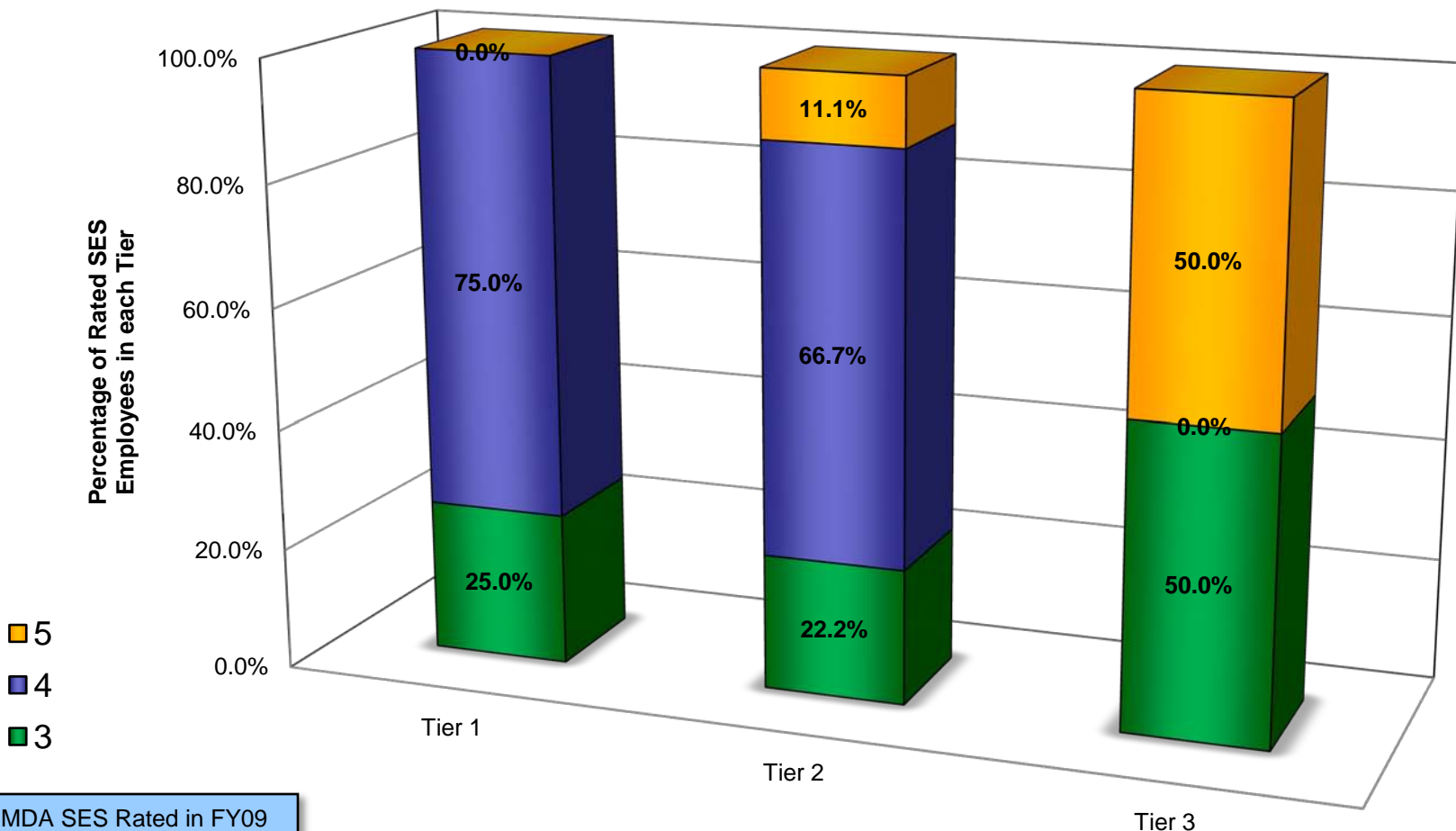


- 3s are trending steadily up
- 5s are trending steadily down
- 4s are staying constant



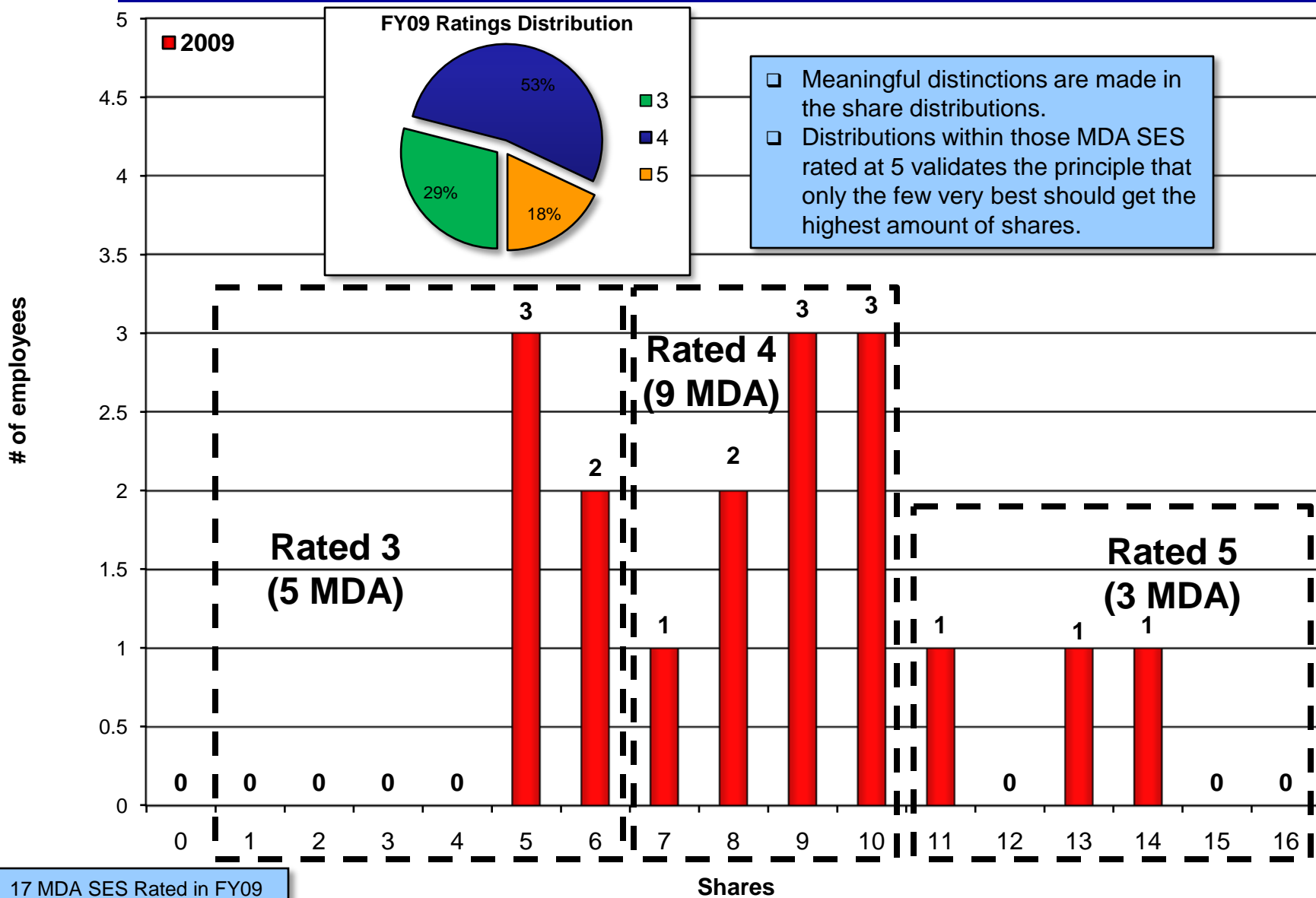
MDA SES Ratings by Tier, FY09

- ❑ Why are so many fewer Tier 1s rated 5 than Tier 3s?
 - Are Tier 3s the only ones doing the best work?
 - Is this an indictment on the quality of work from a Tier 1?





MDA SES Share Distribution by Rating, FY09

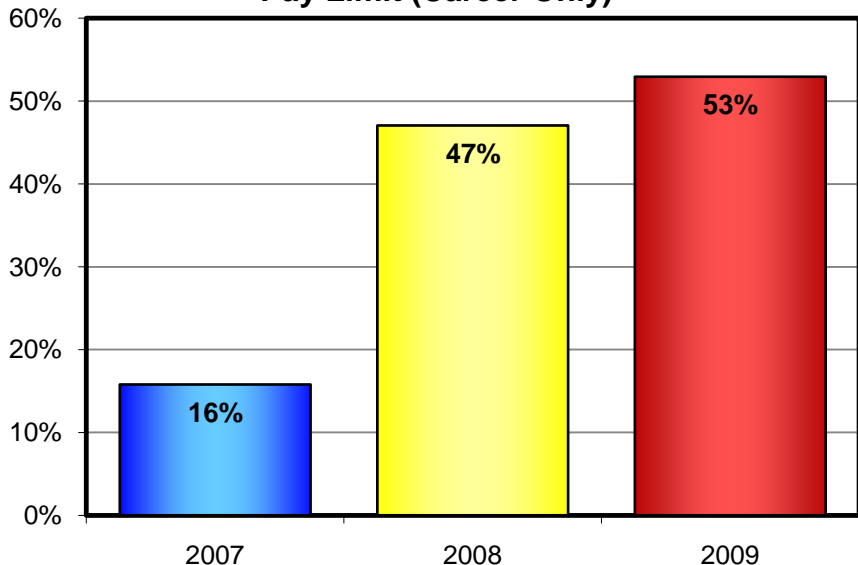




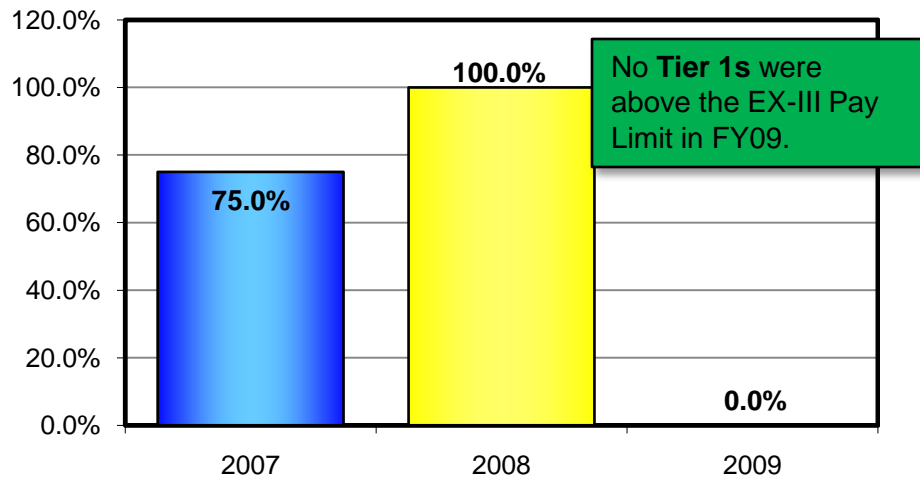
MDA SES Average Basic Pay After Adjustment Trends, FY07 – FY09

- As shown in the graphs to the right of Tier 1s, the majority of SES above Exec. Level III are clearly in Tier 3.
- Shift from NSPS forces some employees to have artificially inflated salaries.

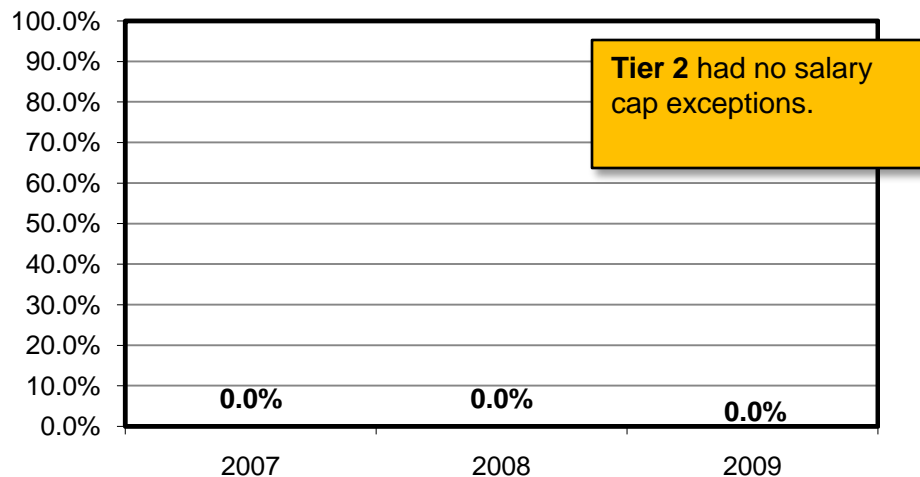
SES Salaries Above Exec. Level III Pay Limit (Career Only)



Tier 1, Over Exec. III Pay Limit (Career Only)



Tier 2, Over Tier 2 Pay Limit (Career Only)



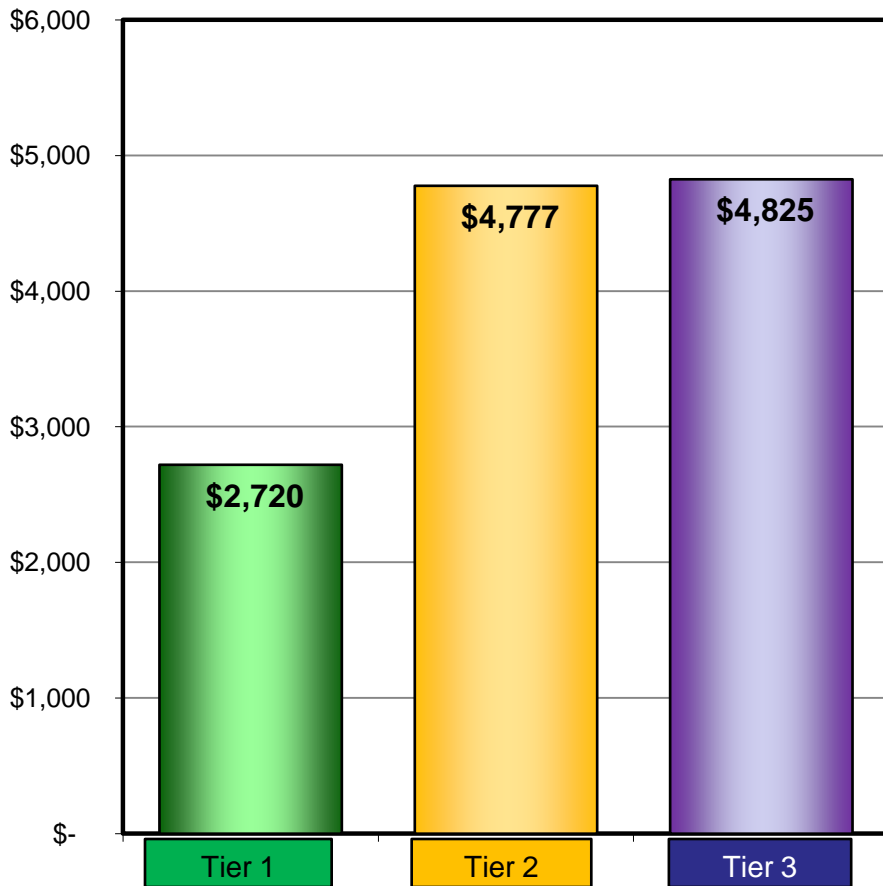
17 MDA SES Rated in FY09

■ 2007 ■ 2008 ■ 2009

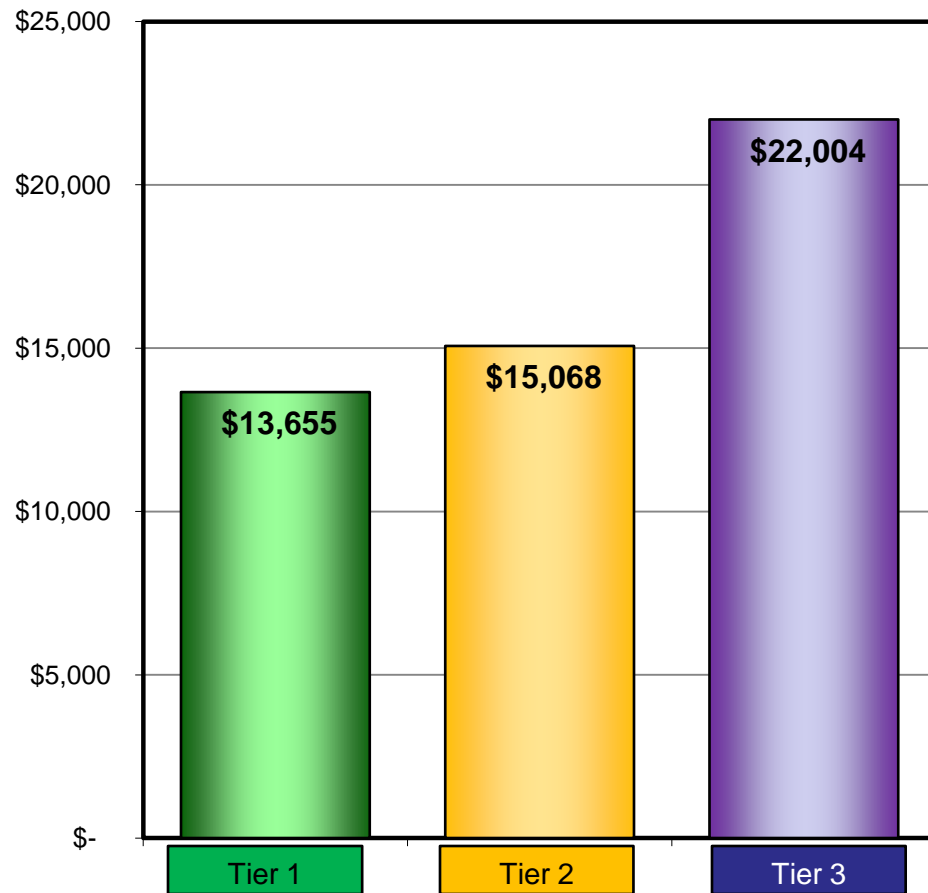


MDA SES Average Performance Pay Adjustment and Bonus By Tier, FY09

Avg. FY09 Performance Pay Adjustment by Tier Level



Avg. FY09 Performance Bonus by Tier Level



□ Tier 2s and 3s tend to receive higher Performance Bonuses and lower Pay Adjustments.



MDA Performance Payout Results at a Glance, FY07 – FY09

Results at a Glance (For Rated SES, unless otherwise noted):	FY07	FY08	FY09
Total Number (#) of SES/DISES Leaders	19	17	17
Total # Rated SES/DISES (career, non-career and limited term)	19	17	17
Number of Executives Rated/Not Rated	19 / 0	17 / 0	17 / 0
Performance Rating Levels	Level 2 (11%) Level 3 (16%) Level 4 (53%) Level 5 (23%)	Level 2 (0%) Level 3 (11%) Level 4 (65%) Level 5 (18%)	Level 2 (0%) Level 3 (29%) Level 4 (53%) Level 5 (188%)
Total Salaries ALL SES	\$2,848,877	\$2,667,170	\$2,782,478
Pay Pool Funding Factor (Pay Progression + PAEP + Performance Budget)	12%	Tier 1 – 11% Tier 2 – 13% Tier 3 – 17% DISES – 13%	Tier 1 – 11% Tier 2 – 13% Tier 3 – 17% DISES – 13%
Pay Pool Value (Pay Pool Funding Factor X Total Salaries of all covered executives)	\$341,865	\$394,260	\$376,267
Unspent Pay Pool	\$10,459	\$47,528	\$24,846
Unspent Pay Pool (as % of Total Salaries)	0.4%	1.8%	0.9%
Total Performance (Basic) Pay Increase Payouts	\$65,935	\$96,738	\$73,173
Avg. Performance (Basic) Pay Increase	\$4,710	\$5,690	\$4,304
Average Salary (after Performance Adjustments) (“New Basic Pay”)	\$153,962	\$162,583	\$167,979
Number of Executives Paid Above Executive Level III	3	8	9
Total Performance Pay Increase Payouts (as % of Total Salaries)	2.3%	3.6%	2.6%
Total Performance Bonus Payouts	\$265,471	\$249,994	\$278,248
Avg. Bonus in dollars (\$)	\$18,962	\$15,625	\$16,368
Total Performance Bonus (as % of Total Salaries)	9.3%	9.4%	10.0%
Percent of Rated SES Members Receiving a Bonus	73.7%	94.1%	100%

Navy



Legend For Following Section

■ 2 ■ 3 ■ 4 ■ 5

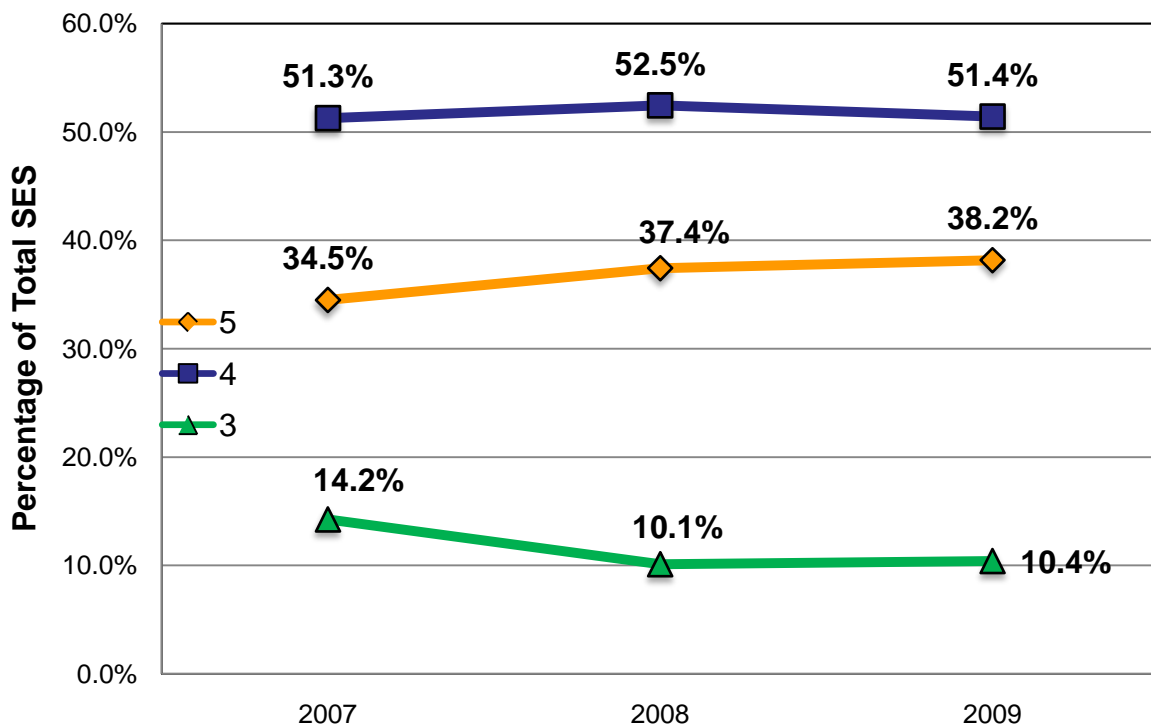
■ Tier1 ■ Tier2 ■ Tier3

■ 2005 ■ 2006 ■ 2007 ■ 2008 ■ 2009



Navy Ratings Year-to-Year Trends, FY07 – FY09

Navy SES Ratings, FY07 – FY09



Level 3 Trends

- Consistently around 11%
- Stayed at 10% from FY08 to FY09
- Average of 11.6% of Navy SES have been rated 3 since FY07
- Standard Deviation of 2.3%

Level 4 Trends

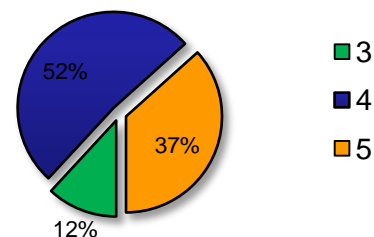
- Consistently around 51%
- Decreased slightly from 52% in FY08 to 51% in FY09
- Average of 51.7% of Navy SES have been rated 4 since FY07
- Standard Deviation of 0.65%

Level 5 Trends

- Consistently around 37%
- Increased slightly from 37% in FY08 to 38% in FY09
- Average of 36.7% of Navy SES have been rated 5 since FY07
- Standard Deviation of 1.9%

- ❑ On average for the last 3 years, **51.7% of Navy SES got a 4, 36.7% got a 5, and the remaining 11.6% got a 3.**
- ❑ **Navy is the most consistent Component from FY07 – FY09.**

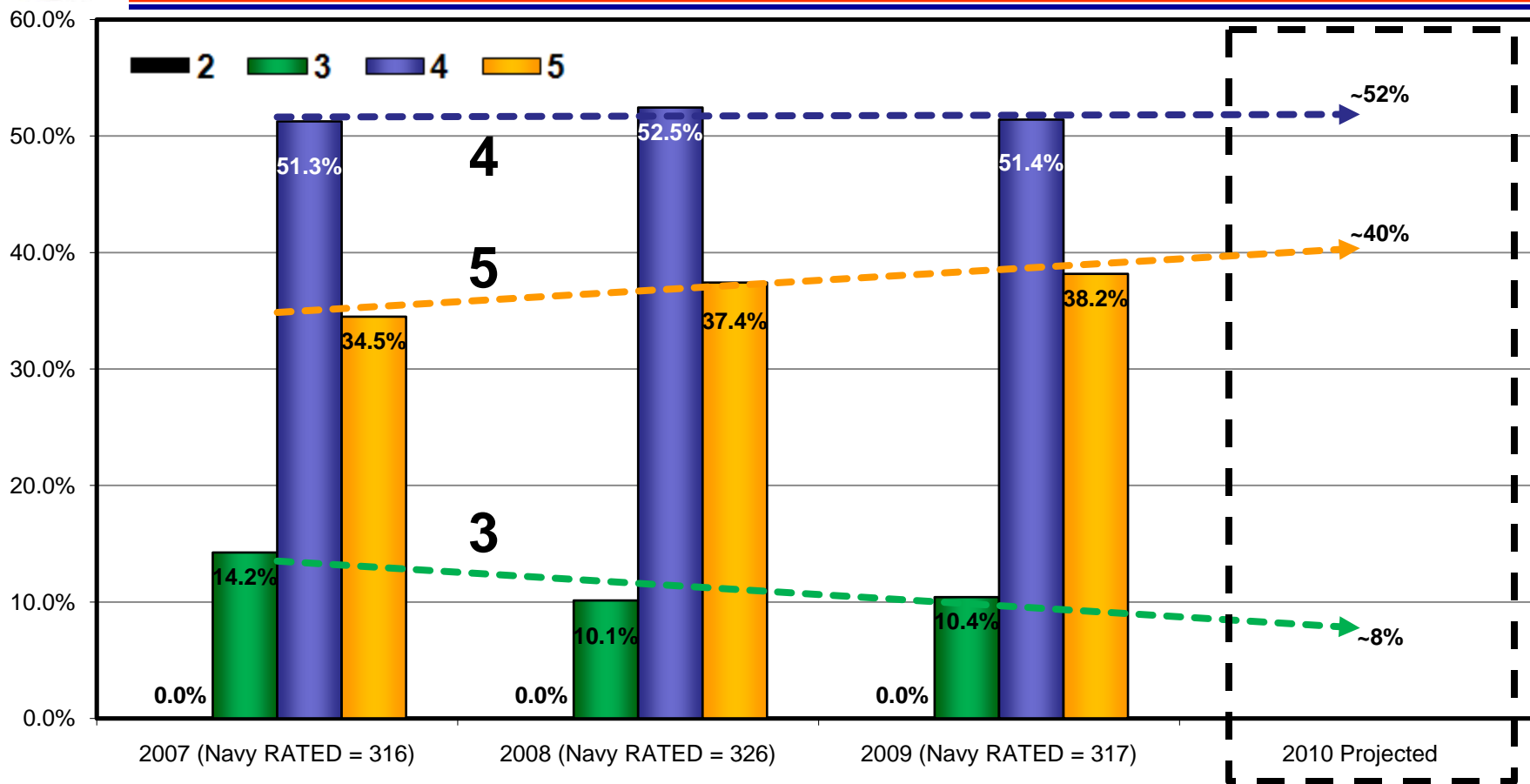
Avg. Navy Ratings Distribution



317 Navy SES Rated in FY09



Distribution of Navy SES Ratings Projected 1 Year Into Future, FY07 – FY10

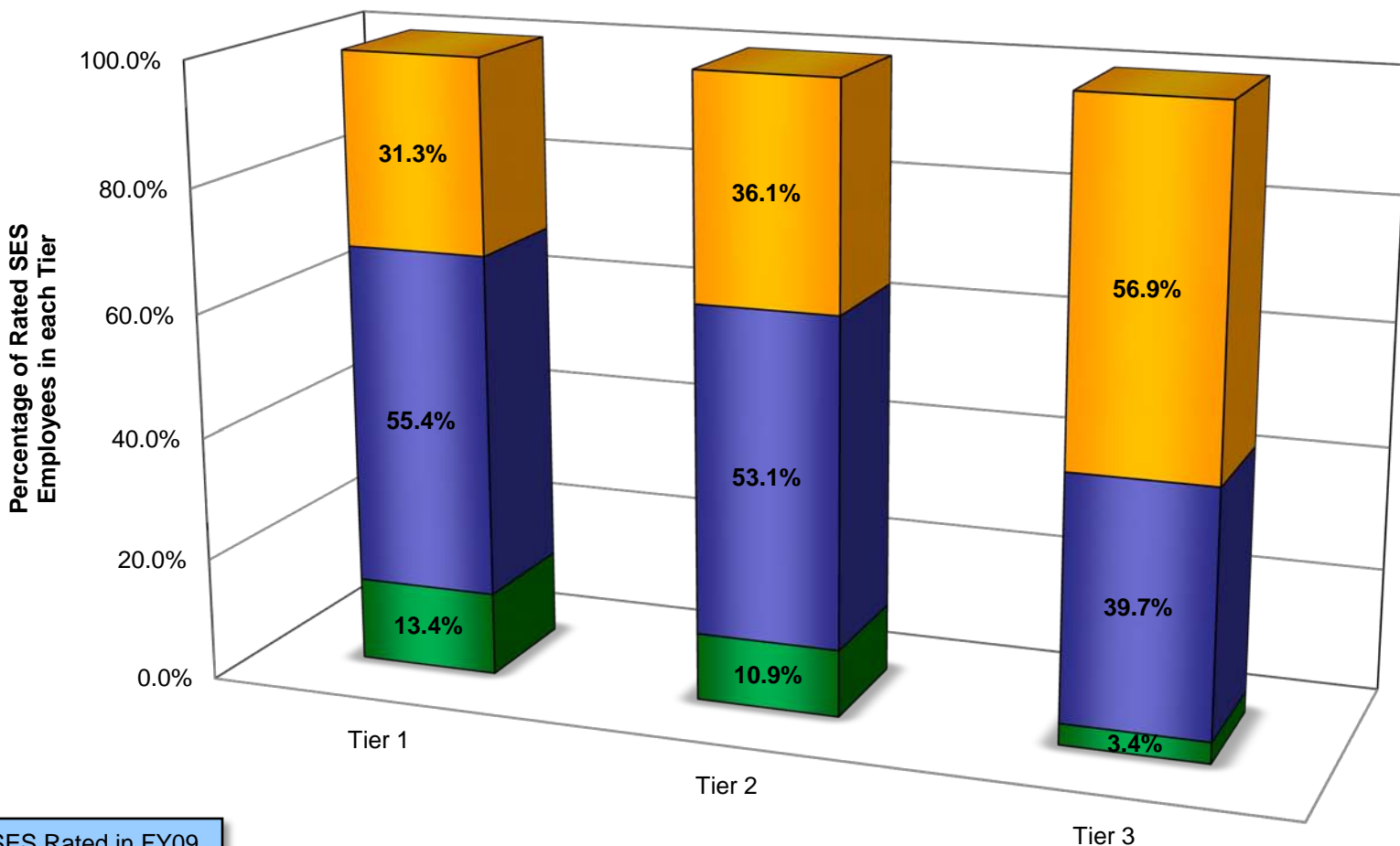


☐ Navy is the most consistently-rated Component from FY07 – FY09.



Navy SES Ratings by Tier, FY09

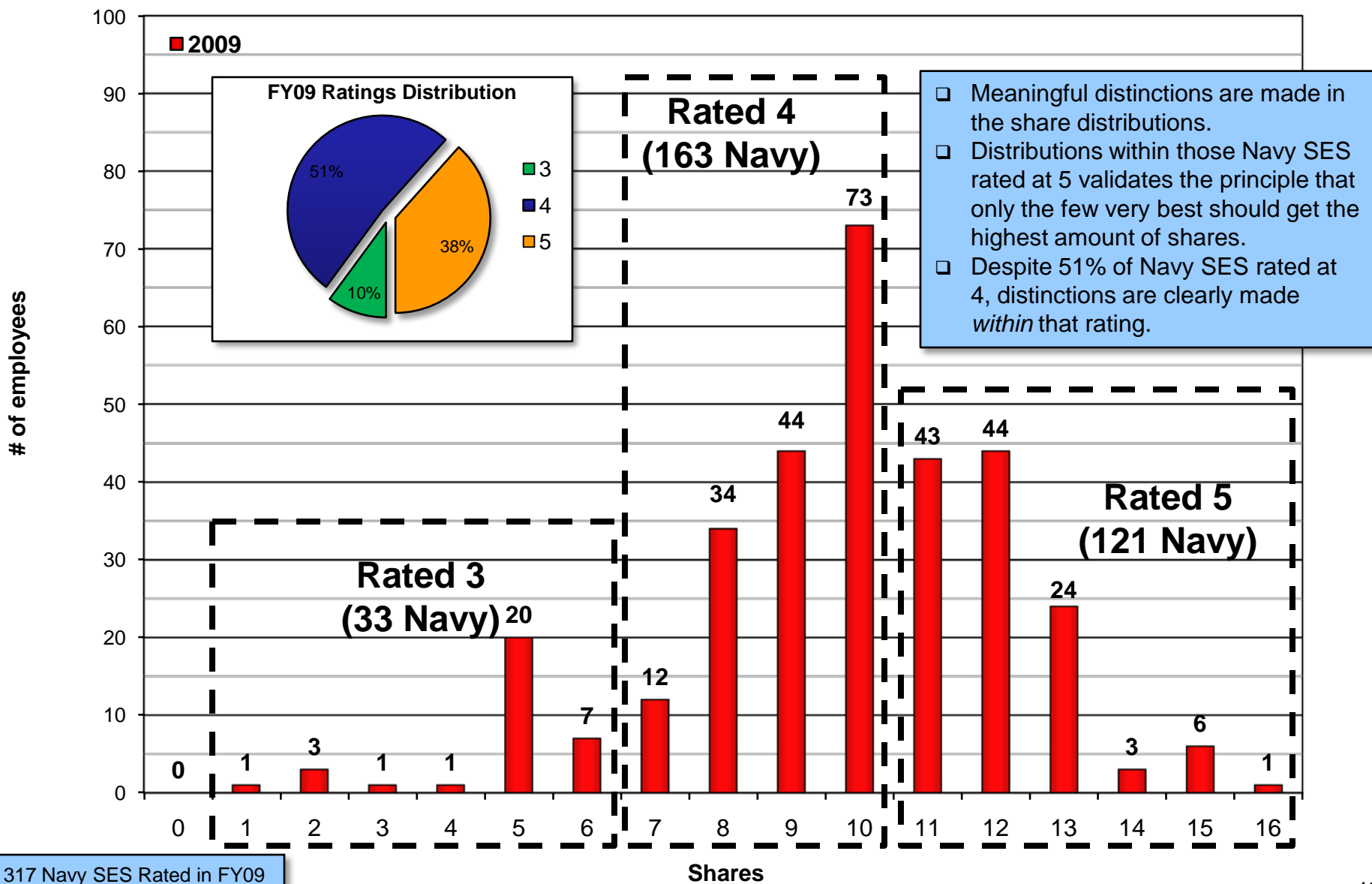
❑ Navy has the most even distribution of ratings across the Tiers of any Component.



317 Navy SES Rated in FY09



Navy SES Share Distribution by Rating, FY09

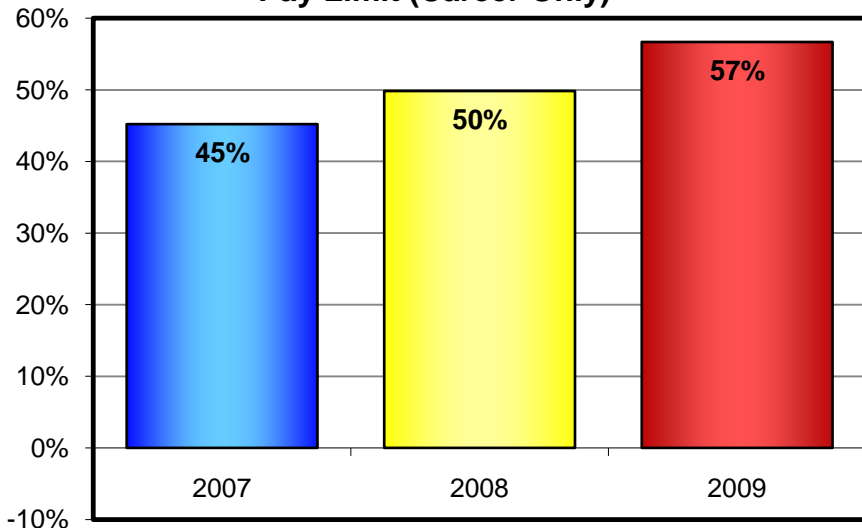




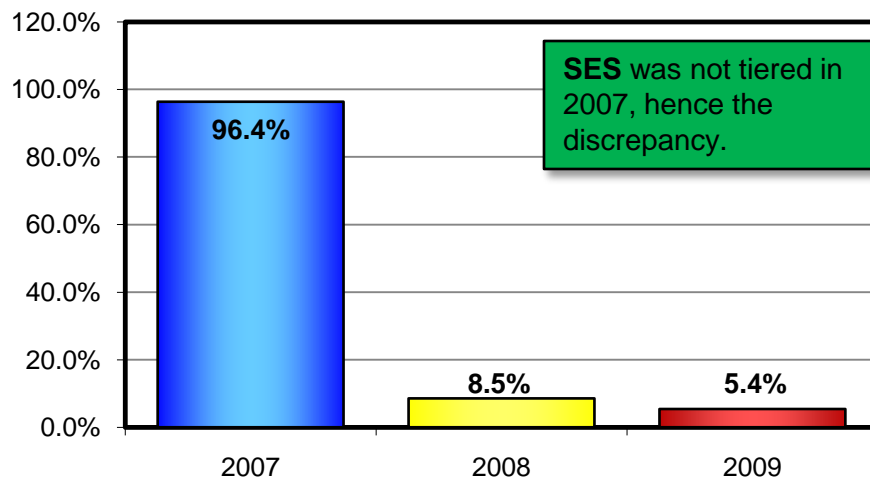
Navy SES Average Basic Pay After Adjustment Trends, FY07 – FY09

- As shown in the graphs to the right of Tier 1s, the majority of SES above Exec. Level III are clearly in Tier 3.
- Shift from NSPS forces some employees to have artificially inflated salaries.

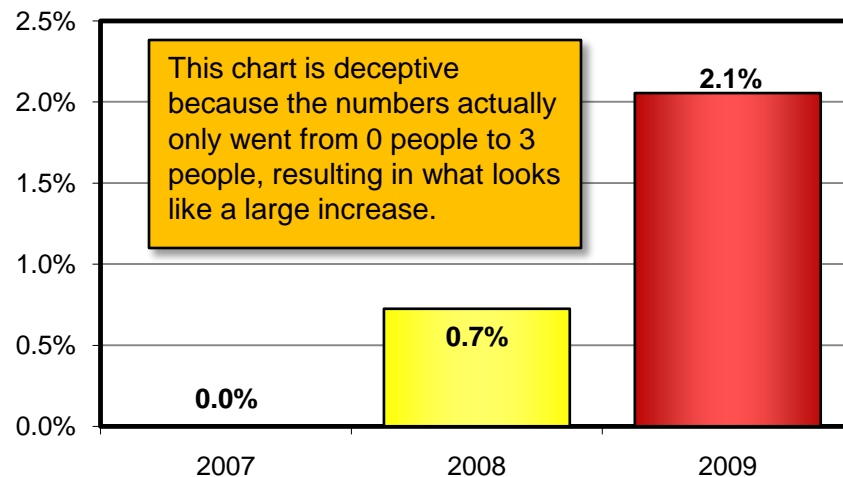
SES Salaries Above Exec. Level III Pay Limit (Career Only)



Tier 1, Over Exec. III Pay Limit (Career Only)



Tier 2, Over Tier 2 Pay Limit (Career Only)



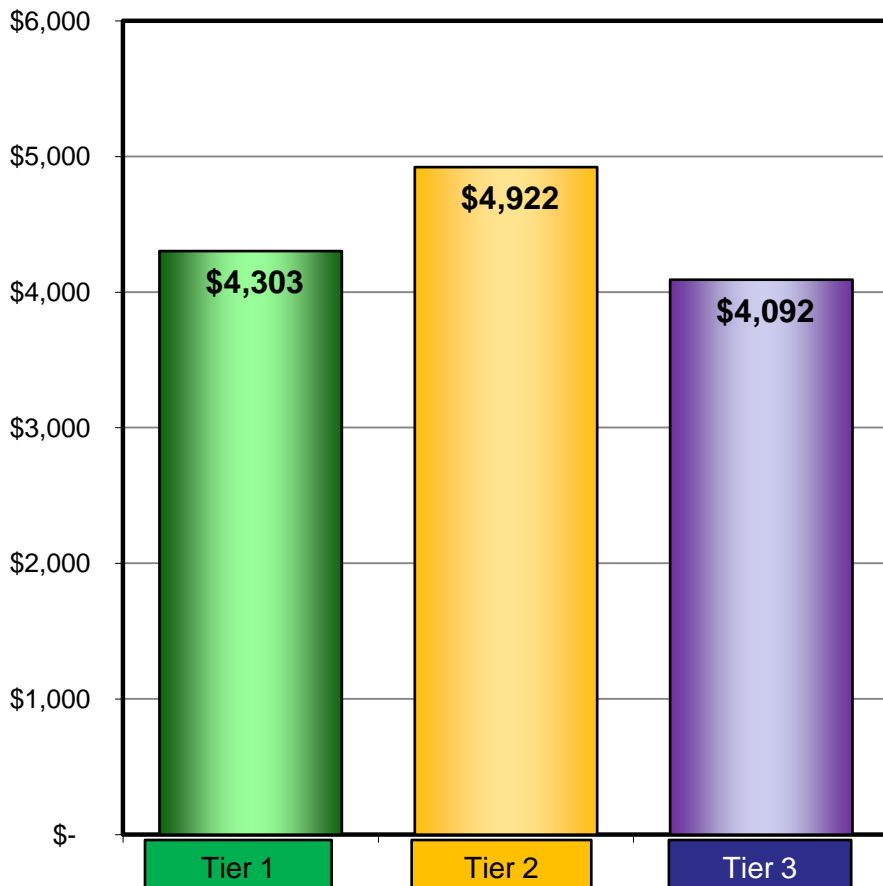
317 Navy SES Rated in FY09

■ 2007 ■ 2008 ■ 2009

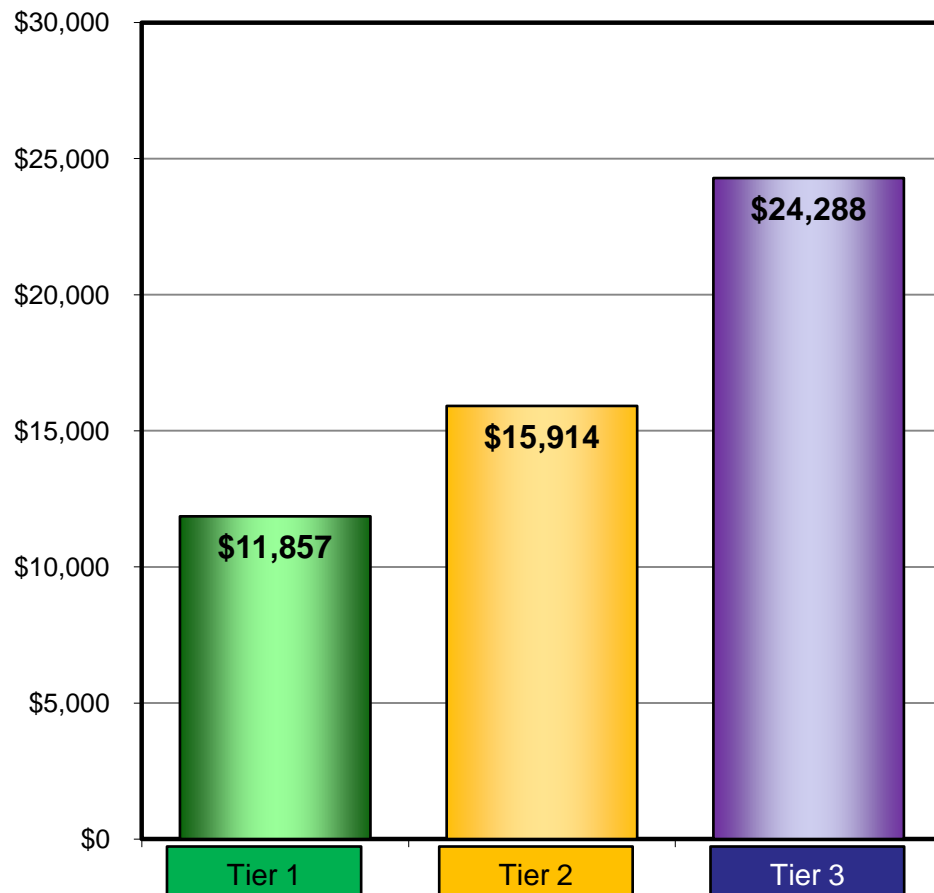


Navy SES Average Performance Pay Adjustment and Bonus By Tier, FY09

Avg. FY09 Performance Pay Adjustment by Tier Level



Avg. FY09 Performance Bonus by Tier Level



□ **Tiers 2 and 3 tend to receive higher Performance Bonuses and lower Pay Adjustments.**



Navy Performance Payout Results at a Glance, FY07 – FY09

Results at a Glance (For Rated SES, unless otherwise noted):	FY07	FY08	FY09
Total Number (#) of SES/DISES Leaders	329	335	327
Total # Rated SES/DISES (career, non-career and limited term)	316	326	317
Number of Executives Rated/Not Rated	316 / 13	326 / 9	317 / 10
Performance Rating Levels	Level 2 (0%) Level 3 (14%) Level 4 (51%) Level 5 (35%)	Level 2 (0%) Level 3 (10%) Level 4 (53%) Level 5 (37%)	Level 2 (0%) Level 3 (10%) Level 4 (51%) Level 5 (38%)
Total Salaries ALL SES	\$50,227,687	\$52,846,839	\$53,536,066
Pay Pool Funding Factor (Pay Progression + PAEP + Performance Budget)	12%	Tier 1 – 11% Tier 2 – 13% Tier 3 – 17% DISES – 13%	Tier 1 – 11% Tier 2 – 13% Tier 3 – 17% DISES – 13%
Pay Pool Value (Pay Pool Funding Factor X Total Salaries of all covered executives)	\$6,027,322	\$6,957,668	\$7,024,693
Unspent Pay Pool	\$446,302	\$649,637	\$505,816
Unspent Pay Pool (as % of Total Salaries)	0.9%	1.2%	0.9%
Total Performance (Basic) Pay Increase Payouts	\$1,750,704	\$1,919,759	\$1,442,807
Avg. Performance (Basic) Pay Increase	\$5,955	\$6,193	\$4,858
Average Salary (after Performance Adjustments) (“New Basic Pay”)	\$157,992	\$163,482	\$168,190
Number of Executives Paid Above Executive Level III	146	165	185
Total Performance Pay Increase Payouts (as % of Total Salaries)	3.5%	3.6%	2.7%
Total Performance Bonus Payouts	\$3,830,316	\$4,388,272	\$5,076,070
Avg. Bonus in dollars (\$)	\$13,979	\$14,676	\$16,698
Total Performance Bonus (as % of Total Salaries)	7.6%	8.3%	9.5%
Percent of Rated SES Members Receiving a Bonus	86.7%	91.7%	95.9%

OIG



Legend For Following Section

■ 2 ■ 3 ■ 4 ■ 5

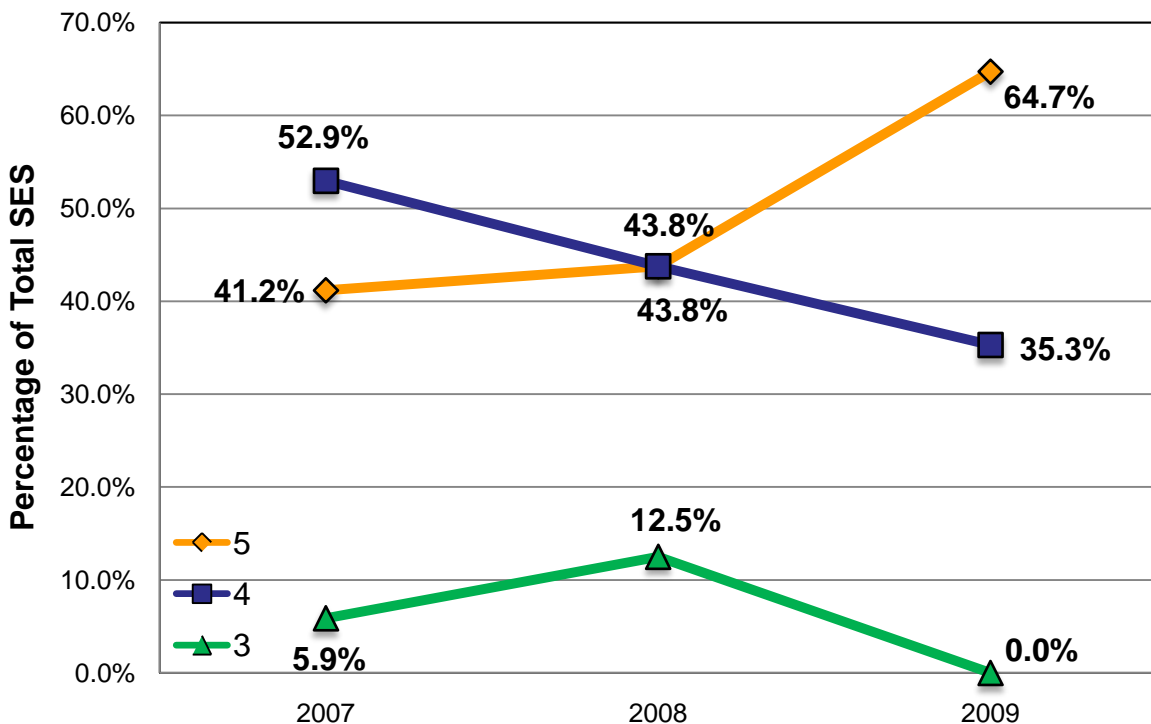
■ Tier1 ■ Tier2 ■ Tier3

■ 2005 ■ 2006 ■ 2007 ■ 2008 ■ 2009



OIG Ratings Year-to-Year Trends, FY07 – FY09

OIG SES Ratings, FY07 – FY09



Level 3 Trends

- Decreased from 12.5% in FY08 to 0% in FY09
- Average of 6.1% of OIG SES have been rated 3 since FY07
- Standard Deviation of 6.3%

Level 4 Trends

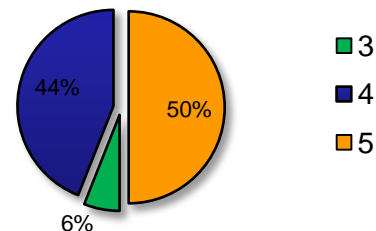
- Decreasing steadily from FY07
- Decreased from 43.8% in FY08 to 35.3% in FY09
- Average of 44.0% of OIG SES have been rated 4 since FY07
- Standard Deviation of 8.8%

Level 5 Trends

- Increasing steadily
- Increased from 43.8% in FY08 to 64.7% in FY09
- Average of 49.9% of OIG SES have been rated 5 since FY07
- Standard Deviation of 12.9%

On average for the last 3 years, 44% of OIG SES got a 4, 6% got a 3, and the remaining 50% got a 5.

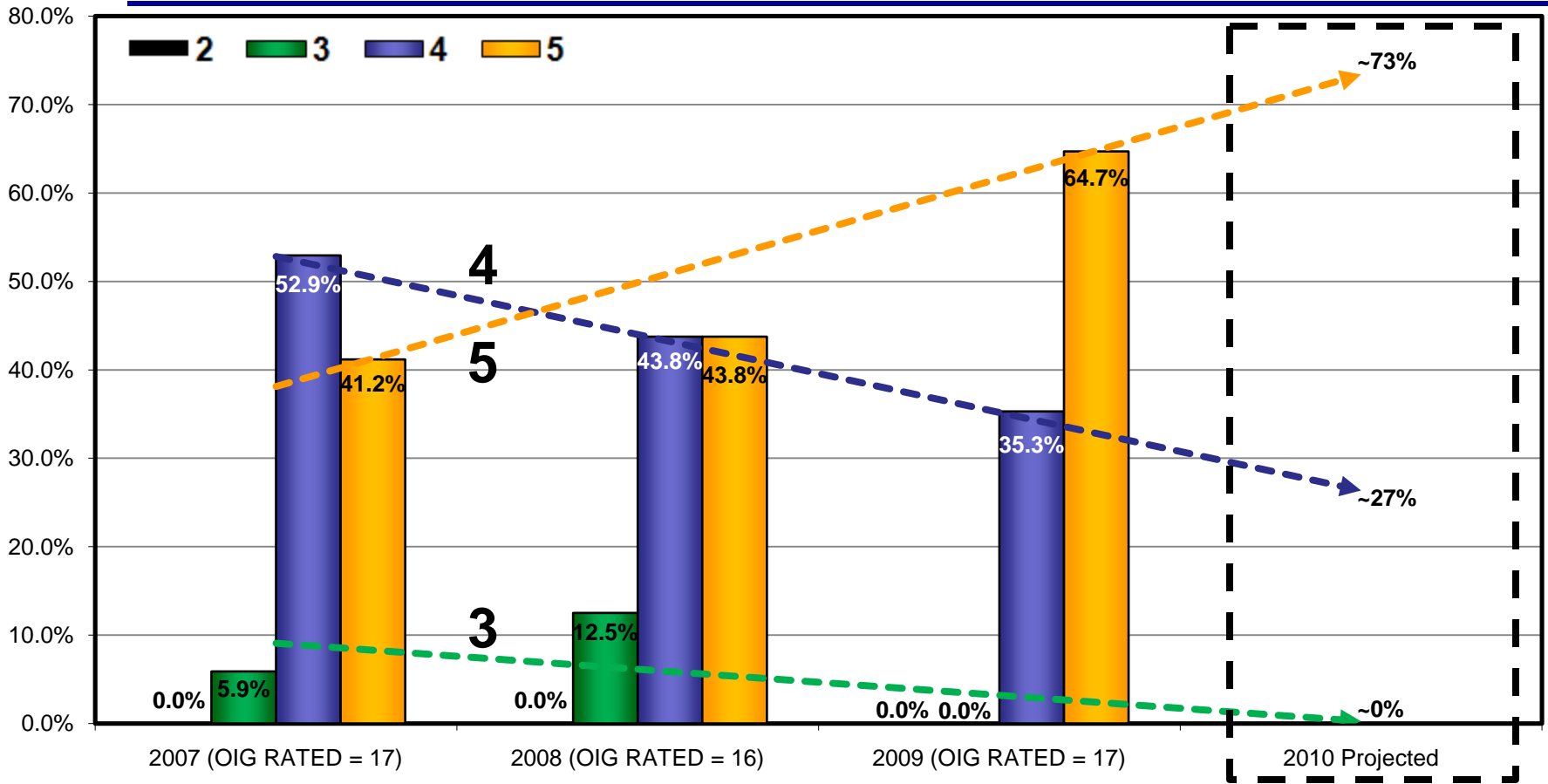
Avg. OIG Ratings Distribution



17 OIG SES Rated in FY09



Distribution of OIG SES Ratings Projected 1 Year Into Future, FY07 – FY10

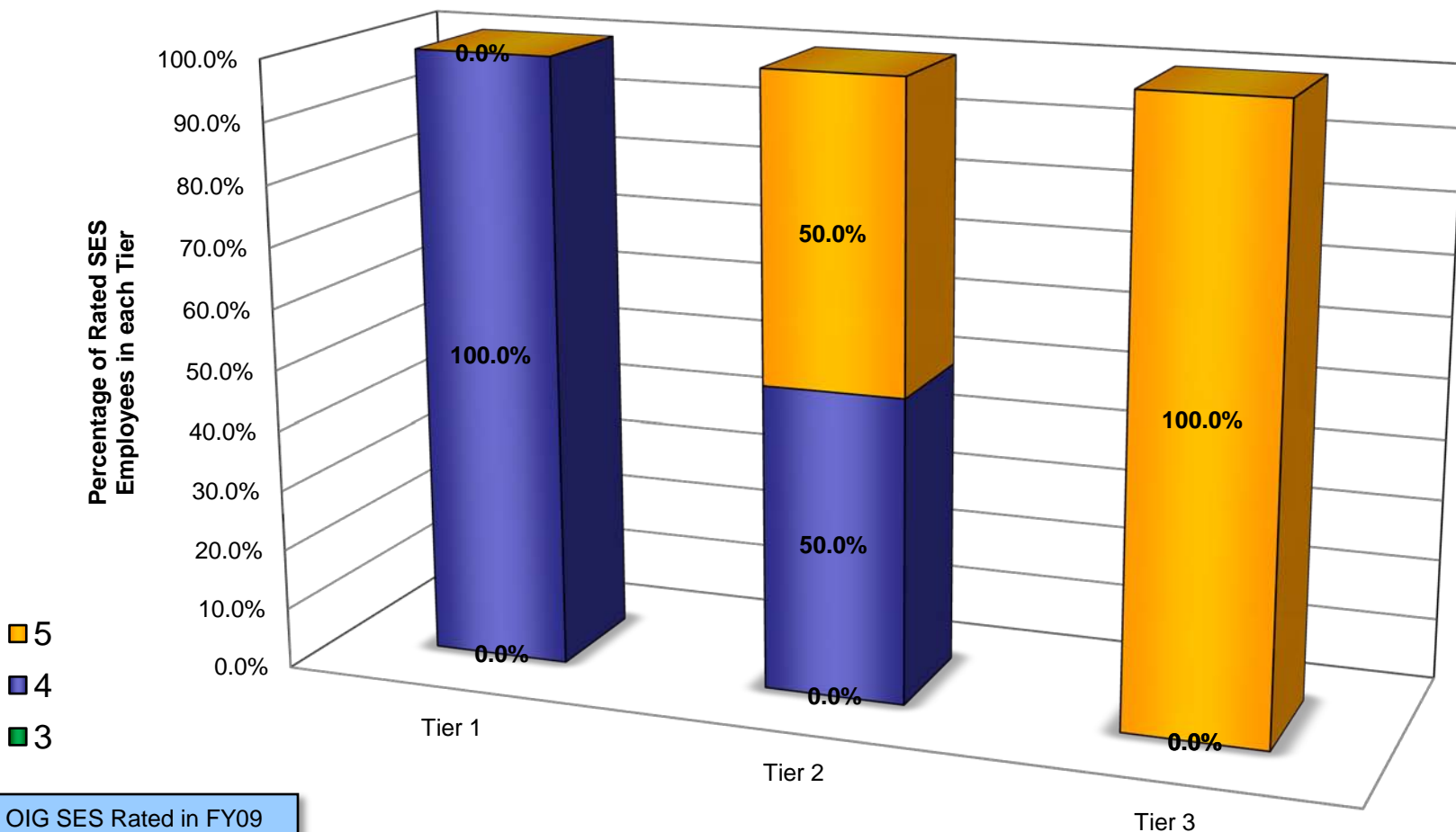


- ❑ 5s are trending steadily down
- ❑ 4s are trending steadily up
- ❑ 3s are trending toward 0



OIG SES Ratings by Tier, FY09

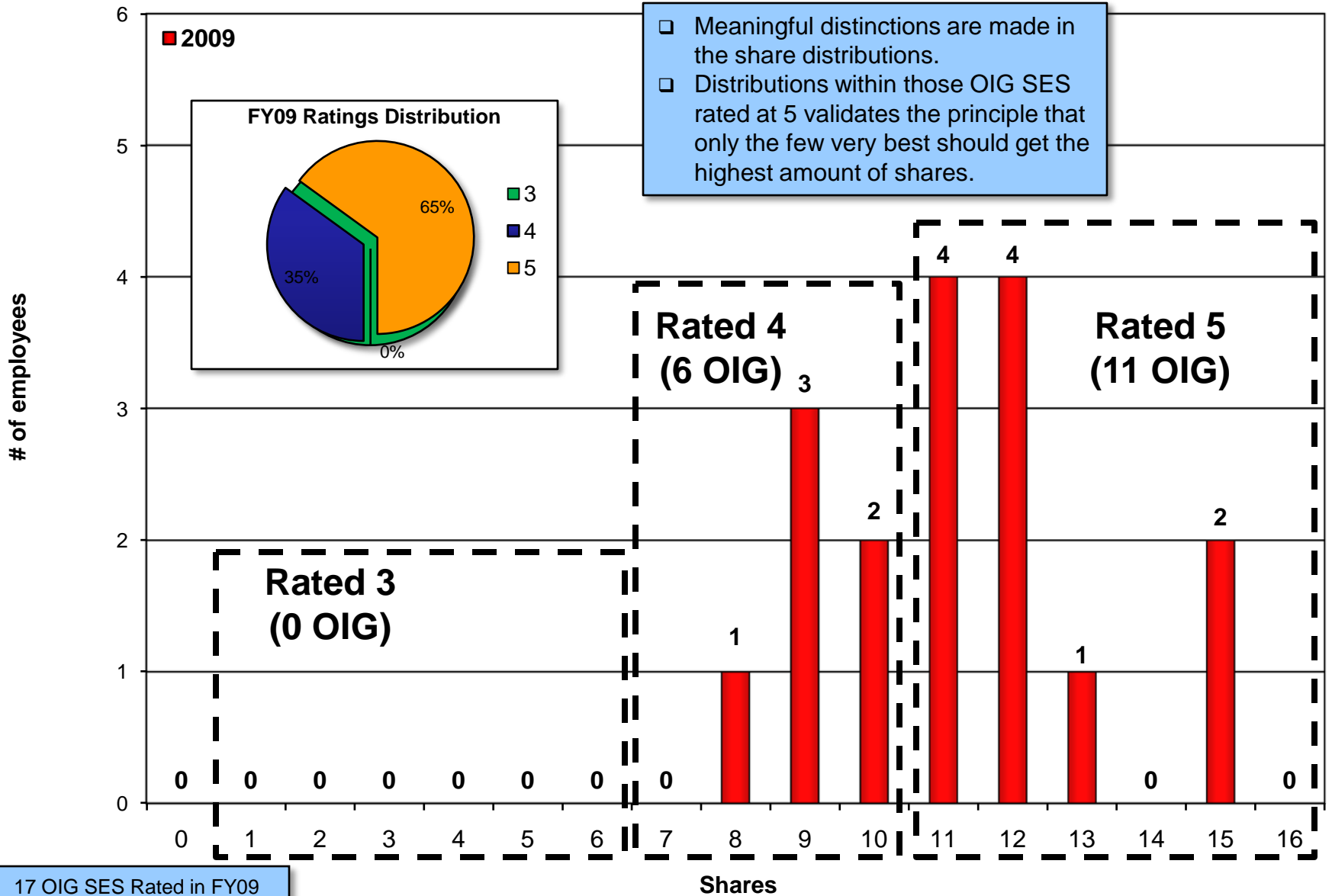
- ❑ Why are so many fewer Tier 1s rated 5 than Tier 3s?
 - Are Tier 3s the only ones doing the best work?
 - Is this an indictment on the quality of work from a Tier 1?



17 OIG SES Rated in FY09



OIG SES Share Distribution by Rating, FY09

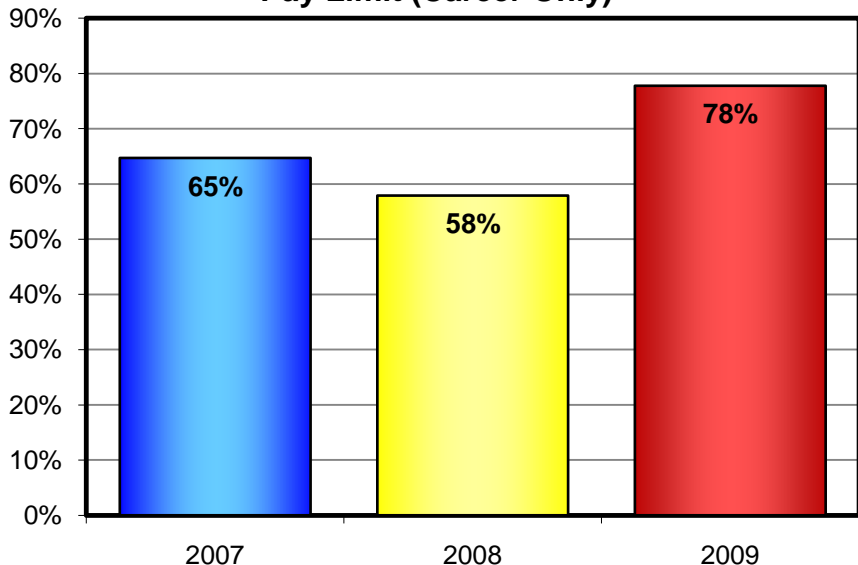




OIG SES Average Basic Pay After Adjustment Trends, FY07 – FY09

- ❑ As shown in the graphs to the right of Tier 1s, the majority of SES above Exec. Level III are clearly in Tier 3.
- ❑ Shift from NSPS forces some employees to have artificially inflated salaries.

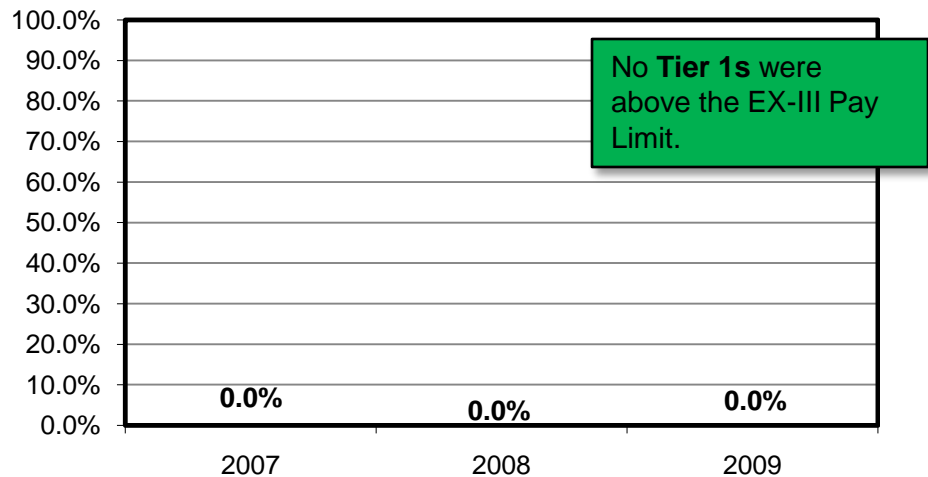
SES Salaries Above Exec. Level III Pay Limit (Career Only)



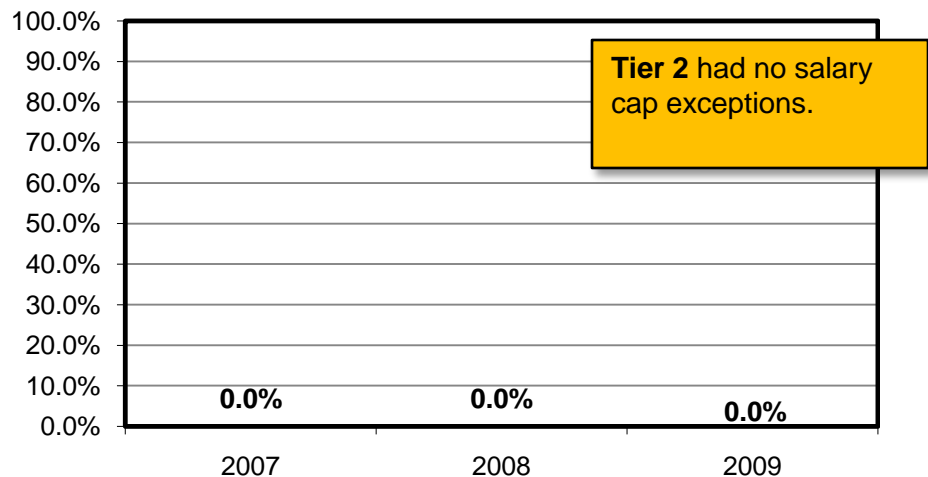
17 OIG SES Rated in FY09

■ 2007 ■ 2008 ■ 2009

Tier 1, Over Exec. III Pay Limit (Career Only)



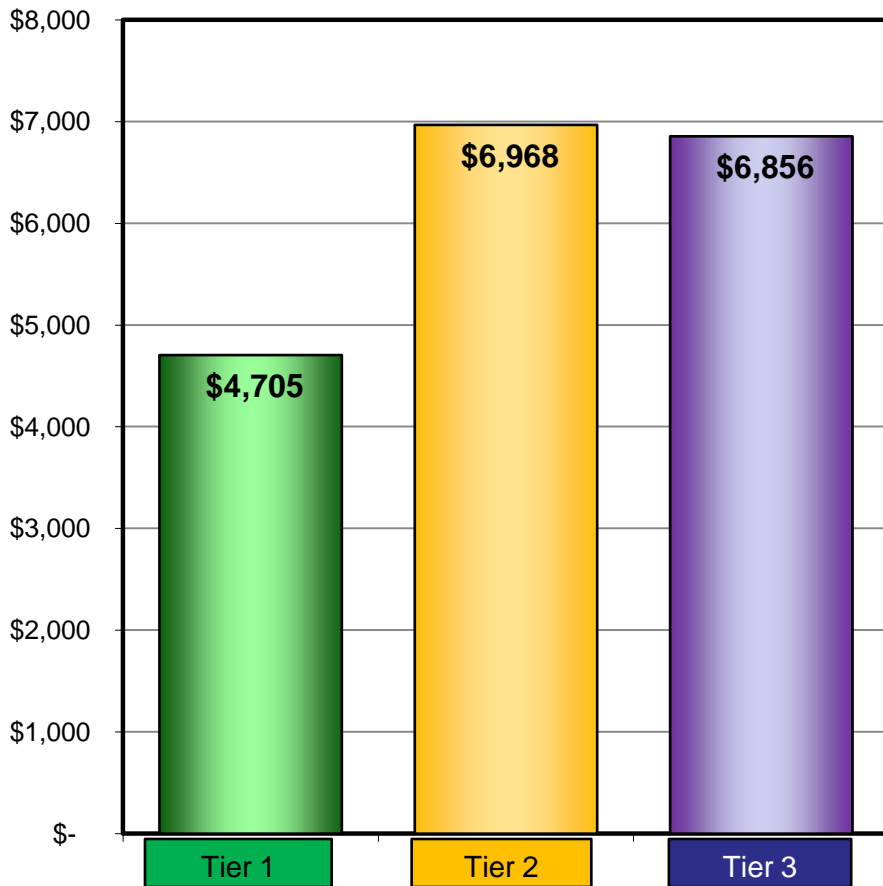
Tier 2, Over Tier 2 Pay Limit (Career Only)



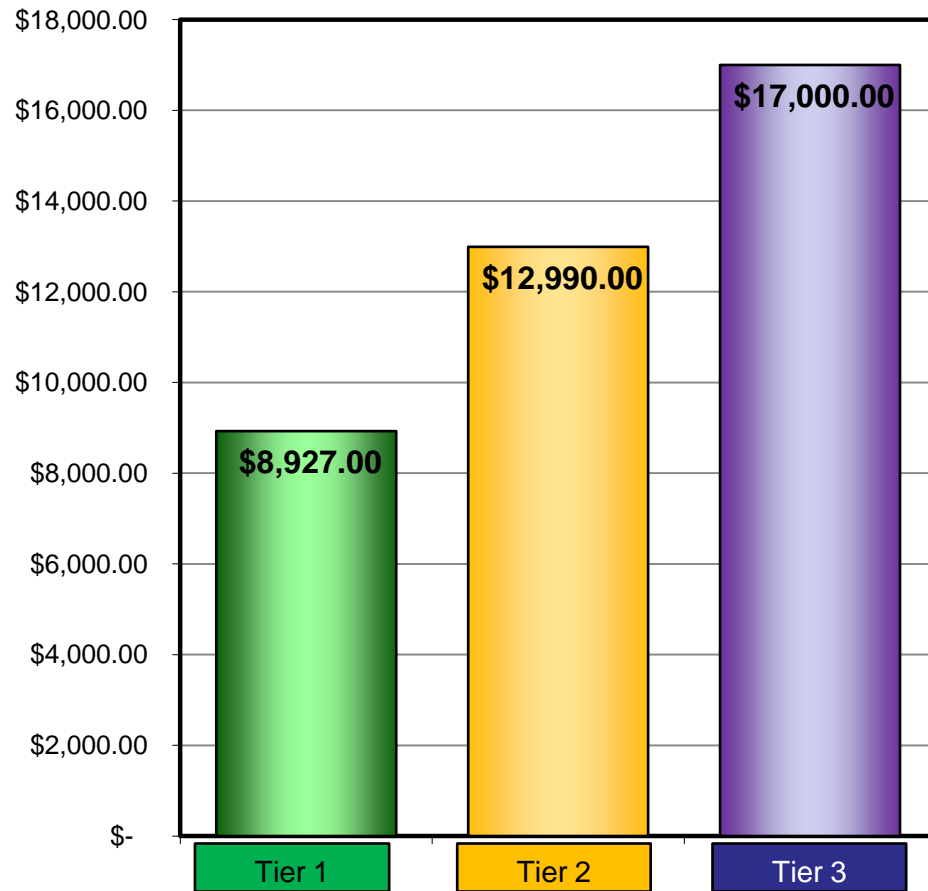


OIG SES Average Performance Pay Adjustment and Bonus By Tier, FY09

Avg. FY09 Performance Pay Adjustment by Tier Level



Avg. FY09 Performance Bonus by Tier Level



□ Tier 2 and 3s tend to receive higher Performance Bonuses and lower Pay Adjustments.



OIG Performance Payout Results at a Glance, FY07 – FY09

Results at a Glance (For Rated SES, unless otherwise noted):	FY07	FY08*	FY09
Total Number (#) of SES/DISES Leaders	17	19	18
Total # Rated SES/DISES (career, non-career and limited term)	17	16	17
Number of Executives Rated/Not Rated	17 / 0	16 / 3	17 / 1
Performance Rating Levels	Level 2 (0%) Level 3 (6%) Level 4 (53%) Level 5 (41%)	Level 2 (0%) Level 3 (13%) Level 4 (44%) Level 5 (44%)	Level 2 (0%) Level 3 (0%) Level 4 (35%) Level 5 (65%)
Total Salaries ALL SES	\$2,626,065	\$2,996,235	\$2,949,850
Pay Pool Funding Factor (Pay Progression + PAEP + Performance Budget)	12%	Tier 1 – 11% Tier 2 – 13% Tier 3 – 17% DISES – 13%	Tier 1 – 11% Tier 2 – 13% Tier 3 – 17% DISES – 13%
Pay Pool Value (Pay Pool Funding Factor X Total Salaries of all covered executives)	\$315,128	\$413,065	\$420,709
Unspent Pay Pool	\$-325	\$152,956	\$53,158
Unspent Pay Pool (as % of Total Salaries)	-0.01%	5.1%	1.8%
Total Performance (Basic) Pay Increase Payouts	\$94,653	\$105,387	\$117,848
Avg. Performance (Basic) Pay Increase	\$6,310	\$6,587	\$6,932
Average Salary (after Performance Adjustments) (“New Basic Pay”)	\$160,042	\$163,243	\$170,428
Number of Executives Paid Above Executive Level III	11	11	14
Total Performance Pay Increase Payouts (as % of Total Salaries)	3.6%	3.5%	4.0%
Total Performance Bonus Payouts	\$220,800	\$154,722	\$249,703
Avg. Bonus in dollars (\$)	\$14,720	\$12,894	\$14,688
Total Performance Bonus (as % of Total Salaries)	8.4%	5.2%	8.5%
Percent of Rated SES Members Receiving a Bonus	88.2%	75.0%	100%

*FY08 data in OPM spreadsheet might be slightly inaccurate.

OSD



Legend For Following Section

■ 2 ■ 3 ■ 4 ■ 5

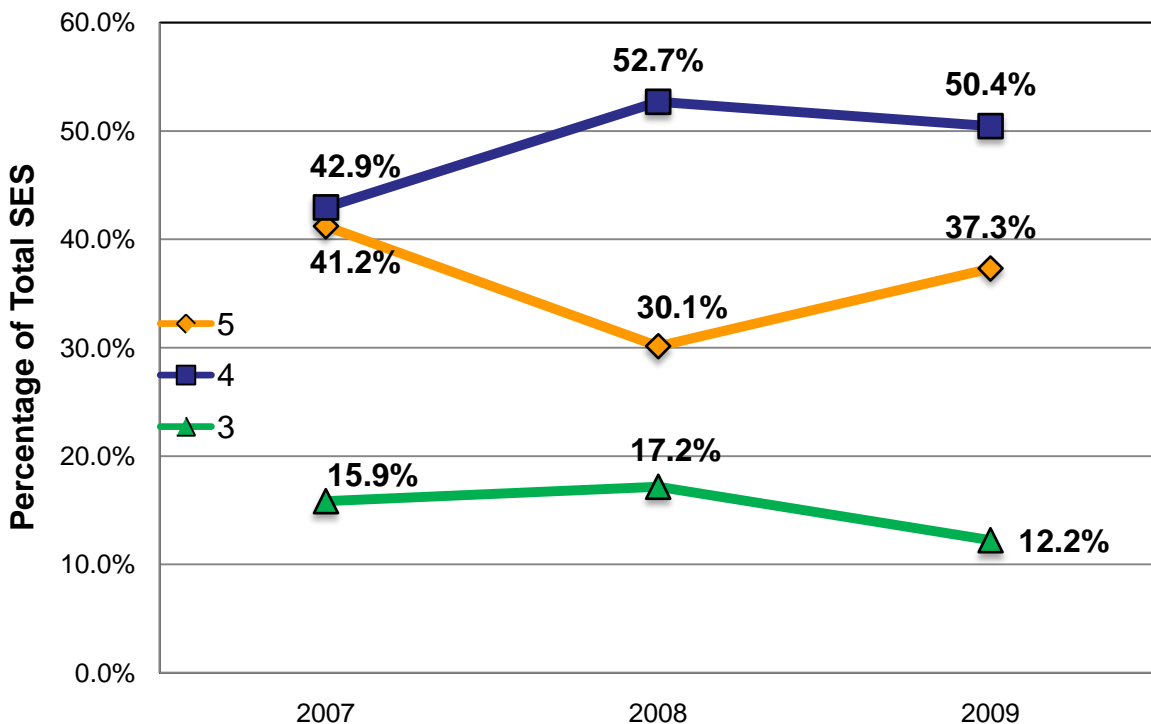
■ Tier1 ■ Tier2 ■ Tier3

■ 2005 ■ 2006 ■ 2007 ■ 2008 ■ 2009



OSD Ratings Year-to-Year Trends, FY07 – FY09

OSD SES Ratings, FY07 – FY09



Level 3 Trends

- Consistently around 15%
- Decreased from 17% in FY08 to 12% in FY09
- Average of 15% of OSD SES have been rated 3 since FY07
- Standard Deviation of 2.6%

Level 4 Trends

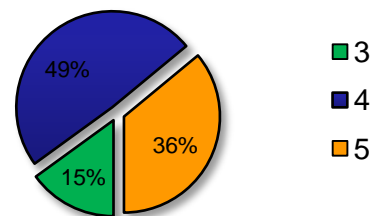
- Consistently around 50%
- Decreased from 53% in FY08 to 50% in FY09
- Average of 49% of OSD SES have been rated 4 since FY07
- Standard Deviation of 5.1%

Level 5 Trends

- Consistently around 36%
- Increased from 30% in FY08 to 37% in FY09
- Average of 36% of OSD SES have been rated 5 since FY07
- Standard Deviation of 5.6%

On average for the last 3 years, **49%** of OSD SES got a 4, **36%** got a 5, and the remaining **15%** got a 3.

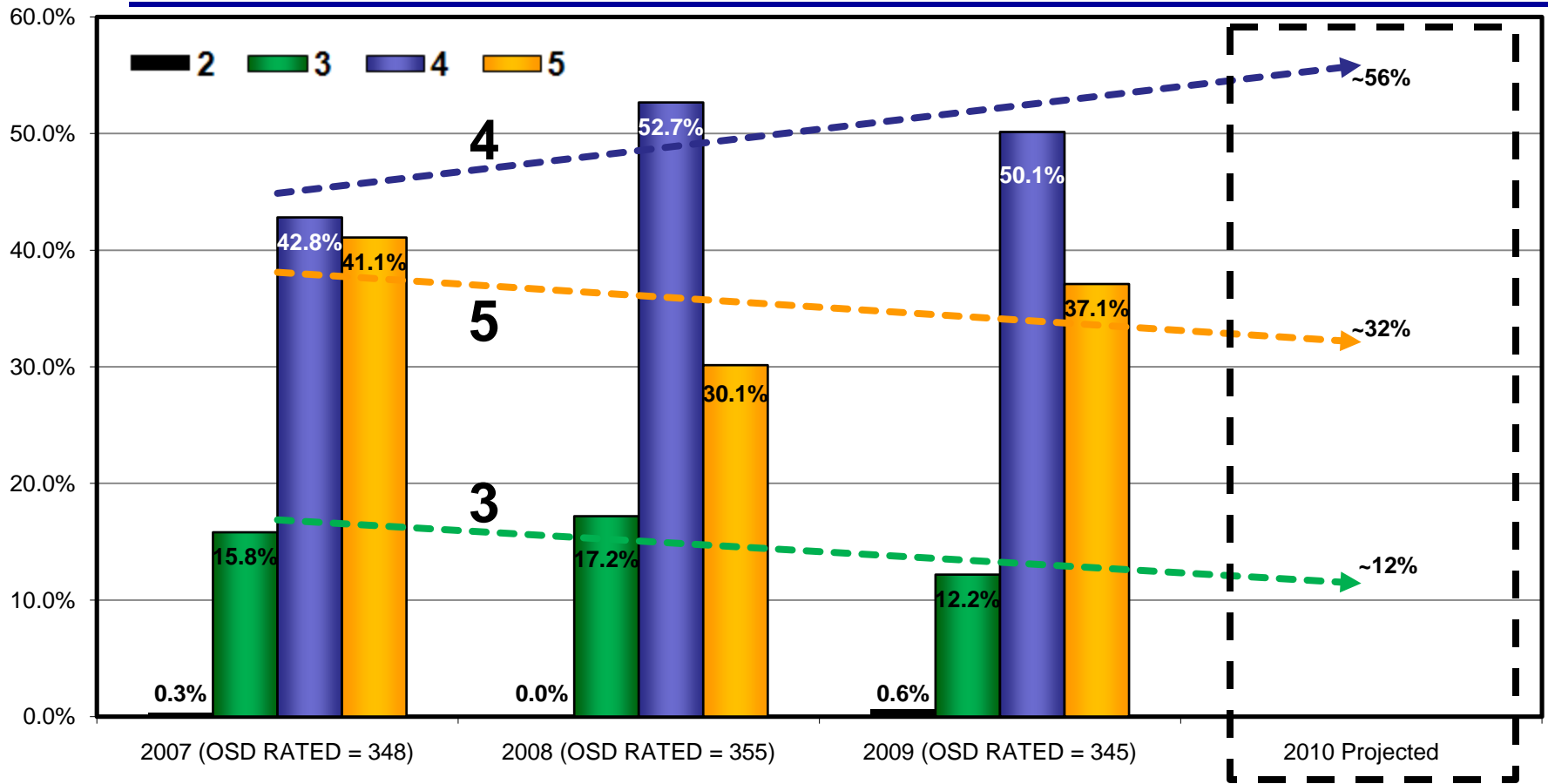
Avg. OSD Ratings Distribution



345 OSD SES Rated in FY09



Distribution of OSD SES Ratings Projected 1 Year Into Future, FY07 – FY10

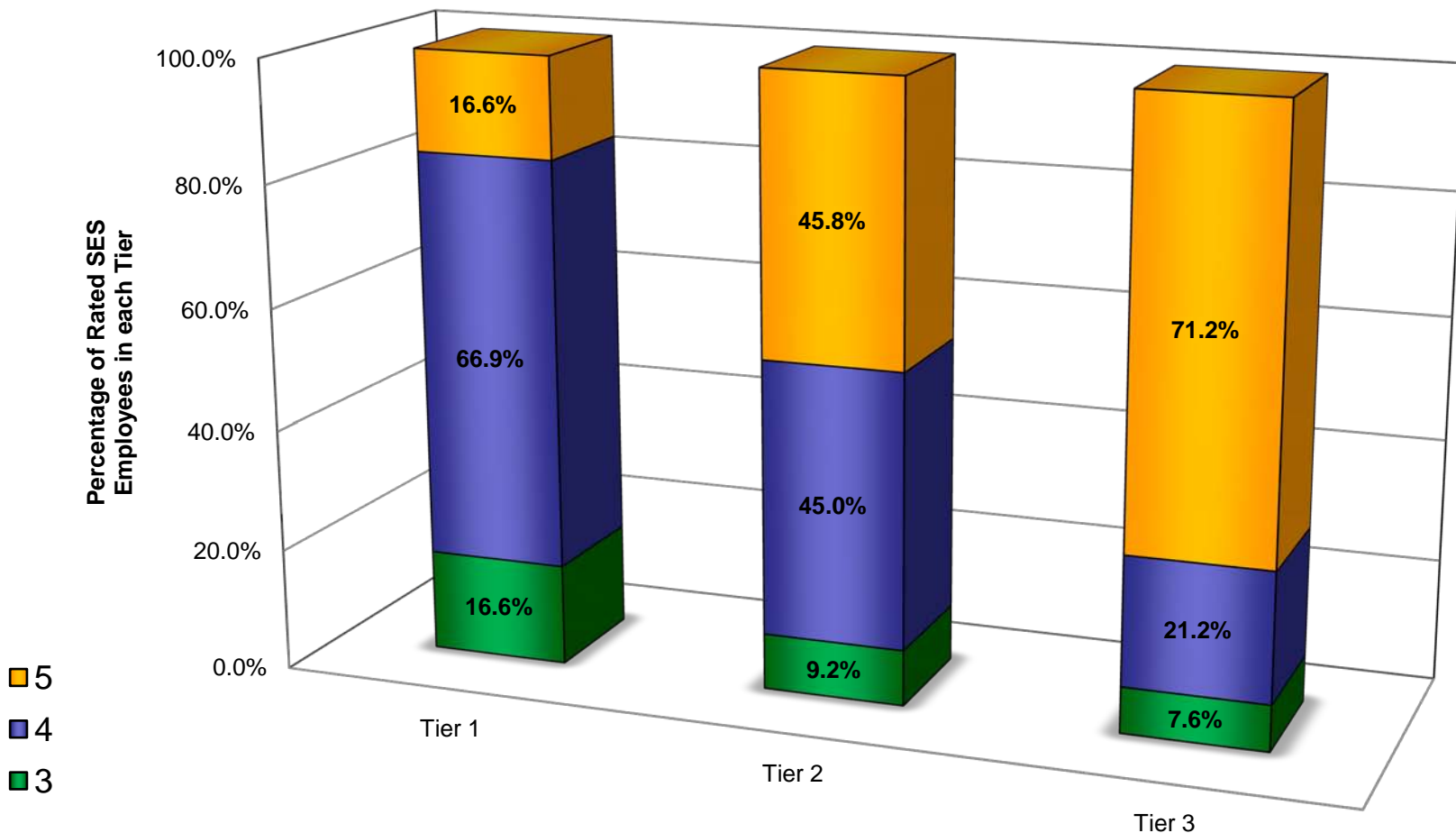


- 4s are trending steadily up
- 5s and 3s are trending steadily down



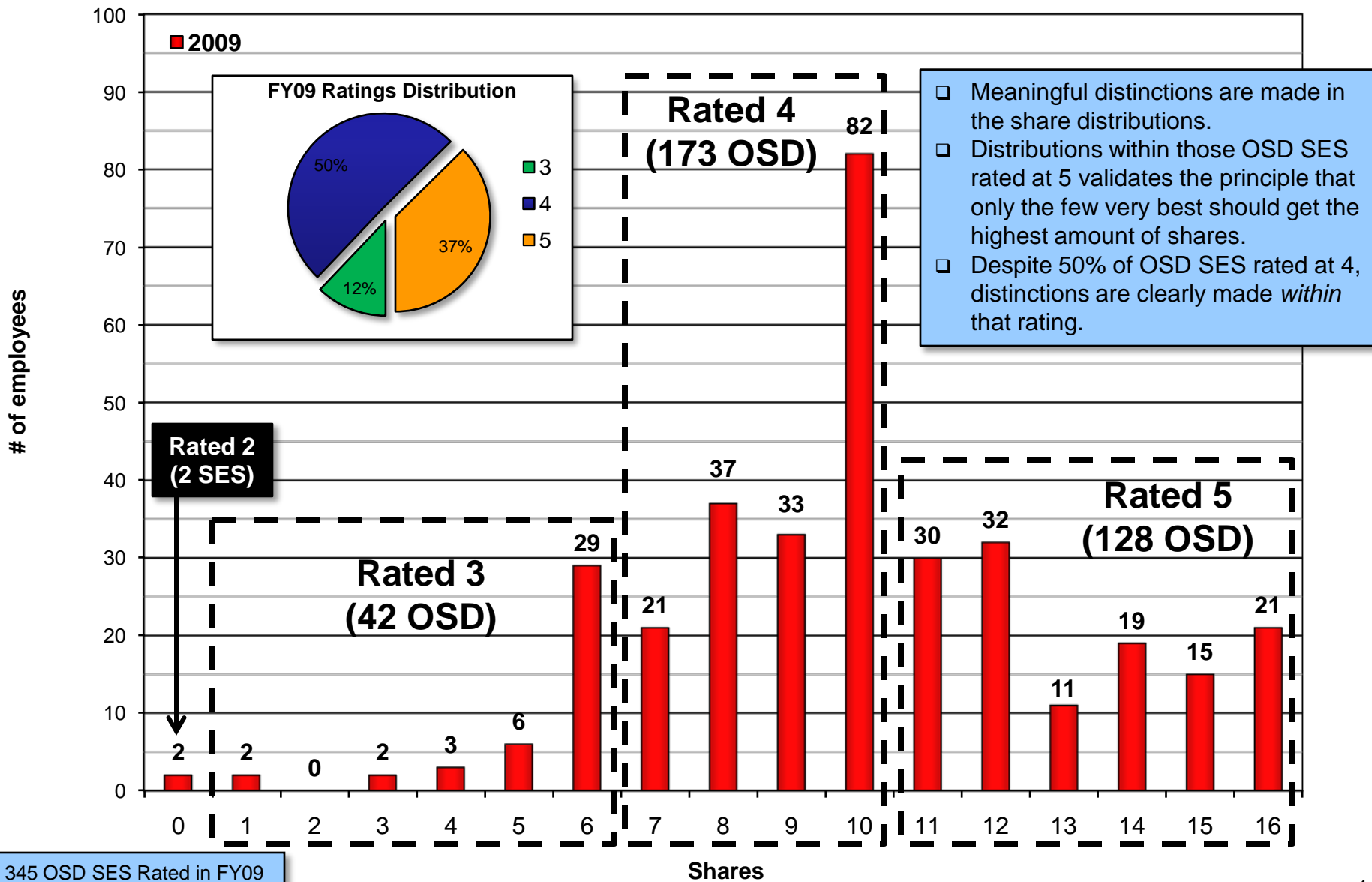
OSD SES Ratings by Tier, FY09

- ❑ Why are so many fewer Tier 1s rated 5 than Tier 3s?
 - Are Tier 3s the only ones doing the best work?
 - Is this an indictment on the quality of work from a Tier 1?





OSD SES Share Distribution by Rating, FY09

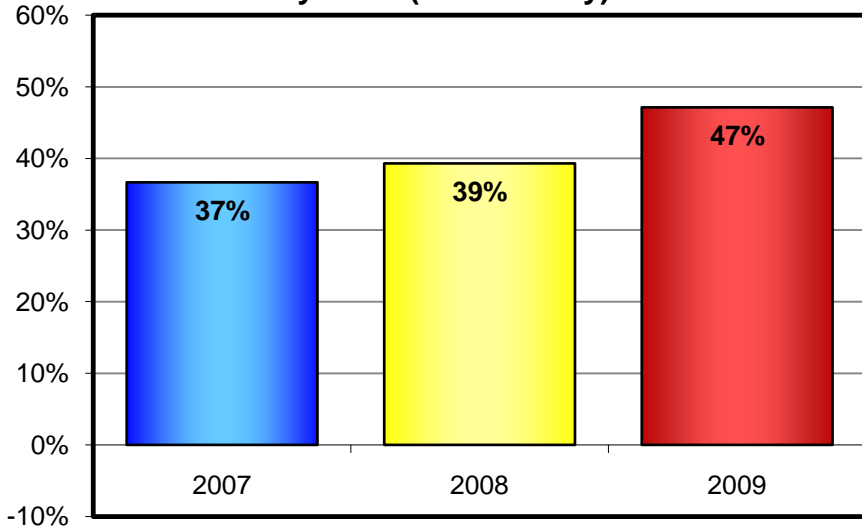




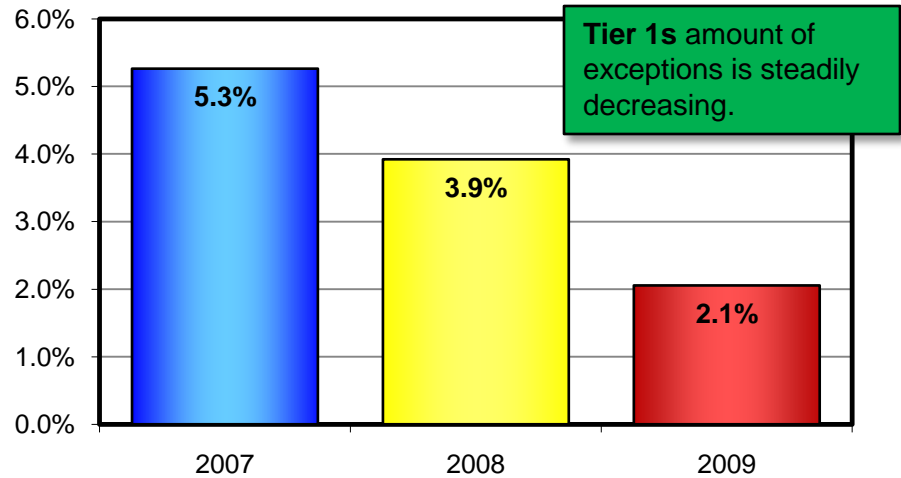
OSD SES Average Basic Pay After Adjustment Trends, FY07 – FY09

- ❑ As shown in the graphs to the right of Tier 1s, the majority of SES above Exec. Level III are clearly in Tier 3.
- ❑ Shift from NSPS forces some employees to have artificially inflated salaries.

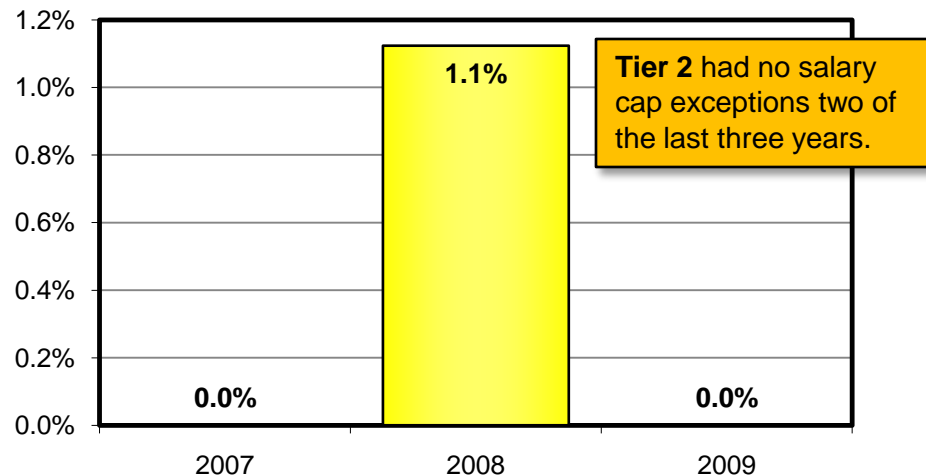
SES Salaries Above Exec. Level III Pay Limit (Career Only)



Tier 1, Over Exec. III Pay Limit (Career Only)



Tier 2, Over Tier 2 Pay Limit (Career Only)



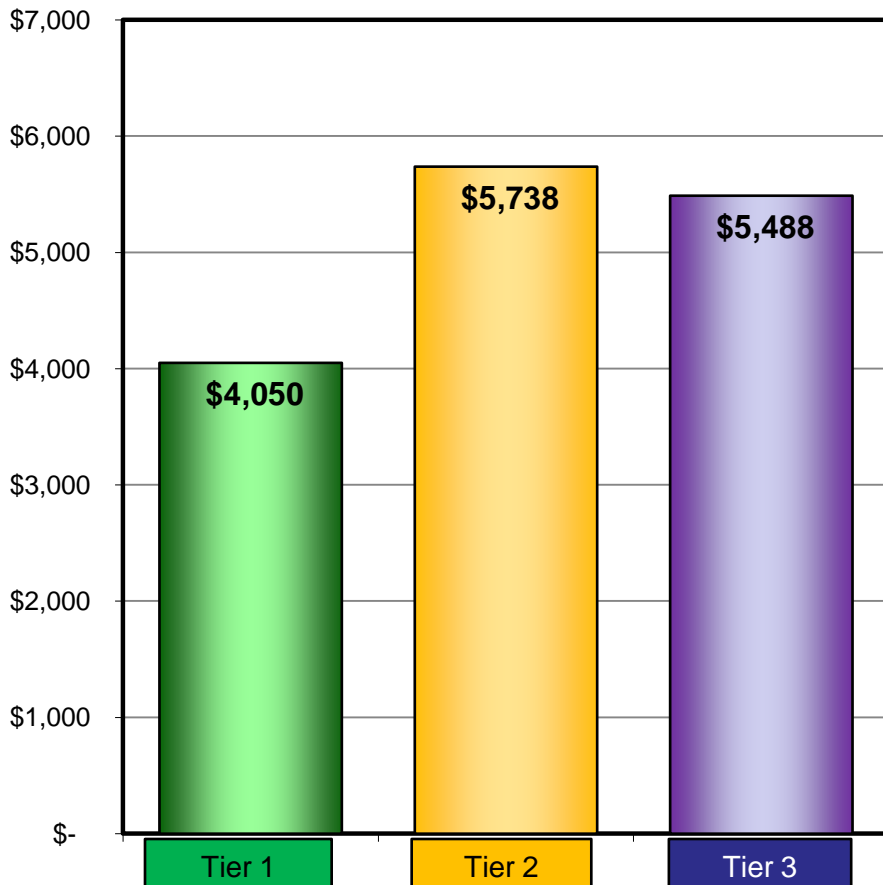
345 OSD SES Rated in FY09

■ 2007 ■ 2008 ■ 2009

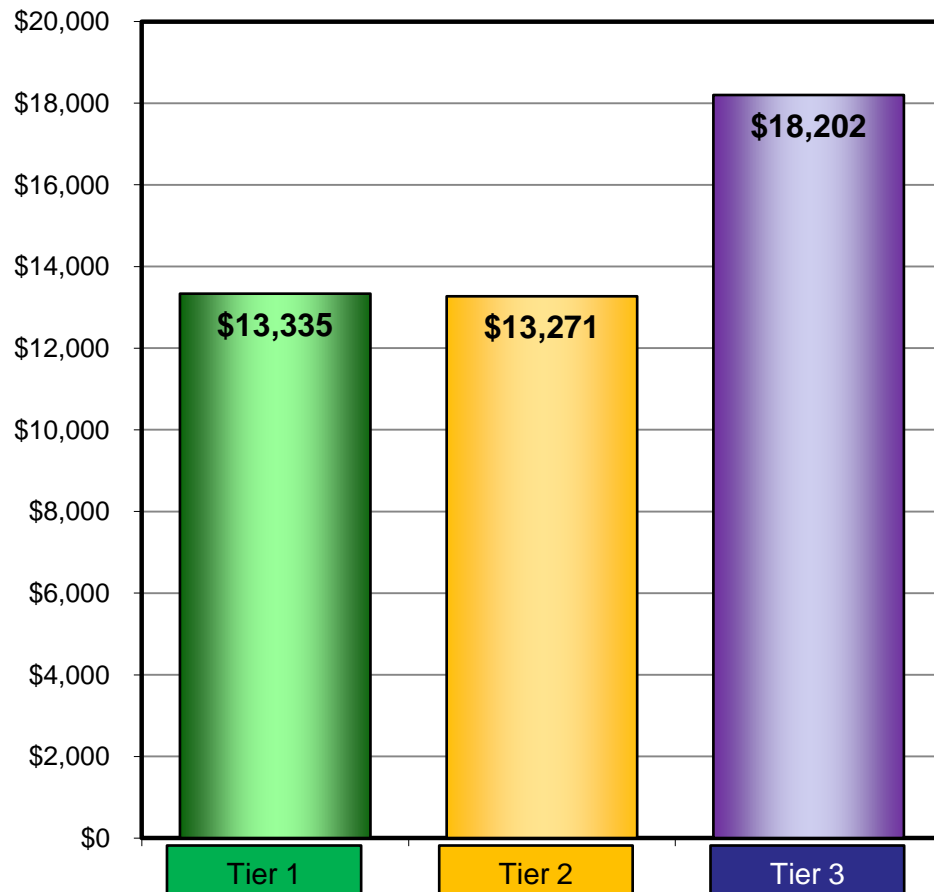


OSD SES Average Performance Pay Adjustment and Bonus By Tier, FY09

Avg. FY09 Performance Pay Adjustment by Tier Level



Avg. FY09 Performance Bonus by Tier Level



□ **Tiers 2 and 3 tend to receive higher Performance Bonuses and lower Pay Adjustments.**



OSD Performance Payout Results at a Glance, FY07 – FY09

Results at a Glance (For Rated SES, unless otherwise noted):	FY07	FY08	FY09
Total Number (#) of SES/DISES Leaders	365	383	370
Total # Rated SES/DISES (career, non-career and limited term)	348	355	345
Number of Executives Rated/Not Rated	348 / 17	355 / 28	345 / 25
Performance Rating Levels	Level 2 (0.2%) Level 3 (16%) Level 4 (43%) Level 5 (41%)	Level 2 (0%) Level 3 (17%) Level 4 (53%) Level 5 (30%)	Level 2 (1%) Level 3 (12%) Level 4 (50%) Level 5 (37%)
Total Salaries ALL SES	\$55,144,955	\$59,763,533	\$60,123,601
Pay Pool Funding Factor (Pay Progression + PAEP + Performance Budget)	12%	Tier 1 – 11% Tier 2 – 13% Tier 3 – 17% DISES – 13%	Tier 1 – 11% Tier 2 – 13% Tier 3 – 17% DISES – 13%
Pay Pool Value (Pay Pool Funding Factor X Total Salaries of all covered executives)	\$6,617,395	\$7,642,456	\$7,786,610
Unspent Pay Pool	\$1,179,266	\$1,054,669	\$1,171,472
Unspent Pay Pool (as % of Total Salaries)	2.1%	1.8%	1.9%
Total Performance (Basic) Pay Increase Payouts	\$1,929,844	\$2,245,485	\$1,696,195
Avg. Performance (Basic) Pay Increase	\$5,902	\$6,825	\$5,109
Average Salary (after Performance Adjustments) (“New Basic Pay”)	\$156,369	\$161,903	\$167,081
Number of Executives Paid Above Executive Level III	131	146	170
Total Performance Pay Increase Payouts (as % of Total Salaries)	3.5%	3.8%	2.8%
Total Performance Bonus Payouts	\$3,508,285	\$4,342,302	\$4,918,943
Avg. Bonus in dollars (\$)	\$13,758	\$15,344	\$17,259
Total Performance Bonus (as % of Total Salaries)	6.4%	7.3%	8.2%
Percent of Rated SES Members Receiving a Bonus	73.3%	79.7%	82.6%