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BASIC AGREEMENT

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AND

UNITED STATES
OF AMERICA



2002

BASIC AGREEMENT

BETWEEN

TIMKEN LATROBE STEEL

AND THE

***UNITED STEELWORKERS
OF AMERICA***

TABLE OF CONTENTS

SECTION	PAGE
I Recognition.....	1
II Management	15
III Strikes and Lockouts	15
IV Wages	15
V Hours of Work	35
VI Overtime	39
VII Vacations.....	43
VIII Seniority	49
IX Adjustments of Grievances.....	62
X Suspension and Discharge Cases	68
XI Military Service	71
XII Holidays	73
XIII Safety and Health	75
XIV Severance Allowance	78
XV Other Agreements.....	81
XVI Family and Medical Leave	81
XVII Termination.....	82
Appendix A Standard Hourly Wages Scale	
Non-Incentive Jobs	84
Appendix A-1 Standard Hourly Wages Scale	
Incentive jobs	86
Appendix B Overtime Seniority Units	90
Appendix C.....	91
Index	93

AGREEMENT

This Agreement dated May 15, 2002, is between Timken Latrobe Steel, Latrobe, PA., or its successors (hereinafter referred to as the Company) and the United Steelworkers of America, or its successors (hereinafter referred to as the Union). Except as otherwise expressly provided herein, the provisions of this Agreement shall be effective 12:01 a.m., May 15, 2002.

The Union having been designated the exclusive collective bargaining representative of the employees of the Company, the Company recognizes the Union as exclusive representative. Accordingly, the Union makes this Agreement in its capacity as the exclusive collective bargaining representative of such employees. The provisions of this Agreement constitute the sole procedure for the processing and settlement of any claim by an employee or the Union of a violation by the Company of this Agreement. As the representative of the employees, the Union may process grievances through the grievance procedure, including arbitration, in accordance with this Agreement or adjust or settle the same.

It is the intent and purpose of the parties hereto to set forth herein the Basic Agreement covering rates of pay, hours of work and the conditions of employment to be observed between the parties hereto; and, to provide the sole procedure for prompt, equitable adjustment of alleged grievances.

It is the continuing policy of the Company and the Union that the provisions of this Agreement shall be applied to all employees without regard to race, color, religion, sex, disability or national origin. Wherever in this Agreement the male gender is used, it shall also be interpreted to mean the female gender.

SECTION I -- RECOGNITION

A. 1. The Company recognizes the Union as the exclusive collective bargaining agency for all hourly production and hourly maintenance employees of the Company employed in

and about the Company's plant in the Latrobe, Pennsylvania area.

2. The Company recognizes and will not interfere with the right of its employees to become members of the Union. The Union agrees that neither it nor any of its officers or members will engage in any Union activity while such employees are on Company time; and, the Company may discipline any employee who shall be proved guilty of violating this provision. Any dispute as to the facts or as to the nature of the discipline imposed by the Company shall be adjusted in accordance with the provisions of Section IX - Adjustment of Grievances, including arbitration if necessary.

3. When the Company establishes a new or changed job in a plant so that duties involving a significant amount of production or maintenance work, or both, which is performed on a job within the bargaining unit (or, in the case of new work, would be performed on such a job) are combined with duties not normally performed on a job within the bargaining unit, the resulting job in the plant shall be considered as within the bargaining unit. This provision shall not be construed as enlarging or diminishing whatever rights exist in respect of withdrawal of non-bargaining unit duties from a job in the bargaining unit, provided that where non-bargaining unit duties are placed in a job in the bargaining unit under this provision, such duties may be withdrawn at any time. Upon completion of Modernization Commitment described in Appendix C, the following provision shall apply: Notwithstanding this provision or any other provision of this Agreement, the Company, at its discretion, may establish a salaried job in the Rolling Mill (CRM) entitled Roller which job shall be considered as a job which is not within the bargaining unit. The Company shall, on request, furnish to the Union reasonable information to permit determination or questions of compliance with this provision.

B. Union Security

1. Each employee hired on or after the date of this Agreement, shall, as a condition of employment, beginning

on the 30th day following the beginning of such employment or the effective date of this Agreement, whichever is the later, acquire and maintain membership in the Union.

2. For the purpose of this section, an employee shall not be deemed to have lost his membership in the Union in good standing until the International Secretary-Treasurer of the Union shall have determined that the membership of such employee in the Union is not in good standing and shall have given the Company a notice in writing of the fact.

C. Checkoff

1. The Company will check off monthly dues, assessments and initiation fees such as designated by the International Secretary-Treasurer of the Union, as membership dues in the Union, on the basis of individually signed voluntary checkoff authorization cards in forms agreed to by the Company and the Union.

2. At the time of employment the Company will suggest that each new employee voluntarily execute an authorization for the checkoff of Union dues in the form agreed upon. A copy of such authorization card for the checkoff of Union dues shall be forwarded to the Financial Secretary of the Local Union along with the membership application of such employee.

3. Upon receipt by the Company of a voluntary written assignment (in a form agreed to in writing by the Company and the Union) by an employee, the Company will deduct from each pay of such employee each month or vacation pay and thereafter during the existence of such assignment, one-half (1/2) of the monthly amount of his Union dues for the preceding month; and, the Company shall also deduct one-half (1/2) of the monthly amount any assessments against the employee which shall be general and uniform among employees who shall at the time be members of the Union, and, if owing by the employee, an initiation fee, all as payable to the Union in accordance with its constitution and by-laws. The Company shall promptly remit any and all amounts so deducted to the International Secretary-Treasurer of the Union, who shall notify the Company in writing of the

respective amounts of the dues, initiation fees and assessments which shall be so deducted.

4. In cases of earnings insufficient to cover deduction of dues, the dues shall be deducted from the next pay in which there are sufficient earnings, or a double deduction may be made from the second pay of the following month, provided, however, that the accumulation of dues shall be limited to two (2) months. The International Secretary-Treasurer of the Union shall be provided with a list of those employees for whom double deduction has been made.

D. The provisions of Subsections B. and C. shall be effective in accordance and consistent with applicable provisions of Federal Law.

E. Indemnity Clause

The Union shall indemnify and save the Company harmless against any and all claims, demands, suits, or other forms of liability that shall arise out of or by reason of action taken or not taken by the Company for the purpose of complying with any of the provisions of this section, or in reliance on any list, notice or assignment furnished under any of such provisions.

F. Supervisors Working

Any supervisor at a plant shall not perform work on a job normally performed by an employee in the bargaining unit at such plant; provided, however, this provision shall not be construed to prohibit supervisors from performing the following types of work:

- 1. experimental work;
- 2. demonstration work performed for the purpose of instructing and training employees;
- 3. work required of the supervisors by emergency conditions which if not performed might result in interference with operations, bodily injury, or loss or damage to material or equipment; and

4. work which, under the circumstances then existing, it would be unreasonable to assign to a bargaining unit employee and which is negligible in amount.

Work which is incidental to supervisory duties on a job normally performed by a supervisor, even though similar to duties found in jobs in bargaining unit, shall not be affected by this provision.

G. Contracting Out

The following provisions will become effective sixty (60) days after the effective date of this Agreement and shall apply to matters arising on or after that date. (The provisions of Section I.G. of the 1994 Basic Agreement shall remain effective during such 60-day transitional period and shall terminate on the effective date of this Section I.G.).

1. Work Performed by Outside Contractors Within the Plant

a. Production, service, all maintenance and repair work; all installation, replacement, and reconstruction of equipment and productive facilities; other than that listed in Paragraph I.c. below, all performed within the plant, may continue to be contracted out under circumstances similar to those under which, prior to May 1, 1990, the consistent practice was to have such work performed by employees of outside contractors.

b. Except as may be provided otherwise in Paragraph 1.a. above and I.c. below, the Company agrees that it will not permit employees of an outside contractor to perform, within the plant, after the effective date of this Agreement, production, service, maintenance and repair work; installation, replacement, and reconstruction of equipment and productive facilities; unless it is determined, that at the time the work is to be performed, it is more reasonable (as defined in Paragraph 6) to have such work contracted out than to have it performed by bargaining unit employees.

c. Subject to any rights and obligations of the parties which, as of the beginning of the period specified above,

are applicable at the plant, major new construction, including major installation, major replacement, and major reconstruction of equipment and productive facilities, as well as work performed on equipment or systems pursuant to manufacturers' warranty work (if it meets the definition of that term set forth in Paragraph 6), within the plant may be contracted out.

2. Work Performed by Outside Contractors Outside the Plant

a. Production, service, all maintenance and repair work; all installation, replacement, and reconstruction of equipment and productive facilities; other than that listed in Paragraph 2.c. below, where the work originated from the Latrobe Plant and performed outside such plant, may continue to be contracted out under circumstances similar to those under which, prior to May 1, 1990, the consistent practice was to have such work performed by employees of outside contractors.

b. Except as may be provided otherwise in Paragraph 2.a. above and 2.c. below, the Company agrees that it will not permit employees of an outside contractor to perform production, service, maintenance and repair work; installation, replacement, and reconstruction of equipment and productive facilities; where the work originated from the Latrobe Plant and performed outside such plant, after the effective date of this Agreement, unless it is determined, that at the time the work is to be performed, it is more reasonable (as defined in Paragraph 6) to have such work contracted out than to have it performed by bargaining unit employees.

c. Subject to any rights and obligations of the parties which, as of the beginning of the period specified above, are applicable at the plant, major replacement, major rebuild, major reconstruction of equipment and productive facilities, as well as work performed on equipment or systems pursuant to manufacturers' warranty work (if it meets the definition of that term set forth in Paragraph 6), may be performed by employees of outside contractors outside any plant covered by this Agreement.

3. a. A regularly constituted committee, consisting of not more than four (4) members, half of whom shall be members of the bargaining unit and designated by the District Director of the Union in writing to the Company and the other half designated in writing to the Union by the Company, shall attempt to resolve problems in connection with the operation, application, and administration of the foregoing provisions.

b. In addition to the requirements of Paragraph 4 below, such committee may discuss any other current problems with respect to contracting out brought to the attention of the committee.

4. a. Before the Company finally decides to contract out an item of work as to which it claims the right to contract out, the Union committee members will be notified. Such notice will be given in advance of the final decision to contract out the work except where, in the Company's judgment, emergency situations or emergencies related to customer requirements prevent such timely notice. Such notice shall be in writing and shall be sufficient to advise the Union members of the committee of the location, type, scope, duration, and timetable of the work to be performed so that the Union members of the committee can adequately form an opinion as to the reasons for such contracting out. Should the Union committee believe discussion to be necessary, they will so request the Company in writing within five (5) working days (excluding Saturdays, Sundays, and Holidays) after receipt of such notice and such a meeting shall be held within three (3) working days (excluding Saturdays, Sundays, and Holidays) thereafter. At such meeting, the parties should review in detail the plans for the work to be performed and the reasons for contracting out such work. On request, the Union members of the committee shall be provided all relevant information in the Company's possession relating to the determination of reasonableness as defined in Paragraph 6 of this Section G. The Company members of the committee shall give full consideration to any comments or suggestions by the Union members of the committee and to any alternate plans proposed by Union members for the performance of

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the work by bargaining unit personnel. The Union members of the committee may include in the meeting the Union representative for the area in which the problem arises. Except in emergency situations or emergencies related to customer requirements, such discussions, if requested, shall take place before any final decision is made as to whether or not such work will be contracted out. Should the committee resolve the matter, such resolution shall be final and binding. Should a discussion be held and the matter not be resolved, then in all cases, except those involving emergency situations or emergencies related to customer requirements, the matter may be appealed by the Union and/or Company directly to expedited arbitration as outlined in Paragraph 5 below. Should the Company fail to give notice, if notice is required under this Paragraph 4.a. or 4.b., or in those cases involving emergency situations or emergencies related to customer requirements, or if the matter is not appealed directly to expedited arbitration, then not later than thirty (30) calendar days from the date of the commencement of the work or in those cases involving work performed outside the plant where the Company failed to give notice, then not later than thirty (30) calendar days from the date the Union receives notice through the established notification procedure, a complaint relating to such matter may be filed under the complaint and grievance procedure, found in Section IX of this Agreement, commencing at Step 3, but to be decided by an arbitrator selected from the Special Arbitration Panel described in Section H of this Section, such selection to be made in the manner set forth in said Section. In the processing of such a complaint under the procedures of Section IX, the Union members of the Contracting Out Committee shall have all the rights of a grieving employee or employees; the arbitrator shall have all remedial powers and back pay authority necessary to enforce this Section and to remedy violations thereof including the awarding of pay for any earnings lost by any employee by reason of any violations, provided, however, that in any case arising under this Section G, the arbitrator shall have no power to order capital investment or the hiring of new employees; each succeeding incident of contracting out with or without notice may be the

subject of another grievance; and the procedures of Section IX shall otherwise be implemented consistent with this Section G. Notwithstanding the provisions of Section IX, back pay, if any, may be awarded by the arbitrator in cases where the Company fails to give notice as required by this Paragraph 4.a. and 4.b. if the arbitrator finds that such remedy is appropriate in the circumstances of the case.

b. In the event of emergency situations or emergencies related to customer requirements, notice shall be given to the Union members of the regularly constituted committee within five (5) days of the commencement of the work. 30

5. The expedited arbitration procedure and the time limits for such procedure shall be as follows: 31

a. The Chairman of the Contracting Out Committee for the Union shall mail to the Company written notice of appeal of the matter directly to expedited arbitration, post-marked within five (5) calendar days after the date upon which a discussion was held and the matter was not resolved. 32

b. Within five (5) working days (excluding Saturdays, Sundays, and Holidays) after the receipt of such notice of appeal, the parties shall meet at the offices of the plant for the selection of an arbitrator. In the event the Union fails to have a representative present within such five (5)-day period to participate in the selection of an arbitrator, the grievance shall be deemed to have been accepted by the Union and the employee(s) on the basis of the Company's position and shall not be eligible for arbitration. 33

c. The arbitrator shall be selected and notified as provided in Section H of this Article. 34

d. After selection of the arbitrator, the parties shall confirm the date, time and place of the hearing by filing a joint notice of appeal of the matter to expedited arbitration with the arbitrator. 35

e. The arbitrator shall agree with the parties as to a mutually satisfactory date within thirty (30) calendar days after the date of the initial contact with the arbitrator as provided in Section H. 36

f. If the arbitrator(s) is unable to schedule and hold the hearing within such thirty (30) calendar-day period because of the unwillingness of either party to proceed, the arbitration proceedings shall be dealt with as follows: (1) if the Company is unable or unwilling to proceed within such thirty (30) calendar-day period, the grievance shall be granted; (2) if the Union is unable or unwilling to proceed within such thirty (30) calendar-day period, the grievance shall be denied; (3) subject to the provisions of Section H, if the arbitrator(s) is not available to proceed within such thirty (30) calendar-day period, upon notice to that effect or the expiration of such thirty (30) calendar-day period, the Company may implement its decision and commence such work; in that event, a complaint relating to such matter may then be filed under the complaint and grievance procedure found in Section IX of this Agreement, commencing at Step 3, but to be decided by an arbitrator selected from the Special Arbitration Panel described in Section H of this Section, such selection to be made in the manner set forth in said Section, with the exception that only one (1) name from the panel will be drawn. In the processing of such a complaint under the procedures of Section IX, the Union members of the Contracting Out Committee shall have all the rights of a grieving employee or employees; the arbitrator shall have all the remedial powers and back pay authority necessary to enforce this Section and to remedy violations thereof including the awarding of pay for any earnings lost by any employee by reason of any violations, provided, however, that in any case arising under this Section G, the arbitrator shall have no power to order capital investment or the hiring of new employees, each succeeding incident of contracting out with or without notice may be the subject of another grievance; and the procedures of Section IX shall otherwise be implemented consistent with this Section G. Such a complaint, to be timely, must be filed within thirty (30) calendar days from the date upon which the expedited arbitration procedure was terminated, as a result of the arbitrator being unavailable to proceed, as provided herein.

g. The expedited arbitration hearing shall be conducted in the following manner:

37

(1) The hearing shall be concluded in no more than two (2) consecutive days. The arbitrator shall assure that each party shall have an equal opportunity to use, if needed, a minimum of one-half (1/2) of the hearing to present its case.

(2) No post-hearing briefs shall be filed. Pre-hearing briefs may be filed on the date of the hearing.

(3) The arbitrator shall issue an expedited decision no later than five (5) calendar days after conclusion of the hearing. The expedited decision shall be limited to a statement that the Company either has a right to contract out the work in question or does not have such a right. This expedited decision shall be explained in a follow-up written opinion which shall be issued no later than fifteen (15) calendar days after conclusion of the hearing.

6. Definitions

a. The term "outside contractor" or "vendor" shall mean any entity, excluding the Company and its subsidiaries and parent, which is a party to a contract with the Company. The term "subsidiary" as used herein shall mean an entity fifty percent (50%) or more directly or indirectly owned or controlled by the Company.

b. It shall be "more reasonable" for the Company to have work contracted out if it is determined, that at the time the work is to be performed:

(1) the Company will not have the employees available at such plant, either active or laid off, who possess the necessary skills to perform the work; or

(2) the Company will not have the necessary existing equipment to perform the work with the Company's employees who work at such plant at competitive quality; or

(3) the work cannot be done with the Company's employees who work at such plant within the time period desired by the Company, provided such time period is reasonable under the circumstances.

c. The term "manufacturers' warranty work" means work performed pursuant to a warranty for the limited time

38

necessary to make effective the following seller guarantees:

(1) That new or rehabilitated equipment or systems are free of errors in quality, workmanship, or design. 49

(2) That new or rehabilitated equipment or services will perform at stated levels of performance and/or efficiency subsequent to installation. 50

It is understood that manufacturers' warranties are commitments associated with a particular product or service in order to assure that seller representations will be honored at no additional cost to the Company. It is further understood that long-term service contracts are not within the definition of manufacturers' warranty work. 51

7. Notwithstanding the provisions of Section IX, in arbitrations conducted pursuant to either the expedited arbitration procedure or the regular arbitration procedure, the arbitrator shall have the authority to award back pay. 52

8. The following shall apply to hours worked in the Finishing Department: 53

a. Subject to the provisions of subparagraph c., below, the Company guarantees that during the term of this Agreement the average number of hours worked in the Finishing Department shall be maintained at a minimum of 22,400 hours per quarter less any weeks lost as a result of vacation shutdowns, catastrophic failure of a major producing unit, or any week in which four (4) or more Vac Arc furnaces are not operating, at the rate of 1,725 hours per week. 54

b. In calculating the number of hours worked in the Finishing Department for purposes of subparagraph a., above, the Company shall not include those hours worked in the Finishing Department as the result of action by the Company, taken after the effective date of this Agreement, to include in the Finishing Department seniority unit a job that was once a part of another seniority unit, except to the extent that the duties being performed by the employees in any such job are of the type being performed in the Finishing Department as of the effective date of this Agreement. 55

c. In the event that the Company shall make any capital improvement affecting the Finishing Department, the Company shall be entitled to lower the hours-worked guarantee set forth in subparagraph a., above, to the extent necessary to recognize any increased efficiency within the Finishing Department resulting from said capital improvement. 56

9. a. An employee working in a trade and craft job, as defined in this Agreement, shall be guaranteed forty (40) hours of pay, at the Standard Hourly Wage Rate for his job, for any week during which trade and craft employees of an outside contractor are working within the plant performing the duties of his job that he would otherwise perform. This guarantee shall apply only to affected employees in the trade and craft job at the plant. An affected employee is defined as an employee in such trade and craft job who receives less than forty (40) hours pay for such week, or who is available for work but on layoff during such week and who would perform such work if not laid off. 57

b. An employee to whom the foregoing guarantee is applicable may be assigned on a temporary basis to perform a job other than that in which he is permanently classified at any location throughout the plant. An employee who elects not to accept such an assignment shall not be eligible for the guarantees provided herein. 58

c. The number of employees eligible for the forty (40)-hour pay guarantee in any given week shall be the lesser of the number of employees of the outside contractor performing the trade and craft work at issue, or the number of affected employees during such work week. Such guarantee shall not be applicable with respect to outside contractors' employees performing work within the plant on items covered by Section I-G.1.; provided, however, that if any item of work covered under Section I-G.1.b. is disputed by the union under the procedures set forth in Section I-G.4. and 5. then this guarantee shall apply. 59

H. Impartial Arbitration For Contracting Out (Section G)

1. The parties have agreed upon a panel of eight (8) Impartial Arbitrators who have expertise in contracting out to 60

hear and decide disputes arising under the Contracting Out provisions (Section G).

2. The parties shall select an arbitrator to hear a particular case by drawing the names of three (3) arbitrators from among all the names on the Impartial Arbitration Panel. The procedure for drawing the names of the three (3) arbitrators shall be as follows: The names of the panel, typed on identical cards, shall be placed in a container and one (1) shall be drawn from the container by either a Union or Company representative. The drawing of the first name for the first case for which an arbitrator is to be selected after the effective date of this Agreement shall be drawn from the container by the Union representative. The drawing of the second name for the arbitrator for the case to be arbitrated shall be drawn by the Company representative. Thereafter, drawings shall be alternately made by the parties' representatives. Subject to the provisions of Section G.5.f., the three (3) arbitrators drawn shall be contacted by phone in the order drawn to establish a hearing date within the thirty (30) calendar-day period. The date of the initial phone call to each arbitrator shall start the thirty (30) calendar-day period for that arbitrator. The phone call to the first arbitrator drawn shall be made on the date of the drawing. The phone call to the next arbitrator in order shall be made no later than the working day (excluding Saturdays, Sundays, and Holidays) following the date upon which the prior arbitrator is determined to be not available to proceed as defined below. If an arbitrator either states that he is not available to proceed within such thirty (30) calendar-day period or in the event such a timely date is not set with that arbitrator by 5:00 p.m. of the working day (excluding Saturdays, Sundays and Holidays) following the initial call to that arbitrator, he shall be considered to be not available to proceed within such thirty (30) calendar-day period. If it is determined, in accordance with the above procedure, that all three (3) of the arbitrators drawn are not available to proceed, as required, the Company may implement its decision and commence such work and the matter shall then proceed following the provisions of Section G.5.f. of this Agreement.

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3. It is agreed, however, that in hearing and deciding disputes arising under the Contracting Out provisions (Section G), the arbitrator shall have no power to add to or subtract from or modify any of the terms of this Agreement.

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SECTION II -- MANAGEMENT

The management of the works and the direction of the working forces, including any of the rights, powers, functions or authority which the Company had prior to the signing of this Agreement, or any agreement with the Union, as well as but not limited to, the right to hire, suspend or discharge for proper cause and the right to relieve employees from duty because of lack of work or for other legitimate reasons are retained by the Company, except as those rights, powers, functions or authority are specifically abridged or modified by this Agreement or any amendment to this Agreement arrived at through the process of collective bargaining.

63

SECTION III -- STRIKE AND LOCKOUTS

The Union agrees there shall be no interruption or impeding of the work such as but not limited to slowdown, concerted absenteeism, work stoppage, strike or other interferences with production during the life of this Agreement. The Company agrees there shall be no lockout of employees during the life of this Agreement.

64

SECTION IV -- WAGES

A. Standard Hourly Wage Scale

The standard hourly wage scales of rates for the respective job classes shall be those set forth in Appendix A and A-1 of this Agreement. Jobs shall be placed in the standard hourly wage scales in accordance with the January 1, 1963, Job Description and Classification Manual as amended August 1, 1968, and August 1, 1971, (hereafter referred to as the Manual) which is hereby made a part of this Agreement, except that the manual's master job classifications will be used in conjunction with Latrobe Steel jobs currently in effect to clarify new, changed or combined jobs.

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B. Application of the Standard Hourly Wage Scale

The standard hourly wage scale rate for each job shall be set forth in Appendix A for non-incentive jobs and in Appendix A-1 for incentive jobs. In addition: 66

1. A schedule of trade or craft rates, containing: 67

a. A standard rate equal to the standard hourly wage scale rate for the respective job class of the job; 68

b. An intermediate rate at a level two (2) job classes below the standard rate; and 69

c. A starting rate at a level four (4) job classes below the standard rate, is established for each of the following repair and maintenance trade or craft jobs: 70

Bricklayer	Mechanical Repairer
Carpenter	Electronic Repairer
Electrician	Roll Turner
Instrument Repairer	Mobile Equipment
Machinist	Repairer

2. A schedule of learner rates for the respective learning periods of 520 hours of actual learning experience with the Company on jobs for which training opportunity is not provided by the promotional sequence of related jobs is established at the level of standard hourly wage scale rates for the respective job classes determined on the basis of the required employment training and experience time specified in factor 2 of the job classification record of the respective job for which the learner period is preparatory as follows: 71

a. Seven (7) to twelve (12) months: One (1) learner period classification at a level two (2) job classes below the job class of the job. 72

b. Thirteen (13) to eighteen (18) months: A first learner period classification at a level four (4) job classes below the job class of the job, and a second learner period classification at a level two (2) job classes below the job class of the job. 73

c. Nineteen (19) months: A first learner period classification at a level six (6) job classes below the job class of the job; a second learner period classification at a level four (4) job classes below the job class of the job; and a third learner period classification at a level two (2) job classes below the job class of the job. 74

d. At any time during the learner periods an employee progresses to where he is performing the full scope of the job, he may then be moved to the full rate of the job without necessarily going through the time periods. 75

3. The Company, at its discretion, may apply a learner rate to a learner on any job during any period of time where another employee, other than the learner is on the job, provided the learner rate applied is: 76

a. The standard hourly wage scale rate for job class 1 in the case of an employee hired for the learner job; or 77

b. The lower figure of: 78

(1) the standard hourly wage scale rate of the job from which transferred; or 79

(2) the standard hourly wage scale rate of the job being learned in the case of an employee transferred from another job in the plant. 80

C. Description and Classification of New or Changed Jobs

In the interest of the effective administration of Job Description and Classification procedures as set forth in the Manual, a Plant Union Committee on Job Classification (hereinafter called the Plant Union Committee) consisting of up to three (3) employees designated by the District Director of the Union shall be established in the plant. 81

The August 1, 1971, Job Description and Classification Manual along with Latrobe Steel jobs currently in effect will be used in conjunction with the Manual's Master Job Classifications to classify new or changed jobs, in accordance with the following procedure. 82

This procedure is not to be construed or interpreted in any way as a license for any review of job descriptions and classifications currently in effect except as provided below:

1. All new jobs, including trade or craft jobs, established on or after August 1, 1971, shall be classified by the provisions set forth in the Manual.

2. All jobs that are changed in job content (requirements of the job as to training, skill, responsibility, effort or working conditions) on or after August 1, 1971, shall be reclassified only in those factors affected by the change, using only Section V of the Manual - "The Basic Factors and Instructions for Their Application" and Section VI of the Manual - "Conventions for Classification of Designated Jobs" where applicable. When and if the net total of the changes in the factors affected equals less than one (1) full job class, a supplementary record shall be established to maintain the job description and classification on a current basis and to enable a subsequent adjustment of the job description and classification for an accumulation of small job content changes. When and if the net total of the changes in the factors affected, or the accumulation of such changes, equals a net total of one (1) full job class or more, a new job description and classification for the job shall be established in accordance with item 1. above.

3. The job description and classification for each job in effect as of the date of this Agreement shall continue in effect unless (a) the Company changes the job content (requirements of the job as to the training, skill, responsibility, effort and working conditions) to the extent of one (1) full job class or more; (b) the job is terminated or not occupied during a period of one (1) year; or (c) the description and classification are changed in accordance with mutual agreement of officially designated representatives of the Company and the Union.

4. When and if from time to time the Company at its discretion, establishes a new job or changes the job content (requirements of the job as to training, skill, responsibility, effort and working conditions) of an existing job to the extent

of one (1) full job class or more, a new job description and classification for the new or changed job shall be established in accordance with the following procedure.

a. The Company will develop a description and classification of the job in accordance with the provisions of the Manual.

b. The proposed description and classification will be submitted to the Plant Union Committee for approval, and the hourly wage scale rate for the job class to which the job is thus assigned shall apply in accordance with the provisions of Subsection B. of this section. Copies of the proposed description and classification shall be sent to a designated representative of the International Union.

c. If the Company and Plant Union Committee are unable to agree upon the description and classification within fifteen (15) calendar days after proposed description is submitted to the Plant Union Committee, the Company shall install the proposed classification and the standard hourly wage scale rate for the job class to which the job is thus assigned shall apply in accordance with provisions of Subsection B. of this section. The Plant Union Committee shall be exclusively responsible for the filing of grievances and may at any time within thirty (30) calendar days from the date of installation, file a grievance with the Plant Management Representative designated by the Company alleging that the job is improperly described, and/or classified under the provisions of the Manual. Such grievance is to be processed in accordance with the provisions of Section IX - Adjustment of Grievances, commencing with Step 3. Prior to the Step 3 Meeting, the Plant Union Committee and the Company representative shall prepare and mutually sign a stipulation setting forth the factors and factor codings which are in dispute, a copy of which shall be sent to a designated representative of the Company and the designated representative of the International Union. If the grievance is submitted to arbitration, the issue shall be limited to the factors stipulated as being in dispute and the decision shall be effective as of the date when the new job was established or

the change or changes installed. In the event the parties fail to agree as provided, and no appeal to arbitration is made within the time provided, the classification as prepared by the Company shall be deemed to be approved.

d. In the event the Company does not develop a new job description and classification, the Plant Union Committee may file a grievance in Step 2 under the grievance and arbitration procedures of this Agreement requesting that a job description and classification be developed and installed in accordance with the provisions of the Manual. The resulting classification shall be effective as of the date when the new job was established or the change or changes installed.

D. Incentive Plans

1. Effective as of the date specified in Appendix A-1, each employee on a job covered by an existing incentive plan shall receive for each hour worked in addition to incentive earnings, the applicable hourly additive specified in Appendix A-1.

2. It is understood that the fundamental principle of the work and wage relationship is that the employee is entitled to a fair day's pay, i.e., the Standard Hourly Wage Scale, in return for which the Company is entitled to a fair day's work. The fundamental principle of the performance and incentive wage relationship is that when regularly required on a direct incentive job as defined below to perform work over and above the requirements of a fair day's work, an employee is entitled to receive equitable extra compensation over and above a fair day's pay. A new direct incentive, a replacement direct incentive, or an adjusted direct incentive shall be designed to provide an incentive earnings opportunity of 35% when the employee is working at a 35% incentive effort.

a. Direct Incentive Jobs - Jobs which directly affect or control the rate of output or efficiency of equipment, shall be considered direct incentive jobs.

3. It is further understood that certain other jobs or service operations may not provide nor require full incentive

effort and thus an incentive earnings opportunity of less than 35% shall be equitable compensation for work performed.

These jobs or service operations shall be called "Indirect Incentive Jobs" and "Secondary Indirect Incentive Jobs" and defined as follows:

a. Indirect Incentive Jobs - Jobs which indirectly contribute to the control of output or efficiency of equipment, shall be considered indirect incentive jobs. Indirect Incentives shall be designed to provide an incentive earnings opportunity equivalent to 67% of the earning opportunities provided by the Direct Incentive Job or Jobs to which it is related. If the Indirect Incentive Jobs are not related to Direct Incentive Jobs, the incentive shall be designed to provide earning opportunities 23% above the Incentive Calculation Rate.

b. Secondary Indirect Incentive Jobs - Jobs which are covered by incentive and do not qualify for direct or indirect incentives as defined above shall be considered secondary indirect incentive jobs. Secondary Indirect Incentives shall be designed to provide an incentive earnings opportunity equivalent to 33% of the earning opportunities of the Direct Incentive Job or Jobs to which it contributes or 50% of the earning opportunities of the Indirect Incentive Job or Jobs to which it contributes. If the Secondary Indirect Incentive Jobs do not contribute to the performance of any Direct or Indirect Incentive Jobs, the incentive shall provide earnings opportunities of 12% above the Incentive Calculation Rate.

The above percentage figures are not statements of the actual percentage earnings an incentive must produce consistently to be equitable. They relate not to average earnings but to earnings opportunity.

4. The Appendix A-1 Standard Hourly Wage Rate plus the applicable hourly additive will establish minimum guaranteed hourly rates for all jobs on incentives. For hours worked on incentive jobs the employees shall receive the highest of the following:

- a. The total earnings of the applicable incentive plan plus the applicable hourly additive as specified in Appendix A-1. 101
- b. The total amount arrived at by multiplying the hours worked by the applicable Standard Hourly Wage Rate as specified in Appendix A-1 plus the applicable hourly additive. 102
- c. The total amount arrived at by multiplying the hours worked by the existing guaranteed hourly rate. 103

E. New and Adjusted Incentives

1. The Company, at its discretion, may establish new incentives to cover: 104

- a. new jobs on which the Company is not required to establish incentives; 105
- b. jobs not presently covered by incentive application; or 106
- c. jobs covered by an existing incentive plan where, during a current three-month period, the straight time average hourly earnings of employees under the plan are equal to or less than the average of the standard hourly wage rate for such employees. 107

2. The Appendix A-1 standard hourly wage rate shall be the established hourly base rate of pay under any new incentive that may be applied to the job during the term of this Agreement. 108

3. The following shall apply to the minor adjustments, major adjustments where the incentive is suspended and cancellation and replacement of incentives: 109

- a. It is recognized that adjustment of an incentive may be required to preserve its integrity to reflect new or changed conditions occurring after the effective date of this Agreement which are not sufficiently extensive to require cancellation and replacement of the incentive and which result from mechanical improvements made by the Company in the interest of improved methods or products, or from changes in equipment, manufacturing processes or methods, 110

materials processed or quality or manufacturing standards. Such adjustments shall apply only to elements affected and will be installed upon completion of investigation. The amount of change shall be measured in accordance with the original development of the incentive and only those elements affected will be changed.

b. When such new or changed conditions as defined in paragraph 3.a., above, are of such magnitude that the Company determines the plan must be suspended for a period of time to accomplish the adjustments, an interim allowance as defined in 6., below, shall be installed. 111

c. The change of the adjusted standards established pursuant to 3.a.-b., above, may be challenged by the affected employee(s) through the grievance procedure in accordance with E. 5.d., below. 112

d. When such new or changed conditions as defined in paragraph 3., above, are of such magnitude that the Company determines that replacement of the incentive is required, the Company shall cancel the existing incentive and replace it with a new incentive in accordance with the procedure set forth in Section IV - D.2. and 3. and Section IV - E.5. 113

4. New incentives established pursuant to Section IV - E.1. and 2., above, shall be established in accordance with the following procedure: 114

a. The Company will develop the proposed incentive. 115

b. The proposal will be submitted to the Grievance Committeeman or steward representing the employees affected for the purpose of explaining the incentive and arriving at agreement as to its installation. The Company shall, at such time, furnish such explanation with regard to the development and determination of the incentive as shall reasonably be required in order to enable the Union representative to understand how such incentive was developed and determined and shall afford to such Union representative a reasonable opportunity to be heard with regard to the proposed incentive. 116

c. Should agreement not be reached as to its installation, the proposed incentive may be installed by the Company and the employee or employees affected may at any time after thirty (30) calendar days, but within sixty (60) calendar days following installation, file a grievance alleging that the incentive does not provide equitable incentive compensation. Such grievance shall be processed under the grievance and arbitration procedure of this Agreement. If the grievance is submitted to the arbitration procedure, the arbitrator shall decide the question of equitable incentive compensation and the decision of the arbitrator shall be effective as of the date when the incentive was put into effect. 117

d. In the event the Company does not adjust the incentive or develop an incentive as provided above, the employee or employees affected may within thirty (30) calendar days from occurrence process a grievance under the grievance and arbitration procedures of this Agreement requesting that an incentive be installed in accordance with the provisions of this subsection. If the grievance is submitted to arbitration, the decision of the arbitrator shall be effective as of the date when the grievance was filed. 118

5. Replacement incentives to replace existing incentives pursuant to Section IV - E.3. d., above, shall be established in accordance with the following procedure: 119

a. The Company will develop and install the replacement incentive as soon as practicable. 120

b. The replacement incentive will be submitted to the Grievance Committee for the purpose of notification, and the Company shall furnish such explanation of the replacement as shall reasonably be required to enable the Union representative to understand how the new incentive was developed. 121

c. When an incentive is replaced pursuant to this section, and the Company determines the incentive that is being replaced must be canceled before the replacement incentive is ready for installation, an interim allowance as defined in 6., below, shall be installed. 122

d. The employees affected may at any time after thirty (30) calendar days, but within sixty (60) calendar days following installation, file a grievance which shall be processed under the grievance and arbitration procedures of this Agreement. If the grievance is submitted to the arbitration procedure, the arbitrator shall decide the issue of compliance with the requirements of Section IV - E.3.a., b. or d., above, and the decision of the arbitrator shall be effective as of the date when the adjusted incentive or the replacement incentive was put into effect. 123

e. In the event the Company does not adjust or replace an incentive as provided in Section IV - E.3.a., b. or d., above, the employee or employees affected may, within thirty (30) calendar days from the date the change is alleged to have occurred, process a grievance under the grievance and arbitration procedures of this Agreement requesting that an adjustment to the incentive be installed in accordance with the provisions of this subsection. If the grievance is submitted to arbitration, the decision of the arbitrator shall be effective as of the date when the grievance was filed. 124

6. When an incentive is adjusted or replaced pursuant to this section, it is recognized a period of time may be required to develop the operating integrity of the new equipment, manufacturing processes or methods, materials processed and quality or manufacturing standards before the adjusted or replacement incentive can be developed and installed. During the interim period between suspension or cancellation, development and installation of the adjusted incentive or the replacement incentive, the incentive earnings (which does not include the applicable hourly additive) expressed as a percentage above the Appendix A-1 standard hourly wage rate on the adjusted incentive for the job covered thereunder, shall not be less than the percentage of incentive earnings (which does not include the applicable hourly additive) received as an average by regularly assigned incumbents of that job under that incentive during the three (3) months preceding suspension or cancellation provided that the average pay period performance, as measured by the existing standards or production rates, during such three (3) month 125

period is maintained. When the adjusted incentive or the replacement incentive is installed, the interim incentive earnings shall cease and incentive earnings shall be calculated under the adjusted or replacement incentive. As to any job which did not exist under the incentive prior to its adjustment or replacement the average percentage calculated for jobs which did exist shall apply under the same conditions.

F. Adjustment of Personal Out-of-Line Differentials

1. The reduction of an out-of-line rate where a job has been reclassified downwards, shall not be effective to reduce earnings of an employee regularly assigned to the given job as of the date of reclassification. However, the normal turnover of employees shall be utilized in the elimination of any such out-of-line wage rates. 126

2. As of the effective date of any increase made in job class increments in the standard hourly wage scale under this Agreement the personal out-of-line differentials of all incumbents of incentive and non-incentive jobs shall be adjusted or eliminated by applying that part of the increase in the standard hourly wage scale rate for the job which is attributable to the increase in the increments between job classes to reduce or eliminate such personal out-of-line differentials. 127

G. Wage Rate Inequity Grievances

No basis shall exist for an employee to allege a wage inequity and no grievance alleging a wage rate inequity shall be filed during the term of this Agreement. 128

H. Miscellaneous

1. The Company will not establish performance standards for non-incentive jobs not in accordance with the fundamental principle of the work and wage relationship set forth in Subsection D.2. hereof. In any dispute, the Company shall have the obligation to prove that any standard set is in accordance with this principle or to cover the job with an incentive. 129

2. a. In the event an employee is assigned temporarily, at the request or direction of the Company, from his regular 130

job to another job, such employee, in accordance with the provisions of this section, shall receive the established rate of pay for the job performed. In addition, while performing work under such circumstances, such employee shall receive such special allowances as may be required to equal the earnings that otherwise would have been realized by the employee. For non-crew employees, such special allowance shall be computed on the basis of the average wage earned by such employee during his last three (3) working days prior to such a temporary assignment. For crew employees, such special allowance shall be computed on the basis of the crew's performance for that day and the job class of his regular job. This provision shall not affect the rights of any employee of the Company under any other provisions of this Agreement.

b. In the event an employee is assigned out of the labor pool at the request or direction of the Company to a job with lower earnings than a job otherwise available, such employee shall, in addition to receiving the established rate of pay for the job performed, receive such special allowances as may be required to equal the earnings that otherwise would have been realized by the employee in such higher paying job. This provision shall not affect the rights of any employee of the Company under any other provisions of this Agreement. 131

3. The employees who were incumbents in the occupation of Roller at the Continuous Rolling Mill, as of the completion of the modernization commitment described in Appendix C, and who are working in a job in the Continuous Rolling Mill seniority unit will receive Job Class 28 plus incentive for all hours they would have otherwise been scheduled as a Roller if not for the elimination of the hourly Roller occupation in the Continuous Rolling Mill. 132

I. Shift Differentials

1. For hours worked on the afternoon shift there shall be paid a premium rate of 30 cents per hour. For hours worked on the night shift there shall be paid a premium rate of 45 cents per hour. 133

2. Shifts shall be identified in accordance with the following: 134

- a. Day Shift includes all turns regularly scheduled to commence between 6:00 a.m. and 8:00 a.m. inclusive. 135
- b. Afternoon Shift includes all turns regularly scheduled to commence between 2:00 p.m. and 4:00 p.m. inclusive. 136
- c. Night Shift includes all turns regularly scheduled to commence between 10:00 p.m. and 12:00 midnight inclusive. 137

3. Shift differential shall be included in the calculation of overtime compensation. Shift differential shall not be added to the base hourly rate for the purpose of calculating incentive earnings but shall be computed by multiplying the hours worked by the applicable differential and the amount so determined added to earnings. 138

4. Any hours worked by an employee on a regularly scheduled shift which commences at a time not specified in paragraph 2., above, shall be paid as follows: 139

- a. For hours worked which would fall in the prevailing day turn of the department, no shift differential shall be paid. 140
- b. For hours worked which would fall in the prevailing afternoon turn of the department, the afternoon shift differential shall be paid. 141
- c. For hours worked which would fall in the prevailing night shift of the department, the night shift differential shall be paid. 142

5. Shift differential shall be paid for allowed time or reporting time when the hours for which payment is made would have called for a shift differential if worked. 143

J. Sunday Premium

1. All hours worked by an employee on Sunday, which are not paid for on an overtime basis, shall be paid for on the basis of employee's rate of pay as defined in paragraph 4., below, at one and one-half times the employee's regular rate of pay. 144

2. For the purpose of this provision, Sunday shall be deemed the twenty-four (24) hours beginning with the turn-changing hour nearest to 12:01 a.m., Sunday. 145

3. Sunday premium based on the minimum hourly wage rate shall be paid for reporting allowance hours. 146

4. The regular rate of pay, as the term is used in paragraph 1., above, shall mean the hourly rate which the employee would have received for the work had it been performed during nonovertime hours; for employees on an incentive, tonnage or piecework basis, such regular rate of pay shall be the average straight time hourly earnings as computed in accordance with existing practices. 147

K. Cost of Living Adjustment

1. The cost of living adjustment, as calculated for the February 1, 1998 adjustment date pursuant to Paragraph K.2. of Section IV of the 1994 Basic Agreement, shall continue to be paid during the term of this Agreement on the same basis as it was paid at the end of the 1994 Basic Agreement. This cost of living adjustment shall apply to all hours actually worked, overtime premium hours and for any credited reporting allowance hours under Section V.E. of this Agreement, but shall not be considered a part of the employees' pay for any other purpose and shall not be used in the calculation of any other pay, allowance or benefit, regardless of any provision in this or any other Agreement providing for such benefits. 148

2. For purposes of this Subsection K: 149

a. "Consumer Price Index" refers to the "Consumer Price Index for Urban Wage Earners and clerical Workers CPI-W (Revised Series) - All Items (1967 = 100)" published by the Bureau of Labor Statistics, U.S. Department of Labor. 150

b. The Consumer Price Index Base shall be determined as follows: 151

(i) For the May 15, 2002, August 1, 2002, and November 1, 2002 and February 1, 2003 Adjustment Dates, 152

the Consumer Price Index Base refers to the Consumer Price Index for the month of December, 2001 published by the Bureau of Labor Statistics, multiplied by 103%.

(ii) For the May 1, 2003, August 1, 2003, and November 1, 2003 and February 1, 2004 Adjustment Dates, the Consumer Price Index Base refers to the Consumer Price Index for the month of December, 2002 multiplied by 103%. 153

(iii) For the May 1, 2004, August 1, 2004, November 1, 2004 and February 1, 2005 Adjustment Dates, the Consumer Price Index Base refers to the Consumer Price Index for the month of December, 2003, multiplied by 103%. 154

(iv) For the May 1, 2005; August 1, 2005 and November 1, 2005 and February 1, 2006 Adjustment Dates, the Consumer Price Index Base refers to the Consumer Price Index for the month of December, 2004 multiplied by 103%. 155

(v) For the May 1, 2006, August 1, 2006 and November 1, 2006 and February 1, 2007 Adjustment Dates, the Consumer Price Index Base refers to the Consumer Price Index for the month of December, 2005 multiplied by 103%. 156

(vi) For the May 1, 2007, August 1, 2007 and November 1, 2007 and February 1, 2008 Adjustment Dates, the Consumer Price Index Base refers to the Consumer Price Index for the month of December, 2006 multiplied by 103%. 157

c. "Adjustment Dates" are May 1, August 1 and November 1, 2002; February 1, May 1, August 1 and November 1, 2003; and February 1, May 1, August 1, and November 1, 2004; February 1, May 1, August 1 and November 1, 2005; February 1, May 1, August 1 and November 1, 2006; February 1, May 1, August 1 and November 1, 2007; and February 1, 2008. 158

d. "Change in the Consumer Price Index" is defined as the difference between (i) the Consumer Price Index Base (adjusted) and (ii) the Consumer Price Index for the second calendar month next preceding the month in which the applicable Adjustment Date falls, provided, however, that in no event shall any part of such Consumer Price Index which 159

exceeds the Consumer Price Index Base (without the applicable multiplier) multiplied by 106% be used for making any adjustment for any adjustment date.

e. "Cost of Living Adjustment" is calculated as below and adjustments will be made for the three-month period commencing with the Adjustment Date. 160

3. Effective on each adjustment date, a cost of living adjustment equal to 1 cent per hour for each full .3 of a point change in the Consumer Price Index shall become payable for all hours actually worked and for any reporting allowance credited before the next adjustment date. In calculating the adjustments for May, 1999, August, 1999, November, 1999, and February, 2000, there shall be added to the amount calculated in the previous sentence an amount equal to the cost-of-living adjustment, if any, which was payable on February 1, 1999. In calculating the adjustments for May, 2000, August, 2000, November, 2000, and February, 2001, there shall be added to the amount calculated above an amount equal to the cost-of-living adjustment, if any, which was payable on February 1, 1999 and February 1, 2000. 161

4. The cost of living adjustment, if any, shall be an "add-on" and shall not be part of the employee's Standard Hourly Wage Scale Rate. 162

5. Should the Consumer Price Index, in its present form and on the same basis (including composition of the "Market Basket" and "Consumer Sample") as the last index published prior to April 30, 2002 become unavailable, the parties shall attempt to adjust this Section K. or, if agreement is not reached, request the Bureau of Labor Statistics to provide the appropriate conversion or adjustment which shall be applicable as of the appropriate adjustment date and thereafter. The purpose of such conversion shall be to produce as nearly as possible the same result as would have been achieved using the index in its present form. 163

6. If the Consumer Price Index falls below the Consumer Price Index Base, there shall be no cost of living adjustment. 164

L. Meal Allowance

A meal allowance of \$4.00 will be paid in accordance with the following work schedules. 165

When an employee works four (4) or more hours of overtime immediately following eight (8) hours of straight time or overtime. 166

No meal allowance will be paid when the four (4) hours precede the employee's normal eight (8) hour schedule or when the employee is notified in advance of the overtime schedule. 167

M. Earnings Protection Plan

1. Purpose 168

The purpose of the Earnings Protection Plan (EPP) is to protect a level of earnings for hours worked by employees, with particular emphasis on employees displaced in technological change, through provision of a benefit to be known as a Quarterly Income Benefit (QIB) which, when added to an employee's average earnings for hours worked in a quarter, will increase such average earnings to a specified percentage of the employee's average earnings for hours worked during a base period preceding such quarter. 169

2. Definitions 170

When used in the EPP or in any agreement relating thereto, the following terms are intended to have the meaning set forth below: 171

"Average Earnings" -- Average straight time hourly rate of earnings, determined by dividing total earnings (including applicable incentive earnings but excluding shift differentials and Sunday and overtime premiums) for all hours worked by the number of hours worked. 172

"Base Period" -- A.) The pay periods paid in the calendar year preceding the benefit quarter. B.) For employees with twenty (20) or more years of continuous service, the pay periods paid in the second calendar year preceding the benefit quarter, or A. above whichever is greater. 173

"Base Period Rate" -- The average earnings for the base period, plus the amount per straight time hour worked of any QIB paid for straight time hours worked in the base period. 174

"Benefit Quarter" -- The pay periods paid in a calendar quarter with respect to which benefit determinations are to be made. 175

"Benefit Quarter Rate" -- The average earnings for the benefit quarter. 176

"Eligible Employees" -- Employees who have two (2) or more years of continuous service (as determined under the Company's non-contributory pension plan) as of the end of the benefit quarter and who have worked 160 or more hours during the base period. 177

3. Quarterly Income Benefits 178

a. Each eligible employee shall receive QIB, subject to all the provisions of the EPP, for any benefit quarter for which his benefit quarter rate does not equal or exceed 85% of his base period rate except for employees with twenty (20) or more years of continuous service, the benefit quarter rate is extended to 90%.

b. The amount of the QIB for an employee shall be determined with reference to the hours worked by him in the benefit quarter by multiplying (i) the sum of the number of such hours paid for at straight time plus 1.5 times the number of such hours paid for at overtime rates by (ii) the amount, if any, by which his benefit quarter rate was less than 85% (90% as provided in a. above) of his base period rate; subject to the provisions of c. and d. below. 179

c. In determining the amount of a QIB, the base period rate and the benefit quarter rate shall be appropriately adjusted to neutralize the effect of any general wage increase or decrease occurring after the start of the base period. 180

d. Any QIB otherwise payable shall be adjusted to the extent necessary to avoid a payment under this plan which would duplicate a payment under a worker's compen- 181

sation or occupational disease law or under any other arrangement which provides an earnings supplement.

4. Disqualification 182

a. An employee shall not be paid any QIB for any benefit quarter if it is determined that his benefit quarter rate was significantly lower than it otherwise would have been because of any of the following (occurring in or before such benefit quarter): 183

(1) Assignment at his own request or due to his own fault to a job with lower earning opportunities or failure to accept assignment, or to assert assignment rights, to a job with higher earning opportunities; except in the case of assignments related to the manning of a new facility or other situations where it is clear from the surrounding circumstances that such event should not affect eligibility for a QIB. 184

(2) Lower average performance under any applicable incentive than that which was reasonably attainable. 185

(3) Any occurrence which would disqualify the employee from a Weekly Benefit pursuant to paragraph 3.5.c.(1), (2) or (3) of the SUB Plan. 186

b. If an employee quits or is discharged, no QIB shall be payable for the benefit quarter in which such quit or discharge occurs. 187

5. General 188

a. Any QIB payable in accordance with the terms of this plan shall be paid promptly after the end of the benefit quarter for which it is payable, shall be considered wages for the purposes of any applicable law, and shall be included in calculating earnings for the purposes of the Company's non-contributory pension plan and vacations, but not for the SUB Plan or any other purpose. For the purposes above provided, the QIB shall constitute wages for the calendar quarter in which it is paid. 189

b. All benefits payable under the EPP shall be paid by the Company. 190

c. Disputes arising under the EPP shall be processed under the procedure applicable to disputes arising under the SUB Plan. 191

N. Safety Shoe Allowance

Each employee, other than probationary employees, will receive during the term of this Agreement four allowances up to \$80.00 per pair of metatarsal or non-metatarsal equipped safety shoes each toward the purchase of safety shoes for wear at the plant. 192

The first allowance will be paid between May 15, 2002 and October 31, 2003. The second allowance will be paid between November 1, 2003 and April 30, 2005. The third allowance will be paid between May 1, 2005 and October 31, 2006. The fourth allowance will be paid between November 1, 2006 and April 30, 2008. 193

To be eligible for the allowance for safety shoes purchased outside the Company, each employee must provide proof of purchase. 194

This benefit is in lieu of and supersedes any local practice or agreement to pay for shoes or metatarsals. 195

SECTION V -- HOURS OF WORK

A. Scope

This section defines the normal hours of work and shall not be considered as a guarantee of hours of work per day or per week or of days of work per week. This section shall not be considered as any basis for the calculation of overtime. 196

B. Normal Workday

The normal workday shall be eight (8) hours of work in a 24-hour period. The hours of work shall be consecutive. 197

C. Normal Workweek

The normal workweek shall be five (5) consecutive workdays, followed by a rest period of forty-eight (48) con- 198

secutive hours within a period of seven (7) consecutive days; provided, however, that on shift changes the sixteen (16) hour rest period within the workday need not be provided in addition to, but may be considered as a part of the forty-eight (48) consecutive hour rest period and in the case of six-day schedules as a part of the twenty-four (24) consecutive hour rest period.

D. Schedules

1. Should it be necessary, in the interest of efficient operations, to establish schedules departing from normal, the Executive Board of the Union, the Committeeman of the department involved, and the Company may, at the written request of either party, confer to determine whether, based upon the facts of the situation mutually satisfactory modified schedules can be arranged, but the final right to arrange working schedules rests with the Company. Employees shall be given preference for schedules in accordance with their seniority. 199

2. All employees shall be scheduled on the basis of the normal workday and workweek except where: 200

a. such schedules regularly would require the payment of overtime; 201

b. deviations from the normal workday and workweek are necessary because of breakdowns or other matters beyond the control of the Company; 202

c. schedules deviating from the normal workday and workweek are established by agreement between the Executive Board of the Union and the Committeeman of the department involved and the Company; or 203

d. deviations are necessary to avoid adversely affecting operations in the plant. 204

3. Schedules showing employee's workdays shall be posted or otherwise made known to employees in accordance with prevailing practices but not later than Thursday of the week preceding the calendar week in which the schedules become effective unless otherwise provided by local practice. 205

4. Schedules may be changed by the Company any time provided, however, indiscriminate changes shall not be made in such schedules, provided further that any changes made after Thursday of the week preceding the calendar week in which the changes are to be effective shall be explained at the earliest practicable time to the Grievance Committeeman of the employee affected; and provided, further, that with respect to any such schedules, no changes shall be made after Thursday except for breakdown or other matters beyond the control of the Company. 206

5. Should changes be made in schedules contrary to the provisions of paragraph 4., above, so that an employee is laid off on any day within the five (5) scheduled days and is required to work on what would otherwise have been the sixth or seventh work day in the schedule on which he was scheduled to commence work, the employee shall be paid for such sixth or seventh day worked at overtime rates in accordance with Section VI - Overtime. 207

E. Reporting Allowance

1. An employee who is scheduled or notified to report and who does report for work shall be provided with and assigned to a minimum of four (4) hours of work on the job for which he was scheduled or notified to report, or in the event such work is not available, shall be assigned or re-assigned to another job paying at least an equal hourly rate, provided he is qualified to do the work. In the event when he reports to work, no work is available, he shall be released from duty and credited with a reporting allowance of four (4) times the hourly rate of the job (including any applicable additive in Appendix A-1) for which he was scheduled or notified to report. When an employee who starts to work is released from duty before he works a minimum of four (4) hours, he shall be paid for the hours worked at the rate for the reporting allowance equal to the hourly wage rate of the job (including any applicable additive in Appendix A-1) for which he was scheduled or notified to report multiplied by the unutilized portion of the four (4) hour minimum. 208

2. The provisions of the above paragraph 1. shall not apply in the event that: 209

a. strikes, work stoppages in connection with labor disputes, failure of utilities beyond the control of the Company, breakdown of equipment, government requirements or acts of God which interfere with work being provided; or 210

b. an employee is not put to work or is laid off after having been put to work, either at his own request or due to his own fault; or 211

c. an employee refuses to accept an assignment or reassignment within the first four (4) hours as provided in paragraph 1., above; or 212

d. the Company gives reasonable notice of change in scheduled reporting time or that an employee need not report. 213

F. Allowance for Jury Service

An employee who is called for jury service or subpoenaed as a witness shall be excused from work for the days on which he serves (which includes required reporting for jury duty when summoned, whether or not he is used as a juror) and he shall receive, for each such day of jury service on which he otherwise would have worked, the difference between the payment he receives for such jury service and the amount calculated by the Company in accordance with the following formula. Such pay shall be based on the number of days such employee would have worked had he not been performing such jury service (plus any holiday in such period which he would not have worked) and the pay for each such day shall be eight (8) times his average straight time hourly rate of earnings (including applicable incentive earnings but excluding shift differentials and Sunday and overtime premium) during the last payroll period worked prior to jury service. The employee will present proof that he did serve as a juror or was subpoenaed and reported as a witness, and the amount of pay, if any, received therefor. 214

G. Funeral Leave

When death occurs to an employee's legal spouse or child (including step-child when the step-child has lived with the employee in an immediate family relationship), an employee, upon request, will be excused and paid for up to a maximum of five (5) scheduled shifts (or for such fewer shifts as the employee may be absent) which fall within a five (5) consecutive calendar day period; provided, however, that one such calendar day shall be the day of the funeral and it is established that the employee attended the funeral. When death occurs to an employee's mother, father, mother-in-law, father-in-law, brother or sister, grandparents and grandchildren (including stepfather, stepmother, stepchildren, stepbrother or stepsister when they have lived with the employee in an immediate family relationship), an employee, upon request, will be excused and paid for up to a maximum of three (3) scheduled shifts (or for such fewer shifts as the employee may be absent) which fall within a three (3) consecutive calendar day period; provided, however, that one such calendar day shall be the day of the funeral and it is established that the employee attended the funeral. Payment shall be eight (8) times his average straight time hourly earnings (as computed for jury pay). An employee will not receive funeral pay when it duplicates pay received for time not worked for any other reason. Time thus paid will not be counted as hours worked for purposes of determining overtime or premium pay liability. 215

H. Paid Lunch Period

Employees will receive a 20-minute paid lunch period. This 20-minute lunch period is not to interfere with production needs of the department. 216

SECTION VI -- OVERTIME

A. Purpose

1. This section provides the basis for the calculation of, and payment for, overtime and shall not be construed as a guarantee of hours of work per day or per week, or a guarantee of days of work per week. 217

2. It is the policy of the Company insofar as practicable, 218 to restrict production work to the regular established normal workday and workweek, and the Company agrees that in making requests for overtime work outside of the regular established normal workday or workweek, it will recognize the employee's right to decline overtime work for good cause. No employee shall be disciplined or lose holiday pay for declining overtime or holiday work if another qualified employee with less seniority in the overtime unit on the shift is available. If all qualified employees in the overtime unit on the shift decline the overtime or holiday work, the qualified employee with the least seniority in the overtime unit on the shift shall be assigned the work, unless he is able to obtain a qualified replacement in the seniority unit on the shift. An employee shall not be permitted to obtain a replacement from either a different shift or a different seniority unit. Overtime shall be distributed pursuant to overtime practice outlined in Subsection E., below.

B. Definitions of Terms

1. The payroll week shall consist of any seven (7) 219 consecutive days used by the Company for computing the pay of employees (which may or may not coincide with a week beginning at 12:00 midnight Sunday, or at the turn-changing hour nearest to that time).

2. The workday for the purposes of this section is the 220 24-hour period beginning with the time the employee begins work.

3. Overtime rates shall be time and one-half the appli- 221 cable hourly rate for the job on which the overtime hours are worked; except for employees on an incentive, tonnage or piecework basis, the applicable hourly rate shall be the average straight time hourly earnings as computed in accordance with existing practices.

C. Conditions Under Which Overtime Rates Shall Be Paid

1. Overtime rates shall be paid for: 222

a. Hours worked in excess of eight (8) hours in a 223 workday;

b. Hours worked in excess of forty (40) hours in a 224 payroll week;

c. Hours worked on the sixth or seventh workday in 225 a payroll week during which work was performed on five (5) other workdays. Hours not worked on the five (5) other days due to personal absences shall not be counted as hours worked;

d. Hours worked in connection with "continuous 226 and/or rotating schedules" on the sixth or seventh workday in a seven (7) consecutive day period during which the first five (5) days were worked, whether or not all of such days fall within the same payroll week, except when worked pursuant to schedules mutually agreed to as provided for in Subsection D. of Section V - Hours of Work; provided that on shift changes, the seven (7) consecutive day period of 168 consecutive hours may become 152 consecutive hours depending upon the change in the shift;

e. Hours worked under the conditions specified in 227 Section V - D.5. - Hours of Work;

f. Hours worked on a second reporting in the same 228 workday where the employee has been recalled or required to report to the plant after working less than eight (8) hours on his first shift, provided that his failure to work eight (8) hours on his first reporting was not caused by any of the factors mentioned in Section V - E.2. for purposes of disqualifying an employee for reporting allowance.

D. Non-Duplication

Payment of overtime rates shall not be duplicated for the 229 same hours worked, but the higher of the applicable rates shall be used. To the extent that hours are compensated for at overtime rates under one provision, they shall not be counted as hours worked in determining overtime under the same or any other provision, and reporting allowance under Subsection E., Reporting Allowance of Section V shall not be

used for determining hours of work or earnings for the calculation of, or payment of overtime; provided, however, that a holiday in Section XII whether worked or not and whether scheduled as a day of work or not, shall be counted as a day worked in determining overtime under the provisions of Section VI - C.1. c. above and hours worked on a holiday shall be counted for the purpose of calculating overtime under the provisions of Section VI - C.1. a., above.

E. Overtime Distribution

- 1. Sixth and Seventh Days Overtime 230
 - a. Overtime will be offered to the senior qualified employees in the overtime seniority unit* who worked on the same shift preceding the sixth or seventh day. 231
 - b. In the case of crew configuration, overtime will be offered to the crew that worked the shift and unit preceding the sixth and seventh day (Mills, Presses and PFF). 232
- 2. Unscheduled Overtime 233

Non-crew Units:

- a. Four (4) hours or less, overtime will be offered to the senior qualified employee in the overtime seniority unit who worked the shift preceding the overtime assignment. 234
- b. Over four (4) hours, overtime will be offered to the most senior qualified employee in the overtime seniority unit who is available for such assignment or may be offered equally between the senior qualified employees from the respective shifts in the overtime seniority unit; one (1) from the preceding shift and one (1) from the succeeding shift. Such method shall be at the discretion of the Company. 235
- c. Four (4) hours or less preceding the first shift of new workweek or preceding a shift during the weeks where the work to be performed cannot be done immediately following the preceding shift, overtime will be offered to the senior qualified employee in the overtime seniority unit whose regular shift follows. 236

Crew Units

- a. Four (4) hours or less, overtime will be offered to the crew that worked the unit preceding the overtime assignment. 237
- b. Over four (4) hours, overtime will be offered to the crew on the preceding shift that worked the unit, or may be assigned equally between the preceding shift and the succeeding shift crew, that worked the unit. Such method shall be at the discretion of the Company. 238
- 3. If all senior qualified employees offered overtime opportunity do not accept the overtime, overtime will be assigned to the junior qualified employee in accordance with A.2. hereof. 239
- 4. Temporary Vacancies 240
 - a. Temporary vacancies will be handled in accordance with Section VIII - F. 241
- 5. Holiday Overtime 242
 - a. Assigned in accordance with 1. and 2. above. No employee shall have the right to bump between shift to claim overtime. 243

*The seniority units as defined in Section VIII - K. - Seniority Units of the Basic Agreement have in some departments been divided into smaller units for the purpose of overtime assignments. The smaller units are designated "overtime seniority units" and are identified in Appendix B attached. 244

SECTION VII -- VACATIONS

A. Eligibility

- 1. To be eligible for a vacation in any calendar year during the term of this Agreement, the employee must: 245
 - a. have one (1) year or more of continuous service; and 246
 - b. not have been absent from work for six (6) consecutive months or more in the preceding calendar year; except that in the case of an employee who completes one (1) 247

year of continuous service in such calendar year, he shall not have been absent from work for six (6) consecutive months or more during the twelve (12) months following the date of his original employment; provided, that an employee with more than one (1) year of continuous service who in any year shall be ineligible for a vacation by reason of the provision of this paragraph as a result of an absence on account of lay-off or illness shall receive one (1) week's vacation with pay in such year if he shall not have been absent from work for six (6) consecutive months or more in the twelve (12) consecutive calendar months next preceding such vacation. Any period of absence of an employee while on vacation pursuant to this section or while absent due to a compensable disability in the year in which he incurred such disability, or while in military service in the year of his reinstatement to employment shall be deducted in determining the length of a period of absence from work for the purpose of this Subsection A. - 1.b.

2. An employee, even though otherwise eligible under this Subsection A., forfeits the right to receive regular vacation benefits under this section if he quits, retires, or is discharged prior to January 1 of the vacation year. 248

3. Continuous service shall be determined by the employee's first employment or reemployment following a break in service, whichever is later and in accordance with the provisions for determination of continuous service as set forth under Subsection B. of Section VIII - Seniority, of this Agreement, except that there shall be no accumulation of service in excess of the first two (2) years of any continuous period of absence on account of layoff or physical disability (except, in the case of compensable disability, as provided in Subsection B. - 2.f., Section VIII - Seniority) in the calculation of service for vacation eligibility. 249

4. Any employee otherwise entitled to a regular vacation pursuant to this Agreement in the calendar year in which he retires under the terms of the Pension Agreement between the Company and the Union, which makes him eligible for a special retirement payment, but who has not taken such vacation prior to the date of such retirement, shall not be required to take a regular vacation in that calendar year and shall not 250

be entitled to regular vacation pay for that calendar year or in any subsequent year.

B. Length of Vacation

1. Regular Vacation 251

a. Except as provided in Section VII, Subsection B.1.d. below, an eligible employee who had attained the years of accumulated Company continuous service indicated in the following table in any calendar year during the continuation of this Agreement shall receive a regular vacation (except as otherwise provided) corresponding to such years of accumulated Company continuous service as shown in the following table: 252

Accumulated Company Continuous Service	Weeks of Regular Vacation
1 year but less than 3 years	1 week
3 years but less than 8 years	2 weeks
8 years but less than 15 years	3 weeks
15 years but less than 24 years	4 weeks
24 years or more	5 weeks

b. A one (1) week's vacation shall consist of seven (7) consecutive days, a two (2) week's vacation of fourteen (14) consecutive days, a three (3) week's vacation of twenty-one (21) consecutive days, a four (4) week's vacation of twenty-eight (28) consecutive days, and a five (5) week's vacation of thirty-five (35) consecutive days; provided, however, that in the event the orderly operations of the plant require, the two (2) week's vacation may be scheduled in two (2) periods of seven (7) consecutive days each and the three (3) week's vacation may be scheduled in two (2) periods of seven (7) and fourteen (14) consecutive days, or with the consent of the employee, in three (3) periods of seven (7) consecutive days each and the four (4) week's vacation may be scheduled in two (2) periods of fourteen (14) consecutive days each or in two (2) periods of seven (7) and twenty-one (21) consecutive days or, with the consent of the employee in three (3) periods of seven (7), seven (7) and fourteen (14) consecutive days, or in four (4) periods of seven (7) consec- 253

utive days and the five (5) week's vacation may be scheduled in two (2) periods of fourteen (14) and twenty-one (21) consecutive days, or two (2) periods of seven (7) and twenty-eight (28) consecutive days, or with the consent of the employee any combination of seven (7) consecutive day periods totaling thirty-five (35) days.

c. The Company may, with the consent of the employee, pay an employee vacation allowance in lieu of time off for vacation for any weeks of regular vacation in excess of two (2) weeks. 254

C. Return from Vacation

1. Notwithstanding any provisions of Section VIII - B., an employee who overstays his vacation leave without first notifying his plant management and securing permission for the extension, unless such notification proves to be impractical, may be subject to disciplinary action. 255

D. Vacation Scheduling

1. The vacation period shall be from January 5, 2003 through January 4, 2004 in the vacation year 2003; from January 5, 2004 through January 2, 2005 in the vacation year 2004; from January 3, 2005 through January 1, 2006 in the vacation year 2005; from January 2, 2006 through January 7, 2007 in the vacation year 2006; from January 8, 2007 through January 6, 2008 in the vacation year 2007; and from January 7, 2008 through January 5, 2009 in the vacation year 2008. 256

2. Promptly after the Union is notified of the Company's intention regarding a plant shutdown for vacation, each eligible employee shall be requested to specify the vacation period the employee desires for regular vacation. Such request will be made in writing (not later than fifteen (15) calendar days after the receipt of such request) on or promptly after November 1, of each year on a form provided by the Company. Vacations shall, so far as possible, be granted at times most desired by employees on a seniority basis, but the final right to allotment of vacation periods is exclusively reserved to the Company in order to insure the orderly operation of the plant. Vacation scheduling will be completed by 257

the first working day in January of each year except as provided in Paragraph 4. hereof.

3. It is understood and agreed that the plant or any department thereof may be shutdown for one (1) or two (2) week periods during the ten (10) consecutive week period commencing with the calendar week in which June 15 occurs and the Christmas week defined as follows: In 2002, the week beginning with December 23; in 2003, the week beginning with December 22; in 2004, the week beginning with December 27; in 2005, the week beginning with December 26; in 2006, the week beginning with December 25; and in 2007, the week beginning with December 24. Such period may be designated by the Company as comprising all or a part of the vacation period for any employees of the plant who are qualified to receive vacation privileges. The Union shall be notified promptly after November 1 if the Company intends to shutdown for vacation during the succeeding vacation year and if so the dates of such shutdown. This paragraph is not intended to affect the application of other rules concerning the scheduling of vacations set forth in this section. 258

4. Any employee absent from work because of layoff, disability or leave of absence at the time employees are requested to specify the vacation periods they desire and who has not previously requested and been allotted a vacation period for the calendar year, may be notified by the Company that a period is being allotted as the employee's vacation period but that the employee has the right within fourteen (14) calendar days to request some other vacation period. If any such employee notifies the Company in writing, within fourteen (14) calendar days after such notice is sent, that the employee desires some other vacation period, the employee shall be entitled to have vacation scheduled in accordance with the foregoing Paragraph 2. 259

5. Time lost by an employee for a period of at least an entire payroll week due to the necessity of reducing the working force or due to bona fide sickness or injury after exhausting Sickness and Accident benefits or due to leave of absence may be applied to any vacation time to which such employee is entitled if the employee so requests. 260

6. The employee shall take vacation as scheduled by the Company provided the employee has not had time lost as described applied to all regular vacation time to which the employee is then entitled. The employee's wishes as to the time the employee's vacation is to be scheduled will be given consideration, in accordance with the employee's plant seniority, but such schedule will necessarily be governed by the operating requirements of the plant.

7. In the application of this Section VII.D., each employee shall be given the opportunity to be scheduled for one (1) week of their allotted vacation during the ten (10) consecutive week period commencing with the calendar week in which June 15 occurs, beginning with the 1999 vacation year.

E. Reports

From time to time during the term of this Agreement the Company shall furnish the Union, on forms and at times to be agreed upon, with such information as may be reasonably required for the purpose of enabling it to be properly informed concerning the operation of this section.

F. Vacation Pay

1. Regular Vacation

Each employee granted vacation will be paid in accordance with the following:

a. At the employee's average rate of earnings per hour (as determined by dividing total earnings earned for hours worked in the calendar year preceding the vacation year by actual hours worked times the average hours worked per week in the calendar year preceding the vacation year); provided, however, that the total earnings for an employee working restricted duty due to compensable injury during the calendar year preceding the vacation year shall be adjusted to reflect the Workers Compensation paid to such employee as a result of the employee working restricted duty in the calendar year preceding the vacation year. In no event shall cred-

it for hours worked be less than forty (40) hours per week. In determining total earnings earned for any calendar year, the standard hourly wage scale rates for incentive and non-incentive jobs as set forth in Appendix A and Appendix A-1 shall be used. For earnings earned between January 1, 1998 and May 2, 1998, Appendix A and Appendix A-1 of the 1994 Basic Agreement shall be used.

2. Vacation pay computed prior to a general wage increase or decrease for a vacation or portion thereof scheduled after such wage increase or decrease in such year shall be adjusted for such increase or decrease in such year.

3. In the event of death of an employee who was eligible for a vacation, the amount of vacation pay to which he would have been entitled shall be paid to his spouse or his estate.

4. In the event of a war or other National emergency, or Federal legislation designed to reduce the normal workweek below forty (40) hours, either party may notify the other of a desire to negotiate with respect to an appropriate modification of this plan or its termination. In the event of failure to agree within one hundred twenty (120) days from such notice, if given as a result of the above-described type of Federal legislation, the plan shall remain in effect subject to the termination provision of the Agreement, but the parties shall be free to strike or lockout in support of their positions with respect to such matters (and no other) notwithstanding the provisions of any other agreement between the parties.

SECTION VIII -- SENIORITY

A. Seniority Status of Employees

1. The parties recognize that promotional opportunity and job security in event of promotions, decrease of forces and rehiring after layoffs should increase in proportion to length of continuous service, and that in the administration of this section, the intent will be that wherever practicable full consideration shall be given continuous service in such cases.

2. In recognition, however, of the responsibility of the Company for the efficient operation, it is understood and agreed that in all cases of:

a. Promotion (except promotions to positions excluded under the definitions of "employees" in Section I - Recognition) the following factors as listed below shall be considered: 272

(1) continuous service and ability to perform the work. 273

(2) physical fitness. 274

b. Decrease in forces or rehiring after layoffs, the following factors as listed below shall be considered: 275

(1) continuous service and ability to perform the work. 276

(2) physical fitness. 277

c. Any employee of any department in the plant being laid off for lack of work and because he does not have sufficient departmental seniority to remain in the department in which he is employed shall have the right to demote to the Labor Pool where he shall retain employment so long as any employee in the Labor Pool has less plant seniority than the employee involved. The Labor Pool shall be made up of all jobs in job classes 1, 2 and 3 and such other jobs in other job classes as shall be agreed upon, the number of which shall be equal to at least the number of jobs in job class 4. Employees laid off from their department on or after Monday shall not have the right to so demote until Monday of the next week. 278

B. Calculation of Continuous Service

1. There shall be no deduction of any time lost which does not constitute a break in continuity of service. 279

2. Continuous service shall be broken by: 280

a. Voluntarily quit. 281

b. Absence due to discharge, termination or suspension, any of which continues for more than six (6) months; and unrenewed leave of absence for thirty (30) days. 282

c. Termination in accordance with Section XIV - Severance Allowance. 283

d. Absence in excess of the period during which continuous service can accumulate under Paragraph e., below, or failure to give written notice required by said Paragraph e. 284

e. Subject to the provisions of subparagraph f., below, if an employee shall be absent because of layoff or physical disability, he shall continue to accumulate continuous service during such absence for two (2) years and for an additional period equal to (1) three (3) years or (2) the excess, if any, of his length of continuous service at commencement of such absence over two (2) years, whichever is less. Any accumulation in excess of two (2) years during such absence shall be counted, however, only for purposes of this Section VIII including local agreements thereunder, and shall not be counted for any other purpose under this or any other agreement between the Company and the International Union. In order to avoid a break in service after an absence of two (2) years, the employee must give the Company annual written notice that he intends to return to employment when called, if the Company at least thirty (30) calendar days prior thereto has mailed him a notice at the most recent address furnished by him to the Company that he must file such notice. 285

f. Absence due to a compensable disability incurred during course of employment shall not break continuous service, provided such individual is returned to work within thirty (30) days after final payment of statutory compensation for such disability or after the end of the period used in calculating a lump sum payment. 286

g. If his employment shall be terminated by the Company, because he shall have been absent from work for ten (10) days or more without reasonable cause or because he shall have failed without such cause promptly to return to work after a leave of absence or when recalled to work after a layoff. 287

3. Notwithstanding the provisions of subparagraph e. above, any employee whose continuous service was or would be broken after May 1, 1983 pursuant to the provisions of subparagraph e., above or Section VIII, Paragraph B., sub- 288

paragraph 2.e. of the 1980 Basic Agreement shall nevertheless continue to accumulate continuous service but only during the term of this Agreement. Any such accumulation shall be counted only for the purpose of this Section VIII and shall not be counted for any other purpose under this or any other agreement between the Company and the Union. The provisions of Section VIII - C. of this Agreement shall apply to any such employee whose continuous service would be broken except for the provisions of this paragraph and who thereafter may be recalled. At the termination of this Agreement, the continuous service of any such employee who has not been recalled during the term of this Agreement shall be broken.

4. Effective January 1, 1991, any employee who was absent from work in excess of two years because of layoff or physical disability and who thereafter was returned to work shall have his plant continuous service adjusted to the date set forth on the list that has been provided to the Union.

C. Probationary Employees

New employees and those hired after a break in continuity of service will be regarded as probationary employees for the first 520 hours of actual work and will receive no continuous service credit during such period. Probationary employees may initiate complaints under this Agreement but may be laid off or discharged as exclusively determined by the Company; provided that this will not be used for purposes of discrimination because of race, color, religion, national origin, disability, or sex or because of membership in the Union. Probationary employees continued in the service of the Company subsequent to the first 520 hours of actual work shall receive full continuous service credit from date of original hiring.

D. Seniority with Respect to Non-Bargaining Unit Occupations

1. When an employee is transferred to fill a permanent vacancy, he shall, during the first sixty (60) calendar days following such transfer, have the right to return to the job he left with accumulated department and plant seniority.

Following the expiration of this sixty (60) calendar day period, he shall forfeit all accumulated seniority in the bargaining unit.

2. During the sixty (60) calendar day trial period, the job he left will be temporarily filled in accordance with Paragraphs A. and F. of this section.

3. When an employee is transferred to a temporary vacancy outside the bargaining unit jobs, he shall, during the first four (4) months following such transfer, have the right to return to the job he left with accumulated department and plant seniority. Following the expiration of the four (4) month period, he shall forfeit all accumulated seniority in the bargaining unit.

E. Posting of Job Openings

1. When a vacancy develops, or is expected to develop (other than a temporary job or a job of less than thirty (30) calendar days duration) in the promotional line in any seniority unit, the Company shall, to the greatest degree practicable, post notice of such vacancy or expected vacancy, or job assignment for a period of five (5) working days and in such manner as may be appropriate at the plant. Such posted jobs shall be outlined on the posted notice as to content, rate of the job posted and incentive, if any.

2. Employees in the seniority unit who wish to apply for the vacancy or expected vacancy may do so in writing in accordance with rules developed by the Company at the plant.

3. The Company shall, if in its judgment there are applicants qualified for the vacancy or expected vacancy, fill same from among such applicants in accordance with the provisions of Subsection A. of this section; provided, however,

a. for plantwide bids that the Company shall not repost notice of such vacancy or expected vacancy during the six (6) calendar month period immediately following the original posting period unless and until all applicants for such vacancy or expected vacancy are reviewed in accordance with this paragraph E.3.

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b. for department only bids that the Company shall not repost notice of such vacancy or expected vacancy unless and until all applicants for such vacancy or expected vacancy are reviewed in accordance with this paragraph E.3. 298

F. Temporary Vacancies

1. Vacancies of fourteen (14) calendar days or less, excluding temporary vacancies resulting from vacations, shall be considered temporary vacancies. Temporary vacancies may or may not be filled as determined by the Company. If the Company chooses to fill a temporary vacancy it shall be filled by any means at the Company's discretion. 299

2. Temporary vacation vacancies or temporary vacancies that exceed fourteen (14) calendar days but are less than thirty (30) calendar days duration, the Company shall to the greatest degree consistent with the efficiency of the operation and safety of employees, assign the employee with the longest continuous service in the unit provided such employee desires the assignment. Should all senior employees decline to fill the temporary vacancy, the Company may assign the junior qualified employee in the unit or may assign an employee from the Labor Pool who desires the assignment. 300

3. An employee assigned as outlined in 2., above, shall be returned to the job he left when the incumbent returns to the job or when the job is filled as set forth in paragraph 4. hereof. 301

4. When a temporary vacancy, excluding temporary vacancies resulting from vacations, has existed for thirty (30) calendar days and it appears that it will continue in excess of thirty (30) calendar days, the Company will post the temporary vacancy in accordance with Subsection E., above, subject to the right of the absent incumbent to return to the job in which case the employee who was awarded the job in his absence shall be returned to the job he left to fill the vacancy. If the incumbent does not return to the job, the job shall be considered as permanently filled on the basis of the posting. 302

5. An employee assigned by the Company to fill a temporary vacancy shall be paid in accordance with Section IV - H.2. 303

6. An employee assigned to fill a temporary vacancy in accordance with 1. above shall be returned to the permanent job the employee held prior to the temporary assignment. 304

G. Transfers at Request of Employees

1. When an employee is transferred at his own request from one department to another, such transfer shall be probationary for a period of fourteen (14) calendar days or a minimum of ten (10) working days. At any time within the period specified, the employee may return of his own volition to his original department, or may be returned by the Company to his original department. In such case, the employee shall retain his original department seniority. If the employee elects to remain in the new department, after the expiration of the fourteen (14) calendar days (or a minimum of ten (10) working days) period, he becomes a new employee in the new department and loses his seniority in his old department. 305

2. Employees with one (1) or more years of continuous service shall not be permitted to make such a transfer of department more often than once in six (6) consecutive months, with the exception that an employee while he is laid off from the plant, or to the Labor Pool within this six (6) month period, may make a new application for a transfer of department. However, employees with less than one (1) year of continuous service shall not be permitted to make such a transfer of department more often than once in six (6) consecutive months even though on layoff or in the Labor Pool. 306

3. If an employee who makes application to transfer from one department to another or to a new job in the same department, and once accepts assignment to the job, later withdraws his application, he shall not be eligible to make further application for any job for a period of six (6) months. This paragraph shall not apply to an employee transferring to a new job in the same department until he has had a trial period of five (5) days on the new job. 307

4. In addition to the probationary period provided above, an additional probationary period where an employee may be returned by the Company to his original department (or job) is set forth in the following table (working days): 308

Code for Factor 2 of the Job Description	Departmental Bid	Plantwide Bid
A-C	10	5
D-F	15	15
G-J	20	25

5. If an employee makes application to transfer from one department to another or to a new job in the same department, and once accepts assignment to the job, the Company may postpone for not more than forty-five (45) calendar days the transfer to which such employee would otherwise be entitled. An employee subject to such a postponement involving a transfer from one department to another shall be considered a new employee in the new department beginning with the Monday following the day upon which the employee was informed that his move would be postponed. 309

6. If an employee makes transfer of job within a department to a job of equal or lower rate of pay, he must work at that job for a minimum period of twelve (12) months before becoming eligible for another transfer within the department except that he may transfer to a job at a higher rate of pay or to a preferential shift. Such shift preference shall not be more often than two (2) times in any twelve (12) consecutive month period. 310

H. Transfer Due to Disability and Age

Cases of this type shall be handled by agreement between the Company and Executive Committee of the Union and Committeemen of the departments involved. Such transfers may be used for the purpose of rehabilitation. 311

I. Seniority Status of Grievance Committeemen and Local Union Officers

1. When the Company decides that the work force of any seniority unit in the plant is to be reduced, the member of the Plant Grievance Committee, if any, in that unit shall, if the reduction in force continues to the point at which he would otherwise be laid off, be retained at work for such 312

hours per week as may be scheduled in the department in which he is employed, provided he can perform the work of the job to which he must be demoted. The intent of this provision is to retain in active employment the Plant Grievance Committeeman for the purpose of continuity of the administration of the Labor Contract in the interest of employees so long as a work force is at work, provided that no Grievance Committeeman shall be retained in employment unless work which he can perform is available to him in the plant area which he represents on the Grievance Committee.

2. This provision shall apply also to that employee who holds the office of President or the Unit Chairperson in the Local Union or Unions in which the employees of the plant are members. 313

J. Leaves of Absence for Employees Who Accept Positions with the International or Local Unions

1. Leaves of absence for the purpose of accepting positions with the International or Local Unions shall be available to a reasonable number of employees. Adequate notice of intent to apply for leave shall be afforded local plant management to enable proper provisions to be made to fill the job to be vacated. 314

2. Leaves of absence shall be for a period not in excess of one (1) year and may be renewed for a further period of one (1) year. 315

3. Continuous service shall not be broken by the leave of absence but will continue to accrue. 316

K. Seniority Units

1. The existing seniority unit or units to which the seniority factors shall be applied and the rules for application of the seniority factors, including service dates within these units, shall remain in effect during the term of this Agreement unless necessity for a revision occurs. Changes in such seniority units or the inclusion of a new job or jobs in an existing seniority unit or units or the establishment of a 317

new seniority unit or units shall be reviewed with the applicable Grievance Committeeman of the Local Union prior to being posted in the plant and department affected.

2. An employee affected by a revision occurring during the term of the Agreement may process a grievance in accordance with the grievance procedure. 318

3. In the event the Company combines seniority units or otherwise changes such seniority units, the Company will assign the jobs affected by such combination or change based upon (a) continuous service of the employees in the units being combined or in the event jobs are moved from one seniority unit to another, continuous service of the employees in the seniority unit in which the jobs were previously performed, (b) ability to perform the job and (c) physical fitness, provided such employee desires the assignment. Should all senior employees decline to fill the assignment, the Company may assign the junior qualified employee. 319

4. Cross Training of Employees On Jobs Other Than Their Own 320

a. Whenever the Company combines or otherwise changes the seniority unit pursuant to paragraph 3 above by changing the duties of an existing job or combining two (2) or more jobs to form a new job, the Company, consistent with the orderly operation of the plant, shall offer cross training, if necessary, on the new or changed job to other employees working in the same seniority unit. 321

b. In the event cross training is necessary, the Company shall determine the number of employees to be cross trained. Employees will be offered such cross training in seniority order starting with the most senior employee. Those employees requesting cross training on a new or changed job other than their own within the same seniority unit, who have the requisite physical fitness to do the work, may be provided training on such other job. Any employee absent from work because of vacation, leave of absence, lay-off, or disability at the time employees within the seniority unit are offered cross training will be offered such cross 322

training provided the employee returning to work is more senior than the most junior employee who has requested such training and the employee has the requisite physical fitness to do the work. If no employee within the seniority unit requests cross training or if the Company determines more employees other than those who requested the cross training need to be trained, then the Company may train the junior most employees within the seniority unit who have the requisite physical fitness to do the work.

c. The above paragraph is not intended to affect the application of any other provision as contained in the Basic Agreement. 323

L. Seniority Lists

The Company shall make available to the Local Union, lists showing the relative continuous service of each employee in each seniority unit. Such lists shall be revised by the Company from time to time, as necessary, but at least every six (6) months, to keep them reasonably up-to-date. The seniority rights of individual employees shall in no way be prejudiced by errors, inaccuracies or omissions in such lists. 324

M. Interplant and Intraplant Transfers

1. It is recognized that new plant or department capacities may be added or expanded, necessitating transfer of employees. It is agreed that problems arising out of the transfer of employees, or the retransfer of employees from new plants to the plants or departments from which they were originally transferred or the transfer of employees from discontinued departments or plants to new plant or departments are matters for which adjustment shall be sought between the Company and the Grievance Committee or Committees. 325

2. In the event the above procedure does not result in agreement, the International Union and the Company may work out such agreements as they deem appropriate irrespective of seniority agreements existing pursuant to Subsection K. of this section or an affected employee may submit the matter to the grievance procedure. 326

N. Utility Pools

Where a department utility pool exists to service the temporary vacancy needs of a number of seniority units (Continuous Rolling Mill--Presses and 32" Mill--9"/12" and 16" Mills), employees in these positions who do not have a bid job in the areas which they service may exercise their departmental service in bidding on vacancies in these seniority units prior to posting such vacancies plantwide. 327

On layoff, employees in the units being serviced by the utility pool will exercise their department seniority (Hot Mill date in 9"/12" and 16" Mills) to hold in the position of utility prior to layoff to the Labor Pool. 328

Temporary vacancies in the seniority units serviced by the utility pool and temporary vacancies in the utility pool will be filled in accordance with Section VIII - F.1. and 2. 329

The number of employees assigned in the respective utility pools will be determined by the Company. 330

Employees in the utility pool not utilized to fill temporary vacancies will perform miscellaneous labor work--scale clean-up, wash-down, and other various duties in the department that the unit services. 331

Overtime will be distributed in accordance with the plant overtime distribution policy. 332

O. Labor Pool

The most junior employee in the Labor Pool who does not have department seniority will be assigned to fill a plantwide posting of a permanent bid job should no employee bid the permanent vacancy. 333

Employees assigned temporarily to a department from the Labor Pool on or after Monday will be considered members of the Labor Pool during that workweek. 334

Employees assigned temporarily to a department for a week and such assignment is made prior to the beginning of 335

the week, will work the schedule of the department to which assigned.

P. Same Hire Date

When two (2) or more employees have the same hire date or when two (2) or more employees with the same hire date are assigned to a department on the same date, the procedure for determining relative seniority will be as follows: 336

1. Employees will be placed on the seniority list in order of the date they file an application with the Company. 337

2. If filing dates are the same, they will be placed on the seniority lists in the order of the date they were interviewed for employment. 338

3. If 1. and 2. above are the same, they will be placed on the seniority list in order of the time of the day they were interviewed. 339

Q. Temporary Summer Employees

1. Temporary summer employees are to be paid at a rate of 90% of the applicable job class rate of the job class being performed in accordance with Appendix A and A-1 rate schedules. 340

2. Temporary summer employees hired will receive no continuous service credit with the Company and agree to voluntarily resign their employment on a date to be designated by the Company. The Company will provide to the Union a list of the names, hire dates, and designated resignation dates of all temporary summer employees. 341

3. A temporary summer employee rehired by the Company as a permanent employee within twelve (12) months of the employee's temporary summer hire date shall be given credit, toward the requirement of completing the probationary period of the first five hundred twenty (520) hours of actual work as a permanent employee, for hours actually worked as a temporary summer employee. 342

SECTION IX -- ADJUSTMENT OF GRIEVANCES

A. A. It is agreed that the procedure provided in this section is adequate for fair and expeditious settlement of any grievances. Any complaint or grievance to be considered must be discussed with the employee's supervisor and grievance papers requested within thirty (30) calendar days after the date on which the facts or events upon which the complaint or grievance is based shall have existed or reasonably should have become known to the employee or employees affected. 343

B. Should differences arise between the Company and the Union or an employee as to the meaning and application of the provisions of this Agreement or should any dispute of any kind arise in the plant, there shall be no suspension of work on account of such differences, but an earnest effort shall be made to settle such differences promptly in the manner hereinafter outlined. Any grievance in the process of adjustment on the date of the execution of this Agreement shall be handled in accordance with the grievance procedure outlined in the 1998 Basic Agreement. 344

C. Grievance Procedure

Step 1

1. Any employee who believes that he has a justifiable request or complaint shall discuss the request or complaint with his immediate supervisor in the department where he has the request or complaint, with or without a member of the Grievance Committee being present, as the employee may elect, in an attempt to settle the request or complaint. 345

2. If a complaint or a request has not been satisfactorily resolved in Step 1, it can be presented in writing and processed in Step 2 if a member of the Grievance Committee determines that it constitutes a meritorious grievance. 346

Step 2

1. A grievance, to be considered further must be filed in writing with the employee's immediate supervisor or in his absence the Department Manager, on forms furnished by the 347

Company, within ten (10) calendar days after the issuance of the forms by the Company. It shall be dated and signed by the employee (or other employees affected) and a member of the Grievance Committee and should include such information and facts as may be of aid to the Company and the Union in arriving at a fair, prompt and informed decision. A Step 2 Meeting will be scheduled by the Company within ten (10) calendar days following receipt of appeal to Step 2. The meeting will be between the employee, a member of the Grievance Committee, the Department Manager or his designated representative. The answer to the grievance shall be given by the Department Manager or his designated representative within five (5) calendar days following the Step 2 Meeting and shall be signed and delivered to the employee and a member of the Grievance Committee.

2. Grievances filed in writing will set forth the following minimum information: 348

- a. Department, unit and employee(s) involved; 349
- b. Date on which grievance was discussed with supervisor; 350
- c. Name of the supervisor with whom the grievance was discussed; 351
- d. Decision of supervisor; 352
- e. Nature of the grievance and remedy sought; 353
- f. Specific contract provision under which the grievance is filed, if applicable; 354
- g. Date of presentation of grievance; 355
- h. Signature of the aggrieved employee and a member of the Grievance Committee. 356

Step 3

1. In order for a grievance to be considered further it must be appealed in writing to the labor relations representative of the Company, signed by a staff representative of the International Union, within ten (10) calendar days following 357

the receipt of the Step 2 answer by a member of the Grievance Committee.

A Step 3 Meeting will be scheduled by the Company within thirty (30) calendar days following receipt of the appeal to Step 3. The meeting will be between the employee (if he so desires), the members of the Grievance Committee (maximum of four (4), one of which is the Chairman of the Grievance Committee), the local Union President, the Staff Representative of the International Union and the labor relations representative and/or duly designated representatives of the Company (maximum of four (4)).

A written answer to the grievance shall be given by the labor relations representative or his representative within ten (10) calendar days following the Step 3 Meeting mailed to the Staff Representative of the International Union post-marked no later than ten (10) calendar days following the Step 3 Meeting with a copy to the aggrieved employee and Chairman of the Grievance Committee.

2. Grievances which allege violations directly affecting employees working under more than one supervisor, or Department Manager shall be filed initially in Step 3.

3. If the Company's decision on Step 3 is not appealed to arbitration within the prescribed time limits, the grievance shall be considered settled on the basis of the Company's answer, but such settlement shall not constitute a precedent in any other case.

4. If a grievance is not answered by the Company within the specified time limits, the Staff Representative of the International Union shall have the right to declare the grievance granted and, upon written notification, the Company shall comply therewith, but such settlement shall not constitute a precedent in any other case.

D. Arbitration

Step 4

1. If the employee and the Union desire to appeal the grievance to arbitration, the Staff Representative of the

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International Union must mail to the designated representative of the Company written notice postmarked within ten (10) calendar days from receipt of the Step 3 answer.

2. The Staff Representative of the International Union when serving notice of appeal of a grievance to arbitration, will submit a list of at least four (4) arbitrators who are acceptable for hearing the case.

3. Upon receipt of the appeal and list of arbitrators, the Company will, within ten (10) calendar days, either accept one of the arbitrators or submit an alternate list of four (4) arbitrators for consideration by the Union.

4. If representatives of the Company and the Union cannot agree on an arbitrator from either list, within thirty (30) calendar days from the receipt of the notice of appeal date, the Union shall, within five (5) calendar days thereafter, request a list of seven (7) recognized arbitrators from the Federal Mediation and Conciliation Service, such list to be sent to both parties. A representative of the Company and the Union shall, within ten (10) calendar days after the Company receives the list from Federal Mediation and Conciliation Service alternately strike the names of arbitrators from the list. The remaining arbitrator not so stricken shall be requested to hear the case. A copy of the Union's request to the Federal Mediation Service shall be sent to the General Manager - Corporate Services.

5. Upon the selection or appointment of an arbitrator, the Company will within five (5) calendar days of selection of the arbitrator, forward to the arbitrator a copy of the written grievance, prior dispositions by Company representatives, copy of Agreement between the parties, and notifying the arbitrator that a hearing must be scheduled within sixty (60) calendar days after the date of the letter to the arbitrator. A copy of the Company's letter to the arbitrator will be sent to the Staff Representative of the International Union.

6. The arbitrator shall provide his award within thirty (30) calendar days after receipt of final briefs of the parties.

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Final briefs must be postmarked within fourteen (14) calendar days following the close of the hearing. Failure of the arbitrator to issue a timely award, the parties shall select another arbitrator in accordance with Section D.

7. The arbitrator's decision shall be final and binding on both parties and his compensation and the expenses of the hearing shall be borne equally by both parties. If desired by either party, or by the arbitrator, a stenographic record shall be made of all testimony taken before the arbitrator and such record shall be furnished to the arbitrator. If the record is desired by both parties or by the arbitrator, the cost of the record furnished to the arbitrator shall be shared equally by the parties. If both parties do not desire a record, or, if the arbitrator does not request a record but it is desired by either party, the cost of the record shall be borne by the party desiring it. Awards or settlements of grievances may or may not be retroactive but in no event may any award in a continuing grievance be retroactive to a date earlier than thirty (30) days prior to the date on which the grievance was filed in writing unless otherwise provided in this Agreement. The arbitrator shall only have jurisdiction and authority to interpret, apply, or determine compliance with the provisions relating to wages, hours of work and other conditions of employment set forth in this Agreement insofar as shall be necessary to the determination of such grievances arising hereunder, but the arbitrator shall not have jurisdiction or authority to substitute his discretion for the Company's discretion (in cases where discretion is reserved to the Company under this Agreement) or to add to, detract from, or alter in any way the provisions of this Agreement.

E. General Provisions Applying to Grievances

1. At all steps in the grievance procedure, and particularly at the Third Step, the grievant and the Union representative should disclose to the Company representatives a full and detailed statement of the facts relied upon, the remedy sought, and the provisions of the Agreement relied upon. In the same manner, Company representatives should disclose all the pertinent facts relied upon by the Company.

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2. a. Except for disciplinary action grievances, in order to avoid the necessity of filing numerous grievances on the same subject or event, or concerning the same alleged contract violation occurring on different occasions, a single grievance may be filed by an affected employee or the Union and the facts of alleged additional violations (including the dates thereof) may be presented in writing in the appropriate Step on a form supplied by the Company. Such additional claims shall be filed promptly and must be signed by each additional grievant.

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b. When the original grievance is resolved in the grievance or arbitration procedure, the parties resolving such grievance shall review such pending claims in the light of the decision in an effort to dispose of them. If any claim is not settled, it shall be considered as a grievance and processed in accordance with the applicable procedure and the applicable time limitations.

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F. Union Grievances

The grievance procedure may be utilized by the Union in processing grievances which allege a violation of the obligations of the Company to the Union as such. In processing such grievances, the Union shall observe the specified time limits in appealing and the Company shall observe the specified time limits in answering. In the event an employee dies, the Union may process on behalf of his legal heirs any claim he would have had relating to any monies due under any provision of this Agreement.

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G. Suspension of Grievance Procedure

It is further understood that an interruption or impeding of the work, stoppage or strike on the part of the Union or a lockout on the part of the Company, shall be a violation of this Agreement, and that under no circumstances shall the parties hereto discuss the grievance in question or any other grievances while the work interruption, impeding or suspension of work is in effect. It is further agreed that, if this procedure is not followed and as a result of such failure an interruption or impeding of the work, stoppage, or strike

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occurs, the offending person or persons refusing to resume normal work may be suspended and later discharged from the employ of the Company in accordance with Section X of this Agreement, provided, however, that prior to such discharge the Company will provide a list of names, clock numbers and addresses of employees considered by it to be involved to the Staff Representative of the International Union in the District in which the plant is located.

H. Union Grievance Committee

1. The Grievance Committee for the plant shall consist of not less than three (3) and not more than nine (9) employees, designated by the Union in writing to the Company, who will be afforded such time off without pay as may be required, except when meeting is called by the Company, to:

a. Attend scheduled committee meetings, 376

b. Attend meetings pertaining to discharge or grievance meetings, and 377

c. Visit departments other than their own at all reasonable times, only for the purpose of handling grievances, after notice to the head of the department to be visited and permission from their own department heads. 378

2. The maximum number of Grievance Committee members permitted to attend a meeting with Company representatives or investigate a grievance shall be four (4). 379

3. The Union may appoint representative stewards who shall aid the Grievance Committee in the prompt handling of grievances. The stewards shall be permitted to represent employees up to and including Step 2 only, in the procedure for the adjustment of grievances, set forth in this section, and will be afforded such time off without pay, as may be required. The Union shall notify the Company in writing of all duly appointed and authorized stewards. 380

SECTION X -- SUSPENSION AND DISCHARGE CASES

A. In the exercise of its rights as set forth in Section II - Management, the Company agrees that an employee shall 381

not be peremptorily discharged or suspended for a period of five (5) workdays or more, but that in all instances in which the Company may conclude that an employee's conduct may justify discharge or suspension of five (5) workdays or more, he shall first be suspended for a period of five (5) workdays and given written notice of such action. A copy of such notice shall be furnished to the employee's Grievance Committeeman as soon as practicable.

B. During this period of initial suspension, the employee may, if he believes that he has been unjustly dealt with, request a hearing and a statement of the offense before his Department Manager and/or designated representative of the Company with the Union President, Chairman of the Grievance Committee, and his steward or member of the Grievance Committee as he may choose. At such hearing, the facts concerning the case shall be made available to both parties. 382

C. After such hearing, or if no such hearing is requested, the Company shall conclude whether the suspension shall be converted into discharge, or, dependent upon the facts of the case, that such suspension shall be extended, reduced, sustained or revoked. If the suspension is revoked, the employee shall be returned to employment and receive full compensation at his regular rate of pay for the time lost. In the event the disposition shall result in either the affirmation or extension of the suspension or discharge of the employee, the employee may within five (5) calendar days after such disposition file a grievance in Step 3 in accordance with the procedure of Section IX - Adjustment of Grievances. Final decision on all suspension or discharge cases shall be made by the Company within five (5) calendar days from the date of filing the grievance, if any. 383

D. In discharge cases, the time limits as set forth in Section IX - Adjustment of Grievances shall apply except: 384

1. File grievance within ten (10) calendar days after discharge. 385

2. Step 3 hearing within fifteen (15) calendar days after appeal to Step 3. 386

3. Step 3 answer within five (5) calendar days after Step 387
3 meeting.

4. Arbitration hearing within forty-five (45) calendar 388
days after Company letter to arbitrator.

5. Arbitrator award within thirty (30) calendar days 389
after receipt of final briefs of the parties. Final briefs must
be postmarked within fourteen (14) calendar days following
the close of the hearing.

E. Should it be determined by the Company after the hearing 390
or by an arbitrator in accordance with Step 4 of the Grievance
Procedure that the employee has been discharged or suspend-
ed unjustly, the Company shall reinstate the employee and
pay for the time lost in accordance with such determination.

F. If such initial suspension is for not more than four (4) 391
calendar days and the employee affected believes that he has
been unjustly dealt with, he may file a grievance and have it
processed in accordance with Section IX - Adjustment of
Grievances.

G. An employee who is summoned to meet in an office with 392
a supervisor other than his own immediate supervisor for the
purpose of discussing possible disciplinary action shall be
entitled to be accompanied by his Grievance Committeeman
if he requests such representation, provided such representa-
tive is then available, and provided further that, if such rep-
resentative is not then available, the employee's required
attendance at such meeting shall be deferred only for such
time during the shift as is necessary to provide opportunity
for him to secure the attendance of such representative.

H. Reports covering disciplinary penalty of four (4) day's 393
suspension or less of an employee will not be held against
such employee who has a clean record for at least two (2)
years following the date of his last disciplinary report.
Reports covering disciplinary penalty of five (5) days or
more will not be held against any such employee who has a
clean record for at least five (5) years following the last
disciplinary report.

SECTION XI -- MILITARY SERVICE

A. Reemployment

1. Except as shall be otherwise provided by law or by 394
agreement in writing between the parties hereto, should any
employee other than temporary employees at the plant, who
has entered or shall enter the military service of the United
States, be honorably discharged from such service and shall
within ninety (90) days after he is relieved from such service
or in the case of disabled veterans within ninety (90) days
after the completion of hospitalization continuing after dis-
charge, apply to the Company in writing for reemployment at
such plant for the purposes of Section VIII - Seniority, his
record of continuous service at that plant shall be deemed not
to have been broken by his absence on such military service,
and on the basis of said seniority, (determined in accordance
with the provisions of said Section VIII) he shall be entitled
to reemployment at such plant, if and when work which he is
qualified to perform is available in such plant to a position,
wage rate and status which he would have reached in normal
job and wage progression had he not left the Company for
such services and he shall be given preference over any other
employee with less seniority as so determined by said
Section VIII. Should the employee be unable to perform the
job to which he is thereby entitled, he shall be granted a rea-
sonable program of training so that he may have the oppor-
tunity to perform the work required. If an employee so
applying for reemployment shall so request, he shall be
granted a leave of absence without pay not to exceed sixty
(60) days before he returns to work. The above provisions
shall not apply where employees enlist or reenlist during a
period other than a national emergency.

2. Any employee entitled to reinstatement under this 395
section who applies for reemployment and who desires to
pursue a course of study in accordance with the Federal law
granting him such opportunity before or after returning to his
employment with the Company, shall be granted a leave of
absence for such purpose. Such leave of absence shall not
constitute a break in the record of continuous service of such

employee, but shall be included therein provided the employee reports promptly for reemployment after the completion or termination of such course of study. Any such employee must notify the Company and the Union in writing at least once each year of his continued interest to resume active employment with the Company upon completing or terminating such course of study. Any employee entitled to reinstatement under this section who entered the Armed Forces of the United States and who returns with service connected disability incurred during the course of his service shall be assigned to any vacancy which shall be suitable to such impaired condition during the continuance of such disability irrespective of seniority; provided, however, that such impairment is of such a nature as to render the veteran's returning to his own job or department onerous or impossible; and provided further that the veteran meets the minimum physical requirements for the job available or for the job as the Company may be able to adjust it to meet the veteran's impairment.

B. Vacations

1. If an employee who would otherwise have been entitled to a vacation with pay, or in lieu thereof to vacation allowance, under the provisions of Section VII - Vacations, during the calendar year in which he shall enter the military service of the United States before he shall have accepted vacation allowance in lieu of vacation, he shall be paid an amount equal to the vacation pay which he would have been entitled to receive for the period of such vacation. 396

2. An employee, who after being honorably discharged from the Armed Forces, is reinstated pursuant to the Company's Military Service Regulations, shall, in the year of his reinstatement, be entitled to a regular vacation based upon his years of continuous service. 397

C. Military Encampment Allowance

An employee with one (1) or more years of continuous service who is required to attend an encampment of the reserve of the Armed Forces or the National Guard shall be paid, for a period not to exceed two (2) weeks in any military 398

year, the difference between the amount paid by the Government, not including travel, subsistence and quarters allowance, and the amount calculated by the Company in accordance with the following formula. Such pay shall be based on the number of days such employee would have worked had he not been attending such encampment during such two (2) weeks (plus any holiday in such two (2) weeks he would not have worked) and the pay for each such day shall be eight (8) times his average straight-time hourly rate of earnings (including applicable incentive earnings but excluding shift differentials and Sunday and overtime premiums) during the last payroll period worked prior to encampment. If the period of such encampment exceeds two (2) weeks in any military year, the period on which such pay shall be based shall be the first two (2) weeks he would have worked during such period.

D. Advisory Committee

A committee consisting of equal representatives of the Company and the Union shall be established in the plant for the purpose of advising on problems relating to reemployment and readjustment of returning service personnel. 399

SECTION XII -- HOLIDAYS

A. 1. The following days shall be considered holidays: 400

New Year's Day	Labor Day
Good Friday	Thanksgiving Day
Easter Monday	Day After Thanksgiving
Memorial Day	First Day Buck Season
July 4th	Christmas

2. For all hours worked by an employee on any of the holidays specified above, overtime shall be paid at the rate of two and one-half times their regular rate of pay. 401

3. The holiday shall be the 24-hour period beginning at the turn-changing hour nearest 12:01 a.m. of the holiday. If any of these holidays shall fall on a Sunday, the following Monday (and not such Sunday) shall be observed. 402

B. 1. Effective as of the date of this Agreement, an eligible employee who does not work on a holiday listed above shall be paid eight (8) times their average straight time hourly rate of earnings (including applicable incentive earnings but excluding shift differential and Sunday and overtime premiums) during the payroll period in which the holiday occurs; provided, however, that if an eligible employee is scheduled to work on any such holiday but fails to report and perform their scheduled or assigned work, such employee shall become ineligible to be paid for the unworked holiday unless such employee has failed to perform such work because of sickness or because of death in the immediate family or because of similar good cause.

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2. As used in this section, an eligible employee is one who:

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a. has completed the probationary period of hours of actual work;

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b. performs work in the pay period in which the holiday is observed (or the next preceding pay period), except where such employee has not performed work in the pay period because of sickness, disability or layoff, but has worked or is on vacation in both the pay period preceding and the pay period following the holiday pay period; and

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c. works as scheduled or assigned both on the employee's last scheduled work day prior to and the employee's first scheduled work day following the day on which the holiday is observed, unless such employee has failed to work because of sickness or because of death in the immediate family or because of similar good cause.

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3. a. An eligible employee who would otherwise be entitled to pay for an unworked holiday and who shall be scheduled pursuant to the provisions of Section VII to take a vacation during a period when a holiday occurs, shall be paid for the unworked holiday in addition to the employee's vacation pay.

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b. The provisions of Section XII - B.3. shall apply to (1) an employee whose vacation has been scheduled prior to

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layoff and who thereafter is laid off and takes vacation as scheduled, or (2) an employee who is not at work at the time the employee's vacation is scheduled, but who thereafter returns to work and then is absent from work during a holiday week because of the employee's scheduled vacation. An employee who is not at work at the time of scheduling the employee's vacation and is not working at the time the employee's vacation commences is not eligible for holiday pay for a holiday occurring during the employee's vacation within the meaning of Section XII - B.2.b. or Section XII - B.3.a.

C. In determining whether an employee has worked on more than five (5) days in any week for the purposes of Section VI, a holiday occurring in such week shall be considered as a day worked by the employee whether or not the employee shall have worked on such holiday and regardless of whether it was scheduled as a day of work or a day of rest; provided, however, that if the employee shall have been scheduled to work on such holiday and shall have failed to perform the work to which the employee was assigned on such day, such holiday shall not be considered as a day worked by the employee.

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D. If an eligible employee performs work on a holiday, but works less than eight (8) hours, the employee shall be entitled to the benefits of this section to the extent that the number of hours worked by the employee on the holiday is less than eight (8). This section applies in addition to the provisions of paragraph E. of Section V, where applicable.

411

SECTION XIII -- SAFETY AND HEALTH

A. Objective and Obligation of the Parties

The Company and the Union will cooperate in the continuing objective to eliminate accidents and health hazards. The Company shall continue to make reasonable provisions for the safety and health of its employees at the plant during the hours of their employment.

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At plants where devices which emit ionizing radiation are used, the Company will continue to maintain safety standards

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with respect to such devices not less rigid than those adopted from time to time by the Atomic Energy Commission and will maintain procedures designed to safeguard employees and will instruct them as to safe working procedures in event of an incident involving such device.

The Company will continue its program of periodic inplant air sampling and testing under the direction of qualified personnel. Where the Union Co-Chairman of the Safety Committee alleges a significant on-the-job health hazard due to inplant air pollution, the Company will also make such additional tests and investigations as are necessary. A report based on such additional tests and investigations shall be reviewed and discussed with the Joint Safety Committee.

B. Protective Devices, Wearing Apparel and Equipment

Protective devices, wearing apparel and other equipment necessary to protect properly the employees from injury shall be provided by the Company in accordance with practices now prevailing in each separate department or as such practices may be improved from time to time by the Company. Goggles; gas masks; face shields; safety glasses; respirators; special purpose gloves; fire-proof, water-proof or acid-proof protective clothing, when necessary and required shall be provided by the Company without cost, except that the Company may assess a fair charge to cover loss or willful destruction thereof by the employee. Where any such equipment or clothing is now provided, the present practice concerning charge for loss or willful destruction by the employee shall continue. Proper heating and ventilating systems shall be installed where needed.

C. Joint Safety Committee

1. A Safety Committee consisting of three (3) employees designated by the Union and three (3) Management members designated by the Company shall be established in the plant. The Safety Committee shall hold monthly meetings at times determined by the committee, preferably outside of regular working hours. Time consumed on committee work by committee members designated by the Union shall not be considered hours worked to be compensated by the

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Company. The function of the Safety Committee shall be to advise with Plant Management concerning safety and health matters but not to handle grievances. In the discharge of its function, the Safety Committee shall: consider existing practices and rules relating to safety and health, formulate suggested changes in existing practices and rules and recommend adoption of new practices and rules. Advice of the Safety Committee, together with supporting suggestions, recommendations and reasons, shall be submitted to the safety representative of the Company for his consideration and for such action as he may consider consistent with the Company's responsibility to provide for the safety and health of its employees during the hours of their employment and the mutual objectives set forth in Subsection A.

2. When the Company introduces new personal protective apparel or extends the use of protective apparel to new areas or issues new rules relating to the use of protective apparel, the matter will be discussed with the members of the Safety Committee in advance with the objective of increasing cooperation. Should differences result from such discussions, a grievance may be filed in the Third Step by the Chairman of the Grievance Committee within thirty (30) calendar days after the Company puts such rule or requirement into effect. In the event that the grievance progresses through the grievance procedure to arbitration, the arbitrator shall determine whether such rule or requirement is appropriate to achieve the objective set forth in Subsection A.

3. In the event the Company requires an employee to testify at the formal investigation into the causes of a disabling injury, the employee may arrange to have the Union Co-Chairman of the Safety Committee or the Union member of such committee designated by the Union Co-Chairman to act in his absence, present as an observer at the proceedings for the period of time required to take the employee's testimony. The Union Co-Chairman will be furnished with a copy of such record as is made of the employee's testimony. In addition, in the case of accidents which resulted in disabling injury or death to employees under this Agreement and require a fact-finding investigation, the Company will, after making its investigation, at the request of the Union Co-

417

418

Chairman of the Safety Committee, supply to him a statement of the nature of the injury, the circumstances of the accident, and any recommendations available at that time. In such cases, when requested by the Union Co-Chairman, the Company Co-Chairman of the Safety Committee, or his designated representative, will review the statement with the Union Co-Chairman. Also, in such cases, the Company Co-Chairman of the Safety Committee, or his designated representative, when requested by the Union Co-Chairman, will visit the scene of the accident with the Union Co-Chairman, or in his absence, his designated substitute.

D. Disputes

An employee or group of employees who believe that they are being required to work under conditions which are unsafe or unhealthy beyond the normal hazard inherent in the operation in question shall have the right to file a grievance in Step 3 of the grievance procedure and process it according to the provisions of Section IX - Adjustment of Grievances.

E. Limitation on Use of Disciplinary Records

Written records of disciplinary action against the employee involved for the violation of a safety rule but not involving a penalty of time off will not be used by the Company in any arbitration proceeding where such action occurred one (1) or more years prior to the date of the event which is the subject of such arbitration.

SECTION XIV -- SEVERANCE ALLOWANCE

A. Conditions of Allowance

When in the sole judgment of the Company, it decides to close the plant permanently or discontinue permanently a department of the plant or a substantial portion thereof and terminate the employment of individuals, an employee whose employment is terminated either directly or indirectly as a result thereof because he was not entitled to other employment with the Company under the provisions of Section VIII - Seniority, of this Agreement and paragraph B.2. below, shall be entitled to a severance allowance in accordance with and subject to the following provisions.

B. Eligibility

1. a. Such an employee to be eligible for a severance allowance shall have accumulated three (3) or more years of continuous Company service as computed in accordance with Section VIII - Seniority, of this Agreement. 422

b. In lieu of severance allowance, the Company may offer an eligible employee a job in at least the same job class for which he is qualified in the same general locality. The employee shall have the option of either accepting such new employment or requesting his severance allowance. If an employee accepts such other employment, his continuous service record in the new department shall be deemed to have commenced as of the date of the transfer, except that for the purposes of severance pay under this section and for the purposes of Section VII - Vacations, his previous continuous service record shall be maintained and not be deemed to have been broken by the transfer. 423

2. As an exception to Paragraph 1. above, an employee otherwise eligible for severance pay who is entitled under Section VIII - Seniority, to a job in at least the same job class shall not be entitled to severance pay whether he accepts or rejects the transfer. If such transfer results directly in the permanent displacement of some other employee, the latter shall be eligible for severance pay provided he otherwise qualifies under the terms of this section. 424

C. Scale of Allowance

An eligible individual shall receive severance allowance based upon the following weeks for the corresponding continuous Company service: 425

Continuous Company Service	Weeks of Severance Allowance
3 years but less than 5 years	4
5 years but less than 7 years	6
7 years but less than 10 years	7
10 years or more	8

D. Calculation of Allowance

A week's severance allowance shall be determined in accordance with the provisions for calculation of vacation pay as set forth in Subsection F. of Section VII - Vacations. 426

E. Non-Duplication of Allowance

Severance allowance shall not be duplicated for the same severance whether the other obligation arises by reason of contract, law or otherwise. If an individual is or shall become entitled to any discharge, liquidation, severance or dismissal allowance or payment of similar kind by reason of any law of the United States of America or any of the states, districts or territories thereof subject to its jurisdiction, the total amount of such payments shall be deducted from the severance allowance to which the individual may be entitled under this section, or any payment made by the Company under this section may be offset against such payments. Statutory unemployment compensation payments shall be excluded from the non-duplication provisions of this paragraph. 427

F. Election Concerning Layoff Status

Notwithstanding any other provision of this Agreement, an employee who would otherwise have been terminated in accordance with the applicable provisions of this Agreement and under the circumstances specified in Section XIV-A. may, at such time elect to be placed upon layoff status for thirty (30) days or to continue on layoff status for an additional thirty (30) days if he had already been on layoff status. At the end of such 30-day period, he may elect to continue on layoff status or to be terminated and receive severance allowance if he is eligible to any such allowance under the provisions of Section XIV; provided, however, if he elects to continue on layoff status after the 30-day period specified above, and is unable to secure employment with the Company within an additional 60-day period, at the conclusion of such additional 60-day period, he may elect to be terminated and receive severance allowance if he is eligible for such allowance. Any Supplemental Unemployment Benefit payment received by him for any period after the beginning of such 30-day period shall be deducted from any such 428

severance allowance to which he would have been otherwise eligible at the beginning of such 30-day period.

G. Payment of Allowance

Payment shall be made in a lump sum at the time of termination. Acceptance of severance allowance shall terminate employment and continuous service for all purposes under this Agreement. 429

SECTION XV -- OTHER AGREEMENTS

A. Pensions

Pension benefits are provided for pursuant to a separate signed agreement between the Company and the Union. 430

B. Insurance

Insurance benefits are provided for pursuant to a separate signed agreement between the Company and the Union. 431

C. SUB

SUB benefits are provided for pursuant to a separate signed agreement between the Company and the Union. 432

D. Prior Agreements

1. The terms and conditions established by this Agreement replace those established by the Agreement of May 3, 1998, except as otherwise provided in this 2002 Agreement. 433

2. Any memorandum of understanding or agreement not contained herein shall be considered null and void. 434

Any letter of understanding, memorandum agreement or arbitration award involving any other company shall not be considered as binding between the parties to this Agreement. 435

SECTION XVI - FAMILY AND MEDICAL LEAVE

The parties agree to follow the Family and Medical Leave Act of 1993 in connection with the reinstatement and employment of employees. 436

SECTION XVII -- TERMINATION DATE

A. Except as otherwise provided below, this Agreement shall terminate at the expiration of sixty (60) days after either party shall give written notice of termination to the other party but in any event shall not terminate earlier than 12:01 a.m. May 1, 2008; unless otherwise terminated in accordance with the provisions of Appendix C. 437

B. If either party gives such notice it may include therein notice of its desire to negotiate with respect to insurance, pensions and supplemental unemployment benefits, (existing provisions or agreements as to insurance, pensions, and supplemental unemployment benefits to the contrary notwithstanding) and the parties shall meet within thirty (30) days thereafter to negotiate with respect to such matters. If the parties shall not agree with respect to such matters 1) by 12:01 a.m. May 1, 2008 or by the end of sixty (60) days after the giving of such notice, whichever is later, or 2) by the end of sixty (60) days after notice of termination pursuant to Appendix C., either party may thereafter resort to strike or lockout as the case may be in support of its position in respect to such matters as well as any other matter in dispute (the existing agreements or provisions with respect to insurance, pensions, and supplemental unemployment benefits to the contrary notwithstanding). 438

C. Any notice to be given under this Agreement shall be given by certified mail; be completed by and at the time of mailing; and, if by the Company, be addressed to the United Steelworkers of America, Five Gateway Center, Pittsburgh, Pennsylvania 15222, and if by the Union to the Company at 2626 South Ligonier Street, Latrobe, Pennsylvania 15650. Either party may, by like written notice change the address to which certified mail notice to it shall be given. 439

D. Typographical or printing errors shall not be construed to change the meaning and intent of the parties. 440

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed in the respective names by their respective representatives thereunto duly authorized, as of the day and year first above written.

UNITED STEELWORKERS OF AMERICA

Leo Gerard, International President

James D. English, Secretary/Treasurer

Andrew V. Palm, V.P. Admin.

Leon Lynch, V.P. Human Affairs

John P. DeFazio, Director - District 10

Roy Murray, Director Collective Bargaining

Ernest Esposito, Sub-Director - District 10

Jeanette Stump, Technician, Pension and Benefits

William R. Burns

David Eskut

Ronald A. Moyer

Paige Dix

TIMKEN LATROBE STEEL

Charles T. DeVault

R. Thomas Okonak

**APPENDIX A
STANDARD HOURLY WAGE SCALE**

The standard hourly wage scale of rates for non-incentive jobs shall be as follows*:

<u>JOB CLASS</u>	<u>EFFECTIVE 5/1/2002</u>	<u>EFFECTIVE 5/1/2003</u>	<u>EFFECTIVE 5/1/2004</u>	<u>JOB CLASS</u>	<u>EFFECTIVE 5/1/2005</u>	<u>EFFECTIVE 5/1/2006</u>	<u>EFFECTIVE 5/1/2007</u>
1	14.595	14.845	15.095	1	15.345	15.595	16.095
2	14.595	14.845	15.095	2	15.345	15.595	16.095
3	14.782	15.032	15.282	3	15.532	15.782	16.282
4	14.969	15.219	15.469	4	15.719	15.969	16.469
5	15.156	15.406	15.656	5	15.906	16.156	16.656
6	15.343	15.593	15.843	6	16.093	16.343	16.843
7	15.530	15.780	16.030	7	16.280	16.530	17.030
8	15.717	15.967	16.217	8	16.467	16.717	17.217
9	15.904	16.154	16.404	9	16.654	16.904	17.404
10	16.091	16.341	16.591	10	16.841	17.091	17.591
11	16.278	16.528	16.778	11	17.028	17.278	17.778
12	16.465	16.715	16.965	12	17.215	17.465	17.965
13	16.652	16.902	17.152	13	17.402	17.652	18.152
14	16.839	17.089	17.339	14	17.589	17.839	18.339
15	17.026	17.276	17.526	15	17.776	18.026	18.526
16	17.213	17.463	17.713	16	17.963	18.213	18.713
17	17.400	17.650	17.900	17	18.150	18.400	18.900
18	17.587	17.837	18.087	18	18.337	18.587	19.087
19	17.774	18.024	18.274	19	18.524	18.774	19.274
20	17.961	18.211	18.461	20	18.711	18.961	19.461
21	18.148	18.398	18.648	21	18.898	19.148	19.648
22	18.335	18.585	18.835	22	19.085	19.335	19.835
23	18.522	18.772	19.022	23	19.272	19.522	20.022
24	18.709	18.959	19.209	24	19.459	19.709	20.209
25	18.898	19.148	19.398	25	19.648	19.898	20.398
26	19.083	19.333	19.583	26	19.833	20.083	20.583
27	19.270	19.520	19.770	27	20.020	20.270	20.770
28	19.457	19.707	19.957	28	20.207	20.457	20.957

*Jobs not covered by incentive will receive in addition to rates set forth above a \$.25 per hour incentive allowance in lieu of incentive coverage. An additional such allowance in lieu of incentive coverage, in the amount of \$.20 per hour, will also be received by only those jobs not covered by incentive

which are not trade and craft jobs (trade and craft jobs are excluded from receiving this additional \$.20 per hour allowance as a result of being raised by two job classes, effective May 3, 1998). The incentive allowance does not apply to performing unmeasured work on jobs covered by incentives.

**APPENDIX A-1
STANDARD HOURLY WAGE SCALE**

The hourly wage scale of the rate for incentive jobs shall be as follows:

JOB CLASS	<u>EFFECTIVE 5/1/2002</u>	
	INCENTIVE CALCULATION RATE	HOURLY ADDITIVE
1	5.200	9.395
2	5.200	9.395
3	5.329	9.453
4	5.458	9.511
5	5.587	9.569
6	5.716	9.627
7	5.845	9.685
8	5.974	9.743
9	6.103	9.801
10	6.232	9.859
11	6.361	9.917
12	6.490	9.975
13	6.619	10.033
14	6.748	10.091
15	6.877	10.149
16	7.006	10.207
17	7.135	10.265
18	7.264	10.323
19	7.393	10.381
20	7.522	10.439
21	7.651	10.497
22	7.780	10.555
23	7.909	10.613
24	8.038	10.671
25	8.169	10.729
26	8.296	10.787
27	8.425	10.845
28	8.554	10.903

**APPENDIX A-1
STANDARD HOURLY WAGE SCALE**

The hourly wage scale of the rate for incentive jobs shall be as follows:

JOB CLASS	<u>EFFECTIVE 5/1/2003</u>		<u>EFFECTIVE 5/1/2004</u>	
	INCENTIVE CALCULATION RATE	HOURLY ADDITIVE	INCENTIVE CALCULATION RATE	HOURLY ADDITIVE
1	5.200	9.645	5.200	9.895
2	5.200	9.645	5.200	9.895
3	5.329	9.703	5.329	9.953
4	5.458	9.761	5.458	10.011
5	5.587	9.819	5.587	10.069
6	5.716	9.877	5.716	10.127
7	5.845	9.935	5.845	10.185
8	5.974	9.993	5.974	10.243
9	6.103	10.051	6.103	10.301
10	6.232	10.109	6.232	10.359
11	6.361	10.167	6.361	10.417
12	6.490	10.225	6.490	10.475
13	6.619	10.283	6.619	10.533
14	6.748	10.341	6.748	10.591
15	6.877	10.399	6.877	10.649
16	7.006	10.457	7.006	10.707
17	7.135	10.515	7.135	10.765
18	7.264	10.573	7.264	10.823
19	7.393	10.631	7.393	10.881
20	7.522	10.689	7.522	10.939
21	7.651	10.747	7.651	10.997
22	7.780	10.805	7.780	11.055
23	7.909	10.863	7.909	11.113
24	8.038	10.921	8.038	11.171
25	8.169	10.979	8.169	11.229
26	8.296	11.037	8.296	11.287
27	8.425	11.095	8.425	11.345
28	8.554	11.153	8.554	11.403

**APPENDIX A-1
STANDARD HOURLY WAGE SCALE**

The hourly wage scale of the rate for incentive jobs shall be as follows:

JOB CLASS	<u>EFFECTIVE 5/1/2005</u>	
	INCENTIVE CALCULATION RATE	HOURLY ADDITIVE
1	5.200	10.145
2	5.200	10.145
3	5.329	10.203
4	5.458	10.261
5	5.587	10.319
6	5.716	10.377
7	5.845	10.435
8	5.974	10.493
9	6.103	10.551
10	6.232	10.609
11	6.361	10.667
12	6.490	10.725
13	6.619	10.783
14	6.748	10.841
15	6.877	10.899
16	7.006	10.957
17	7.135	11.015
18	7.264	11.073
19	7.393	11.131
20	7.522	11.189
21	7.651	11.247
22	7.780	11.305
23	7.909	11.363
24	8.038	11.421
25	8.169	11.479
26	8.296	11.537
27	8.425	11.595
28	8.554	11.653

**APPENDIX A-1
STANDARD HOURLY WAGE SCALE**

The hourly wage scale of the rate for incentive jobs shall be as follows:

JOB CLASS	<u>EFFECTIVE 5/1/2006</u>		<u>EFFECTIVE 5/1/2007</u>	
	INCENTIVE CALCULATION RATE	HOURLY ADDITIVE	INCENTIVE CALCULATION RATE	HOURLY ADDITIVE
1	5.200	10.395	5.200	10.895
2	5.200	10.395	5.200	10.895
3	5.329	10.453	5.329	10.953
4	5.458	10.511	5.458	11.011
5	5.587	10.569	5.587	11.069
6	5.716	10.627	5.716	11.127
7	5.845	10.685	5.845	11.185
8	5.974	10.743	5.974	11.243
9	6.103	10.801	6.103	11.301
10	6.232	10.859	6.232	11.359
11	6.361	10.917	6.361	11.417
12	6.490	10.975	6.490	11.475
13	6.619	11.033	6.619	11.533
14	6.748	11.091	6.748	11.591
15	6.877	11.149	6.877	11.649
16	7.006	11.207	7.006	11.707
17	7.135	11.265	7.135	11.765
18	7.264	11.323	7.264	11.823
19	7.393	11.381	7.393	11.881
20	7.522	11.439	7.522	11.939
21	7.651	11.497	7.651	11.997
22	7.780	11.555	7.780	12.055
23	7.909	11.613	7.909	12.113
24	8.038	11.671	8.038	12.171
25	8.169	11.729	8.169	12.229
26	8.296	11.787	8.296	12.287
27	8.425	11.845	8.425	12.345
28	8.554	11.903	8.554	12.403

APPENDIX "B"
OVERTIME SENIORITY UNITS

Bricklayer
Chem Lab
CRM
Cranes
Electrician
Electronic Repair
Finishing - Cold Mill
Finishing - Hot Mill B
Finishing - Warehouse
Furnace Operator
Grinding
Inspection Lab
Instrument Repair
Labor
Maintenance Helper
Material Movement
Mechanical Repair
Melt Shop
Mill - 9"/12"
Mill - 16"
Mobile Equipment Repair
PFF - Maintenance Specialist
PFF - Operator
Press
Reflectoscopes
Roll Shop
Saws
Scrap Bins
Scrap Recovery
SPD
Storeroom
Utility Pools
Vac Arc

APPENDIX "C"

Modernization Commitment

1. During the term of the Agreement, the Company shall, with reasonable diligence and in good faith, implement the CRM Modernization Program (the "Program"). It is anticipated that the Program will add new equipment (including a laser gauge and induction heating furnace), repairs (including the rebuild of the 370mm and 290mm blocks), processes, and installations costing approximately \$16-24 million to the CRM facility. The Program is expected to be substantially complete by June 30, 2004 (the "Target Date").

2. In the event the Company shall:

- a. Revoke or substantially revoke the Program; or
- b. Fail to substantially complete the Program by the Target Date and fail to provide evidence reasonably satisfactory to the Union of the Company's intentions and ability to complete the Program no later than 6 months after the Target Date; then the Union may, upon written notice given by the Staff Representative of the International Union, cause the provisions relating to Wages and Welfare Plans set forth below to become effective with respect to the contract, and insurance agreements, respectively, as follows:

WAGES

Additional wage adjustments will be made, retroactively if applicable, according to the following schedule:

- a. 5/1/03 +\$.25
- b. 5/1/04 +\$.25

These increases would be in addition to the general wage increases as follows:

- | | | | |
|-----------|-------|-----------|-------|
| a. 5/1/03 | \$.25 | d. 5/1/06 | \$.25 |
| b. 5/1/04 | \$.25 | e. 5/1/07 | \$.50 |
| c. 5/1/05 | \$.25 | | |

WELFARE PLANS

The Company shall:

- a. Provide for re-enrollments as soon as practicable, but in no event beyond three (3) months from the date the Program is revoked or the Target Date is not substantially met,

into the prior Indemnity Plan or the prior POS option, as well as the prior dental and vision plans (co-pays, deductibles, and OPM's for such plans will revert to their prior levels);

b. For those enrolled in the Indemnity Plan in 2002, pay to employees the difference in COBRA rates between those developed for a 2003 Indemnity Plan and the new POS Plan, as well as the differences in 2003 COBRA rates (prior design vs. new design) for the vision and dental plans, from January 1, 2003 to the re-enrollment date;

c. For those enrolled in the POS plan in 2002, pay to employees the difference in COBRA rates between those developed for the prior POS Plan design and the new POS Plan, as well as the differences in COBRA rates for the vision and dental plans, from January 1, 2003 to the re-enrollment date.

3. Upon request of the Local Union President, the Company agrees to provide the Local Union President with information as is reasonably necessary to determine the progress of the Program. In addition, the Company shall provide prompt notice to the Union in the event the Company determines to revoke or substantially reduce the Program.

4. The Company shall not be responsible for any failure to complete the Program by the Target Date, when such failure results from causes beyond the Company's reasonable control, including but not limited to, fires, accidents, labor strife, failure of suppliers to perform obligations, shortages of material or acts of God, the public enemy or government, and the provisions of paragraphs 1 and 2 hereof shall be suspended for the duration of the delay caused by any such event and the Target Date shall be adjusted to reflect the duration of any such delay. Lack of capital or available funds shall not be considered an event beyond the control of the Company.

5. Notwithstanding any other provision of this letter, the Company may revoke and terminate paragraphs 1 and 2 of this letter by delivering written notice to the Staff Representative of the International Union no later than August 31, 2002, if the Engineering Study being performed by a third party on behalf of the Company indicates that the CRM Modernization Program is expected to cost in excess of \$24 million. In the event the Company delivers such notice, a wage increase of \$.25/hour shall be implemented, retroactive to May 15, 2002, and the 2002 Basic Agreement shall terminate at the expiration of sixty (60) days after such notice is given.

TOPIC	INDEX PAGE	SECTION
Absenteeism - Concerted	15	III
Agreement	1	AGREEMENT
Appendix C	91	
Arbitration	1, 64	I, IX
Back Pay Award	65	IX
Functions & Power of Arbitration	64	IX
Incentive	20	IV
Job Description	17	IV
Limitation of Arbitrator	66	IX
Selection of Arbitrator	64	IX
Time limit for Arbitrator's Decision	65	IX
Time limit for Arbitrator's Hearing	65	IX
Bargaining Unit Job	2	
Check - Off	3	I
Authorization Card	3	I
Union Dues	3	I
Committees		
Advisory (Military)	73	XI
Contracting Out	5	I
C.W.S.	17	IV
Safety	75	XIII
Contracting Out	5	I
Arbitrator Time Limits	11	I
Definitions	11	I
Expedited Arbitration	9	I
Finishing Department Hours	12	I
Grievances	8	I
Impartial Arbitration	13	I
New Construction and Major Replacements	6	I
Notification	7	I
Other than Day to Day Production and Services	5	I
Outside the Plant	6	I
Vac Arc Furnace Hours	12	I
Warranty Work	12	I
Cost of Living	29	IV
Adjustments Dates	29	IV
Cross Training	58	VIII
C.W.S.	17	IV
Disability and Age Transfers	56	VIII
Effective Date	1	AGREEMENT
EPP	32	IV
Family and Medical Leave	81	XVI

TOPIC	PAGE	SECTION
Funeral Leave and Pay	39	V
Grievance Procedure	62	IX
Adjustments	62	IX
Step 1	62	IX
Step 2	62	IX
Step 3	63	IX
Step 4 (Arbitration)	64	IX
General Provisions	66	IX
Grievance Committee	68	IX
Releasing Arbitrator	65	IX
Selecting Arbitrator	65	IX
Stewards	68	IX
Suspension of Grievance Procedure	67	IX
Time Limits for Arbitrator's Decision	65	IX
Time Limits for Arbitrator's Hearing	65	IX
Transcripts	66	IX
Union Grievance	67	IX
Hiring Dates	61	VIII
Holidays	73	XII
Hours of Work	35	V
Funeral Leave	39	V
Jury and Witness Duty	38	V
Lunch	39	V
Normal Workday	35	V
Normal Workweek	35	V
Reporting Allowance	37	V
Schedule Changes	36	V
Schedule Posting	36	V
Incentives	20	IV
Grievance Procedure	25	IV
Installation	24	IV
Interim Allowance	25	IV
New and Adjusted	22	IV
Types of Incentives	20	IV
Direct	20	IV
Indirect	21	IV
Secondary Indirect	21	IV
Suspension and Cancellation	23	IV
Indemnity Clause	4	I
Intent and Purpose	1	AGREEMENT
Jury and Witness Pay	38	V
Labor Pool	60	VIII
Learner Rates	16	IV
Lockouts	15	III

TOPIC	PAGE	SECTION
Lunch Pay	39	V
Management	15	II
Meal Allowance	32	IV
Memos or Letters	81	XV
Military Service	71	XI
Non-Bargaining Unit	2, 52	I, VIII
Non-Discrimination	1	AGREEMENT
Non-Duplication (overtime)	41	VI
Non-Incentive Jobs	26	IV
Normal Workday	35	V
Normal Workweek	35	V
Out of Line Differentials	26	IV
Overtime	39	VI
Overtime Distribution	42	VI
Overtime Seniority Units	90	APPENDIX B
Payroll Weeks	40	VI
Posting and Bidding	53	VIII
Prior Agreements	81	XV
Probationary Employees	52	VIII
Recognition	1	I
Reporting Allowance	37	V
Safety and Health	75	XIII
Schedule Changes	36	V
Schedule Posting	36	V
Seniority	49	VIII
Absence without Just Cause	50	VIII
Bargaining to Non-Bargaining	52	VIII
Break in Continuous Service	50	VIII
Calculation of Continuous Service	50	VIII
Compensable Disability	51	VIII
Cross Training	58	VIII
Decrease in Forces	49	VIII
Demote to Labor Pool	50	VIII
Interplant & Intraplant Transfer	59	VIII
Labor Pool	60	VIII
Leave of Absence for Employees for Positions in International or Local Unions	57	VIII

TOPIC	PAGE	SECTION
Posting of Job Openings	53	VIII
Time Limits	53	VIII
Probationary Employees	52	VIII
Promotional Consideration	49	VIII
Same Hire Date	61	VIII
Seniority List	59	VIII
Seniority Units	57	VIII
Temporary Summer Employees	61	VIII
Temporary Vacancies	54	VIII
14 Days or Less	54	VIII
Over 14 Days, Less than 30		
Days	54	VIII
Over 30 Days	54	VIII
Junior Qualified Assigned	54	VIII
Incumbent Fails to Return	54	VIII
Transfer at Request of		
Employee	55	VIII
Transfers Due to Disability and		
Age	56	VIII
Utility Pools	60	VIII
Written Notice (due to 2 year		
absence)	51	VIII
Seniority List	59	VIII
Seniority Units	57	VIII
Severance Allowance	78	XIV
Shift Differential	27	IV
Shift Preference	56	VIII
Shutdown	15	III
Stewards	68	IX
Strike and Lockouts	15	III
Sunday Premium	28	IV
Superseniority	56	VIII
Supervisors Working	5	I
Suspension and Discharge	68	X
Time Limits for Discharge	69	X
Union Notification	69	X
Temporary Assignment pay	26	IV
Temporary Summer Employees	61	VIII
List of Temporary Summer Employees	61	VIII
Probationary Period Credit	61	VIII
Temporary Vacancies	54	VIII

TOPIC	PAGE	SECTION
Termination Date	82	XVII
Notification	82	XVII
Trade and Crafts	16	IV
Transfer of Employees	55	VIII
Union		
Dues	3	
Grievance Committee	68	IX
Job Evaluation Committee	19	IV
Membership	2	I
Officers (Leave of Absence)	57	VIII
Security	2	I
Stewards	68	IX
Vacations	43	VII
Eligibility	43	VII
Pay	48	VII
Pay in Lieu of	46	VII
Quits	44	VII
Reports	48	VII
Return From	46	VII
Scheduling	46	VII
Time Taken During Summer Months	48	VII
Laid Off Employees	47	VII
Disability and Leave of		
Absence Employees	47	VII
Special Retirement Pay	44	VII
Vacation Table	45	VII
Wages		
Cost of Living	29	IV
EPP	32	IV
Incentive Pay	20	IV
Job Description and Classification	17	IV
Meal Allowance	32	IV
New and Adjusted Allowance	22	IV
Out of Line Differential	26	IV
Safety Shoe Allowance	35	IV
Shift Differential	27	IV
Standard Hourly		
Non- Incentive	16, 84	IV, Appendix A
Standard Hourly- Incentive	15, 86	IV, Appendix A-1
Sunday Premium	28	IV
Temporary Assignment Pay	26	IV
Wage Rates Inequity	26	IV
Work Schedules	35	V

