



Magellan Total Rewards



Shaunna Philpott

Sr Dir, Compensation
and HR Systems

Purpose of Today's Webcast

- ✓ Provide introductory information about our total rewards philosophy
- ✓ Share information about your Magellan compensation programs
- ✓ Provide timeline of upcoming important dates

Our Total Rewards Philosophy



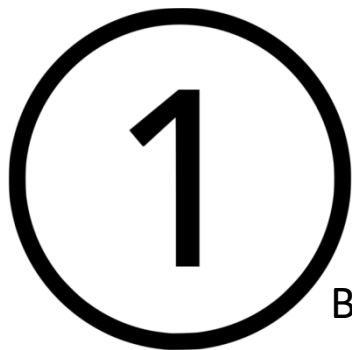
Compensation Philosophy & Components

Our compensation programs are designed to provide a comprehensive and competitive, market-based total compensation opportunity that is aligned with the interests of our shareholders and our growth strategy – they. . .

- Emphasize the external market
- Are aligned with our business strategy
- Are aligned with the interests of our shareholders



Our compensation programs are made up of 2 main components:



Base Salary

Income security
For doing a job
Fixed

Based on external market



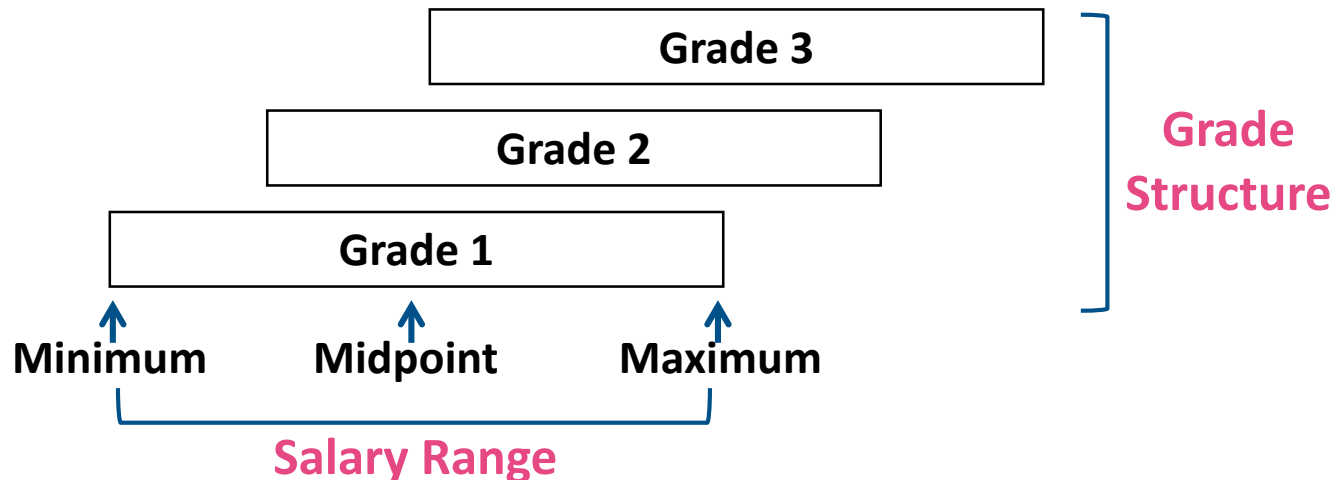
Annual Incentive

At risk
For results achieved
Variable

Target based on external market

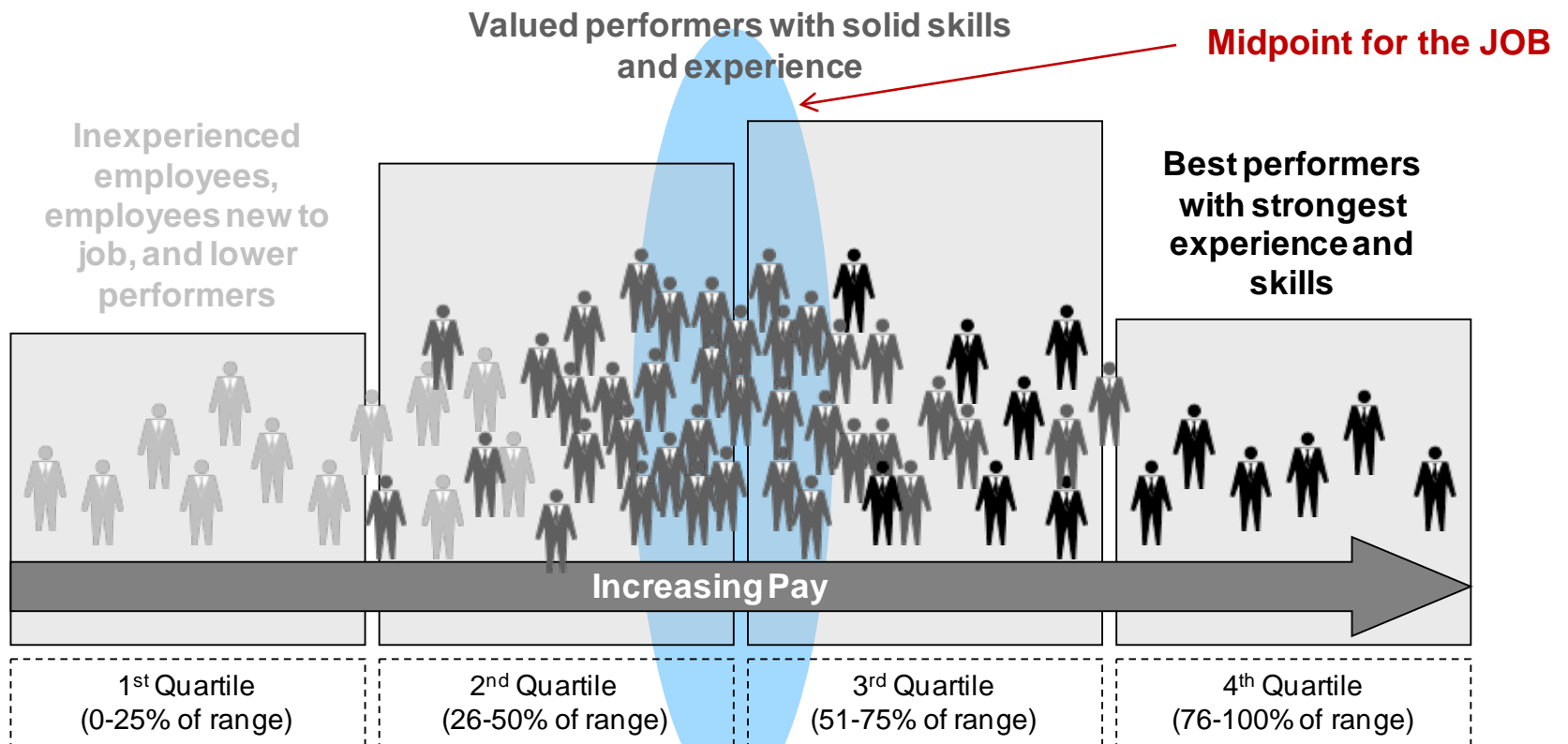
Base Salary

- We conduct a base salary market review of all of our jobs annually
 - Each job is assigned a grade based on its market value
- We manage base salary in a grade structure
 - Grade structures are made up of salary ranges, each with a
 - **Minimum:** The lowest amount typically paid for a job in that grade
 - **Maximum:** The highest amount paid for a job for that grade level – employees at the max are not eligible for salary increases
 - **Midpoint:** Midway between Min and Max – 93% to 107% of midpoint represents a market rate or competitive pay rate for a **fully experienced, fully performing** employee



Salary Ranges

- Midpoint is tied *to the job* –based on market for the jobs assigned to that grade
- Where individuals are paid in the range is related *to the individual* – including experience, special skills and historical pay
 - A wider range spread for higher paid positions acknowledges a more diverse range of skills and experience



Management Levels

- In addition to a salary grade, every job is also assigned a management level
- Management levels reflect.
 - Education and experience requirements for the job
 - Level of authority and decision making
 - Level of direct reports and level of direct manager
 - Size of function job is responsible for
 - Responsibility for more than one function
 - Responsibility for developing strategy or executing on strategy
 - Responsibility for large or complex projects vs. small or straightforward projects
- Management levels determine incentive plan eligibility and targets
- Management levels are assigned to jobs separately from the grade
 - We can accommodate jobs that have high base pay in the market, but aren't necessarily at a high level, for example, many IT roles
 - Even though separate, grade and level are highly correlated

Short-Term Incentive Programs



SERP

(Service Excellence Reward Program)

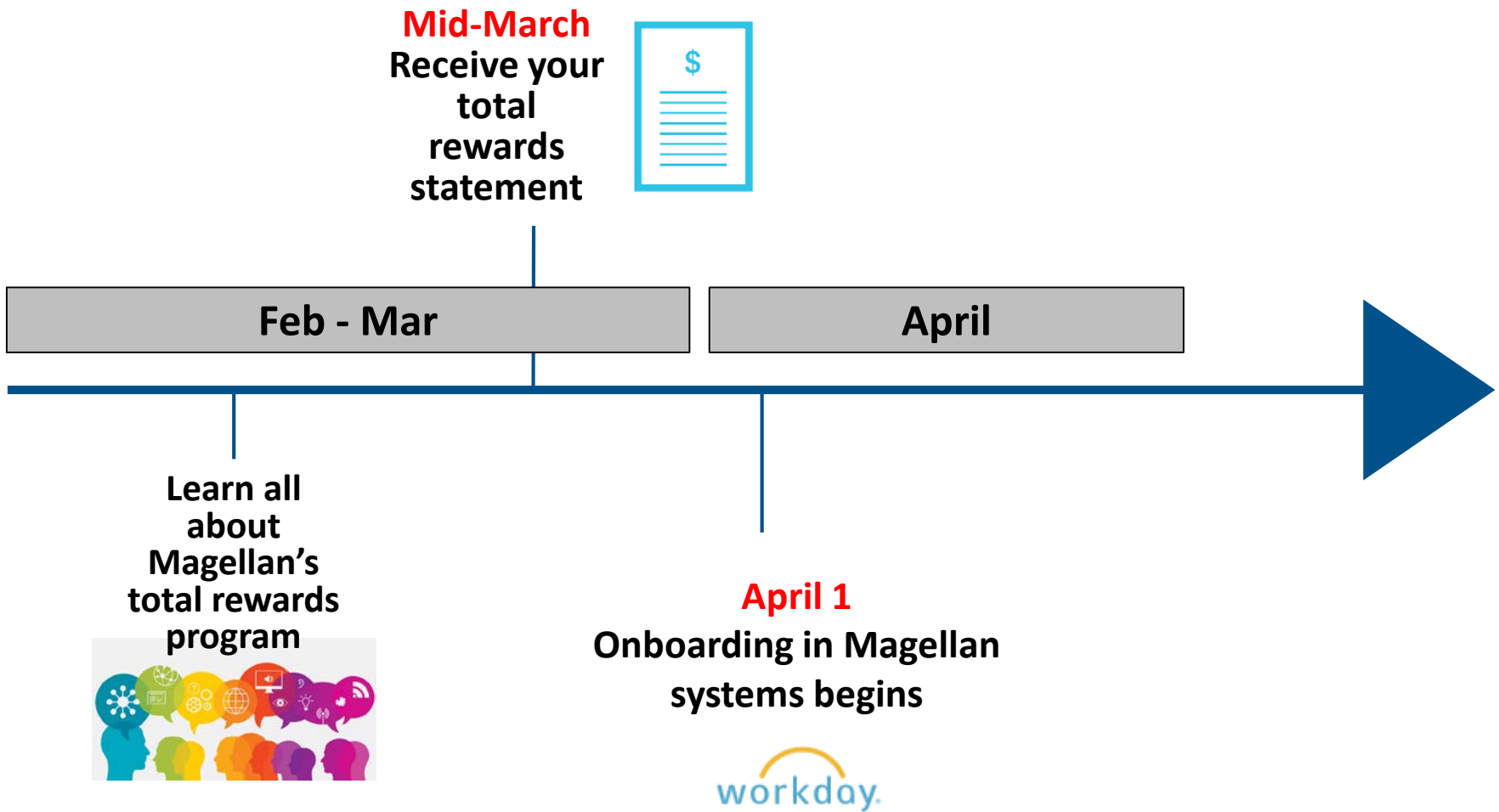
- **Discretionary plan to reward employees for superior performance in meeting objectives that are defined by their leader**
- **Can be paid quarterly, semi-annually or annually**

ICP

(Incentive Compensation Plan)

- **Funded based on company performance**
- **Individual awards based on individual achievements**
- **Paid annually**
- **Intended to align individual goals and payouts with our growth and innovation strategy**

Timeline of Upcoming Events





**I Have a
Question**